

QUARTERLY REPORT

FOR THE QUARTER ENDING
31 DECEMBER 2021



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 31 December 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Bluestone Mines Tasmania JV Renison Tin Operation (**Renison**) reported two Recordable Injuries during the quarter.
- Pleasingly the 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) for Renison decreased from 18.7 to 10.8 at the end of the quarter and reflects the continued emphasis placed on quality safety interactions, and the identification, control, and management of hazards with particular attention on supervisors understanding and implementation of risk management procedures.
- Safety initiatives during the quarter included the redevelopment of the Safety Management System and delivery of risk management training in the identification of critical controls, the development of performance standards, integration of critical control management tasks into work management systems and review and updating of SHMS documents for critical risks.
- The JV commenced a site wide Environmental Risk Assessment that will lead to the development of an Environmental Improvement Plan.
- The Company has engaged consultants to develop a GRI compliant ESG reporting frame-work.
- The Company had no reportable incidents at its Wingellina operations and maintains a TRIFR of zero.

COVID-19

- A consultation and COVID-19 risk assessment was conducted, and discussions held with employees on major planned COVID-19 control changes. All COVID-19 control changes were successfully implemented to coincide with opening of the Tasmanian border during the period.
- With the reopening of Tasmania borders, the Renison workforce has seen 30 cases of COVID-19, 18 have made a full recovery and returned to work while 12 continue to isolate. There has not been any significant disruption to operations or critical supplies.
- In support of the nationwide vaccine rollout, the Company continues to offer incentives support to all employees who wish to get fully vaccinated.

CORPORATE HIGHLIGHTS

- Metals X shipped 1,335 tonnes of tin concentrate to the Thailand Smelting and Refining Co. Ltd (**Thiasarco**), the Malaysian Smelter Corporation (**MSC**) and Yunnan Tin China (**YTC**) during the quarter.
- Closing cash for the quarter increased by \$24.6 million to \$46.2 million (Q3 2021: \$21.6 million).
- After quarter end, the sale and spin out of its Nickel asset portfolio, including the Wingellina Nickel-Cobalt Project in Western Australia and the Clause Hills Project located in South Australia had been completed.
- After quarter end, the Company's Loan Facility with Asia Cheer Trading Limited terminated on 31 January 2022.

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OPERATIONS REVIEW

RENISON TIN OPERATION

Metals X owns a 50% equity interest in Renison through its 50% stake in the Bluestone Mines Tasmania Joint Venture (BMTJV). All data in this report is 100% of Renison unless stated as 'MLX 50% share'.

The Renison strategy is focused on continuing to convert ongoing significant in-mine exploration success into a substantial long-life mining operation, to deliver higher cash margins through an increased mining rate, grade, and recovery, whilst continuing to seek productivity improvements and reduce costs.

TABLE 1 – RENISON TIN OPERATION PRODUCTION AND COSTS (100% BASIS) – DECEMBER 2021 QUARTER

| | | Dec 2021 Quarter | Sep 2021 Quarter | Rolling 12-months |
|--|------------|---------------------|---------------------|----------------------|
| Physical and Revenue Summary | | | | |
| Ore mined | t ore | 186,298 | 237,007 | 803,437 |
| Grade of ore mined | % Sn | 1.58 | 1.50 | 1.40 |
| Ore milled (after sorter upgrade) | t ore | 168,151 | 177,098 | 664,518 |
| Grade of ore processed | % Sn | 1.80 | 1.75 | 1.63% |
| Recovery overall ⁽¹⁾ | % | 76.7 | 77.6 | 77.0% |
| Tin produced | t Sn | 2,359 | 2,471 | 8,452 |
| Tin sold | t Sn | 2,175 | 2,381 | 7,362 |
| Realised tin price (net of TC/RC) | A\$/t Sn | \$49,351 | \$43,999 | \$41,399 |
| C1 cash production costs | A\$/t Sn | \$16,332 | \$14,403 | \$16,651 |
| All-in Sustaining Costs (AISC) ⁽²⁾ | A\$/t Sn | \$21,869 | \$21,088 | \$22,248 |
| All-in Cost (AIC) ⁽²⁾ | A\$/t Sn | \$28,783 | \$22,140 | \$27,234 |
| | | | | |
| Imputed revenue (net of TC/RC) ³ | \$M | 114.73 | 108.71 | 339.78 |
| C1 cash production costs | \$M | 37.12 | 35.59 | 135.88 |
| AISC ⁽²⁾ | \$M | 50.18 | 52.10 | 182.87 |
| AIC ⁽²⁾ | \$M | 65.45 | 54.70 | 224.30 |
| Imputed net cash flow ³ | \$M | 60.86 | 54.01 | 144.03 |
| Imputed EBITDA | \$M | 77.61 | 70.32 | 203.90 |

