



METALS X LIMITED

ACN 110 150 055

**Interim Financial Report
for the Half-Year
31 December 2015**

CORPORATE DIRECTORY

This half-year report covers the consolidated entity comprising Metals X Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”). The Consolidated Entity’s functional and presentation currency is AUD (\$).

A description of the Consolidated Entity’s operations and its principal activities is included in the review of operations and activities in the directors’ report on page 3.

Directors

Peter Newton (Chairman)
Peter Cook (CEO)
Warren Hallam
Paul Cmrlec
Andrew Ferguson
Simon Heggen
Xie Penggen
Yimin Zhang (Alternate for Xie Penggen)

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Securities Exchange

Listed on the Australian Securities Exchange

Codes: ASX: MLX OTCQX: MLXEF

Domicile and Country of Incorporation

Australia

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APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2015 Annual Financial Report, the December 2015 Interim Financial Report and Directors' Report.

The Directors do not propose to pay any dividend for the half-year ended 31 December 2015.

Key Financial Highlights

Consolidated	31 December 2015 \$	31 December 2014 \$	Movement \$	Movement %
Revenue from ordinary activities:	146,294,900	149,284,856	(2,989,956)	-2.00%
Profit from ordinary activities after tax attributable to members:	812,341	15,910,640	(15,098,299)	-94.89%
Net profit attributable to members:	812,341	15,910,640	(15,098,299)	-94.89%
Net tangible assets per share:	0.86	0.68		

Financial performance	31 Dec 2015 \$	31 Dec 2014 \$	Movement \$
Total sales revenue	146,294,900	149,284,856	(2,989,956)
Cost of sales	(141,859,990)	(118,874,313)	(22,985,677)
Gross profit	4,434,910	30,410,543	(25,975,633)
Net profit after tax	812,341	15,910,640	(15,098,299)

Cash flows			
Cash flow from operating activities	12,503,527	37,347,314	(24,843,787)

Capital reinvestment			
Property, plant and equipment	(8,866,147)	(1,737,181)	(7,128,966)
Mine properties and development	(44,820,542)	(17,012,559)	(27,807,983)
Exploration and evaluation expenditure	(14,036,307)	(12,157,855)	(1,878,452)

Financial position	31 Dec 2015 \$	30 Jun 2015 \$	Movement %
Net assets	392,063,236	346,266,574	13.23%
Cash balance	30,317,478	99,037,845	-69.39%

Review of Results: refer to the review of results included in the Directors' Report.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2015.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Peter Newton (Chairman)
Peter Cook (CEO)
Warren Hallam
Paul Cmrlec
Andrew Ferguson
Simon Heggen
Xie Penggen
Yimin Zhang (Alternate for Xie Penggen)

RESULTS AND REVIEW OF OPERATIONS

RESULTS OF OPERATIONS

- Consolidated total profit after income tax - \$812,341 (2014: \$15,910,640);
- Total consolidated revenue - \$146,294,900 (2014: \$149,284,856);
- Total cost of sales - \$141,859,990 (2014: \$118,874,313);
- Cash flow from operating activities - \$12,503,527 (2014: \$37,347,314);
- Cash flows used in investing activities - \$70,395,612 (2014: \$30,894,223).

Key results for the half-year are:

Gold Division

- Total revenue from gold sales for the half-year was \$109,871,483 (2014: \$104,616,724):
 - ◆ The Higginsville Gold Operation ("HGO") revenue was \$68,278,432 (2014: \$88,637,951) resulting from lower production due to lower grades from the Trident underground mine;
 - ◆ The South Kalgoorlie Operation ("SKO") revenue was \$33,140,142 (2014: \$15,978,773) due to increased production occurring as the HBJ underground mine transitioned from a development phase to a production phase;
 - ◆ The Central Murchison Gold Project ("CMPG") revenue was \$8,452,909 (2014: nil) resulting from the onset of production from the project after plant commissioning in mid-October 2016.
- Total cost of sales for the half-year were \$111,159,273 (\$1,512/oz) (2014: \$81,941,418, \$1,103/oz), reflecting a review of the Company's amortisation policy (refer to note 6) and the various phases the gold projects were in during the period:
 - ◆ HGO cost of sales were \$68,023,292 (2014: \$68,800,180, \$1,082/oz) with unit costs increasing to \$1,493/oz due to higher costs of deeper underground mining and post-fill requirements and an increase in amortisation rates. This was further impacted by lower production due to lower grades from the Trident underground mine.
 - ◆ SKO cost of sales were \$33,764,381 (2014: \$13,141,238, \$1,146/oz) with unit costs increasing to \$1,561/oz due to higher costs associated with the start-up of the HBJ underground and an increase in amortisation rates.

RESULTS OF OPERATIONS (continued)

Gold Division (continued)

- ◆ CMGP cost of sales were \$9,371,600 (\$1,491/oz) (2014: nil) with early unit costs being in-line with expectations for the initial start-up phase of the project and plant commissioning in mid-October 2016.

Tin Division

- Revenue from the 50% owned Tasmanian Tin Operations was \$35,533,490 (2014: \$43,292,482). The revenue was lower than the previous year as a result of lower tin prices and a reduction in tin output.
- The cost of sales were \$30,700,717 (2014: \$36,932,895, \$19,153/t Sn) with unit costs decreasing to \$18,527/t Sn due to a reduction in costs associated with efficiencies introduced in both mining and processing.

Capital Investment Activities

Cash flows used in investing activities across the group totalled \$70,395,612, more than twice that of the previous corresponding period (2014: \$30,894,223), mainly due to capital investment in the CMGP which commissioned and became a producer during the period. In addition significant capital investment in the HBJ underground mine at the SKO was undertaken as well as exploration across the groups various exploration and development assets.

