

4 August 2016

METALS X UNDERTAKES EQUITY RAISING VIA \$100.6 MILLION PLACEMENT AND PREPARES TO DEMERGE ITS GOLD DIVISION

- **\$100.6 million placement to domestic and institutional investors.**
- **Up to \$15 million share purchase plan to existing shareholders.**
- **Intention to demerge gold assets.**

Equity Raising

Metals X Limited (“**Metals X**” or the “**Company**”) (ASX:MLX) advises that it has completed an institutional placement to raise approximately A\$100.6 million (“**Placement**”) and is undertaking a Share Purchase Plan (“**SPP**”) of up to A\$15 million.

The Placement is for the issue of approximately 68 million new Metals X fully paid ordinary shares (“**Shares**”) at an issue price of A\$1.48 per Share (“**Placement Price**”) representing approximately 12.9% of the fully diluted Shares the Company has on issue.

The Company will also offer a Share Purchase Plan to enable all eligible shareholders to participate in the raising at the same price as the institutional placement. All eligible shareholders will be able to acquire up to A\$15,000 of Shares at the Placement Price, subject to an overall cap of A\$15 million (the Placement and SPP together being the “**Equity Raising**”).

Further details of the placement and share purchase plan are provided below.

Potential Demerger

Over the past few years Metals X has made a number of shrewd acquisitions and has built a formidable diversified mining company. It has three operating gold projects, four process plants with 5.5mtpa combined capacity and has built a gold resource base of 15.4 million ounces and ore reserves of 2.89 million ounces. It currently produces at a run-rate of 220,000 ounces per annum and has a clear plan to double this over the next few years.

The Company has, after a protracted period, completed its takeover offer of Aditya Birla Minerals Limited, the owner and operator of the Nifty copper mine in Western Australia. The completion of this offer has now significantly bolstered the base metals division of Metals X. The Company now believes its base metals division can stand alone as a formidable diversified base metals company, with production from its tin and copper assets and expansion and growth assets in tin, copper and nickel.

Given prevailing economic and market conditions, the Board of Metals X believes the time is now right, and its shareholders are better served if the Company looks to separate its gold division from the remainder of the diversified base metal assets.

Consequently, the Company formally advises that it now intends to take steps to seek approval to separate its gold and remaining base metals assets. The demerger would require shareholder and other regulatory approvals and subject to further accounting and taxation advice will potentially be effected by a scheme of arrangement demerger process. The intent is that a shareholder of Metals X at the completion of the separation of the gold unit will own equal interests in shares of both entities. Further, it is intended that a complete separation of the gold and base metals assets is effected with no cross-holdings between the two companies. Cash and working capital will be split up such that both entities have adequate funding for their operations and respective growth plans. Key demerger agreements will be entered into confirming the detail of these separation principles as well as any necessary transitional services between the two entities.

It is expected that Metals X's current CEO & Executive Director, Peter Cook will become the Managing Director of the gold business unit and Metals X's other Executive Director, Warren Hallam, will become the Managing Director of the base metals business and executive management teams of each division will remain so. New board structures will be finalised in due course and further details in relation to the demerger will be released at a later date. Subject to satisfactory completion of preparatory steps, Metals X aims to seek to convene a shareholder meeting to obtain approval for the demerger in late October / early November 2016.

Metals X's CEO & Executive Director, Peter Cook, said:

"This is an exciting time for our shareholders and an opportunity for us to unlock the considerable value that sits under the Metals X umbrella. It was pleasing to see that the equity raising was "monstered" with heavily oversubscribed applications. Following the Equity Raising and demerger process, our shareholders will own shares in two formidable mining companies with great opportunity and outlook to grow and prosper."

Placement Details

The Placement of 68 million Shares at A\$1.48 per Share was made to eligible sophisticated, professional and other institutional investors to raise a gross A\$100.6 million. The Lead Manager and Bookrunner of the Placement was Canaccord Genuity with participation from Bell Potter as Co-Manager.

This Placement Price represents a:

- 12.9% discount to the closing price of A\$1.70 per share on 1 August 2016 being the last trading day prior to the Company's trading halt pending announcement of the Placement.
- 10.5% discount to the 5 day VWAP of A\$1.65 per share up to 1 August 2016 being the last trading day prior to the Company's trading halt pending announcement of the Placement.
- 4.0% discount to the 30 day VWAP of A\$1.54 per share up to 1 August 2016 being the last trading day prior to the Company's trading halt pending announcement of the Placement.

The Placement is within Metals X's existing capacity under ASX Listing Rule 7.1. Accordingly, no shareholder approval was required in connection with the Placement. Settlement of the Placement is expected to occur on 9 August 2016, with the new Shares expected to be allotted through ASX and commence trading on 10 August 2016. The new Shares will rank equally with existing Metals X Shares.

Share Purchase Plan Details

The SPP will be open to Metals X shareholders as at 7:00pm (Sydney time) on the record date of Wednesday, 3 August 2016, and whose registered address is in Australia, New Zealand or the United Kingdom ("**Eligible Holders**"). Eligible Holders will be invited to invest up to a maximum of A\$15,000 per shareholder in the SPP, subject to an overall cap of A\$15 million.

The issue price under the SPP will be the same as the Placement Price, being \$1.48 per Share. No brokerage will be payable by subscribing shareholders. Further details on the SPP will be distributed to Eligible Holders shortly and released on the ASX.

Use of Proceeds

The gross proceeds raised under the Equity Raising will be used to expedite the development of additional production from several of the Company's projects in both the gold and base metals divisions. It will provide additional working capital so that the Company can pursue additional value adding opportunities as they arise.

Proceeds will be used to:

- Refurbish, expedite and to further enhance the economics of the Fortnum gold project, including a faster re-establishment of the Starlight underground mine and an expedited exploration and development drill program at the nearby Peak Hill mining centre.
- For the development of the Mt Henry gold project and any required plant modifications to the Higginsville plant to optimise the processing of Mt Henry ores.
- As working capital for initial mine development and the establishment of steady state production at the Comet and Great Fingall underground mines within the Central Murchison Gold Project.
- Fund mine development and exploration drilling at the Nifty project.
- Fund additional acquisition and growth opportunities both internally and externally as and if required.
- To provide additional working capital.

Proforma Liquidity Position Pre/Post the Equity Raising

Item	Proforma position (A\$M)
Unaudited Cash and Equivalents (as at 30 June 2016)*	73
Proceeds from Placement	100.6
Proforma Cash and Equivalents unaudited post Placement	173.6
Potential additional funds from SPP	up to 15
Fortnum Gold Project & Peak Hill evaluations	(25)
Mt Henry and Higginsville Plant modifications	(15)
Comet Underground Mine (pre-production)	(8)
Great Fingall – stage 1 (pre-production)	(20)
Big Bell Rehabilitation & Pre-production	(35)
Nifty Capital Mine Development	(10)
Nifty Exploration Drilling	(5)
Cash Reserves	70.6

Note: figures presented in this table have been rounded to the nearest whole number

* Includes proforma merger cash amounts for Aditya Birla based on completion of the acquisition.

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Certain statements included in this release constitute forward looking information. This information is based upon a number of estimates and assumptions made on a reasonable basis by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies.

Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, commodity prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this release and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

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