

QUARTERLY REPORT

FOR THE QUARTER ENDING
30 JUNE 2023



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 30 June 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- On 28 April 2023, Metals X released its Environment, Social and Governance (**ESG**) Report, developed in reference to Global Reporting Initiative (**GRI**) Standards.¹
- The overall Renison site safety performance saw an increase in the 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) to 6.9 (Q1 CY2023: 6.1). The Lost Time Incident Frequency Rate (**LTIFR**) increased to 2.6 (Q1 CY2023: 1.7).
- Renison had 1 Recordable Injury (**RI**) occurring during the quarter (Q1 CY2023: 2) with an employee receiving a laceration to the back of their hand from a metal burr on a truck body.
- Safety initiatives undertaken during the quarter include:
 - engagement of an external consultant to perform a review of the sustainability of the Critical Risk Management Program;
 - development of a Serious Potential Incident (**SPI**) investigation review program; and
 - continued development of leaders with training in risk, communication, investigation, and risk management.
- Major environmental improvement initiatives for Renison are continuing, with the site's Contaminated Water Treatment Plant (**CWTP**) achieving substantial completion.
- The Mt Bischoff Closure Design planning is continuing with planned submission in Q2 CY2024.

QUARTERLY HIGHLIGHTS

- The LME tin spot price increased compared to Q1 CY2023 with the tin price at 30 June 2023 closing at US\$27,698 per tonne at 30 June 2023 (Q1 CY2023: US\$26,051).
- As part of a review of the inventory estimating process, the BMT JV commenced incorporating final assay results from smelters into its production data. This strategic change provides a more precise and reliable estimation of the production levels and resulted in a year-to-date production adjustment of minus 45 tonnes of contained tin.
- During the quarter, the Renison operations produced 2,292 tonnes of tin-in-concentrate (2,337 tonnes prior to the minus 45 tonnes year-to-date adjustment) (Q1 CY2023: 1,981 tonnes of tin-in-concentrate) and shipped 2,001 tonnes of tin-in-concentrate (Q1 CY2023: 2,046 tonnes of tin-in-concentrate).
- As a result of a tin share rebalancing to ensure each joint venture partner receives its 50% share of tin-in-concentrate produced, Metals X received 53.8% of total tin-in-concentrate tonnes shipped for the quarter (Q1 CY2023: 40.3%). Metals X shipped 1,077 tonnes of tin-in-concentrate (Q1 CY2023: 824 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thaisarco**), the Malaysian Smelter Corporation (**MSC**).
- Metals X sold 8.0 million of the 15.0 million Nico Resources Limited (**ASX:NC1**) shares that were released from escrow during Q1 CY2023 for a consideration of \$4.0 million (net of transaction costs).²
- Metals X purchased approximately 34.4 million shares in Tanami Gold NL (**ASX:TAM**) at an average price of approximately \$0.034 cents per share for a consideration of \$1.17 million (net of transaction costs).
- Metals X closing cash for the quarter increased by \$8.73 million to \$124.03 million (Q1 CY2023: \$115.30 million).

¹ Refer ASX announcement: 28 April 2023, Metals X 2022 ESG Report.

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

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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 an increase in tin production of 15% over Q1 CY2023, with slightly lower ore tonnes milled offset by increased average grade of ore processed and mill recovery. Grades mined increased in line with the mine plan with access to the higher-grade Area 5 and Leatherwood stopes established. The improvement in recovery versus Q1 CY2023 is a result of implementing several opportunities that were identified to deal with high talc and sulphur levels.

The completion of the above works combined with the deferred access to the higher-grade stopes should lead to a further increase in tin production in the second half of 2023.

Capital project work continued with the contaminated water treatment plant now in operation. The Paste Plant is now operating satisfactorily with 12,000 m3 of paste delivered underground, and the Leatherwood fresh air rise reaming of the top leg has commenced.

Water management in Area 5 continues to be a challenge and delayed access to some areas in the quarter. A medium-term pumping plan has been developed and endorsed for implementation, with a long-term pumping plan under development.

