



## METALS X LIMITED

Metals X Limited is a diversified group exploring and developing minerals and metals in Australia. It is Australia's largest tin producer, a top 10 gold producer and holds a pipeline of assets from exploration to development including the world class Wingellina Nickel Project.

### CORPORATE DIRECTORY

ASX Code: **MLX**

OTCQX Code: **MLXEF**

Level 3, 18–32 Parliament Place  
West Perth WA 6005  
Australia

PO Box 1959  
West Perth WA 6872  
Australia

t: +61 8 9220 5700  
f: +61 8 9220 5757  
reception@metalsx.com.au  
www.metalsx.com.au



# QUARTERLY REPORT

FOR THE PERIOD  
ENDING 31 MARCH 2015

## SIGNIFICANT OUTPUTS DURING THE QUARTER

### GOLD DIVISION

- Production close to guidance (of 37,500 oz @ A\$1,050/oz total cash cost of sales):
  - Ore Mined 399,760 tonnes @ 3.38g/t Au.
  - Ore Processed 416,311 tonnes @ 3.08 g/t Au.
  - Gold metal produced was 36,930 ounces.
  - Total cash cost of sales was A\$1,059/oz.
  - Quarterly EBITDA (unaudited) of \$18.1 million.

### TIN DIVISION

- Lower production grade and throughput during the quarter mainly attributed to mining scheduling requirements to develop higher grade areas:
  - Tonnes mined 162,468 @ 1.41% Sn.
  - Tonnes processed 156,642 @ 1.43% Sn.
  - Tin metal production 1,578 tonnes.
  - Total cash cost of sales of \$19,047/t Sn.
  - Lower Tin prices impacting revenue, however cashflow remains positive.
  - Metals X share of Quarterly EBITDA (unaudited) of \$3.35 million.

### NICKEL DIVISION

- 100 tonne bulk sample successfully processed in pilot plant using alternative Limonite processing technology in Korea.
- Further discussions on commercialisation set to commence.

### EXPLORATION

- Excellent regional exploration results:
  - High grade gold results from diamond drilling at Paddy's Flat, Reedy's and Day Dawn.
  - High grade diamond drill results in depth extensions at Trident Mine.
  - First drilling from HBJ underground delivers 5 parallel lodes with excellent grade and continuity.

### CORPORATE

- Aziana (MLX 14%) to take control of Brainchip resulting in strong share price appreciation.
- Cash and working capital as at 31 March 2015 was \$122.7 million with no corporate debt.

### ENQUIRIES

**Peter Cook**  
Executive Director & CEO  
peter.cook@metalsx.com.au

**Warren Hallam**  
Executive Director  
warren.hallam@metalsx.com.au

# GOLD DIVISION

## OVERVIEW

Overall performance from the gold division for the March 2015 Quarter was in line with expectations. Consolidated gold production was 36,930 ounces at total cash cost of sales of \$1,059 per ounce. Cash flow from the gold division was strong with EBITDA (unaudited) for the quarter estimated at \$18.06 million.

Mining was steady at the Higginsville operations with production from the Trident underground mine and Lake Cowan open pits. Mine production significantly exceeded plant capacity with the plant still operating on a 9 days on 5 days off campaign basis. As a consequence, significant stocks of ore (approx. 120,000 tonnes) sits on the ROM pad even after 87,186 tonnes were processed at the Company's South Kalgoorlie plant during the quarter. Drilling down-plunge at Trident has continued to show strong continuity to the ore system whilst development drilling has added to the open pit ore sources available to compliment the underground ore tonnages available for ore processing.

At the South Kalgoorlie Operations, the operation entered a transition phase from processing low grade stocks and third party processing, to a development phase with the commencement of a number of short duration open pits and capital mine development at the HBJ underground mine (HBJ). In addition 87,186 tonnes of Higginsville ore was processed at cost during the quarter and this production was attributable to the Higginsville production stats. As a result of the significant activity and only a small amount of ore being produced from early pit production, total costs of sales were higher for the quarter. This will be arrested in the ensuing quarter, as the processing of open pit ores and the commencement of ore development at HBJ increases gold production.

