

RENISON TAILINGS RETREATMENT PROJECT ("RENTAILS") UPDATED DFS CONFIRMS HIGH MARGIN PROJECT

HIGHLIGHTS

- Robust economics:
 - NPV_{8%} of A\$260M (pre-tax) and IRR of 37%¹;
 - Cash operating cost of A\$13,400/t Sn (net of copper credits) providing operating cash margin of approximately A\$12,600/t Sn at prevailing tin price of A\$26,000² /t Sn;
 - Construction capital cost of A\$205 million.
- Average annual production of approximately 5,400 tonnes of Sn & 2,200 tonnes of Cu;
- Project life of 11 years at 2 million tonne per annum (**tpa**) treatment rate with further upside opportunity for treatment of additional tailings and intermediate streams.

The information in this announcement relates to 100% of Rentails. Metals X Limited (**Metals X** or the **Company**) owns a 50% share of the Renison Tin Operations through the Bluestone Mines Tasmania Joint Venture (**BMTJV**).

SUMMARY

Metals X is pleased to announce the results of the updated Definitive Feasibility Study (**DFS Update**) for its Renison Tailings Retreatment Project (**Rentails** or the **Project**).

Rentails provides the opportunity to expand production at the Renison Tin Operations (**Renison**), by approximately 5,400 tonnes of tin (Sn) and 2,200 tonnes of copper (Cu) per year, through the re-processing and recovery of tin and copper from the existing historical tailings at Renison.

Renison produces approximately 7,000 tonnes of Sn in tin concentrate per year. The operation currently is being expanded through the introduction of ore sorting which is expected to increase production to between 8,000 and 8,500 tonnes of Sn per year. When combined with Rentails the total operation will produce approximately 13,400 - 13,900 tonnes of Sn per year which is approximately 3.75% of the global primary tin supply. The All-In Sustaining Costs (**AISC**) for the combined operation is anticipated to be less than A\$17,000 per tonne which compares favourably to the prevailing tin price of approximately A\$26,000 per tonne.

On the basis of the compelling economics summarised below, Metals X and the BMTJV have commenced discussions with various parties in relation to financing options and establishing the timing of long lead time items, final approvals and the capacity of suppliers to service Rentails.

The DFS Update provides a strong business case for Rentails¹:

- Net present value (NPV), at an 8% discount rate, of A\$260 million pre-tax;
- Internal rate of return (IRR) of 37% pre-tax;

2 Tin price averaged approximately A\$26,000/t Sn during June 2017.

¹ Calculations are for 100% of the project at an assumed Sn price of US\$20,000/t, Cu price of US\$5,000/t and 0.75 USD/AUD exchange rate for Sn price of A\$26,667/t and Cu price of A\$6,667/t.

- Annual revenue of A\$161 million;
- Annual operating cash margin of A\$73 million;
- Upfront capital of A\$205 million;
- Break-even tin price of US\$14,000/t (A\$18,700/t) compared to the average tin price year-to-date of approximately US\$20,000/t (A\$26,500/t).

The sensitivity of key financial metrics to tin price assumptions, shown below in Table 1, demonstrates the high margins and upside price exposure of the Project.

		Tin price assumption \$/t Sn (FX assumption 0.75)						
Financial metric	Unit	US\$18,000/t	US\$20,000/t	US\$22,000/t	US\$24,000/t			
		A\$24,000/t	A\$26,667/t	A\$29,333/t	A\$32,000/t			
Revenue *	A\$M	1,608	1,768	1,929	2,089			
Construction capital	A\$M	205	205	205	205			
Total capital (life of mine)	A\$M	243	243	243	243			
Operating cost **	A\$M	958	970	982	993			
Cash operating margin	A\$M	650	798	947	1,096			
Operating cost (before Cu credits)	A\$/t Sn	15,929	16,138	16,328	16,518			
Operating cost (after Cu credits) ***	A\$/t Sn	13,184	13,393	13,583	13,773			
Cash operating margin	A\$/t Sn	10,816	13,274	15,751	18,227			
NPV (pre-tax) at 8% discount rate	A\$M	171	260	350	440			
IRR (pre-tax)	%	27%	37%	47%	56%			
Payback (undiscounted)	years	4.0	3.2	2.7	2.3			

Table 1. Forecast Financial Metrics for Rentails (Total 11 Year Life)

* Includes copper revenue calculated assuming US\$5,000/t Cu. At US\$20,000/t Sn, Cu revenue comprises 9% of total revenue. ** Including royalties, excluding Cu credits.