Cash capital re-investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the period:

- HGO \$11,090,787 (2014: \$10,928,256);
- SKO \$15,627,992 (2014: \$7,446,292), the current period includes \$4,500,000 for acquisition of the George's Reward Project;
- CMGP \$33,601,001 (2014: \$5,159,833);
- Tin Operations \$4,340,092 (2014: \$4,102,284);
- Share investments \$2,273,740 (2014: nil)
- Other exploration and corporate activities \$3,462,000 (2014: \$3,257,558).

Non cash capital investment in exploration and evaluation expenditure and property, plant and equipment during the period:

- In September 2015 the Mt Henry Gold Project was acquired for 22,000,000 shares in Metals X;
- In October 2015 the Fortnum Gold Project was acquired for 18,000,000 shares in Metals X.

REVIEW OF OPERATIONS

DIVIDENDS

Dividends paid to members during the half-year were as follows:

Dividend Rate	Record Date	Payment Date	Franking	DRP Discount
2.95 cents per share	2 September 2015	25 September 2015	26% franked	5% to 5 day VWAP

Dividend Reinvestment Plan

The Company operates a dividend reinvestment plan ("DRP") which allows eligible shareholders to elect to invest dividends in ordinary shares. The DRP is based on a 5% discount to the 5 day VWAP after the record date. During the half-year 2,179,099 (2014: 2,053,753) shares were issued as part of the DRP.

REVIEW OF OPERATIONS (continued)

TIN DIVISION

Metals X maintained its 50% ownership of the Tasmanian tin projects of Bluestone Mines Tasmania Joint Venture Pty Ltd, in particular the Renison Tin Mine with its 700,000 tpa tin concentrator and the Rentails Project, a proposed tin tailings re-treatment operation. Both are located near Zeehan on the west coast of Tasmania.

Renison Tin Mine (50%)

The Renison tin mine operations operated in steady state during the half-year. Improvements to the tin concentrator circuit improved outputs and consistency, although shifts in mine production areas corresponded with lower overall head grades. Results for the period showed a reduction in costs but this was outweighed by a significantly lower tin price.

The Consolidated Entity's share of outputs (50%) for the period to 31 December 2015 is summarised below:

	December 2015 Half-Year	December 2014 Half-Year
Mining		
Ore Hoisted	171,009 tonnes	167,288 tonnes
Grade	1.39% Sn	1.63% Sn
Tin Concentration		
Tonnes Processed	175,628 tonnes	166,972 tonnes
Grade	1.38% Sn	1.62% Sn
Tin Metal Produced	1,767 tonnes	1,896 tonnes
Tin Metal Sold	1,693 tonnes	1,879 tonnes
Tin Concentrate Grade	57.4% Sn	54.0% Sn
Tin Concentrate Produced	3,078 tonnes	3,448 tonnes
Financials		
Tin Price Received (\$/t Sn)	\$20,909	\$23,404
Depreciation & Amortisation (\$/t Sn)	\$2,357	\$1,724
Cost of Sales (\$/t Sn)	\$18,527	\$19,153

A large stock of developed ore exists within the mine and consequently re-investment in capital mine development slowed during the period.

Rentails

The Project partners continued to review the development options for the Rentails Project including the re-assessment of the technical parameters of the tin fumer plant with a view to lowering the capital cost and efficiency of the process. No decision to develop the project has been agreed to at this stage although the Tailings Dam which will be used by it commenced construction as part of the ongoing Renison mine requirements.

REVIEW OF OPERATIONS (continued)

GOLD DIVISION

Metals X continued to advance its gold strategy during the period. It was a period of significant capital investment with the highlights being the successful commissioning of the CMGP process plant and the transition of the HBJ underground mine at SKO completing its main capital phase and near the end of the half-year transitioning into an operating phase. The Gold Divisions key assets are:

1. The Higginsville Gold Operation;
2. The South Kalgoorlie Operation;
3. The Central Murchison Gold Project;
4. The Fortnum Gold Project; and
5. The Rover Project.

Three new acquisitions were completed during the period with a further two agreed and completed in February 2016. These were:

1. The Mt Henry Gold Project near Norseman which was acquired for 22,000,000 shares in Metals X, which can provide a long-term ore source for HGO.
2. The Georges Reward Project at Bulong which was added to SKO. This was acquired for \$4,500,000.
3. The Fortnum Gold Project (previously known as Grosvenor) which was acquired for 18,000,000 shares in Metals X. Fortnum is a stand-alone gold project with its own process plant and will undergo a rigorous feasibility study in the ensuing period.
4. Agreement was reached to acquire the Comet Gold Mine at Cue for \$3,000,000. This will form part of the larger CMGP.
5. Agreement was reached to acquire a near new 260 person workers village at Cue for \$4,550,000 and this will establish a base for the southern operations of the CMGP.

Performance of the Gold Division for the period ended 31 December 2015 is summarised below:

December 2015 Half-Year	HGO	SKO	CMGP	Total
Mining				
Ore Tonnes Mined	404,097	310,378	352,599	1,067,074
Ore Grade Mined (g/t Au)	3.26	2.06	1.26	3.28
Processing				
Tonnes Processed	589,132	447,414	287,477	1,324,023
Head Grade (g/t Au)	2.76	1.66	1.06	2.02
Recovery %	89.9%	90.3%	90.8%	90.3%
Gold Produced (oz)	47,127	21,637	8,934	77,698
Gold Sold (oz)	44,329	20,780	5,177	70,286
Financials				
Gold Price Received (\$/oz)	\$1,540	\$1,595	\$1,630	\$1,563
Depreciation & Amortisation (\$/oz)	\$299	\$268	\$345	\$296
Cost of Sales (\$/oz)	\$1,493	\$1,561	\$1,491	\$1,512

REVIEW OF OPERATIONS (continued)

Performance of the Gold Division for the period ended 31 December 2014 is summarised below:

December 2014 Half-Year	HGO	SKO	CMGP	Total
Mining				
Ore Tonnes Mined	441,211	-	-	441,211
Ore Grade Mined (g/t Au)	4.84	-	-	4.84
Processing				
Tonnes Processed	431,830	437,298	-	869,128
Head Grade (g/t Au)	4.77	0.76	-	2.75
Recovery %	95.4%	84.4%	-	94.8%
Gold Produced (oz)	63,294	9,591	-	72,885
Gold Sold (oz)	63,188	14,618	-	77,806
Financials				
Gold Price Received (\$/oz)	\$1,405	\$1,405	-	\$1,405
Depreciation & Amortisation (\$/oz)	\$231	\$184	-	\$225
Cost of Sales (\$/oz)	\$1,082	\$1,146	-	\$1,103

The Higginsville Gold Operation

HGO is centred around the main infrastructure of a modern 1.3Mtpa CIP plant and its infrastructure, and a 300 person village. In addition during the period the Company acquired the Mt Henry Gold Project south of Norseman which will be integrated with HGO.

