

18 January 2017

METALS X DEMERGER – AUSTRALIAN TAXATION INFORMATION

Metals X Limited (**Metals X**) is pleased to advise that the Australian Taxation Office has today issued Class Ruling 2017/1 (**Class Ruling**) with respect to the tax implications of the Metals X Demerger for Australian resident shareholders of Metals X.

The Class Ruling confirms that the receipt of Westgold Resources Limited (**Westgold**) shares pursuant to the Demerger is not taxable for Australian resident shareholders of Metals X (that held their Metals X shares on capital account for tax purposes). Australian resident shareholders will be sent a letter providing further detail on the Class Ruling to assist in calculating the tax cost base allocation of Metals X and Westgold shares. [A copy of the shareholder letter is **attached** to this announcement]. The Class Ruling can be found at Metals X's website.

A guide to the general tax implications of the demerger is set out in Section 9 of the Notice of General Meeting dated 17 October 2016.

18 January 2017

Dear Metals X Shareholder

**METALS X LIMITED DEMERGER OF WESTGOLD RESOURCES LIMITED
AUSTRALIAN TAXATION INFORMATION**

As you are aware, Metals X Limited (**Metals X**) recently completed the demerger of Westgold Resources Limited (**Westgold**).

A general outline of the Australian taxation implications of the demerger for Australian shareholders participating in the Demerger is set out in Section 9 of the Notice of Meeting dated 17 October 2016 and is available on Metals X's website. In this regard, the Australian Taxation Office (**ATO**) recently released Class Ruling 2017/1 (which is available on the Metals X website) confirming the availability of demerger tax relief in respect of the demerger of Westgold for Australian shareholders that held their Metals X shares on capital account for tax purposes.

Australian tax legislation requires that, for Australian capital gains tax purposes, whether or not Australian shareholders choose demerger tax relief, they must apportion the cost base of their Metals X shares between their Metals X and Westgold shares held after the Demerger. In making the apportionment, regard must be had to the market values of those shares (or a reasonable approximation thereof) after the Demerger.

This letter provides information to enable Australian shareholders to allocate the cost base of their Metals X shares between their Metals X and Westgold shares.

In the class ruling, the ATO confirmed that the apportionment may be based on the volume weighted average prices (**VWAP**) of the Metals X shares and the Westgold shares. The VWAP calculation should be ascertained by reference to the trading of the shares on the Australian Securities Exchange over the first five trading days after the Demerger Effective Date, when both Westgold and Metals X were trading concurrently, being Tuesday 6 December 2016 to Monday 12 December 2016 inclusive. Shareholders that apportion the cost base of their shares on this basis will adopt the methodology consistent with the approach accepted by the ATO.

The VWAP and relative market values for Metals X's and Westgold shares were as follows:

	VWAP \$	Shares on issue	Market value \$	Relative market value (%)
Metals X fully paid shares	0.6450	609,340,903	\$393,001,546	43.37%
Westgold fully paid shares	1.6842	304,671,487	\$513,118,030	56.63%
TOTAL			\$906,119,576	100.00%

The cost base of your Metals X shares would therefore be allocated 43.37% to your Metals X shares and 56.63% to your Westgold shares after the Demerger.

The following is an illustrative example of how to calculate your cost bases:

*Mary held 4,000 Metals X shares that had an aggregate cost base of \$3,200, just before the Demerger. She received 2,000 Westgold shares under the Demerger.
The cost bases of the shares held by Mary would be calculated as follows:*

Metals X

$$\$3,200 \times 43.37\% = \$1,387.90$$

$$\$1,387.90 / 4,000 \text{ shares} = \$0.3470 \text{ per share}$$

Westgold

$$\$3,200 \times 56.63\% = \$1,812.10$$

$$\$1,812.10 / 2,000 \text{ shares} = \$0.9060 \text{ per share}$$

As indicated in the Notice of Meeting dated 17 October 2016, it is recommended that all Metals X shareholders consult with their own independent taxation advisers regarding the taxation implications of participating in the Demerger given the particular circumstances that apply to them.

Yours sincerely


Fiona Van Maanen
Company Secretary
Metals X Limited