***Cu credits of A\$2,745/t Sn.

In addition to the expected NPV, there is the opportunity for substantial potential upside by extending the life of the Project through further integration with the current Renison operation and regional tin and zinc projects.

DETAILS

Background

The opportunity for Rentails is based on the retreatment of approximately 21.6 million tonnes of historical tailings at an average grade of 0.45% Sn and 0.23% Cu.

In 2008 WorleyParsons completed a metallurgical review including test work and pilot trials. The results of the WorleyParsons work were incorporated into a 2009 DFS published by GR Engineering Services.

The DFS Update builds on the original DFS, incorporating updated capital and operating cost estimates and potential additional streams of feed from the Renison concentrator.

Location

The Rentails operation is planned to be located approximately 1.5 kilometres north west of the existing Renison Tin Concentrator and adjacent to the existing tailing storage facility, Dam C (Figure 1).



Figure 1. Proposed location of Rentails at the Renison Tin Mine

Mineral Resources and Ore Reserves

The current Mineral Resource estimate is comprised within the 3 existing TSF's; Dam A, B and C have combined contained metal of approximately 100,443 tonnes of tin and 50,619 tonnes of copper (refer to the 30 June 2016 estimate, compliant with JORC 2012 Code, as disclosed on ASX on 18 August 2016).

Tailings Dam	Category	t	Grade % Sn	Tin tonnes	Grade % Cu	Copper tonnes
	Measured	3,005,694	0.46%	13,892	0.20%	6,119
٨	Indicated	-	-	-	-	-
A	Inferred	-	-	-	-	-
	Total	3,005,694	0.46%	13,982	0.20%	6,119
	Measured	3,378,719	0.44%	14,931	0.21%	7,136
В	Indicated	-	-	-	-	-
	Inferred	-	-	-	-	-
	Total	3,378,719	0.44%	14,391	0.21%	7,136
	Measured	16,119,057	0.44%	71,621	0.23%	37,363
С	Indicated	-	-	-	-	-
L	Inferred	-	-	-	-	-
	Total	16,119,057	0.44%	71,621	0.23%	37,363
	Measured	22,503,470	0.45%	100,443	0.22%	50,619
TOTAL RENTAILS	Indicated	-	-	-	-	-
	Inferred	-	-	-	-	-
	Total	22,503,470	0.45%	100,443	0.22%	50,619

Table 2 Rentails	Mineral Resource	Statement at	30 June 2016
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Note: 0% Sn cut off-grade

The current Ore Reserve estimate has contained metal of approximately 96,500 tonnes of tin and 48,700 tonnes of copper (refer to the 30 June 2016 estimate, compliant with JORC 2012 Code, as disclosed on ASX on 18 August 2016).

Tailings Dam	Category	t	Grade % Sn	Tin tonnes	Grade % Cu	Copper tonnes
	Proved	-	-	-	-	-
А	Probable	2,782,371	0.46%	12,860	0.20%	5,665
	Total	2,782,371	0.46%	12,860	0.20%	5,665
В	Proved	-	-	-	-	-
	Probable	3,209,783	0.44%	14,184	0.21%	6,780
	Total	3,209,783	0.44%	14,184	0.21%	6,780
	Proved	-	-	-	-	-
С	Probable	15,635,485	0.44%	69,473	0.23%	36,243
	Total	15,635,485	0.44%	69,473	0.23%	36,243
	Proved	-	-	-	-	-
TOTAL RENTAILS	Probable	21,627,639	0.45%	96,516	0.23%	48,687
	Total	21,627,639	0.45%	96,516	0.23%	48,687

Table 3. Rentails Ore Reserve Statement at 30 June 2016

Existing Ore Reserves at Rentails are planned to be augmented by ongoing tailings production from the existing Renison Concentrator to Dams A and B, with the expected Rentails feed at November 2018 calculated as 23.2 million tonnes at 0.44% Sn & 0.23% Cu for 102,700 tonnes of contained Sn and 52,600 tonnes of contained Cu.

Processing

The planned tailings treatment rate is nominally 2 million tonnes per year over 11 years. Ramp-up to 2 million tonne per annum rate expected over 4 months, with an average dredge recovery of approximately 97%.

A mine schedule has been developed to allow flexible start up mining, and practical dam deconstruction and is outlined in Table 4.