Mining at HGO has for many years been focused on the Trident underground mine. During the period this was added to the Lake Cowan Group of open pits as the main mill feed sources. The process plant continued to operate on a campaign basis (9 days on/5 days off) for the period. Excess production, above what the HGO plant could manage on a campaign basis was transported to the SKO operations for processing.

Production from the Trident underground mine during the half-year was from lower grade ore zones in the pinch-out of the Artemis Helios lodes. The lower grades and some challenging mining and paste filling aspects impacted productivity and costs for the Trident underground mine. Exploration has successfully delivered extensions to the Trident ore system, however, increasing depth, erratic grade distribution, increasing ventilation and royalty imposts have created a situation where the group is reviewing the timing of future capital development in the mine.

Open pit mining progressed as planned with the deeper parts of Napoleon giving way to slower ore production. During the period the Fairplay open pit pre-strip also commenced. In September 2015 HGO acquired the Mt Henry Gold Project which is located approximately 70kms south of HGO. The Mt Henry Gold Project consists of three main deposits, namely Mt Henry, Selene and North Scotia, all of which are simple open pit mining propositions. Studies have commenced to integrate this project into HGO by mid-2016. The open pits sources are being re-worked at higher cut-off grades and by ore oxidation state. An initial phase of mining of the oxide and transition ores is being planned and metallurgical studies on processing the sulphide ores co-incident with a plant capacity increase is underway.

REVIEW OF OPERATIONS (continued)

The South Kalgoorlie Operation

The SKO operations are centred upon an older 1.2Mtpa CIP plant and infrastructure. Numerous open pits and underground deposits have previously been mined within the tenement area since the late 1980's.

The main focus of SKO during the period continued to be on the HBJ underground mine which remained in a capital development phase for the majority of the period. Towards the end of the period, HBJ underground mine began to transition to a production phase which significantly improved its physical and financial outputs. The smaller amounts of development ore from HBJ underground mine was blended with existing low-grade stocks and ores from small low grade open pits. The HBJ underground mine development and the high initial stripping costs of the open pits have contributed to the higher cost of sales per ounce at SKO.

Mining commenced at Stage 1 Cannon open pit mine which is subject to a mine financing and profit sharing agreement with Southern Gold Limited ("SAU") for the development of the Cannon open pit mine and potentially an underground mine at Bulong. Under the agreement, SKO operates and manages the mine. Ore is batch processed in parcels of approximately 40,000 tonnes through the SKO process plant. The first batch of ore was successfully processed through the SKO process plant in November. All proceeds from the sale of the Cannon production goes first to repay all costs incurred by the project and SKO has the right to a 50% share of all surplus profits.

In July 2015 SKO acquired the George's Reward Project which has an adjoining lease boundary with the Cannon open pit. The existing agreement with SAU was extended to allow the mining of a larger open pit across combining the Cannon (50% profit share) with George's Reward (100% MLX owned). Mining of the larger open pit commenced in November 2015.

The Central Murchison Gold Project

The CMGP is centred upon the refurbished 2.0 Mtpa process CIP plant (Bluebird process plant) and associated infrastructure. The project has numerous open pit and underground production options.

The overall consolidated CMGP project area has a number of historic gold mining centres and an aggregated gold production of nearly 10 million ounces. These include the Day Dawn, Cuddingwarra, Big Bell, Reedy, Nannine, Yaloginda, Paddy's Flat and Meekatharra North gold mining centres with the bulk of historic production being sourced from a handful of larger underground mines.

Open pit mining commenced in June 2015 in the Yaloginda area with both the Batavia and Whangamata pits now mid-way through their lives. A third pit, a re-work of the Bluebird mine commenced during the period, with Surprise and Surprise West open pits are to come on-line following the completion of Batavia and Whangamata. Open pit mining also commenced within the Reedy's area during the quarter with waste pre-stripping of the Jack Ryan pit. This pit will expose ore in early 2016 and will be followed by or possibly be mined in conjunction with the Callisto, South Emu, Turn of the Tide, Culiculli and Culiculli North open pits.

Underground mining at Paddy's Flat commenced in mid-October 2015 with the decline now being well established. The first level had exposed the spur and contact mineralisation of the Vivian Consols line of lode. Access to the Prohibition lodes was delayed due to issues with establishing ventilation, secondary egress and geotechnical studies for the same. This resulted in a six week setback from where Paddy's was expected to be and has consequently deferred the majority of the planned early ore from the mine. It is expected that both ore driving on multiple levels and stopping of both Vivian-Consols and the Prohibition lodes will commence in early-2016.

The Bluebird process plant was commissioned on a campaign basis in October 2015 on open pit and low grade stockpile ores. Successful optimisation of the process plant continued during the period and the plant produced 8,934 ounces at a cash cost of \$1,491 in its first eight weeks of processing. It is planned to operate the CMGP on a campaign basis in the ensuing half-year as stock for processing build.

REVIEW OF OPERATIONS (continued)

Significant enhancements to the overall CMGP will also be made with the acquisition of the Comet mine located near Cue which was agreed to be purchased during the period. Agreement was also reached during the period to acquire a new 260 person village at Cue to serve the southern operations and re-work the large Big Bell mineral resource at a higher cut-off grade to enable a better financial outcome for the planned underground mine.