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

Physicals and Imputed ³ Financials		Jun 2023 Quarter	Mar 2023 Quarter	Rolling 12-months
Ore mined	t ore	186,910	212,578	779,673
Grade of ore mined	% Sn	1.59	1.41	1.44
Ore milled (after sorter upgrade)	t ore	168,277	170,029	645,349
Grade of ore processed	% Sn	1.79	1.57	1.66
Mill recovery	%	76.05	74.20	75.21
Tin produced ⁴	t Sn	2,292	1,981	8,046
Imputed tin price ⁵	A\$/t Sn	\$39,867	\$38,523	\$36,429
Imputed sales and marketing costs	A\$/t Sn	\$4,683	\$4,160	\$4,145
C1 cash production costs	A\$/t Sn	\$18,162	\$20,444	\$19,783
Imputed EBITDA	A\$/t Sn	\$17,022	\$13,930	\$12,501
All-in sustaining costs (AISC)	A\$/t Sn	\$27,243	\$31,547	\$30,110
All-in cost (AIC) ⁶	A\$/t Sn	\$31,554	\$35,094	\$33,952
Imputed net cash inflow	A\$/t Sn	\$8,313	\$3,440	\$2,477
Imputed revenue	A\$M	91.37	76.32	293.09
Imputed sales and marketing costs	A\$M	10.73	8.24	33.35
C1 cash production costs	A\$M	41.62	40.50	159.17
Imputed EBITDA	A\$M	39.02	27.60	100.57
AISC	A\$M	62.44	62.50	242.25
AIC	A\$M	72.32	69.53	273.17
Imputed net cash in flow	A\$M	19.05	6.82	19.92

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 484 tonnes (Q1 CY2023: 164 tonnes) of tin-in-concentrate in transit to customers and 170 tonnes of tin-in-concentrate sold but unpaid. Table 2 provides a reconciliation of Metals X cash movement for the quarter.

⁴ During the quarter, the BMTJV conducted a review of its inventory estimation process resulting in a change in the estimate of tin-in-transit from Renison to the smelter. The review resulted in Renison recognising a year-to-date production adjustment of minus 45 tonnes of contained tin.

⁵ Source: LME Tin cash bid average per tonne of tin produced.

⁶ AIC includes AISC plus project and exploration costs.

PRODUCTION AND COSTS (100% BASIS)

- Mine production continued to improve from the previous quarter with underground development performance improving following mobilisation of the new development jumbo.
- Processing operations improved during the quarter with increased recoveries and grades demonstrated, slightly offset by lower milled tonnes due to unplanned downtime events and circuit instability in the sulphide circuit.
- Renison produced 2,292 tonnes of tin-in-concentrate (Q1 CY2023: 1,981 tonnes of tin-in-concentrate).
- The AISC for the quarter was \$27,243 per tonne of tin (Q1 CY2023: \$31,547 per tonne of tin).
- Imputed EBITDA of \$39.02 million (Q1 CY2023: EBITDA \$27.60 million) and imputed net cash inflow of \$19.06 million (Q1 CY2023: inflow of \$6.82 million).

AREA 5 PROJECT UPDATE

The Area 5 upgrade has now been completed and the EPC contractor demobilised from site. Paste Plant commissioning challenges and failures of the underground reticulation pipework continued to impact paste delivery at the beginning of the quarter. These delays had been integrated into the mining schedule to minimise the impacts to the CY2023. The project prolongation costs and costs associated with the repair and rectification of the underground reticulation pipework have impacted the overall project budget.

