



SUSPENSION OF OPERATIONS AT NIFTY COPPER MINE

The Board of Metals X Limited (“**Metals X**” or the “**Company**”) advises that, after completing the operational review of its Nifty Copper Operations (“**Nifty**”) that was announced on 15 November 2019, the Board has decided to immediately suspend mining activities. Ore stocks will be processed during the course of the coming week, with the mine, processing facilities and infrastructure then placed on care and maintenance.

The decision on Nifty will allow the Company to focus on its 50% joint venture stake in the world class, long-life Renison Tin Operations in Tasmania, Australia’s largest tin producer.

The Nifty Reset Plan, announced in May 2019, has considerably improved the underlying fundamentals at Nifty including increasing resource and reserve confidence, developing new mining areas and upgrading and rebuilding surface and underground infrastructure. However, production has plateaued in recent weeks and the operational review has identified that the Company is now unlikely to achieve its planned production at an acceptable cost within the previously expected timeframe. On this basis, the Board, refreshed with three new directors after the AGM on 24 October 2019, considers that continuing operations at Nifty at this time is not in the best interests of shareholders.

During the period of operational hiatus, the Company intends to process available drilling data to upgrade the resource base which will support planning for future mining operations. In addition, the Board is reviewing its strategic options in relation to Nifty and will appoint external advisors. However, the Company’s immediate focus is to manage the impact of the suspension decision on employees, contractors and stakeholders.

Metals X remains in a sound financial position with estimated cash at the end of November 2019 of approximately \$45 million excluding cash backed bonds of \$11 million. The Company is currently carrying \$35 million debt with Citibank and remains compliant with the associated covenants.

Implementing the decision to suspend operations at Nifty is expected to have the following approximate cashflow implications:

Final shipment of concentrate (approximately 1,900t Cu in concentrate) <i>Shipment in December 2019, 90% of revenue expected in December 2019</i>	\$12M-\$13M
Care & maintenance costs	
- Upfront	(\$12M)
- Following 2 months	(\$7M)
- Ongoing monthly thereafter	(\$1.4M)
Closeout of trade creditors	(\$14M-\$15M)

The above costs of placing the mine into care and maintenance will be funded from current cash reserves.



FURTHER ENQUIRIES

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Metals X Managing Director Mr Damien Marantelli said:

“This was a very difficult decision for the Company. The people employed and contracting at Nifty and in Perth have worked incredibly hard. The Company has also invested significant resources into improving productivity at the mine. Unfortunately, despite this, the operation is not where it was expected to be at this stage of the Reset Plan and following the operational review, the increased uncertainty in the plan leaves us with no viable alternative.”

“Alongside preserving and growing value for our shareholders, the Company’s priority is the welfare of our 320 staff and approximately 110 contractors who have worked tirelessly to improve the culture and operational performance at Nifty. The Company is in discussions with people affected by these changes. We will require a small workforce to ensure the mine and associated infrastructure is appropriately maintained so that it could be quickly returned to production, but there will be approximately 290 staff losses, the cost of which has been fully incorporated into the initial cost of implementing the suspension of operations.”

“We are naturally very disappointed for those people whose jobs are affected, and we are providing support, including our best efforts to find alternative employment, as well as ensuring they receive their appropriate entitlements.”

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