Significant progress was made on advancing the CMGP project toward the schedule mid-year production start-up. Statutory approval processes were advanced during the quarter. A decision was made to acquire and operate our own open pit mining fleet for the smaller pits in the region in conjunction with other open pit contractors. The core operating fleet and operators have been procured. Expressions of interest for underground mining contracts have completed and formal tenders for the works are at an advanced stage. Numerous open pits have been advanced with pre-mining RC grade control completed. Pre-start mechanical and infrastructure logistics for the process plant have been defined and are being actioned. Staff recruiting for all areas has commenced. Catering and village service contracts are being finalised.

Following the wet season hiatus, diamond drilling at Rover 1 has recommenced and continues to focus on extension of deeper ore zones. Exploration drilling at the numerous targets in the CMGP has returned excellent results. Diamond drilling at Cuddingwarra (in the CMGP) on new targets has commenced with very positive early signs.

Production guidance for the ensuing quarter for the gold division is 42,500 ounces at a total cash cost of sales of \$1,050 per ounce.

## HIGGINSVILLE GOLD OPERATIONS (HGO) (MLX 100%)

Productivity and operational performance was in-line with guidance as the operations moved to a consistent blend of open pit ores with the Trident underground ores. The coincidence of lower grade stopes that impacted Trident grades in the previous quarter was arrested and production grades returned to long-term averages.

The process plant continues to operate on a (9-on : 5-off) campaign basis with open pit mining productivity above what is capable of being processed at this time. Consequently, ore stocks are increasing and at the end of the quarter addition open pit ore stocks of approximately 120,000 open pit ore tonnes were stockpiled ahead of the plant. This was somewhat alleviated by 87,186 tonnes of the open pit ore stocks being carted and processed at the South Kalgoorlie plant during the quarter.

	March 15 Quarter	Previous Quarter	Rolling 12 Months
<b>Mine Production</b>			
Trident - Ore Tonnes	159,717	128,867	502,440
Trident Grade (g/t Au)	5.80	5.36	6.16
Chalice* – Ore Tonnes	-	-	224,688
Chalice Grade (g/t Au)	-	-	4.36
Cowan Pits - Tonnes	185,973	105,023	292,839
Cowan Grade (g/t Au)	1.97	1.98	1.94
<b>Total Mine Production</b>	<b>345,690</b>	<b>233,890</b>	<b>1,019,967</b>
	<b>3.74</b>	<b>3.84</b>	<b>4.53</b>
<b>Plant Production</b>			
Ore Processed at SKO	87,196	2,637	89,776
Ore Processed at HGO	188,282	214,504	841,455
Total Ore Processed	275,467	217,142	931,231
Head Grade	4.32	3.87	4.75
Recovery	90.3	94.2	93.7
<b>Gold Produced</b>	<b>34,528</b>	<b>25,460</b>	<b>133,608</b>

\*The Chalice mine was closed in late 2014.

The process plant continued to show excellent availability and efficiency whilst operating on a campaign basis. The cash cost are slightly higher for the quarter as a result of the build up of the excess open pit stocks. The key fiscal outcomes for the quarter for the Higginsville Operations are summarised below:

	March 15 Quarter	Previous Quarter	Rolling 12 Months
Imputed Revenue (\$M)	53.1	36.1	192.3
Gold Price Received (\$/oz)	1,539	1,417	1,440
Cash Operating Cost (\$/oz)	901	710	813
Total Cash Cost of Sales (\$/oz)	1,006	773	898
Cash Operating Surplus (EBITDA) \$M	18.5	16.4	72.4
Depreciation & Amortisation (\$/oz)	249	241	238
Total Cost of Sales (\$/oz)	1,255	1,014	1,136

Capital re-investment in the HGO has continued with quarterly re-investment as follows:

	March 15 Quarter	Previous Quarter	Rolling 12 Months
Capital Mine Development (\$M)	4.09	4.63	16.9
Exploration (\$M)	0.94	0.70	3.40
Property Plant & Equipment (\$M)	0.25	-	1.62

## SOUTH KALGOORLIE OPERATIONS (SKO) (MLX 100%)

Following the planned major shut which ended in mid-January, operations at South Kalgoorlie continued with processing of low grade stocks as the predominant source of ore feed and the processing on an at-cost basis of ore from the Company's Higginsville operations. No third party ore was toll processed during the quarter.

