

QUARTERLY REPORT

FOR THE QUARTER ENDING
30 SEPTEMBER 2023



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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- The Bluestone Mines Tasmania JV Renison Tin Operation (Renison) reported zero Recordable Injuries during the quarter (Q2 CY2023: 1).
- The overall Renison site safety performance saw a significant decrease in the 12-month rolling **TRIFR**¹ to 2.7 (Q2 CY2023: 6.9) and the **LTIFR**² decreased to 1.8 (Q2 CY2023: 2.6).
- Safety initiatives undertaken during the quarter include:
 - Critical Risk Management Program review completed by an external consultant and redevelopment of a sustainable program underway (target completion Q4 CY2023);
 - Serious Potential Incident (**SPI**) investigation review program implemented and providing valuable feedback ; and
 - Further development of leaders with additional training in safety interactions.
- With assistance from an external consultant, Mental Health Awareness training was completed for all Renison personnel and a plan to manage psychosocial hazards in the workplace has been developed and implementation underway.
- Major environmental improvement initiatives for Renison are continuing, with the site's Contaminated Water Treatment Plant (**CWTP**) commissioned and successfully treating water from the mine.
- The Mt Bischoff Closure Design planning is continuing with planned submission in Q2 CY2024.

QUARTERLY HIGHLIGHTS

- The LME tin spot price closed lower at US\$24,450 per tonne on 30 September 2023 (Q2 CY2023: US\$27,698).
- The Renison operations produced 2,545 tonnes of tin-in-concentrate (Q2 CY2023: 2,292 tonnes of tin-in-concentrate) and shipped 2,345 tonnes of tin-in-concentrate during the quarter (Q2 CY2023: 2,001 tonnes of tin-in-concentrate).
- Metals X received 50.8% of total tin-in-concentrate tonnes shipped for the quarter (Q2 CY2023: 53.8%). Metals X shipped 1,292 tonnes of tin-in-concentrate (Q2 CY2023: 1,077 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thaisarco**) and the Malaysian Smelter Corporation (**MSC**).
- Metals X received approximately \$1.63 million in interest from bank deposits (Q2 CY2023: \$1.20 million).
- Metals X committed to its entitlement offer from Nico Resources Limited (**ASX: NC1**) to acquire 1 new share for every 5 shares owned at \$0.40 per share for a consideration of \$0.62 million.
- Metals X share of Renison imputed revenue is \$52.54 million of which \$42.44 million remains in inventory, in transit to the smelter or unpaid receivables at quarter end. Metals X closing cash for the quarter increased by \$0.20 million to \$124.23 million (Q2 CY2023: \$124.03 million). At the date of this report, Metals X has received \$13.46 million relating to the realisation of these balances since quarter end. [Table 2](#) provides a reconciliation of Metals X cash movement for the quarter.

¹ Total Recordable Injury Frequency Rate.

² Lost Time Incident Frequency Rate.

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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'.

Tin production for the quarter increased by 11% compared to Q2 CY2023, with lower ore tonnes milled offset by an increase in 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 Area 5 Capital project works is now complete with the paste delivering to production stopes. The Leatherwood fresh air rise reaming of the top leg is progressing in line with the schedule with break through into the existing pilot hole being achieved.

Water management in Area 5 continues to be a challenge. Design and procurement of Area 5 pumping improvement project was completed, and a contract awarded, and resources mobilised to site to commence construction of the two north Renison decline pump stations.

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

Physicals and Imputed Financials ⁽¹⁾		Sept 2023 Quarter	Jun 2023 Quarter	Rolling 12-months
Ore mined	t ore	189,410	186,910	775,189
Grade of ore mined	% Sn	1.77	1.59	1.50
Ore milled (after sorter upgrade)	t ore	151,580	168,277	646,982
Grade of ore processed	% Sn	2.18	1.79	1.79
Mill recovery	%	77.02	76.05	75.49
Tin produced ⁽²⁾	t Sn	2,545	2,292	8,743
Imputed tin price ⁽³⁾	A\$/t Sn	\$40,667	\$39,867	\$38,096
Imputed sales and marketing costs	A\$/t Sn	\$4,629	\$4,683	\$4,363
C1 cash production costs	A\$/t Sn	\$16,771	\$18,162	\$18,644
Imputed EBITDA	A\$/t Sn	\$19,267	\$17,022	\$15,089
All-in sustaining costs (AISC)	A\$/t Sn	\$26,893	\$27,243	\$28,941
All-in cost (AIC) ⁽⁴⁾	A\$/t Sn	\$29,057	\$31,554	\$32,282
Imputed net cash inflow	A\$/t Sn	\$11,610	\$8,313	\$5,814
Imputed revenue⁽¹⁾	A\$M	103.50	91.37	333.07
Imputed sales and marketing costs	A\$M	11.78	10.73	38.15
C1 cash production costs	A\$M	42.68	41.62	163.00
Imputed EBITDA	A\$M	49.04	39.02	131.92
AISC	A\$M	68.44	62.44	253.03
AIC	A\$M	73.95	72.32	282.24
Imputed net cash in flow	A\$M	29.55	19.05	50.83

⁽¹⁾ 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 503 tonnes (Q2 CY2023: 484 tonnes) of tin-in-concentrate in transit to customers and 285 tonnes of tin-in-concentrate sold but unpaid. [Table 2](#) provides a reconciliation of Metals X cash movement for the quarter.