Key activities during the quarter included:

- HV Power Upgrade
 - Design and manufacturing issues with Transformers T1 and T2 have caused a number of uncontrolled power outages across the site. The root cause of these trips has been identified, temporary fixes implemented, and permanent rectification options being developed and implemented with the supplier.
- Ventilation Upgrade
 - Reaming of the Leatherwoods Fresh Air Raise (**FAR**) has commenced with 190m completed across the two legs of the raise. Adverse ground conditions have impacted progress on the lower leg, resulting in the contractor pausing reaming and relocating to the upper leg whilst a mitigation is developed. Progress on the upper leg is ongoing and the lower leg mitigation is on schedule.
 - The No. 9 Return Air Raise (**RAR**) ventilation system continues to deliver the required environmental condition improvements.
- Backfill Facility and Infrastructure
 - Construction activities for the Paste Plant and CWTP have been completed, with only minor defect rectification works ongoing.
 - The rectification actions taken following the underground reticulation pipework failure events have been successful, with paste delivery restarted in May.
 - Premature failure of the underground paste valves, and consumption of the contingency spares, have necessitated a partial redesign due to supply chain issues in securing replacements.
 - 12,000 m³ of paste has been delivered underground (Q1 CY2023: 3,500 m³).

Total Area 5 incurred and committed costs are \$70.7 million with a total forecast cost at completion of \$71.7 million, including approved scope changes and a provision for any additional costs (Q1 CY2023: \$68.8 million).

MINE RESOURCE DRILLING PROGRAM

During the quarter, 13,719 metres of underground drilling was completed which included grade control drilling in Area 5 and Central Federal Basset and Resource development drilling also in Area 5, Huon North and Leatherwood.

Underground drilling will continue from the Huon North 1450, Leatherwood 1250, Envelopes 1810, Area 5 1140 and Area 5 1015 hanging wall drill drive platforms during Q3 2023. Planned programs will focus on both resource definition and grade control drilling.

METALLURGICAL IMPROVEMENT PROGRAM

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

- Tin Flotation Circuit Re-configuration
 - Installation of the circuit reconfiguration occurred during a planned shutdown between the 2nd of July and the 8th of July 2023.
- Leach feed surge tank commissioning.
 - Surge tank was commissioned during the quarter and operating as per design.

RENTALS PROJECT

The Rentals project has progressed in-line with the major objectives of the 2023 study plan approved by the BMTJV committee⁷.

Key activities during the quarter included:

- Thermal Upgrade Plant (**TUP**) Furnace Technology selection:
 - The Box fuming furnace trial at Yunnan Tin Group's (**YTG**) Gejiu smelter was delayed by equipment delivery and installation issues relating to the modifications associated with conversion of YTG's Box fuming furnace to natural gas. The trial, which was planned to be completed during Q2 CY2023, is now expected to be completed in Q3 CY2023.
 - Planning and preparation for the Ausmelt Top Submerged Lance (**TSL**) trial to be undertaken at Metso Outotec Group's (**Metso-Outotec**) Dandong test facilities was completed over the quarter. Preparation of feed concentrate samples to support the Ausmelt TSL trial was completed, and samples delivered to Metso Outotec's Dandong test facilities to allow completion of the trial over July/August.
 - A preliminary kick-off of the Metso-Outotec Ausmelt TSL furnace process study was held late in the quarter, with work planned to progress over Q3 in parallel with the Ausmelt trial.
- Infrastructure Engineering:
 - A geophysical survey of the proposed process plant area was completed, with interpretation and reporting due for completion in Q3 CY2023.
 - A construction accommodation options study was progressed, and initial phase completed during Q2 CY2023.
- Tailings Reclaim, Tailings and Water Management:
 - Track clearing to support the field works program was completed over the quarter. Geotechnical test pitting was completed. Contractor engagement to complete the geotechnical and hydrogeological drill programs was progressed, with commencement of works expected late July 2023.
 - Compilation and review of existing geochemical and ground water information was completed, conceptual hydrogeological models developed, and the surface water monitoring program continued.
- Safety, Health, Environment & Community:
 - The final report for the comprehensive natural values survey was completed over proposed locations for infrastructure was received, with planning of required follow up work in progress.
 - A base-line socio-economic impact assessment was completed. Further work and calibration against stakeholder perspectives will be progressed over the coming quarter.
 - Planning of stakeholder and community engagement was well advanced at the end of the quarter.

⁷ Refer ASX announcement: 16 January 2023, Rentals Thermal Upgrade Plant Trials.