The Fortnum Project

In October 2015 the Company acquired the FGP (previously referred to as Grosvenor) from RNI NL. The FGP is centred upon the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill. A 1.0M tpa CIL plant, a 100 person village and all the plant and infrastructure required to operate the project is in place but in need of re-permitting and refurbishment before production can recommence.

Metals X has taken over the operations and has commenced working on a feasibility study to re-start the operations. During the period most of the works were associated with permitting and engineering studies for the plant and infrastructure refurbishment.

Revised resource modelling on the resources commenced as did mine design and scheduling works. The development plan involves a capital de-risking of the project by first commissioning on low-grade stocks. The plant will be re-commissioned taking the lowest realistic capital option and by obtaining synergies from the CMGP opportunities which is located approximately 150 km south. It is contemplated that when the project achieves cash flow from the processing of low grade stockpiles, open pit mining will commence. Initial studies indicate that there are ample open pit ores for two to three years of processing. Works will then commence on restarting the Starlight underground mine to lift overall outputs from the operations.

Drill testing of low-grade stockpiles will commence in January 2016 with up to 1.5 million tonnes of potential stockpiles so far identified.

The Rover Project

The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far tested a small number of anomalies and significant mineralised IOCG ("Iron Oxide Copper Gold") systems have been discovered at the Rover 1 and Explorer 142 prospects. In addition significant lead-zinc-silver discoveries have been made at Explorer 108 and recently at the Curiosity Prospect to its south.

The Rover 1 Prospect is a virgin IOCG discovery and has a Total Mineral Resource Estimate of 6.8Mt at 1.73g/t Au, 1.2% Cu, 0.14% Bi and 0.06% Co although drilling is continuing. The Explorer 108 prospect has a Total Mineral Resource Estimate of 11.9Mt at 3.24% Zn, 2.00 pb and 11.14g/t Ag.

The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

Work in the Tennant Creek district continues to be focused on defining the optimal development pathway for the Rover 1 deposit including the additional drilling into a postulated second bonanza gold and copper zone sitting between the 600m and 800m vertical depth. Drilling during the half-year successfully outlined this zone with spectacular results.

Works on a revised resource model incorporating the new results will be completed in the ensuing half-year before a revised feasibility study is completed.

REVIEW OF OPERATIONS (continued)

NICKEL DIVISION

Metals X's nickel strategy remains focused on the Central Musgrave Project ("CMP") which straddles the triple-point of the WA/NT/SA borders. The project represents the Company's key nickel assets and comprises of the globally significant Wingellina Ni-Co-Fe rich Limonite deposit, the similar Claude Hills deposit and the Mt Davies exploration prospects. The project encompasses a large tract of prospective exploration tenure encompassing the whole of the Wingellina layered intrusive sub-set of the Giles Complex rocks in Western and Southern Australia.

The key focus of the Nickel Division is to bring the Wingellina Nickel-Cobalt Project into production.

The Board had previously reached a decision to defer the expenditure on the updated feasibility due to the continuum of a depressed nickel market.

Whilst the engineering works for an updated feasibility study by HPAL (high pressure acid leach) technology has been halted, Metals X continues to use its internal resources to complete other long lead-time studies required for the DFS, including infrastructure, roads, rail and ports studies, and the completion of the Public Environmental Review ("PER") documentation which concludes the main EPA approvals.

The final PER document was completed and approved by the EPA for release to the public for an 8-week review period on 14 September 2015 and ended on 9 November 2015. There were 6 public submissions received by the department none of which raised any specific issues that required a response from Metals X or that could impact the project. The Office of the Department of the Environment Protection Authority has requested some minor additional and specific information prior to granting its approval.

Interaction with the State and Federal Governments in relation to infrastructure requirements within central Australia continued with strong co-operation and a desire to assist with the development of the project.

Metals X continues to discuss development options using alternate technology and scales which have significantly changed the game in this lower nickel price environment.

OTHER EXPLORATION ASSETS

Warumpi

Warumpi is a significant grass roots exploration play within the prolific basement rocks of the West-Arunta province in the Northern Territory. These rocks, which have recently been identified as being geologically, tectono-thermally and temporally similar to Proterozoic basins in Eastern Australia that host five of the world's ten largest stratabound Pb-Zn deposits (Broken Hill, Hilton-George Fisher, Mount Isa, MacArthur River and Century). Metals X is undertaking the first modern exploration program in this highly underexplored region.

In the previous period on ground reconnaissance discovered an outcropping gossan at the Huron Prospect with rock chip results at surface returning results up to 120g/t Ag, 9.89% Cu and 4.73% Zn (WR0343). Further reconnaissance revealed a cluster of gossanous outcrops with high anomalous base and precious metal results (silver, copper and zinc). Infill sampling surrounding this zone was completed with results returning up to 182g/t Ag (WR0381), 7.72%Cu (WR0373) and 8.55% Zn (WR0351) (announcement ASX:MLX 22 December 2014).). Metals X has been negotiating access arrangements for further exploration.

In addition Metals X acquired all residual interests in the project during the period and now owns the prospects outright.

REVIEW OF OPERATIONS (continued)

CORPORATE

Gold Forward Sales Program

In August 2015 the Company entered into a gold forward sales program with Citibank N.A comprising 245,000 ounces of gold with scheduled deliveries out to September 2018. The flat forward price achieved was \$1,631.23 per ounce. The forward sales amount represents approximately 21% of the projected production guidance out to 2018.

Mt Henry Gold Project Acquisition

On 16 September 2015 the Company acquired the Mt Henry Gold project from Panoramic Resources Limited and Matsa Resources Limited for 22,000,000 new fully paid shares in Metals X.

Fortnum Gold Project Acquisition

On 19 October 2015 the Company acquired the Fortnum Gold project from RNI NL for 18,000,000 new fully paid shares in Metals X.

