

QUARTERLY REPORT

FOR THE QUARTER ENDING
31 MARCH 2023



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 31 March 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- Metals X completed its Environment, Social and Governance (**ESG**) reporting framework, developed in reference to Global Reporting Initiative (**GRI**) Standards and anticipates the release of its 2022 ESG Report during Q2 CY2023.
- The overall site safety performance has continued to improve with the 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) for Renison decreasing to 6.1 (Q4 CY2022: 6.3) and the Lost Time Incident Frequency Rate (**LTIFR**) decreased to 1.7 (Q4 CY2022: 1.8).
- There were two Recordable Injuries (**RI**) during the quarter (Q4 CY2022: nil) with one contractor receiving a cut from a grinder and another contractor ingesting an unknown substance.
- Safety initiatives undertaken during the quarter include:
 - review of the sustainability of the Critical Risk Management Program;
 - development of the 2023 Safety Improvement Plan; and
 - continuation of the leadership development program with workshops conducted for upcoming professionals and other leaders in preparation for 360 profile reviews (feedback from leaders, peers, direct reports).
- Major environmental improvement initiatives for Renison are continuing, with construction of the site's Contaminated Water Treatment Plant (**CWTP**). Completion of the CWTP is expected to occur in Q2 CY2023.
- The Mt Bischoff 90% Closure Design is under development following a consultation meeting between the Bluestone Mines Tasmania Joint Venture, the Tasmanian Environment Protection Authority (**EPA**) and Mineral Resources Tasmania (**MRT**).

QUARTERLY HIGHLIGHTS

- Since early November 2022, the tin price has started to improve, 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).
- On 30 March 2023, Metals X received the second annual payment of \$1.44 million as settlement of the 4% coupon payable under the terms of the convertible notes issued to Cyprium Metals Limited (**ASX: CYM**).
- Work continued to trial methods to improve recovery and deal with high talc levels. Trial work included the use of alternative reagents and run of mine (**ROM**) blending of high talc ores.
- Renison operations produced 1,981 tonnes of tin-in-concentrate during the quarter (Q4 CY2022: 1,925 tonnes).
- As a result of a tin share rebalancing to ensure each BMTJV partner receives a 50% share of tin-in-concentrate produced, Metals X received 40.3% of total tin-in-concentrate tonnes shipped by the BMTJV for the quarter (Q4 CY2023: 55.5%). Accordingly, Metals X shipped 824 tonnes of tin-in-concentrate (Q4 CY2022: 1,209 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thaisarco**), the Malaysian Smelter Corporation (**MSC**).
- Metals X closing cash for the quarter increased by \$1.4 million to \$115.3 million (Q4 CY2022: \$113.9 million).

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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' or otherwise.

The quarter saw a slightly increased tin production over the December 2022 quarter, with higher ore tonnes milled offset by lower average grade of ore processed and mill recovery. Grades mined increased in line with the mine plan and access to higher grade Area 5 stopes was established at the end of the quarter. Recovery was influenced by high talc and Sulphur grades. Work continued to identify methods to improve recoveries and deal with high talc levels, with several opportunities identified and improvements implemented. The most significant is an integrated mine plan and ROM blending regime to blend talc and Sulphur down to manageable levels.

Lower C1 cash production costs remain budgeted with access to the high-grade Area 5 and Leatherwoods stopes expected, combined with the return of recoveries to budgeted levels by mid-2023.

Capital project work continued with the TSF D-Dam lift 3 and CWTP works with completion expected during Q2 CY2023. Completion of the planned Leatherwood fresh air rise was suspended as poor geotechnical conditions were encountered. An alternate access has been designed and the raise bore rig is in the process of being remobilised to the upper leg. The associated progress payments for these major works affected the AISC for the quarter.