NEAR MINE EXPLORATION

- A total of 1217.5m of down hole electromagnetic (**DHEM**) target exploration drilling was completed for Q2 CY2023. Q3 CY2023 will have more follow up drilling on the DHEM targets and follow up on significant intersection from the DHEM targets.
- Ambient noise surface wave tomography (**ANSWT**) survey data was received. Continuing interrogation of ANSWT survey velocity model.
- After quarter end, MLX announced significant exploration drilling results at Renison⁸. The S1671 intersection was followed up with a further five diamond drill holes. Three of these drill holes have returned significant assay results. Two drillholes S1682 and S1678 are still pending assay results.
 - **S1675: 11.5m (ETW) @ 1.27% Sn from 173.6m**
 - **S1679: 8m (ETW) @ 1.49% Sn from 136.1m**
 - **S1681: 3m (ETW) @ 1.21% Sn from 218.9m**
- Mineralisation is located about 750m south of existing development and occurs over approximately 200m down dip and 250m strike length. Mineralisation is open to the North, South and at depth.

CORPORATE REVIEW

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes issued by Cyprium 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 26 June 2023 CYM announced they had secured A\$21.0 million of Funding.

After the reporting period CYM announced a capital raising via a placement and a proposed pro rata non-renounceable entitlement offer to raise up to approximately \$29.0 million before costs.

CYM securities remained suspended at quarter end. CYM has requested that the ASX lifts the voluntary suspension of trading in its shares following the General Meeting and the issue of the shares under the Placement (which is expected to occur in late August 2023).

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 30 June 2023, the Company continues to hold:

- 7,000,000 Shares.
- 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.

Metals X purchased approximately 34.4 million shares in Tanami Gold NL (**ASX:TAM**) at an average price of approximately \$0.034 cents per share for a consideration of \$1.17 million (net of transaction costs).

CASH GENERATION

At quarter end, Metals X had \$124.03 million closing cash at bank (Q1 CY2023: \$115.30 million), tin metal receivables of \$5.71 million (Q1 CY2023: \$7.20 million), tin metal inventory of \$21.22 million (Q1 CY2023 \$18.43 million) and trade and other payables of \$14.95 million (Q1 CY2023: \$11.54 million).

The Company's cash balance increased by \$8.73 million during the quarter (Q1 CY2023: increased by \$1.4 million).

⁸ Refer ASX announcement: 5 July 2023, Significant exploration drilling results at Renison.

TABLE 2 – MLX CASH BALANCE RECONCILIATION

Movement in MLX cash balance	A\$(m)
Opening cash at bank	115.30
<i>Add cash inflows</i>	
Imputed revenue (50% of imputed revenue from Table 1)	45.69
Tin share rebalance (increase MLX share to 53.8%) ⁽¹⁾	3.47
Sale of NICO Shares (\$8.0 million shares at \$0.50)	4.00
Interest received on term deposits ⁽²⁾	1.20
	169.66
<i>Less non-cash adjustments and cash outflows:</i>	
Reclassified as tin metal inventory (tonnes in transit) at quarter end ⁽³⁾	(6.71)
Reclassified as tin metal receivables at quarter end ⁽³⁾	(7.00)
BMTJV cash calls	(27.00)
Purchase of Tanami Gold shares	(1.17)
Royalty payment	(1.72)
Corporate costs	(0.69)
Other costs	(1.34)
Closing cash at bank	124.03

⁽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 53.8% of total tin-in-concentrate tonnes shipped by the BMTJV for the quarter (Q1 CY2023: 40.3%). MLX share of imputed revenue is calculated using the imputed tin price of A\$39,867 x 2,292 tonnes of tin produced x 53.8%.

⁽²⁾ Cash flows for interest received on A\$100 million in (4) 90-day term deposits.

⁽³⁾ Imputed revenue assumes everything produced is sold and cash received. MLX has adjusted imputed revenue for tin-in-concentrate produced during the quarter but remains either in inventory, in transit to the smelter or unpaid at quarter end.

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

ENQUIRIES

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Competent Person Statement

The information in this report that relates to Exploration Results 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 or data that materially affects the information included in the relevant market announcement.