	Tails Tonnes	Sn (%)	Sn (t)	Cu (%)	Cu (t)	P80 (mm)	S (%)	S (t)	As (%)	As (t)	Dredge Recovery	Material Recovered by Dredge
Year 0												
Month 1	75,000	0.49	368	0.24	182	95	6.90	5,177	1.42	1,065	1.00	75,000
Month 2	108,333	0.49	531	0.24	263	95	6.90	7,478	1.42	1,539	1.00	108,333
Month 3	144,978	0.49	711	0.24	352	95	6.90	10,008	1.42	2,059	1.00	144,978
Month 4	166,667	0.49	817	0.24	405	95	6.90	11,505	1.42	2,367	1.00	166,667
Year 1	2,000,000	0.49	9,803	0.24	4,858	95	6.90	138,062	1.42	28,404	1.00	2,000,000
Year 2	2,115,433	0.48	10,199	0.26	5,497	68	17.5	369,492	1.07	22,548	1.00	2,110,282
Year 3	2,020,676	0.49	9,947	0.27	5,423	73	20.9	421,368	1.12	22,700	1.00	2,015,082
Year 4	2,050,907	0.47	9,654	0.26	5,324	68	21.1	433,508	1.04	21,404	0.99	2,020,907
Year 5	2,126,766	0.42	8,931	0.21	4,516	63	20.4	432,936	0.88	18,670	0.96	2,043,880
Year 6	2,160,042	0.40	8,553	0.19	4,155	61	20.7	447,520	0.84	18,090	0.95	2,047,765
Year 7	2,289,690	0.40	9,268	0.20	4,666	66	19.5	445,393	0.87	19,848	0.90	2,049,898
Year 8	2,231,672	0.40	8,998	0.26	5,880	83	14.1	314,883	1.03	23,053	0.92	2,049,367
Year 9	2,047,153	0.41	8,452	0.25	5,030	89	13.1	268,550	0.98	20,114	0.99	2,032,786
Year 10	2,040,170	0.45	9,213	0.17	3,428	90	19.0	388,343	0.82	16,660	0.99	2,011,490
Year 11	1,639,049	0.45	7,307	0.16	2,623	94	19.1	312,338	0.79	12,904	0.93	1,530,436
Total	23,216,535	0.44	102,750	0.23	52,601	77	17.3	4,006,561	1.00	231,425	0.97	22,406,870

Table 4. Tailings Treatment Profile

In addition to the tailings feed, the DFS update includes the treatment of the Renison UF Falcon tails (UF tails) stream which has a grade of approximately 2.39% Sn and 0.06% Cu. The UF tails is proposed to be fed directly to tin flotation feed with an expected recovery of 60% Sn. Production of tin from this stream is estimated to be approximately 140 tonnes Sn per year which comprises 2.6% of the total forecast Rentails tin production.

The Rentails process flowsheet consists of fine grinding, sulphide flotation, Ultra Fine (UF) gravity separation, tin flotation and tin fuming as follows:

- Fine grinding of tailings feed using IsaMill technology, with a target P₈₀ of approximately 38 µm, which results in significantly improved cassiterite liberation compared to historic processing methods;
- Copper flotation to realise copper value and provide a sulfidising agent to the fuming furnace;
- Ultra-fine gravity separation utilising UF Falcon centrifugal concentrator technology to scavenge ultra-fine tin which would be otherwise lost;
- Tin flotation to produce a low grade tin concentrate suitable for fuming; and
- Tin fuming utilising Top Submersible Lance (TSL) technology of tin flotation concentrate to produce a high grade tin fume product and copper matte as a co-product.

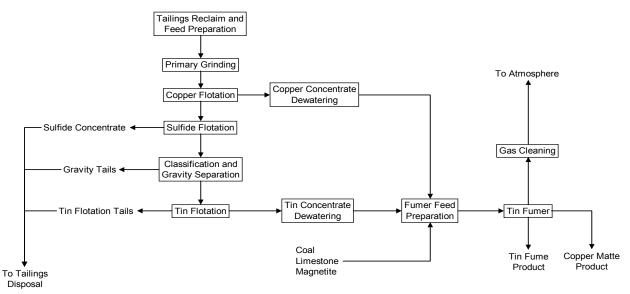


Figure 2. Rentails Process Plant – Simplified Flow Sheet

Rentails will produce a high grade tin fume (approximately 72% Sn) and a high grade copper matte (approximately 70% Cu), both "premium" products that are readily saleable.