TABLE 1 – RENISON TIN OPERATION PERFORMANCE (100% BASIS) – MARCH 2023 QUARTER

		Mar 2023 Quarter	Dec 2022 Quarter	Rolling 12-months
Physicals and Imputed Financials				
Ore mined	t ore	212,578	186,291	763,357
Grade of ore mined	% Sn	1.41	1.23	1.44
Ore milled (after sorter upgrade)	t ore	170,029	157,096	623,110
Grade of ore processed	% Sn	1.57	1.63	1.67
Mill recovery	%	74.20	75.28	75.93
Tin produced	t Sn	1,981	1,925	7,908
Imputed tin price ⁽¹⁾	A\$/t Sn	\$38,523	\$32,149	\$39,618
Imputed sales and marketing costs	A\$/t Sn	\$4,160	\$3,838	\$4,242
C1 cash production costs	A\$/t Sn	\$20,444	\$19,841	\$19,601
Imputed EBITDA	A\$/t Sn	\$13,930	\$8,473	\$15,782
All-in sustaining costs (AISC)	A\$/t Sn	\$31,547	\$31,617	\$30,122
All-in cost (AIC) ⁽²⁾	A\$/t Sn	\$35,094	\$34,518	\$33,960
Imputed net cash in/(out) flow	A\$/t Sn	\$3,440	(\$2,363)	\$5,665
Imputed revenue⁽³⁾	A\$M	76.32	61.87	313.29
Imputed sales and marketing costs	A\$M	8.24	7.39	33.54
C1 cash production costs	A\$M	40.50	38.19	155.00
Imputed EBITDA	A\$M	27.60	16.31	124.80
AISC	A\$M	62.50	60.85	238.20
AIC	A\$M	69.53	66.43	268.55
Imputed net cash in/(out) flow⁽³⁾	A\$M	6.82	(4.55)	44.80

(1) Source: LME Tin cash bid average per tonne of tin produced.

(2) AIC includes AISC plus project and exploration costs.

(3) Imputed revenue and imputed net cash flow assume 100% of tin produced during the quarter is sold (i.e., assumes no change to receivables or inventory). At quarter end, Metals X has approximately 164 tonnes of tin-in-concentrate in transit to customers and 226 tonnes of tin-in-concentrate sold but unpaid. Table 2 provides a reconciliation of Metals X cash movement for the quarter.

PRODUCTION AND COSTS (100% BASIS)

- Mine production improved from the previous quarter with underground development performance improving following mobilisation of the new development jumbo.
- Processing operations improved during the quarter with increased throughput and recoveries demonstrated (for the grade of ore milled). A planned mill shut occurred in March 2023, with the planned removal of the 50' thickener from the flotation circuit completed as part of the processing improvement plan. Benefits in control and reagent use have been demonstrated along with increased mill stability.
- Blending optimisation is continuing as a collaborative project between the Resource development, mining, and processing teams.
- Renison produced 1,981 tonnes of tin-in-concentrate (Q4 CY2022: 1,925 tonnes of tin-in-concentrate).
- The AISC for the quarter was \$31,574 per tonne of tin (Q4 CY2022: \$31,617 per tonne of tin).
- Imputed EBITDA of \$27.6 million (Q4 CY2022: EBITDA \$16.3 million) and imputed net cash inflow of \$6.8 million (Q4 CY2022: outflow of \$4.6 million). As a result of the tin share rebalancing to ensure each BMTJV partner receives a 50% share of tin-in-concentrate produced, Metals X received 40.3% of total tin-in-concentrate tonnes shipped by the BMTJV for the March 2023 quarter (Q4 CY2023: 55.5%).

AREA 5 PROJECT UPDATE

The Area 5 upgrade has progressed significantly over the quarter and is nearing completion. Commissioning issues have impacted the operation of the Paste Backfill Plant, with failures of the underground reticulation pipework limiting the amount of paste backfill delivered underground. This has required activities to be rescheduled to minimise the impacts to the CY2023 mine schedule.

Key activities during the quarter included:

- HV Power Upgrade
 - HV Switchyard upgrade is now functionally completed, with all new equipment installed, commissioned and in use.
 - Removal of redundant equipment and minor rectification works nearing completion and scheduled to be finished mid-April 2023.
- Ventilation Upgrade
 - No. 9 Return Air Raise (**RAR**) ventilation system is now in full operation. The system continues to operate within expectations and is delivering the required environmental condition improvements.
- Backfill Facility and Infrastructure
 - Major construction activities for the Paste Backfill Plant have been completed.
 - 3,500 m³ of paste has been delivered underground.
 - Delivery of paste, to the operational stopes, has been impacted by two failure events in the underground reticulation pipework.
 - Repairs and recommencement planning is underway following completion of the investigation. Paste delivery schedule to restart mid-April 2023.
 - Construction of the new CWTP is progressing well, with the project scheduled to be operational in early May 2023.
 - Additional environmental improvement projects, including the upgrade of the heavy vehicle fuel bay slab, have been completed.