The Operations began the transition to mining with both open pit and the HBJ underground moving toward production.

The first phase of open pit mining is a series of small and very short duration pits in close proximity to the process plant. These progressed through the bulk of their waste strips and produced ore, the majority of which is yet to be processed. Consequently, timing differences between mine expenditure and gold production have impacted gold production costs for the quarter. This will be arrested in the ensuing quarter the ore is processed.

Significant progress was made at the HBJ underground mine. Dewatering of the old underground development has now advanced significantly beyond the planned upper levels and continues to rapidly reduce. The new decline intersected and picked up the old decline and refurbishment advanced such that we are approaching the first cross-cut to the unmined lodes at the end of the quarter. Approximately 100m of development is required before ore driving commences.

The first mining panel was infilled drilled to a 20m x 20m pattern from the new decline access. The drill intercepts are excellent and confirmed that up to six higher grade (approx. 4g/t) parallel lodes within the overall Hampton-Boulder fault zone are mineable from each cross-cut. Further, they show strong potential for depth and strike continuity beyond what is currently planned.

Whilst, this was undoubtedly the toughest quarter that SKO has faced with lower gold production and higher expenditure, it marks the transition in the operation back to a true mining project with a steady-state underground mine becoming the mainstay of gold production which will be supported by the addition of open pit ores. The ensuing quarter will see a significant increase in gold production and output from the operations with a steady build-up of production over the year as development on ore moves to the ore stoping cycle with the consequential higher production levels.

SKO gold production guidance for calendar 2015 remains at 60,000 ounces and a total cash cost of production of \$1,100 per ounce.

		March 15 Quarter	Previous Quarter	Rolling 12 Months
<b>Mine Production</b>	Source			
Ore Tonnes (t)	Open Pit	54,070	-	54,070
Ore Grade (g/t Au)				
<b>Total Mine Production</b>	<b>Tonnes</b>	<b>54,070</b>	<b>-</b>	<b>54,070</b>
	<b>Grade</b>	<b>1.08</b>	<b>-</b>	<b>1.08</b>
<b>Plant Production</b>				
HGO Ore Processed*	Tonnes	87,186	2,637	89,776
SKO Ore Processed	Tonnes	140,844	257,830	690,412
Head Grade	g/t gold	0.65	0.73	0.76
Recovery	%	81.0	85.04	83.6
<b>Gold Produced</b>	<b>Ounces</b>	<b>2,401</b>	<b>5,124</b>	<b>14,641</b>

\* 87,167 tonnes of ore from HGO was processed through the SKO process plant. Total ore processed through SKO for the quarter was 228,030 tonnes.

The imputed key fiscal outcomes for the quarter attributable to SKO are summarised below:

	March 15 Quarter	Previous Quarter	Rolling 12 Months
Imputed Revenue (A\$ million)	3.9	7.3	21.2
Avg. Gold Price Received (A\$/oz)	1,618	1,407	1,450
Cash Operating Cost (A\$/oz)	1,781	1,117	972
Cash Cost of Sales (after tolling credits) (A\$/oz)	1,818	1,160	1,008
Cash Operating Surplus (after tolling credits) (EBITDA \$M)	(0.43)	1.32	6.5
Depreciation & Amortisation (A\$/oz)	818	197	315
Total Cost of Sales (A\$/oz)	2,636	1,357	1,323

Total capital reinvestment into SKO for the quarter is summarised:

	March 15 Quarter	Previous Quarter	Rolling 12 Months
Capital Mine Development (\$M)	3.2	3.78	7.36
Exploration (\$M)	0.45	0.89	4.03
Property Plant & Equipment (\$M)	0.65	0.94	2.08

Work progressed on the contract mining and profit share agreement with Southern Gold over the Cannon deposit at Bulong with an objective to commence mining late in the June quarter.