⁽¹⁾ Recovery is expressed as overall recovery, taking account of losses of tin through the ore sorter and the concentrator

⁽²⁾ AIC includes AISC plus project and exploration costs

⁽³⁾ Imputed Revenue assumes 100% of tin produced is sold. Imputed net cashflow assumes no change to receivables or inventory. Metals X share of imputed net cashflow is A\$30.4 million

PRODUCTION AND COSTS

- A planned major shut down of the processing plant was completed in the quarter. This shutdown at 4200 hours was the largest shutdown completed in recent history and was completed safely and on schedule. The shutdown reduced possible tin production in the reporting period over the same period in the previous year.
- Continued high tin production achieved as a result of high mined and mill feed grades. The December 2021 mill and overall recovery was the third highest on record.
- As a result of the major shut down, Renison produced 2,359 tonnes of tin-in-concentrate for the quarter. The production result represents a 4% decrease against the previous quarter (Q3 2021: 2,471 tonnes of tin-in-concentrate).
- All-in-sustaining cost (AISC) of \$21,869/tonne of tin (Q3 2021: \$21,088/tonne of tin).
- Imputed EBITDA of \$77.6 million (MLX 50% share - \$38.8 million) (Q3 2021: EBITDA \$70.3 million) and imputed net cash flow of \$60.9 million (MLX 50% share - \$30.4 million) (Q3 2021: \$54.0 million).

The market outlook for tin remains strong and is expected to continue for 2022.

AREA 5 PROJECT UPDATE

The Area 5 upgrade has progressed significantly over the period. Additional scope difficult ground conditions, covid related issues with logistics and contractors together with delays in manufacturing have all impacted the schedule but at this point there is no anticipated change to the production plan for 2022. As part of organisational changes

initiated in 2021, a full-time position was created to manage all site capital projects. This role was filled during the quarter and takes on all accountabilities previously overseen by a contract resource.

Key activities during the quarter included:

- **HV Power Upgrade**
 - Works have progressed with the design now complete.
 - Civil works on schedule and budget.
 - Underground cable installation encountered latent conditions.
 - Procurement and shipping delays on switch room impacting planned March 2022 shutdown.
 - Potential power capacity constraint due to transformer refurbishment delays.
- **Ventilation Upgrade**
 - Difficult ground conditions are causing delays on the final leg of the new return airway Raisebore. While this is anticipated to move the commissioning date to June 2022 it is not scheduled to affect the mine production schedule.
 - The new primary exhaust fan planned for install as part of the Area 5 ventilation upgrade is currently being shipped from Vietnam. Delivery of this fan is delayed from the original schedule however is not on the critical path with the above-mentioned raise boring delays.
- **Backfill Facility and Infrastructure**
 - The order for the new paste plant has been placed
 - Design of underground paste network is ongoing.
 - Water treatment plant design is underway.
 - Implemented early proactive engagement measures with EPC contractor to mitigate contractor resourcing issues due to COVID-19 that could lead to delays. The schedule is currently unaffected.

Total Area 5 forecast costs are now \$58.4 million with approximately \$4.2 million of contingency remaining (June 2021 forecast \$56.6 million). The update includes scope changes being the move to a new paste plant, additional scope in the water treatment area, and additional HV Power electrical upgrade scope.

MINE RESOURCE DRILLING PROGRAM

During the quarter, 12,169 metres of underground and 810.2 metres of surface drilling was completed which included grade control drilling in Leatherwood and Central Federal Basset and Resource development drilling in Huon North and South Basset areas.

Several drilling platforms are being extended in the coming quarter for resource definition drilling. This includes the A5 1140 North Hanging Wall Drill Drive (HWDDR) targeting Hastings, the LD 1250 South HWDDR and HN 1450 HWDDR. Drilling from the HN 1450 HWDDR indicates continuity to the north and will help frame an extended drilling plan. Drilling continued at Leatherwood's both along the hanging wall dolomites and deeper Hastings Footwall Fault. Surface drilling also successfully completed another hole wedged off one of the daughter holes, adding to the Federal Basset intersections in the south.