Aditya Birla Minerals Limited Takeover Offer

On 15 October 2015 the Company announced an off-market takeover bid to acquire 100% of the ordinary shares in Aditya Birla Minerals Limited ("Aditya Birla"). The original offer of 1 Metals X shares for every 5 Aditya Birla share was increased on 7 December 2015 to 1 Metals X shares for every 4.75 Aditya Birla share. On 16 February 2016 the Company waived all conditions under the takeover bid, freeing the bid of all defeating conditions allowing the Company to issue approximately 16,949,986 new fully paid shares in Metals X to Aditya Birla accepting shareholders representing a 25.69% interest Aditya Birla.

End of Directors' Report

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 28 of this report.

Signed in accordance with a resolution of the Directors.



Peter Cook
CEO & Executive Director

Perth, 18 February 2016

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2015

	Notes	31 December 2015	31 December 2014
Revenue		146,294,900	149,284,856
Cost of sales		<u>(141,859,990)</u>	<u>(118,874,313)</u>
Gross profit		4,434,910	30,410,543
Other income	3	2,425,181	1,069,537
Other expenses		(6,784,286)	(4,475,236)
Fair value change in financial instruments		364,853	-
Finance costs		(1,268,260)	(462,761)
Impairment loss on mine properties and development costs	6	-	(4,717,594)
Impairment loss on exploration and evaluation expenditure	7	(94,407)	(5,689,617)
Impairment loss on available-for-sale financial assets	8	<u>(60,000)</u>	<u>(224,232)</u>
(Loss)/profit before income tax		(982,009)	15,910,640
Income tax benefit		<u>1,794,350</u>	-
Profit for the period		<u>812,341</u>	<u>15,910,640</u>
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets, net of tax		<u>4,186,816</u>	<u>38,889</u>
Other comprehensive income for the period, net of tax		4,186,816	38,889
Total comprehensive profit for the period		<u>4,999,157</u>	<u>15,949,529</u>
Profit attributable to:			
Members of the parent		<u>812,341</u>	<u>15,910,640</u>
		<u>812,341</u>	<u>15,910,640</u>
Total comprehensive profit attributable to:			
Members of the parent		<u>4,999,157</u>	<u>15,949,529</u>
		<u>4,999,157</u>	<u>15,949,529</u>
Profit per share for the profit attributable to the ordinary equity holders of the parent (cents per share)			
basic profit per share		0.19	3.84
diluted profit per share		0.19	3.84

Consolidated Statement of Financial Position as at 31 December 2015

	Notes	As at 31 December 2015	As at 30 June 2015
CURRENT ASSETS			
Cash and cash equivalents		30,317,478	99,037,845
Trade and other receivables		23,312,226	16,107,764
Inventories	4	52,605,800	36,521,582
Prepayments		894,078	819,215
Other financial assets		4,651,981	5,600,977
Total current assets		111,781,563	158,087,383
NON-CURRENT ASSETS			
Property, plant and equipment	5	67,267,314	64,117,187
Mine properties and development costs	6	186,566,959	161,306,883
Exploration and evaluation expenditure	7	174,682,001	100,042,283
Available-for-sale financial assets	8	13,782,255	3,783,915
Total non-current assets		442,298,529	329,250,268
TOTAL ASSETS		554,080,092	487,337,651
CURRENT LIABILITIES			
Trade and other payables		55,287,368	36,911,968
Unearned income	9	15,166,875	20,222,500
Interest bearing liabilities		1,708,057	1,657,552
Provisions		5,179,740	4,433,329
Total current liabilities		77,342,040	63,225,349
NON-CURRENT LIABILITIES			
Unearned income	9	-	5,055,625
Interest bearing liabilities		2,596,497	3,265,527
Provisions		82,078,319	69,524,576
Total non-current liabilities		84,674,816	77,845,728
TOTAL LIABILITIES		162,016,856	141,071,077
NET ASSETS		392,063,236	346,266,574
EQUITY			
Issued capital	12	385,612,184	332,851,798
Share based payments reserve		20,270,439	19,961,005
Available-for-sale reserves		7,410,151	3,223,335
Accumulated losses		(21,229,538)	(9,769,564)
TOTAL EQUITY		392,063,236	346,266,574

Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2015

	Notes	31 December 2015	31 December 2014
Cash flows from operating activities			
Receipts from customers		136,161,028	144,455,391
Interest received		1,004,805	832,896
Other receipts		1,272,607	1,323,525
Payments to suppliers and employees		(125,819,766)	(109,235,050)
Interest paid		(115,147)	(29,448)
Net cash flows from operating activities		12,503,527	37,347,314
Cash flows from investing activities			
Payments for plant and equipment		(8,866,147)	(1,737,181)
Payments for mine properties and development		(44,820,542)	(17,012,559)
Payments for exploration and evaluation		(14,036,307)	(12,157,855)
Payments for available-for-sale financial assets		(2,273,740)	-
Proceeds from sale of property plant and equipment		180,608	13,372
Advances in relation to interest bearing receivables		(579,484)	-
Net cash flows used in investing activities		(70,395,612)	(30,894,223)
Cash flows from financing activities			
Proceeds from share issues		-	88,000
Payments for share issue costs		(66,114)	(1,614)
Payments for dividends		(9,903,896)	-
Proceeds from gold prepayment		-	40,445,000
Repayment of performance bond		-	3,300,000
Repayment of borrowings		(858,272)	(312,730)
Net cash flows from/(used in) financing activities		(10,828,282)	43,518,656
Net increase/(decrease) in cash and cash equivalents		(68,720,367)	49,971,747
Cash at the beginning of the financial period		99,037,845	57,108,871
Cash and cash equivalents at the end of the period		30,317,478	107,080,618

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2015

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Available-for- sale reserve \$	Total Equity \$
At 1 July 2015	332,851,798	(9,769,564)	19,961,005	3,223,335	346,266,574
Profit for the period	-	812,341	-	-	812,341
Other comprehensive income, net of tax	-	-	-	4,186,816	4,186,816
Total comprehensive income and expense for the half-year, net of tax	-	812,341	-	4,186,816	4,999,157
Transactions with owners in their capacity as owners					
Issue of share capital	52,826,500	-	-	-	52,826,500
Share issue costs	(66,114)	-	-	-	(66,114)
Share-based payments	-	-	309,434	-	309,434
Dividends	-	(12,272,315)	-	-	(12,272,315)
At 31 December 2015	385,612,184	(21,229,538)	20,270,439	7,410,151	392,063,236

