

QUARTERLY REPORT

FOR THE QUARTER ENDING
31 DECEMBER 2022



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 31 December 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Metals X completed its Environment, Social and Governance (**ESG**) reporting framework which has been developed in reference to Global Reporting Initiative (**GRI**) Standards during the quarter and anticipates the release of its 2022 ESG Report during Q1, 2023.
- The Bluestone Mines Tasmania JV Renison Tin Operation (**Renison**) had no Recordable Injuries during the quarter. The 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) for Renison decreased to 6.3, and the lost time incident frequency rate (**LTIFR**) has decreased to 1.8.
- Safety initiatives undertaken during the quarter include:
 - continued verification of the Critical Risk Management Program,
 - finalisation of documentation and training of relevant personnel in Emergency Management Systems including the Crisis Management Plan, the Incident Management Plan, and Emergency Response Plan for Tailings Storage Facility (**TSF**) failure, and
 - re-development of the site's Bushfire Management Plan.
- Renison continued progressing major environmental improvement initiatives, with construction underway for the site's contaminated water treatment plant (completion scheduled for early Q2 2023).
- The Mt Bischoff 60% Closure Design Report has been completed and submitted to the Tasmanian Environment Protection Authority and Mineral Resources Tasmania for review.

QUARTERLY HIGHLIGHTS

- Global economic circumstances and ongoing lockdowns in China continued to affect the tin price for the first month of the December 2022 quarter. Since early November 2022, the tin price has started to increase again, with long term forecasts now predicting a range around \$22,000 to \$26,000 USD per tonne (International Tin Association, CITI and Energy, Metals and Agriculture Forecasts).
- Inflation across labour, fuel, consumables, and reagents has continued to affect operating costs.
- Metals X shipped 1,209 tonnes of tin in concentrate (Q3 CY2022: 810 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thaisarco**), the Malaysian Smelter Corporation (**MSC**) and Yunnan Tin China (**YTC**).
- Metals X closing cash and cash equivalents for the quarter decreased by \$3.6 million to \$113.9 million (Q3 CY2022: \$117.5 million) despite the positive Imputed EBITDA (see Table 1). Metals X closing cash does not reflect cash inflows for tin produced that remains in transit or unpaid at quarter end.

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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 quarter saw a slightly increased tin production over the September 2022 quarter, with lower mined grades offset by additional mill throughput. Grades mined were slightly lower due to sequence constraints but consistent with the mine plan. High talc grades continued to impact processing operations, with recoveries falling slightly from previous periods. A number of consultant metallurgists and trials are ongoing to identify the most appropriate methods of dealing with the high talc grades.

The increase in tin production decreased C1 cash production unit costs for the quarter. Lower C1 cash production unit costs are budgeted with the return of higher grade stopes from Area 5 and Leatherwoods in mid-2023.

Capital project work continued with the main projects being the Leatherwood fresh air rise and the third lift on the TSF D-Dam which commenced November 2022 and is planned for completion by March 2023. This third TSF lift establishes an additional three years of tailings capacity. The associated progress payments for these major works affected the AISC for the quarter.

TABLE 1 – RENISON TIN OPERATION PRODUCTION AND COSTS (100% BASIS) – DECEMBER 2022 QUARTER

		Dec 2022 Quarter	Sep 2022 Quarter	Rolling 12-months
Physical and Revenue Summary				
Ore mined	t ore	186,291	193,894	748,730
Grade of ore mined	% Sn	1.23	1.52	1.46
Ore milled (after sorter upgrade)	t ore	157,096	149,947	632,085
Grade of ore processed	% Sn	1.63	1.64	1.72
Mill recovery	%	75.28	75.46	77.37
Tin produced	t Sn	1,925	1,848	8,404
Imputed tin price (net of TC/RC) ^{(1),(3)}	A\$/t Sn	\$28,307	\$30,596	\$41,197
C1 cash production costs	A\$/t Sn	\$19,841	\$21,024	\$18,018
All-in sustaining costs (AISC) ⁽⁵⁾	A\$/t Sn	\$31,617	\$31,208	\$27,738
All-in cost (AIC) ⁽²⁾	A\$/t Sn	\$34,518	\$35,113	\$32,446
Imputed revenue (net of TC/RC)⁽³⁾	A\$M	54.48	56.54	346.22
C1 cash production costs	A\$M	38.19	38.85	151.43
AISC	A\$M	60.85	57.67	233.11
AIC	A\$M	66.43	64.89	272.67
Imputed net cash (out)/in flow⁽⁴⁾	A\$M	(4.55)	(1.36)	112.33
Imputed EBITDA	A\$M	16.31	17.69	194.82

(1) Calculated using the LME Tin cash bid average less treatment and royalty costs per tonne.

(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.

(4) Metals X share of imputed net cash out flow is A\$2.28 million.

(5) All-in sustaining costs for the September 2022 quarter has been updated based on a reclassification of capital items to sustaining capital.