Total Area 5 incurred and committed costs are \$67.7 million with a total forecast cost at completion of \$68.8 million, including approved scope changes (Q4 CY2022: \$68.5 million).

MINE RESOURCE DRILLING PROGRAM

During the quarter, 11,888 metres of underground drilling was completed which included grade control drilling in Area 5 and Resource development drilling in Area 5 and Huon North.

Underground drilling will continue from the Huon North 1450, Leatherwood 1250 and Area 5 1140 hanging wall drill drive platforms during Q2 CY2023. Planned drilling will be mainly focussing on Resource definition.

METALLURGICAL IMPROVEMENT PROGRAM

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

- Tin Flotation Circuit Re-configuration
 - Project on track for commissioning mid-2023 during a planned shutdown. Redesign of the pumping system engineering has been completed.
- Leach feed surge tank commissioning.
 - HAZOP completed. Installation and commissioning are now scheduled for the next planned shutdown mid-2023.
- Decommissioning of the 50' thickener.
 - Successfully completed during the quarter.

RENTAILS PROJECT

The Rentails project has progressed in-line with the major objectives of the 2023 study plan approved by the BMTJV committee¹. The major objectives of the study plan for 2023 are:

- Thermal Upgrade Plant (**TUP**) Furnace Technology selection:
 - Complete large-scale trials for both Box fumer and Ausmelt Top Submerged Lance (**TSL**) technologies; and
 - Techno-economic 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 the permitting time frame.
- Submission of revised notice of intent (**NOI**) incorporating updated project definition.

Key activities during the quarter included:

- TUP Furnace Technology selection:
 - Planning, preparations, and necessary modifications (to allow operation on LNG) for a Box fuming furnace trial at Yunnan Tin Group's (**YTG**) Gejiu smelter were significantly advanced over the quarter, with the trial on schedule to commence in Q2 CY2023.
 - Planning and preparation for the Ausmelt TSL trial to be undertaken at Metso Outotec Group's (**Metso-Outotec**) Dandong test facilities progressed. Sample collection to support the Ausmelt TSL trial commenced with collection and subsequent preparation expected to be completed during Q2 and Q3 CY2023.
 - Detailed scopes of work for the core furnace technologies were issues to both the technology vendors; Metso-Outotec for the Ausmelt TSL furnace, and YTG ENFI Engineering Corporation for the Box fumer. These packages of work which are core to informing the overall techno-economic evaluation of the two technologies are expected to commence and progress in parallel with the trials.
- Infrastructure Engineering:
 - Track clearing to support the process plant area geophysics program was completed following receipt of MRT approval, and the geophysical survey commenced. The geophysical survey is aimed at further informing geotechnical conditions for the proposed site. By quarter end, the planned program was approximately 70% complete and is expected to be finalised early in Q2 CY2023.
 - A detailed natural values survey was completed across the proposed process plant site. This confirmed no significant issues with respect to flora and fauna for the proposed site.

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

- A construction accommodation options study was initiated and will be progressed during Q2 CY2023. This is aimed at assessing the most appropriate option(s) for the project, to both inform permitting and necessary stakeholder engagement activities.
- Tailings Reclaim, Tailings and Water Management:
 - MRT approval of the field works, including geotechnical, hydrogeological and sterilisation requirements required to support the ongoing assessment of tailings management issues was received in March 2023 following completion of pre-clearance flora and fauna surveys. Contractor engagement to complete the planned works was progressed, with commencement on target for Q2 CY2023.
 - Compilation and review of existing geochemical and ground water information was commenced, along with a surface water monitoring program.
 - Laboratory testing of samples from CPT drilling program of the existing A/B and C TSF's (to further inform the tailings reclaim operational and management requirements, and TSF closure considerations) was progressed.
- Safety, Health, Environment & Community:
 - The final report for the Aboriginal and historic heritage assessment (including detailed field investigation) of proposed locations for infrastructure was received, with no significant issues identified.
 - A comprehensive natural values survey was completed over proposed locations for infrastructure, with the final report expected in Q2 CY2023.
 - Preliminary works with respect to both socio-economic impact assessment and stakeholder and community engagement planning were also progressed.