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Available-for- sale reserve \$	Total Equity \$
At 1 July 2014	331,399,336	(39,479,827)	19,739,664	-	311,659,173
Profit for the period	-	15,910,640	-	-	15,910,640
Other comprehensive income, net of tax	-	-	-	38,889	38,889
Total comprehensive income and expense for the half-year, net of tax	-	15,910,640	-	38,889	15,949,529
Transactions with owners in their capacity as owners					
Issue of share capital	88,000	-	-	-	88,000
Share issue costs	(1,614)	-	-	-	(1,614)
Share-based payments	-	-	128,070	-	128,070
Dividends	-	(11,238,938)	-	-	(11,238,938)
At 31 December 2014	331,485,722	(34,808,125)	19,867,734	38,889	316,584,220

Notes to the Financial Statements for the Half-Year ended 31 December 2015

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 18 February 2016.

Metals X Limited is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

The address of the registered office is Level 3, 18 – 32 Parliament Place, West Perth, WA 6005.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This general purpose condensed consolidated financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Metals X Limited for the year ended 30 June 2015 and considered together with any public announcements made by Metals X Limited and its controlled entities during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules. Certain comparatives have been restated to conform with the current period presentation.

(b) Basis of consolidation

The half-year report is comprised of the financial statements of Metals X Limited and its controlled entities ('the Consolidated Entity').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(c) New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Consolidated Entity's annual financial statements for the year ended 30 June 2015, except for the adoption of new standards and interpretations mandatory for annual periods beginning on or before 1 July 2015, noted below:

Notes to the Financial Statements for the Half-Year ended 31 December 2015 (continued)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Reference	Title	Application date of standard*	Application date for Consolidated Entity*
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i>.</p>	1 January 2015	1 January 2015
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle</i>.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets. ▶ AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ▶ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 Related Party Disclosures for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	1 July 2014	1 January 2015
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	<p>Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ▶ AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3. 	1 July 2014	1 January 2015
Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	<p>AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service.</p> <p>The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.</p>	1 July 2014	1 January 2015
Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	<p>The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:</p> <ul style="list-style-type: none"> ▶ Clarify that AASB 1053 relates only to general purpose financial statements. ▶ Make AASB 1053 consistent with the availability of the AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> option in AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>. ▶ Clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements. ▶ Specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements. 	1 July 2014	1 January 2015

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

Notes to the Financial Statements for the Half-Year ended 31 December 2015 (continued)

3. OTHER INCOME

	31 December 2015	31 December 2014
Net profit/(loss) on sale of plant and equipment	167,077	11,295
Net profit from toll processing	700,145	961,841
Commodity hedging gain/(loss)	971,965	(267,360)
Other income	585,994	363,761
Total other income	2,425,181	1,069,537

4. INVENTORIES

During the half-year ended 31 December 2015 there was a net inventory write-down of \$674,832 relating to stores and spares (2014: \$98,380 write-down) for the Consolidated Entity. This amount is included in the cost of sales line in the statement of comprehensive income. Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

5. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2015 the Consolidated Entity paid \$8,866,147 (2014: \$1,737,181) in relation to property, plant and equipment acquisitions.

6. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2015 the Consolidated Entity paid \$44,820,542 (2014: \$17,012,559) in relation to mine properties and developments costs.

In the previous period the Chalice underground mine at the Higginsville Gold Operations was closed due to the depletion of all economic ore. The value of the Chalice underground mine was written down to nil and an impairment loss of \$4,717,594 was recognised in profit or loss.

During the current period, a review of the Consolidated Entity's amortisation policy was performed, to ensure that the expense profile reflected the pattern in which the assets' future economic benefits are expected to be consumed. This resulted in the amortisation rate of mine development assets increasing. The impact of the increase in amortisation was approximately \$5,100,000 in the current period amortisation expense. Future periods profit or loss is expected to be impacted by increased amortisation.

7. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2015 the Consolidated Entity paid \$14,036,307 (2014: \$12,157,855) in relation to exploration and evaluation expenditure, this includes \$4,500,000 for acquisition of the George's Reward Gold Project.

During the period Metals X issued shares to acquire the Mt Henry Gold Project and Fortnum Gold Project exploration and evaluation assets for a total value of \$60,697,817.

During the period a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of all of the Consolidated Entity's projects certain expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources. In relation to these areas the carrying value was written down to nil and an impairment loss of \$94,407 (2014: \$5,689,617 gold division) relating to the nickel division was recognised in profit or loss.

Notes to the Financial Statements for the Half-Year ended 31 December 2015 (continued)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

- (a) The Company has a 14.76% (30 June 2015: 14.76%) interest in Mongolian Resources Corporation Limited (“MRC”), which is involved in the mining and exploration of base metals in Australia and Mongolia. MRC is listed on the Australian Securities Exchange, however at the end of the previous period due to the prolonged period of suspension from trading the fair value of the Company’s investment was written down to nil in 2013.
- (b) The Company has a 7.76% (30 June 2015: 13.37%) interest in Brainchip Holdings Limited (“Brainchip”), which is involved in the development of neural computing technology. Brainchip is listed on the Australian Securities Exchange (“ASX”). During the period Brainchip underwent a major change in business which involved a re-compliance with the ASX, a significant issue of securities to acquire the Brainchip technology and a capital raising exercise in which the Company participated. At the end of the period the Company’s investment was \$13,542,255 (30 June 2015: \$3,783,915) which is based on Brainchip’s quoted share price.

In the previous period the market value of the investment was lower than the carrying value, and the Company recognised an impairment loss of \$224,232.