PRODUCTION AND COSTS

- Reduced mine production occurred due to restricted ROM space affecting hoisting (to allow segregation and blending through the plant), lost time due to the final commissioning of #9 vent system and the final power outage associated with the HV switchover. Grades mined were lower than budget due to sequence constraints and the later than planned commencement of a higher-grade Area 5 stope late in the quarter.
- Talc and magnetite levels were above operational target ranges and impacted mill throughput and recovery. External consultants have been engaged to assist in resolving operational issues stemming from increased contaminant levels in the mill feed. The magnetite issues encountered during the quarter also affected

concentrate grades, the previously decommissioned magnetitic separators were recommissioned to deal with this issue. Acid supply issues also affected processing operations with pH control at times outside of operational parameters, the arrival of an additional acid transport vehicle and a planned upgraded to acid storage systems on site and in Burnie will help improve the sites' ability to deal with these issues in the future.

- Renison produced 1,925 tonnes of tin-in-concentrate (Q3 2022: 1,848 tonnes of tin-in-concentrate).
- The AISC for the quarter was \$31,617/tonne of tin (Q3 2022: \$31,208/tonne of tin).
- Imputed EBITDA of \$16.3 million (MLX 50% share - \$8.2 million) (Q3 2022: EBITDA \$17.7 million) and imputed net cash out flow of \$4.6 million (MLX 50% share - \$2.3 million) (Q3 2022: \$1.4 million).

AREA 5 PROJECT UPDATE

The Area 5 upgrade has progressed significantly over the quarter and is nearing completion. Ongoing global supply chain issues have continued to impact the completion schedule for the paste plant project, with underground activities rescheduled to minimise the impacts to the CY2023 mine schedule.

Key activities during the quarter included:

- **HV Power Upgrade**
 - HV Switchyard upgrade now functionally completed, with all new equipment installed, commissioned and in use.
 - 44kV incoming feed switchover completed on schedule and operational.
 - Civil works and installation of oil/water separator now completed.
 - Removal of redundant equipment and minor rectification outworks ongoing.
- **Ventilation Upgrade**
 - No. 9 Return Air Rise (**RAR**) ventilation system is now in full operation. Improvements in the work area environmental conditions are better than or consistent with the planned outcomes of the installation. A full reconciliation of the changes is planned to confirm the full capacity of the installed ventilation upgrade.
- **Backfill Facility and Infrastructure**
 - Major construction activities for the Paste Backfill Plant have been completed.
 - Dry and wet commissioning has concluded, with the first delivery of paste to the trial stope being successfully completed.
 - Installation of the underground piping infrastructure is complete and has been commissioned and tested.
 - Construction of the new Contaminated Water Treatment Plant has commenced with good progress made to date on the civil works and foundation.
 - The new Sewage Treatment Plant is now fully operational.

Total Area 5 incurred and committed costs are \$65.7 million with a total forecast cost at completion of \$68.5 million, including approved scope changes (Q3 2022: \$62.2 million).

MINE RESOURCE DRILLING PROGRAM

During the quarter, 12,655 metres of underground drilling was completed which included grade control drilling in Area 5 and Resource development drilling in Leatherwood and Huon North.

Underground drilling will continue from the Huon North 1450 and Area 5 1140 hanging wall drill drive platforms during Q1 2023.

METALLURGICAL IMPROVEMENT PROGRAM

The Metallurgical Improvement Program (**MIP**) remains ongoing, with three projects:

- Tin Flotation Circuit Re-configuration
 - Redesign of pumping system to allow for on-stream analysis and control of flotation concentrate. Expected to be commissioned mid-year.
- Leach feed surge tank commissioning.
 - Construction is in final stages and commissioning is scheduled for Q1 2023
- Decommissioning of the 50' thickener
 - expected to be completed in Q1 2023.

RENTAILS PROJECT

Stage 1 of the Rentails Definitive Feasibility Study (DFS) Update is now complete. Over the course of 2022, all key optionality and project configuration issues have been resolved, with the exception of the Thermal Upgrade Plant (TUP) Furnace Technology selection.

Over this quarter, an updated study plan for 2023 was developed, which has now been approved by the BMTJV committee¹.

The major objectives of the updated study plan for 2023 are:

- TUP Furnace Technology selection:
 - Complete plant/pilot trials for both Box fumer and Ausmelt Top Submerged Lance (**TSL**) technologies, and
 - Technoeconomic assessment to select the 'best for project' technology.
- Progress 'schedule critical' environmental and social field work:
 - Activities which are seasonal dependent and/or critical to permitting time frame.
- Submission of revised notice of intent (**NOI**) incorporating updated project definition.