## **CENTRAL MURCHISON GOLD PROJECT (CMGP) (MLX 100%)**

Significant progress was made toward achieving the objective of a mid-2015 re-start of gold production at the Central Murchison Gold Project ("CMGP").

The revised Feasibility Study and Development Plan for the expanded CMGP was released to the ASX on 29 January 2015. A robust project producing approximately 200,000oz per annum at all in sustaining costs of A\$1,180 per ounce with an initial 13 year life is proposed.

Significant progress was made during the quarter with the following key milestones achieved:

- Tendering completed on camp and catering contract.
- Expression of interest and indicative rates for underground developments received. A shortlist of preferred underground contractors selected. Formal tender documents to be released by end of April.
- Expression of interest and indicative rates for open pit works received. Discussions continue on some works.
- Owner open fleet purchased with ancillary equipment to enable mining to commence by the principal in June 2015.
- Plant re-start evaluations and strategic planning complete.
- Power station contract and discussions underway with prospective suppliers.
- Recruitment underway with most key management positions filled.
- Major goods and service provider contracts are being established.

Exploration works continued in the vast tenement package during the quarter with drilling of deeper targets at Paddy's Flat, Reedy's, Great Fingall and Cuddingwarra focussed on extending underground mining potential. Some excellent results were received. Also RC drilling at a number of prospects not yet in the development schedule was completed, also with encouraging results. Refer the the Company's Quarterly Exploration Results announcement dated 24 April 2015.

# TIN DIVISION

## RENISON PROJECT (MLX 50%)

Productivity and operational performance continue to be in line with expectations. Lower scheduled head grades for the quarter and a planned 3 day shutdown resulted in lower quarterly tin production. The rolling 12 months production is now averaging in excess of 7,000tpa. The mine and processing outputs are summarised below:

Renison Mine (100%)	March 15 Quarter	Previous Quarter	Rolling 12 Months
<b>Mine Production</b>			
Ore Tonnes (t)	<b>162,468</b>	161,245	<b>670,799</b>
ROM Grade %Sn	<b>1.41</b>	1.70	<b>1.52</b>
<b>Tin Concentrator</b>			
Tonnes Processed (t)	<b>156,642</b>	166,065	<b>662,936</b>
Head Grade (%Sn)	<b>1.43</b>	1.68	<b>1.53</b>
Tail Grade (% Sn)	<b>0.43</b>	0.51	<b>0.47</b>
Tin Metal Produced (t)	<b>1,578</b>	1,960	<b>7,054</b>

Apart from the scheduled 3 day shutdown during the quarter production continued to operate under steady state conditions. The grade reduction resulted from a change in budget mining sequence and the deferral of production from the CFB, narrow vein area. Development and drilling in this area now supports a bulk mining option not previously identified and consequently, required a change in plan to take advantage of this opportunity. Various optimisation programs within the process facilities have started to bare some results, with the mill achieving a record low quarterly tailings grade. Further process improvements are anticipated to continue to improve the stability of the process circuit and to optimise throughput.

As a result of the lower tin production there was a resultant drop in fiscal outcomes compared with the previous quarter. The key fiscal outcomes for the quarter attributable to Metals X's 50% ownership of the Renison Project for the quarter are summarised below:

Fiscal Outcomes (MLX Share)	March 15 Quarter	Previous Quarter	Rolling 12 Months
Imputed Revenue (\$M)	<b>18.4</b>	22.7	83.67
Tin Price Received (\$/t Sn)	<b>23,288</b>	23,146	23,723
Cash Operating Cost (\$/t Sn)	<b>15,737</b>	12,767	14,921
Total Cash Cost of Sales (\$/t Sn)	<b>19,047</b>	16,414	18,305
Cash Operating Surplus (EBITDA) \$M	<b>3.35</b>	6.67	19.41
Depreciation & Amortisation (\$/t Sn)	<b>1,962</b>	1,872	1,957
Total Cost of Sales (\$/t Sn)	<b>21,009</b>	18,286	20,262

Capital re-investment in the Renison has continued to slow as expected. A large stock of capially and normally developed ore exists within the mine, which bodes well for future production. Drilling activity during the quarter continued to be focussed on the upgrading and in-filling of known ore resources.