⁽²⁾ 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.

⁽³⁾ Source: LME Tin cash bid average per tonne of tin produced.

⁽⁴⁾ 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 continued to improve this quarter with increased recoveries and grades demonstrated, offset by lower milled tonnes due to an overrun in the planned shutdown, power outages due to a storm, and various unplanned down time events.
- Renison produced 2,545 tonnes of tin-in-concentrate (Q2 CY2023: 2,292 tonnes of tin-in-concentrate).
- The AISC for the quarter was \$26,893 per tonne of tin (Q2 CY2023: \$27,243 per tonne of tin).
- Imputed EBITDA of \$49.04 million (Q2 CY2023: EBITDA \$39.02 million) and imputed net cash inflow of \$29.55 million (Q2 CY2023: inflow of \$19.05 million).

CAPITAL PROJECT UPDATE

Paste delivery to production stopes has been successfully completed although component failure of the underground reticulation pipework caused challenges early in the quarter.

Contractual negotiations with the Paste Backfill and CWTP EPC contractor have concluded. Total Area 5 incurred costs are \$72.10 million including approved scope changes and realised provisions (Q2 CY2023: \$71.7 million).

Key activities during the quarter included:

- Ventilation upgrade
 - Reaming of the upper leg of the Leatherwoods Fresh Air Raise (**FAR**) has reached 228m. Progress was impacted by cracked drill rods and slower than anticipated reaming penetration rates.
 - The lower leg recovery drive has progressed according to schedule, with break through into the existing pilot hole having been achieved. Once reaming of the upper leg has concluded the raisebore rig will relocate back to the original drill site and recommence reaming from the new recovery drive chamber.
- Mine dewatering
 - Design and procurement for the Area 5 pumping improvement project were completed, contract awarded, and resources mobilised to site to commence construction of the two North Renison Decline pump stations.
 - Design and independent review of the mine wide pumping system upgrade completed.
- Surface projects
 - Civil works for the new 12m thickener have been completed successfully. The mechanical and electrical contracts have been awarded and the project is scheduled for commissioning in February 2024.
 - Ongoing finalisation works in the HV switchyard, detailed design of the tailings dam overhead powerline, sitewide environmental improvements and ROM pad extension project.

MINE RESOURCE DRILLING PROGRAM

During the quarter 11,190 metres of underground drilling was completed which included grade control drilling in Area 5, Heemskirk, Envelopes and resource development drilling also in Area 5 and Huon North.

For the upcoming Q4 CY2023, underground drilling will continue from the Huon North 1450, Leatherwood 1250, South Basset 1810, and Area 5 1140. The South Basset drilling platform will continue development. Planned programs will focus on both resource definition and grade control drilling.

METALLURGICAL IMPROVEMENT PROGRAM

The Metallurgical Improvement Program (**MIP**) is now complete with the tin float reconfiguration installation completed during a planned shutdown in the first week of July 2023.

RENTAILS PROJECT

The Rentails project has continued to progress in-line with the major objectives of the 2023 study plan approved by the BMTJV committee³.

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 commenced in early July 2023 and ran for a period of 3 days. The trial was put on hold as the achievable throughput rate was severely limited due to restrictions in natural gas fuel rates. It is planned to recommence the trial once modifications to address the gas supply and fuel rate limitations are completed. The trial, which was planned to be completed during Q2 CY2023, is now expected to be completed late Q4 CY2023 due to these delays.
 - The Ausmelt Top Submerged Lance (**TSL**) trial was successfully completed at Metso's Dandong test facilities in Q3 CY2023 as planned. Preliminary results from the trial were very positive, and significantly exceeded expectations. The trial demonstrated very low tin losses to slag and a high-grade tin fume product can be robustly achieved. The final report is expected early in Q4 CY2023.
 - The Metso-Outotec Ausmelt TSL furnace process study significantly progressed during the quarter, with initial deliverables received, 30% design review and HAZID completed. By quarter end, progress was approximately 50% of completion, with the study expected to be finalised in Q4 CY2023.
 - The delays associated with completion of the Box fuming trial will delay the completion of both the ENFI Box fumer study and the overall TUP techno-economic study. Final TUP furnace technology selection is expected by Q2 CY2024.
- Infrastructure Engineering:
 - Analysis and reporting of the geophysical survey of the proposed process plant area was completed.
 - Assessment of additional permanent and temporary infrastructure requirements including construction and operations accommodation continued.
 - Preparation of the water balance/s to support the definition of additional water requirements progressed.
- Tailings Reclaim, Tailings and Water Management:
 - The geotechnical and hydrogeological drill programs commenced and were safely completed during the quarter, despite wet winter conditions slowing progress. Analysis and reporting for both programs had progressed well by quarter end.
 - Ground monitoring program commenced, and the surface water monitoring program continued.
 - Strength testing of A-B and C Dam tailings to inform detailed tailings reclaim planning continued.
 - Preliminary Tailings Storage Facility (**TSF**) engineering to assess spillway options and water management issues progressed.
- Safety, Health, Environment & Community:
 - A Notice of Intent (**NOI**) gap assessment and a review of natural values matters to aid in defining further work requirements was completed.
 - Addition follow up work to further investigate issues identified by the natural values survey (completed over proposed locations for infrastructure) was completed during Q3 CY2023.
 - Initial stakeholder engagement activities commenced. This included engagement with stakeholders to ground truth base-line socio-economic impact assessment.
 - Further stakeholder engagement activities will be progressed over the coming quarter.