- (c) The Company has a 1.29% (30 June 2015: nil) interest in RNI NL (“RNI”), which is involved in the exploration of base metals in Australia. RNI is listed on the Australian Securities Exchange. At the end of the period the Company’s investment was \$240,000 (30 June 2015: nil) which is based on RNI’s quoted share price, the market value of the investment was lower than the carrying value, and the Company recognised an impairment loss of \$60,000.

9. UNEARNED INCOME

In September 2014, Metals X drew down on a \$40,445,000 gold pre-pay facility with Citibank N.A (“Citi”). The loan is repayable in gold ounces in 24 equal instalments of 1,250 ounces per month between October 2014 and September 2016 inclusive. During the period 7,500 ounces were delivered to Citi (2014: 3,750). At the end of the period the number of ounces repayable was 11,250 for a value of \$15,166,875.

The loan was classified as unearned revenue on the Statement of Financial Position as Citi had prepaid Metals X \$40,445,000 for a fixed quantity of gold ounces. Metals X has a legal obligation to physically deliver gold ounces, and has subsequently recognised revenue as and when it makes the repayment in gold ounces. Metals X measures revenue based on the allocation of the nominal amounts of the advance payments corresponding to the goods or services delivered.

10. DIVIDENDS PAID

	31 December 2015	31 December 2014
Declared and paid during the period		
Partially franked dividend (26% franked at 30%) for 2015 \$0.0295 (2014: \$0.02715 (fully franked at 30%))	12,272,313	11,238,938

11. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2015 the Consolidated Entity had the following commitments:

- capital expenditure commitments of \$2,144,975 principally relating to plant and equipment upgrades and replacements at the CMGP (30 June 2015: \$2,383,726);
- lease expenditure commitments of \$92,120,157 relating to tenements on which mining and exploration operations are located (30 June 2015: \$70,546,053).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Consolidated Entity.

12. ISSUED CAPITAL

	31 December 2015	30 June 2015
ISSUED CAPITAL		
<i>Ordinary shares</i>		
Issued and fully paid	385,612,184	332,851,798
	Number of	\$
	shares on issue	
<i>Movements in ordinary shares on issue</i>		
At 1 July 2015	416,010,939	332,851,798
Issue share capital on acquisition of Mt Henry gold projec	22,000,000	26,950,000
Issue share capital on acquisition of Fortnum gold project	18,000,000	23,400,000
Issue share capital under dividend reinvestment plan	2,170,099	2,476,500
Share issue costs	-	(66,114)
At 31 December 2015	458,181,038	385,612,184
At 1 July 2014	413,846,528	331,399,336
Issue share capital on conversion of options	110,658	88,000
Issue share capital under dividend reinvestment plan	2,053,753	1,371,865
Share issue costs	-	(7,403)
At 30 June 2015	416,010,939	332,851,798

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2015 (continued)

13. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the half-years ended 31 December 2015 and 31 December 2014.

Half-year ended 31 December 2015	Renison Tin Project	Wingellina Nickel Project	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
Revenue									
External customers	35,533,490	-	68,278,432	33,140,142	8,452,909	-	-	-	145,404,973
Total revenue	35,533,490	-	68,278,432	33,140,142	8,452,909	-	-	-	145,404,973
Results									
Segment profit/(loss)	4,828,306	(126,077)	315,955	(624,240)	(918,691)	(238,904)	(20,616)	(1,178,989)	2,036,744
Half-year ended 31 December 2014	Renison Tin Project	Wingellina Nickel Project	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
Revenue									
External customers	43,292,482	-	88,637,951	15,978,773	-	-	-	-	147,909,206
Total revenue	43,292,482	-	88,637,951	15,978,773	-	-	-	-	147,909,206
Results									
Segment profit/(loss)	6,354,046	(111,624)	15,107,661	2,506,825	(3,573,070)	-	(2,876,230)	(595,102)	16,812,506

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2015 (continued)

13. OPERATING SEGMENTS (continued)

The following table presents segment assets of the Consolidated Entity's operating segments as at 31 December 2015 and 30 June 2015.

	Renison Tin Project	Wingellina Nickel Project	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
Segment assets									
As at 31 December 2015	77,270,903	73,813,665	102,201,864	40,280,599	149,279,696	35,688,482	25,781,713	-	504,316,922
As at 30 June 2015	74,954,796	72,964,308	70,775,565	28,166,499	111,823,944	-	24,705,338	-	383,390,450
Segment liabilities									
As at 31 December 2015	(11,381,536)	(82,485)	(54,024,946)	(34,611,429)	(45,560,172)	(11,780,140)	(48,100)	-	(157,488,808)
As at 30 June 2015	(8,312,130)	(102,595)	(65,396,232)	(32,010,425)	(31,201,205)	-	(115,465)	-	(137,138,052)

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2015 (continued)

13. OPERATING SEGMENTS (continued)

Unallocated, adjustments and eliminations

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Consolidated Entity basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Consolidated Entity basis.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

Reconciliation of Revenue	31 December 2015	31 December 2014
Segment revenue	145,404,973	147,909,206
Interest revenue	889,927	1,375,650
Group revenue	146,294,900	149,284,856
Reconciliation of Profit		
Segment profit	2,036,744	16,812,506
Corporate administration expenses	(6,638,714)	(3,122,821)
Corporate interest income	889,927	1,375,650
Corporate other income	2,425,181	1,069,537
Fair value change in financial instruments	364,853	-
Impairment loss on available-for-sale financial assets	(60,000)	(224,232)
Total consolidated profit/(loss) before income tax	(982,009)	15,910,640
Reconciliation of Assets	31 December 2015	30 June 2015
Segment operating assets	504,316,922	383,390,450
<i>Unallocated corporate assets</i>		
Cash and cash equivalents	29,991,567	96,538,393
Trade and other receivables	1,834,244	1,210,437
Prepayments	353,555	303,943
Other financial assets	3,255,319	1,438,580
Available-for-sale financial assets	13,782,255	3,783,915
Property, plant and equipment	546,230	671,933
Group operating assets	554,080,092	487,337,651
Reconciliation of Liabilities		
Segment operating liabilities	157,488,808	137,138,052
<i>Unallocated corporate liabilities</i>		
Trade and other payables	2,071,330	1,283,338
Provision for employee benefits	1,607,424	1,557,991
Interest bearing loans and borrowings	849,294	1,091,696
Group operating liabilities	162,016,856	141,071,077

There has been no change in the basis of segmentation or in the basis of measurement of segment profit from those used in the last annual financial statements.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2015 (continued)

14. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial instruments carrying values are a reasonable approximation of their fair value.