In addition to progressing the key activities associated with the TUP selection, work for Q2 CY2023 will focus on continuing to progress schedule critical field works including geotechnical and hydrogeological investigations to support the assessment of tailings management and environmental issues.

NEAR MINE EXPLORATION

Near mine exploration activities during the quarter included:

- A total of 1,379m of down hole electromagnetic (**DHEM**) target exploration drilling was completed in Q1 CY2023. Drilling is planned to continue on identified DHEM targets throughout Q2 CY2023.
- Interpretation of the recently completed ambient noise surface wave tomography (**ANSWT**) survey data which was completed during Q4 CY2022 is outstanding but expected to be received in Q2 CY2023.
- Surface sampling results that were collected concurrently with ANSWT node deployment have been received and is being interpreted.
- Completed line cutting of phase 3 ridge and spur soil sampling program, and results for phase 2 have been returned.
- Re-clearing of historic tracks in the southern mining lease on the Pine Hill/Commonwealth Hill loop track was completed during the quarter.

CORPORATE REVIEW

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes issued by Cyprum Metals Limited (**ASX: CYM**) with an annual coupon rate of 4%. CYM securities were suspended from trading on 23 February 2023 pending an evaluation of possible alternative financing arrangements for the Nifty Copper restart. On 30 March 2023, Metals X received the second annual payment of \$1.44 million as settlement of the 4% coupon payable under the terms of the convertible notes issued by CYM.

The first and second tranche of options have expired out of the money on 30 March 2022 and 30 March 2023 respectively.

CYM securities remained suspended at quarter end, further details on the activities and 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.

At 31 March 2023, the Company continues to hold:

- 15,000,000 Shares released from escrow on 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 and exercisable after 19 January 2024 and on or before 3 November 2024.

After quarter end, Metals X sold 8,000,000 of the 15,000,000 NC1 shares that were released from escrow during the quarter for a consideration of \$4,000,000.² Further details on the activities of NICO are available from their ASX releases.

CASH GENERATION

At quarter end, Metals X had \$115.3 million closing cash at bank (Q4 CY2022: \$113.9 million), tin metal receivables of \$7.2 million (Q4 CY2022: \$9.2 million), tin metal inventory of \$18.4 million (Q4 CY2022 \$15.6 million) and trade and other payables of \$11.5 million (Q4 CY2022: \$11.5 million).

The Company's cash balance increased by \$1.4 million during the quarter (Q4 CY2022: decreased by \$3.6 million).

TABLE 2 – MLX CASH BALANCE RECONCILIATION

Movement in MLX cash balance	A\$(m)
Opening cash at bank	113.9
<i>Add cash inflows</i>	
Imputed revenue (50% of imputed revenue from Table 1)	38.2
Tin share rebalance (reduced MLX share to 40.3%) ⁽¹⁾	(7.5)
March quarter receipts for December quarter tin sales	15.5
Interest received on term deposits ⁽²⁾	1.0
Interest received on Cyprium convertible notes	1.4
	162.5
<i>Less non-cash adjustments and cash outflows:</i>	
Tin metal receivables ⁽³⁾	(7.2)
Tin metal inventory (shipped and in transit) ⁽⁴⁾	(6.3)
BMTJV cash calls	(31.0)
Royalty payment	(1.8)
Corporate costs	(0.6)
Other costs	(0.3)
Closing cash at bank⁽⁵⁾	115.3

(1) As a result of the tin share rebalancing to ensure each BMTJV partner receives a 50% share of tin-in-concentrate produced, Metals X received 40.3% of total tin-in-concentrate tonnes shipped by the BMTJV for the quarter (Q4 CY2023: 55.5%). MLX share of imputed revenue is calculated using the imputed tin price of A\$38,523 x 1,981 tonnes of tin produced x 40.3%.

² Refer ASX announcement: 4 April 2023, Change in Substantial Holding from MLX.

- (2) *Tin metal receivables of \$7.2 million relating to 226 tonnes of tin-in-concentrate sales that are unpaid at quarter end. Imputed revenue assumes no movement in receivables.*
- (3) *Cash flows for interest received on A\$100 million in (4) 90-day term deposits.*
- (4) *Tin metal inventory includes 164 tonnes of tin shipped and still in transit at quarter end. Imputed revenue assumes no movement in inventory.*

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

ENQUIRIES

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