METALLURGICAL IMPROVEMENT PROGRAM

The Metallurgical Improvement Program progressed over the period with record tin recoveries continuing, in line with the improvements made and higher processed ore grades. Key Metallurgical Improvement Program workstreams progressed during the quarter were:

- Fine spirals replacement complete.
- Continuous Falcon Concentrate Cleaning Circuit MGS sighter test work complete.
- Deslime Circuit Optimisation and Slime Tail Tin Department Variability Study complete.
- Key ongoing activities include:
 - Gravity Concentrate Pumping Improvements

- CMC mixing and dosing system (for Talc management) commissioning planned for January 2022.
- Primary Grinding/Sulphide Feed Stability Commissioning planned for Q1 2022.
- 50' Thickener Removal Target final decommissioning Q1 2022.
- Sulphide Re grind Stability commissioning March 2022.
- Leach circuit de-bottle necking EPC contract executed, Q1 2022 commissioning.
- Tin Flotation Circuit Re-configuration EPC executed, Q1 2022 commissioning.

THERMAL UPGRADE PROJECT AND RENTAILS PROJECT

Work on the updated Rentails Definitive fixability study continued over the period.

Key activities included:

- Development of preliminary process models and production schedules across the life of mine to inform Stage 1 studies.
- The engineering contract for the Thermal Upgrade Plant is currently being finalised. The Tailings Management and Concentrator Engineering and Infrastructure contracts have been awarded, with preliminary work underway.
- Proposals for environmental permitting work have been received.

NEAR MINE EXPLORATION

Preparation for the regional soil sampling and geochemistry programme occurred during the quarter with employment of a Senior Exploration Geologist. Sampling commenced at the end of the year with the submission of 750 drill core pulps for multi-element litho-geochemical assays and commencement of the ridge and spur soil sampling programme in early January 2022.

Access tracks and drill pads were completed in preparation for the commencement of the EM target diamond drilling programme. Drilling is expected to commence in the first week of February. Drill core pulp litho-geochemical assay results are expected by April 2022 with completion of the phase 1 soil sampling programme by end of May 2022.

LIFE OF MINE PLAN UPDATE COMPLETE

An update the life of mine plan (**LOMP**) was completed during the quarter. This robust update included a review of updated tin price forecasts, and new development areas such as Leatherwood along with updated metallurgical recoveries. This LOMP was presented and approved by the JV in December 2021.

CORPORATE

UPDATE ON THE SPIN OUT OF NICKEL - COBALT ASSETS

The Company has previously announced the execution of a binding terms sheet with NICO Resources Limited (**NICO**) for the sale and spin out of its Nickel asset portfolio, including the Wingellina Nickel-Cobalt Project located in Western Australia and the Claude Hills Project located in South Australia.¹

On 4 November 2021, the Company announced it had signed a formal share sale and subscription agreement with NICO (**SSA**) that provided for the sale of all the shares in Metals Exploration Pty Ltd (**Metals Exploration**), a 100%-owned subsidiary of the Company, to NICO with eligible Metals X shareholders to receive an in-specie distribution of NICO shares, subject to the approval of shareholders and the Foreign Investment Review Board, so as to spin out the Nickel assets from the Company.²

In conjunction with the transaction, NICO proposed to undertake an initial public offering of its shares (**IPO**) and apply for listing on the ASX. Under the SSA, NICO proposed to raise at least \$8.0 million by the issue of:

- approximately 20,000,000 fully paid ordinary shares at \$0.20 per share to Metals X (**MLX IPO Shares**); and
- at least 20,000,000 fully paid ordinary shares at \$0.20 per share under the IPO.

¹ Refer ASX Announcement: 25 May 2021, Term Sheet Executed for Spin-out of Nickel Assets.

² Refer ASX Announcement: 4 November 2021, Sale and Spin-out of Nickel Assets.

In addition to receiving the MLX IPO Shares, the consideration payable by NICO to Metals X for the purchase of the Nickel Assets was to be \$5,000,000, to be satisfied by the issue to Metals X of:

- 25,000,000 shares in NICO at a deemed issue price of \$0.20 per share (**Consideration Shares**); and
- 25,000,000 options to subscribe for shares in NICO, exercisable at \$0.25 each, expiring 3 years after grant.

On 2 December 2021, the Company announced it has received no objections from the Foreign Investment Review Board.³

On 15 December 2021, shareholders approved the capital reduction and in-specie distribution of the Consideration Shares.⁴

On 7 January 2022, the Company announced that the sale of its Nickel Asset portfolio pursuant to the SSA had Completed.⁵

On 19 January 2022, NICO (ASX: NC1) commenced trading on the ASX. Further details on the on the activities of NC1 are available from their ASX releases.