Fair Value hierarchy

The Consolidated Entity held the following financial instruments measured at fair value:

	31 December 2015			Total
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	
Financial Assets				
Available-for-sale financial assets				
Listed investments	13,782,255	-	-	13,782,255
	13,782,255	-	-	13,782,255
	30 June 2015			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
Financial Assets				
Available-for-sale financial assets				
Listed investments ¹	3,783,915	-	-	3,783,915
Derivatives ²	-	1,438,580	-	1,438,580
	3,783,915	1,438,580	-	5,222,495

- Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.
- The derivative related to a convertible loan issued by Brainchip Holdings Limited. The fair value was determined using a Black & Scholes model, which takes into account factors including the exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying shares at grant date and the expected life of the loan. Below are the inputs used to value the derivative:

Expected Volatility (%)	130%
Risk-free interest rate (%)	2.00%
Expected life of options (yrs)	0.2
Options exercise price (\$)	\$0.02
Share price at grant date (\$)	\$0.14

The derivative was valued at \$193,785 on inception (17 March 2015) and at 30 June 2015 was re-measured to \$1,438,580 through the profit and loss. The derivative was re-measured at the loan conversion date (24 August 2015) to \$1,803,433 and a gain of \$364,853 was recognised in the profit and loss.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2015 (continued)

14. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

The table above illustrates the classification of the Consolidated Entity's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

15. SHARE BASED PAYMENTS

Under the Company's Long Term Incentive Plan performance rights are issued to senior employees and Directors (subject to shareholder approval) as a part of their remuneration.

The performance rights have the following performance hurdles which will be measured over the vesting period of three years:

- The Absolute Total Shareholder Return ("TSR") performance rights (50% of total performance rights) will vest subject to the compound annual growth rate of the Company's TSR being not less than 15% over the three year service period.
- The Relative TSR performance rights (50% of total performance rights) are measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the TSR performance of the Company.

The fair value of the performance rights granted are estimated using a Hoadley employee share option pricing model (Monte Carlo Simulation), taking into account the terms and conditions upon which the performance rights were granted.

During the half-year ended 31 December 2015 the Consolidated entity recognised \$309,434 (2014: \$128,070) in the profit and loss.

Performance Rights Issued in 2015

Details	Absolute TSR Performance Rights	Relative TSR Performance Rights
Number of performance rights	875,568	875,568
Grant date	23 November 2015	23 November 2015
Share price at grant date (\$)	\$1.260	\$1.260
Performance right exercise price (\$)	Nil	Nil
Share price barrier (\$)	\$2.170	-
Vesting conditions	1.15 ³ times 20 day VWAP	-
Measurement date	1 July 2017	1 July 2017
Expected life of performance rights (yrs)	3 years	3 years
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	2.17%	2.17%
Stock dividend yield per annum (%)	2.34%	2.34%
Fair value at grant date (\$)	\$0.554	\$0.79

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2015 (continued)

15. SHARE BASED PAYMENTS (continued)

Performance Rights Issued in 2014

Details	Absolute TSR Performance Rights	Relative TSR Performance Rights
Number of performance rights	818,510	818,510
Grant date	26 November 2014	26 November 2014
Share price at grant date (\$)	\$0.772	\$0.772
Performance right exercise price (\$)	Nil	Nil
Share price barrier (\$)	\$1.572	-
Vesting conditions	1.15 ³ times 20 day VWAP	-
Measurement date	1 July 2017	1 July 2017
Expected life of performance rights (yrs)	3 years	3 years
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	2.45%	2.45%
Stock dividend yield per annum (%)	3.52%	3.52%
Fair value at grant date (\$)	\$0.292	\$0.52

16. EVENTS AFTER THE BALANCE DATE

GOLD PREPAYMENT EXTENTION

On 29 January 2015, Metals X extended its gold pre-pay facility with Citibank N.A by \$23,250,000. The loan is repayable in gold ounces in 12 equal instalments of 1,250 ounces per month between October 2016 and September 2017 inclusive and is classified as unearned revenue. Metals X has a legal obligation to deliver gold ounces, and will subsequently recognise revenue as and when it makes the repayment in gold ounces.

COMET MINE ASSET ACQUISITION

On 4 February 2016, Metals announced that it had completed the acquisition of the Comet mine assets from Silver Lake Resources Limited for a cash consideration of \$3,000,000.

CUE VILLAGE ASSET ACQUISITION

On 5 February 2016, Metals completed the acquisition of the 260 person Village at Cue from NT under a master asset financing facility for \$4,550,000.

ADITYA BIRLA MINERALS PTY LTD

On 16 February 2016 the Company announced that it had waived all conditions under the off-market takeover bid to acquire 100% of the ordinary shares in Aditya Birla, freeing the bid of all defeating conditions allowing the Company to issue approximately 16,949,986 new fully paid shares in Metals X to Aditya Birla accepting shareholders representing a 25.69% interest Aditya Birla.

Directors' Declaration

In accordance with a resolution of the directors of Metals X Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter Cook
CEO & Executive Director
Perth, 18 February 2016

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of Metals X Limited

As lead auditor for the review of Metals X Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Metals X Limited and the entities it controlled during the financial period.

Ernst & Young

D S Lewsen
Partner
18 February 2016

Independent Review Report



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To the members of Metals X Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Metals X Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metals X Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report (continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metals X Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'D S Lewsen'.

D S Lewsen
Partner
Perth
18 February 2016