The average recovery of tin from tails feed to tin fume product is expected to be 59% Sn, with average annual production of 7,400 tonnes tin fume (approximately 5,400 tonnes per year of Sn contained in fume). Fume is suited to conventional smelting/refining to tin metal.

The average recovery of copper from tails feed to copper matte product is expected to be 49%, with average annual production of 3,150 tonnes of copper matte (approximately 2,200 tonnes per year of Cu contained in matte). Copper matte is suited to conventional smelting/refining to copper metal.

Net revenue after deduction of transport, treatment and smelting/refining charges is estimated at 94% LME for tin and 75% LME for copper.

Capital and Operating Expenditure

Estimated total construction capital is A\$205m, at an estimate level of accuracy of +/- 15%, plus working capital of A\$15M and sustaining capital (TSF) over the life of the operation of A\$23M.

Category	Capital item	AUD \$M
Direct costs	Tailings mining capital	1.6
	Concentrator processing	68.4
	Tin fuming processing	41
	Air compressors	5.4
	Piping and reticulation	10.5
	Power and reticulation	16.7
	Plant site bulk earthworks	4.7
	Tailings disposal, water storage, sewage	7.8
	Plant building, workshop, trades	4.4
	Total direct costs	160.6
EPCM & owners cost	Contractors equipment	6.1
	Engineering	22.9
	Commissioning	3.3
	Preliminary, initial fills & general	4.3
	Insurance spares	3.2
	Owners cost	4.2
	Total EPCM and owners cost	43.9
Total construction capital		204.6

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The estimated annual cash operating cost of Rentails is A\$13,393 per tonne of Sn in tin fume (net of copper revenue), equivalent to US\$10,045/t Sn at an exchange rate assumption of 0.75 USD/AUD.

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	AUD \$M	AUD \$M	\$/t Sn in fume	\$/t Sn in fume
ltem	per year	11 years	AUD	USD (FX 0.75)
Tailings mining	4.6	51	845	634
Processing plant	42.7	470	7,812	5,859
Fuming plant	18.6	205	3,410	2,557
Tin fume transport & smelting	8.8	97	1,610	1,208
Copper matte transport & smelting	3.8	41	686	515
Administration	2.0	22	360	270
Royalties**	7.7	85	1,414	1,060
Total cash operating costs	88.2	970	16,138	12,104
Copper revenue *	(15)	(165)	(2,745)	(2,059)
Total cash operating cost (net of Cu revenue)	73.2	805	13,393	10,045

Note:

* Copper revenue calculated assuming copper price of US\$5,000/t Cu

** Royalties calculated at tin price of US\$20,000/t Sn (FX rate of 0.75) and copper price of US\$5,000/t Cu

Global Tin Market

Shortages of new mine production are expected to keep global tin stocks low over the medium term. Consensus price forecasts are for the tin price to average US\$20,000 - \$30,000/t Sn over the next 5 years.



Figure 3. Historic Tin Price and LME Tin Stocks

Global tin use currently is approximately 350,000 tonnes per year. LME tin stocks 2017 year-to-date have ranged between 2 and 6 days' consumption.

In addition to the further upside from the integration of additional low grade streams from the current operations, regional resources and third party tin and zinc projects, in particular historical slags and tailings, and low grade concentrates offer further potential upside by extending Project life and increasing tin production.

Implementation Schedule

The Company is considering financing options currently with its joint venture partner and determining the timing of long lead time items, final approvals and the capacity of suppliers to service Rentails.

COMPETENT PERSON STATEMENTS

The information in this report that relates to Mineral Resources has been compiled by Metals X Limited technical employees under the supervision of Mr Jake Russell BSc. (Hons), who is a member of the Australasian Institute of Geoscientists. Mr Russell is a contractor to Metals X Limited at the date of the Mineral Resource estimate and has sufficient experience which is relevant to the style 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.

The information in this report that relates to Ore Reserves has been compiled by Metals X Limited technical employees under the supervision of Mr Michael Poepjes BEng Mining Engineering), MSc (Min. Econ), MAusIMM. Mr Poepjes is a full time employee of the Company. Mr Poepjes has sufficient experience which is relevant to the style 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 Poepjes consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Poepjes is eligible to participate in the Company's short and long term incentive plan and holds performance rights in the Company as has been previously disclosed.

ENQUIRIES

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RENTAILS UPDATED DFS CONFIRMS HIGH MARGIN PROJECT ASX RELEASE