Capital Re-investments (MLX Share)	March 15 Quarter	Previous Quarter	Rolling 12 Months
Capital Mine Development (\$M)	<b>2.09</b>	1.55	6.82
Exploration (\$M)	<b>0.01</b>	0.08	0.51
Property Plant & Equipment (\$M)	<b>0.49</b>	0.62	1,66

# NICKEL DIVISION

## WINGELLINA PROJECT (MLX 100%)

Whilst the engineering works for the updated feasibility study have been halted due to the depressed nickel market, 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 is the final documentation required for EPA approval.

The PER document was formally submitted to the Office of the Environmental Protection Authority (EPA) on the 24 October 2014 and has subsequently been reviewed by the EPA. The Document has now been circulated to the other WA Government agencies for comment prior to being formally released for Public review. This is a significant step in the development of the massive Wingellina Nickel-Cobalt-Iron project is the main documentation required for final approvals.

A representative 100 tonne sample of Wingellina ore was mined, shipped and pilot plant tested in Korea at end of the December 2014 quarter. The results indicated high recoveries of Ni and Co, with fast reaction kinetics. Financial modelling of the results is currently underway with a review to take place in Korea in late May 2015 to determine the next steps in the process development.

Interaction with the States and Federal governments in relation to infrastructure requirements within Central Australia continued during the quarter with strong co-operation and a desire to assist with the development of the project. There are now various Government agencies that have recognised the regional and national economic and social significance of the project and have or are committing resources and funding in relation to the infrastructure requirements.

The company has previously entered into an agreement with the Native Title Holders and their representative bodies in 2010 allowing Metals X to develop a mining operation at Wingellina.

## EXPLORATION ACTIVITIES

Metals X remained active on the exploration and drilling front during the quarter with activity across its vast portfolio of assets.

Highlights for the quarter were:

1. High grade intercepts from deeper diamond holes at Paddy's Flat.
2. High grade intercepts and a discovery of a second lode in Great Fingall Deep
3. High grade intercepts in deeper drilling under the historic mines at Reedy's.
4. Numerous RC intercepts at various targets in the CMGP
5. High grade intercepts from down plunge drill holes at the Trident Mine.

The wet season which curtailed the diamond drill program following up the exciting Rover 1 bonanza results from last quarter has now ended and works have recommenced with numerous holes planned for the ensuing quarter.

Refer the the Company's Quarterly Exploration Results announcement dated 24 April 2015.

# CORPORATE

Metals X ended the March quarter with unaudited cash and working capital of \$122.7 million. The Group has no corporate debt.

## INVESTMENTS

Metals X holds the following investments in other listed entities:

Neometals Limited (formerly Reed Resources Limited)	0.39% share holding
Aziana Limited	13.73% share holding
Mongolian Resource Corporation Limited	14.76% share holding

## CAPITAL STRUCTURE

The Company has the following equities on issue as of 31 March 2015:

Fully Paid Ordinary Shares	416,010,939
Performance Rights	1,637,020
Fully Diluted Equity	417,647,959

## MAJOR SHAREHOLDERS

The major shareholders of the Company as of 31 March 2015 are:

APAC Resources (HKEX:1104)	24.07%
Jinchuan Group	10.66%

End

## COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Peter Cook BSc (App. Geol.), MSc (Min. Econ.) MAusIMM (11072) who has sufficient experience that is relevant to the styles of mineralisation, the types of deposits under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cook is the CEO and an Executive Director and a full time employee of Metals X Limited and consents to the inclusion in the reports of the matters based on his information in the form and context in which it appears. Mr Cook is a shareholder of Metals X and is entitled to participate in Metals X's short term and long term incentive plans details of which are included in Metals X's Remuneration Report in the Annual Report.

The information in this report that relates to Mineral Resources compiled by Metals X technical employees under the supervision and review of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell is a full-time employee of the company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.