TIN CONCENTRATE SHIPMENT UPDATE

The Company has previously announced, the Malaysian government instigated a nationwide lockdown of economic activities which impacted the operations of the Kuala Lumpur Tin Market (**KLTM**) which sets tin pricing for the Company's tin concentrate to MSC. The lockdown resulted in the MSC declaring Force Majeure on all concentrate contracts, including those associated with the Company⁶.

During the previous quarter, the Company resumed shipments of tin concentrate to MSC having materially received payment for all shipments previously subject to Force Majeure and the extended payment terms.

On 20 December 2021, the Company announced it had received formal notification from the MSC that the Force Majeure was officially lifted at midnight on that date.⁷

INVESTMENTS – CONVERTIBLE NOTES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes and 40.6 million options issued by Cyprium Metals Limited (**CYM**).⁸ The first tranche of 20.3 million options are exercisable at a price of \$0.314 and expire on 30 March 2022. Further details on the activities of CYM are available from their ASX releases.

Following completion of the sale of the Company's Nickel Asset portfolio to NICO and subsequent IPO, completed post quarter end, the Company holds 21,100,000 shares and 25,000,000 options in NICO (ASX:NC1). The options are exercisable at \$0.25 on or before 3 November 2024.

CHANGE FINANCIAL YEAR END

After period end, the Company announced that the board of directors had resolved to change the Company's financial year end from 30 June to 31 December.⁹ The change has been made to better align the financial year end of the Company with the financial year end of Bluestone Mines Tasmania Joint Venture Pty Ltd, the manager of the Renison Tin Operations, in which the Company has a 50% equity interest. The Company's current financial year will end on 30 June 2022 and then the Company will have a six-month transitional financial year beginning on 1 July 2022 and ending 31 December 2022.

³ Refer ASX Announcement: 2 December 2021, Nickel Asset Sale Update.

⁴ Refer ASX Announcement: 15 December 2021, Results of General Meeting.

⁵ Refer ASX Announcement: 7 January 2022, Nickel Asset Sale Completion.

⁶ Refer ASX Announcement: 15 June 2021, Renison Tin Concentrate Shipment Update.

⁷ Refer ASX Announcement: 20 December 2021, Renison Tin Concentrate Update.

⁸ Refer 30 June 2021 Annual Report for further details.

⁹ Refer ASX Announcement: 4 January 2022, Change to Financial Year End.

UNSECURED LOAN FACILITY WITH ACT TERMINATED

There were no further drawdowns from the Company's Loan Facility with Asia Cheer Trading Limited (**ACT**) before its Termination on 31 January 2022.

CASH GENERATION

At the end of the quarter, Metals X had \$46.2 million in the bank (Q3 2021: \$21.6 million), tin metal receivables of \$18.0 million (Q3 2021: \$16.9 million), tin metal inventory of \$23.9 million (Q3 2021: \$16.1 million) and trade payables of \$12.7 million (Q3 2021: \$10.5 million).

Metals X share of imputed net revenue from Renison operations is \$30.4 million for the quarter (Q3 2021: \$27.0 million) and the Company's cash balance increased by \$24.6 million during the quarter (Q3 2021: increased by \$8.2 million).

The following table reconciles opening cash plus imputed net cashflows to actual closing cash at quarter end.

| Movement in cash balance | A\$(m) |
|---------------------------------|---------------|
| Opening cash at bank | 21.6 |
| <i>Add cash inflows</i> | |
| Quarterly tin sales receipts | 62.3 |
| | 83.9 |
| <i>Less cash outflows:</i> | |
| Bluestone JV cash calls | (29.8) |
| Take up shares in NICO IPO | (4.0) |
| Royalty payment | (2.7) |
| Working capital | (1.2) |
| Closing cash at bank | 46.2 |

This quarterly report has been authorised by the board of directors of Metals X Limited

ENQUIRIES

Mr Brett Smith - Executive Director
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Competent Person's Statements

The information in this report that relates to historic Exploration Results is based on, and fairly represents, information that has been compiled by Bluestone Mines Tasmania Joint Venture Pty Ltd technical employees under the supervision of Mr Colin Carter B.Sc. (Hons), M.Sc. (Econ. Geol), AusIMM. Mr Carter is a full-time employee of the Bluestone Mines Tasmania Joint Venture Pty Ltd 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". The Company confirms it is not aware of any new information of data that materially affects the Exploration Results and the form and context in which the Competent Person's findings have been presented has not been materially modified from the original announcement as noted.