Key activities during the quarter included:

- Concentrator:
 - Various bridging works were completed, including development/update of process models and further optimisation of the UF Falcon, and primary grinding circuits.
- Thermal Upgrade Plant Technology selection:
 - Planning of plant/pilot trials for both Box fumer and Ausmelt TSL technologies was progressed, with detailed proposals for undertaking appropriate trials received from YTG and Metso Outotec.
 - Additional work to evaluate off-gas cooling opportunities was completed.
- Infrastructure Engineering:
 - Scoping of geophysical investigations to assess the proposed plant site was finalised, and the necessary permit applications to support the required program submitted.
- Tailings Reclaim, Tailings and Water Management:
 - Scoping of field works, including geotechnical, hydrogeological and sterilisation requirements required to support the ongoing assessment of tailings management issues was completed over the quarter, and the necessary permit applications to support the required programs submitted.
 - A CPT drilling program of the existing A/B and C TSF's was completed to further inform the tailings reclaim operational and management requirements, and TSF closure considerations.

¹ Refer ASX announcement: 16 January 2023, Rentails Thermal Upgrade Plant trials

- Safety, Health, Environment & Community:
 - An Aboriginal and historic heritage assessment (including detailed field investigation) of proposed locations for infrastructure was completed.

Work for the March 2023 quarter will focus on progressing schedule critical field works including detailed flora and fauna, geotechnical and hydrogeological investigations to support the assessment of tailings management and environmental issues. Additionally, necessary modifications and preparation for the planned Box fumer and TLS trials will commence.

NEAR MINE EXPLORATION

Following the success of the first phase DHEM drill targets², during the quarter, a program of 5 follow up surface exploration diamond drill holes was commenced. Assays are pending for three of the five and the remaining two follow up drill holes are in progress.

An ambient noise surface wave tomography (**ANSWT**) survey was completed during Q4, 2022 with 500 seismic sensor nodes deployed and subsequently retrieved across the entire exploration lease and the Renison mining lease. Data retrieval and processing is in progress with results and interpretation expected to commence in Q1 2023.

A total of 436 surface geochemical samples were collected concurrently with ANSWT node deployment and dispatched to ALS laboratories for multi-element geochemical analysis. Assay results are pending and expected during Q1 2023.

The remainder of phase 3 of the ridge and spur soil sampling program was also completed during Q4 2022 with a total 365 soil samples collected. Assay results are pending and expected in Q1 2023.

A total 3km of a planned 6km of historic tracks in the southern mining lease on the Pine Hill/Commonwealth Hill loop track were re-cleared during Q4 and is expected to be completed in Q1 2023.

CORPORATE REVIEW

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes and 20.3 million options, representing the second tranche of the 40.6 million options, issued by Cyprum Metals Limited (**ASX: CYM**). The first tranche of 20.3 million options were exercisable at a price of \$0.3141 and expired out of the money on 30 March 2022. The second tranche of 20.3 million options are exercisable at a price of \$0.3551 and expire 30 March 2023. 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 Resources Limited (**ASX: NC1**) (**NICO**) and subsequent IPO, the Company held 21,100,000 fully paid ordinary shares (**Shares**) and 25,000,000 options in NICO.

Terms of the Shares and options are as follows:

- 5,400,000 unrestricted Shares (sold).
- 15,000,000 Shares escrowed until 19 January 2023.
- 700,000 Shares escrowed until 19 January 2024.
- 25,000,000 options, exercisable at \$0.25 each, escrowed until 19 January 2024, expiring 3 years after grant.

At quarter end, the Company continues to hold 15,700,000 NICO Shares and 25,000,000 options (subject to various escrow provisions). The options are exercisable after 19 January 2024 and on or before 3 November 2024. Further details on the activities of NC1 are available from their ASX releases.

² Refer ASX announcement: 26 September 2022, Significant Exploration Drilling Intersection

CASH GENERATION

At quarter end, Metals X had \$113.9 million closing cash at bank (Q3 2022: \$117.5 million), tin metal receivables of \$8.8 million (Q3 2022: \$3.2 million), tin metal inventory of \$15.5 million (Q3 2022 \$16.5 million) and trade and other payables of \$12.8 million (Q3 2022: \$13.6 million). Trade and other payables include \$1.6 million of tin sales received in advance of the physical tin shipments arriving at port.

Metals X share of imputed net cash out flows from Renison operations is \$2.3 million for the quarter (Q3 2022: out flow \$0.7 million). The Company's cash balance decreased by \$3.6 million during the quarter (Q3 2022: decreased by \$4.7 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	117.5
<i>Add cash inflows</i>	
Quarterly tin sales receipts	25.9
Interest received on term deposits	0.7
	144.1
<i>Less cash outflows:</i>	
Bluestone JV cash calls	(27.3)
Royalty payment	(1.6)
Working capital	(1.3)
Closing cash and cash equivalents at bank⁽¹⁾	113.9

⁽¹⁾ Closing cash and cash equivalents excludes MLX's 50% share of \$4.9 million cash held within the Bluestone Mines Tasmania Joint Venture as at 31 December 2022. Total closing cash and cash equivalents including the cash held in Bluestone Mines Tasmania Joint Venture is \$118.8 million.

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

ENQUIRIES

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