

NIFTY COPPER OPERATIONS UPDATE

Metals X Limited (**Metals X** or the **Company**) provides the following update on its Nifty Copper Operations (**Nifty**), located in the East Pilbara region of Western Australia. Nifty is an operating underground copper sulphide mine with a 2.5Mtpa copper concentrator, a 3.5Mtpa underground crusher and conveyor and extensive site infrastructure including a powerhouse, 400-man camp and sealed airfield.

STRATEGIC OBJECTIVE

Metals X acquired Nifty in August 2016 through the takeover of Aditya Birla Minerals Limited. At the time of acquisition Nifty was effectively in closure mode, having approximately 1 year of remaining Ore Reserves and an inventory of equipment and infrastructure in a somewhat dilapidated state.

The focus of the Company since the acquisition of Nifty has been to increase the production rate, return the process plant to continuous operation and extend mine life. The strategic objective is to transform Nifty into a large scale, long-life mine with an annualised production rate in excess of 40,000t of contained copper in concentrate.

PROGRESS AGAINST PLAN

Since acquiring Nifty, Metals X has made significant progress towards achieving its strategic objective including:

- ▶ Appointing a new operations management team;
- ▶ Increasing Ore Reserves and therefore mine life from approximately 1 year to 6 years through;
 - In-fill drilling of the majority of the reserve area on a 20m x 20m basis to increase geological confidence;
 - Reinterpretation of the geological models based on all drilling, as the previous models were unreliable and included minimal geological information (primarily based on drill assays only);
 - Developing and implementing a 5-year mine plan based on Ore Reserves with detailed stoping plans developed for approximately 6 million tonnes of ore;
- ▶ A significant rebuild and refurbishment of site infrastructure and equipment;
 - The last of these major components was the replacement of 4km of conveyor for the underground crusher and conveyor system which was completed in May 2018;
 - Rebuild, replacement or increasing the mobile equipment fleet as required;
- ▶ Progressively ramping up underground mining and development activities;
 - Increasing the Jumbo operation from one to four machines;
 - Increasing long hole stoping drill rigs from one to three;
 - Opening additional mining areas both within and outside the historic 'checkerboard' mining area;
 - Progressively increasing development and stope drilling outside of the checkerboard;
- ▶ Commencement of continuous operation of the process plant from December 2017 (previously the plant was operating on a 2-weeks on 1-week off basis);

CURRENT PRODUCTION STATUS

The Nifty operation does not require any further significant capital expenditure to achieve its strategic objective. The current focus of the Company is on the implementation and delivery of the plan to ensure a successful production ramp-up.

As outlined in its recent Quarterly Reports, stope production will progressively move out of the historic checkerboard area and into the previously undeveloped western and eastern extensions of the orebody. However, while the development and installation of associated mine services advances into new production areas, the operation is predominantly sourcing ore from within 'tertiary' stopes (stopes which are surrounded by previously mined and backfilled stopes on at least two sides) within the checkerboard. Dilution from these tertiary stopes is continuing to prove difficult to manage which has had, and is likely to continue to have, an impact on both grade and production until further ore is sourced from outside of the checkerboard.

The Company expects that ore mined for the current quarter will be in line with the March 2018 quarter despite the loss of approximately 45,000t of production due to the replacement of the underground conveyor. As the Company implements its mine plan, it is expected that the overall grade of ore mined will continue to improve as additional stopes progressively come on line outside of the checkerboard. However, for the current quarter, due to the sequencing of stopes outside of the checkerboard and ongoing grade dilution from within the checkerboard, ore grade and resulting copper production will be below that of the March 2018 quarter.

TARGETED PRODUCTION RATE

Despite the delay in timing of the production ramp-up at Nifty, with a recapitalised infrastructure and equipment base, and high geological confidence in the mine plan, the Company remains confident in achieving its strategic objective of 40,000tpa by the end of 2018. The production target for the September 2018 quarter, at an annualised rate of 35,000tpa copper in concentrate, remains unchanged.

ENQUIRIES

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