³ Refer ASX announcement: 16 January 2023, Rentails Thermal Upgrade Plant Trials.

NEAR MINE EXPLORATION

- A total of 1,624m of exploration drilling was completed for Q3 CY2023, of which 1232m was targeting Down Hole Electro Magnetic (**DHEM**) conductors, and 392m were Ringrose scissor holes. Further DHEM target drilling and Ringrose follow-up drilling will continue during Q4 CY2023.
- The DHEM survey commenced in Q3 CY2023 with the completion of 8 holes surveyed for 5,080m and 3 holes for 2,134m remaining and expected to be completed in Q4 CY2023. A total of 4,900m of surface Fixed-Loop Electromagnetic Survey was also completed with a further 3,780m to be completed in Q4 CY2023.
- Results from Ringrose follow-up exploration drilling were announced⁴ at the beginning of Q3 CY2023.
- Mineralisation at Ringrose 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. Assays are pending for 'scissor hole' S1684 which intersected sulphide mineralisation and a second 'scissor hole' is in progress. Results are expected in Q4 CY2023.
- Further surface diamond drilling is continuing for the DHEM phase 2 program with the completion of the final two planned holes for a total of 1200m.

CORPORATE REVIEW

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.00 million in aggregate in convertible notes issued by Cyprium Metals Limited (**ASX: CYM**) with an annual coupon rate of 4%.

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 (**NICO**) and subsequent IPO, the Company held 21,100,000 fully paid ordinary shares (**Shares**) and 25,000,000 options in NICO.

At 30 September 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.

On 19 September 2023, NICO announced it is offering eligible shareholders the opportunity to acquire new shares through a fully underwritten pro-rata non-renounceable entitlement offer of one (1) new share for every five (5) shares at an issue price of \$0.40 per new share. The Company has committed to take up the whole of its pro-rata entitlement of 1,540,000 new shares for a consideration of \$0.62 million. The issue and allotment of the new shares is expected to be on 30 October 2023, after which Metals X will retain its interest of 8.46% in NICO. Further details of the entitlement offer are available from NICO's website.

Metals X holds 34,400,000 shares in Tanami Gold NL (**ASX:TAM**) acquired at an average price of approximately \$0.034 cents per share for a cost of \$1.17 million (net of transaction costs).

⁴ Refer ASX announcement: 5 July 2023, Exploration Drilling Results.

CASH GENERATION

At quarter end, Metals X had \$124.23 million closing cash at bank (Q2 CY2023: \$124.03 million), tin metal receivables of \$9.97 million (Q2 CY2023: \$5.71 million), tin metal inventory valued at cost of \$17.21 million⁵ (Q2 CY2023 \$21.22 million) and trade and other payables of \$11.00 million (Q2 CY2023: \$14.95 million).

[Table 2](#) reconciles the \$0.20 million increase in Metals X cash for the quarter (Q2 CY2023: increased by \$8.73 million).

TABLE 2 – CASH MOVEMENT RECONCILIATION Q3 CY2023

	A\$(m)	A\$(m)
Opening cash at bank		124.03
(a) Imputed cash flows		
Add MLX 50.8% share of imputed revenue (Table 1)	52.54	
Less cash calls paid to Renison	(35.50)	
Net imputed cash flows		17.04
(b) Adjustments to imputed cash flows		
Less movement tin metal inventory ⁽²⁾⁽⁴⁾	(8.34)	
Less movement in tin receivables ⁽²⁾⁽⁴⁾	(4.26)	
Less selling costs (not included in imputed revenue) ⁽³⁾	(2.65)	
Net cash flow adjustments to imputed revenue		(15.25)
(c) Other cash flow movements		
Add Interest income ⁽⁵⁾	1.36	
Less purchase of shares – NC1	(0.62)	
Less royalty and freight payments	(1.86)	
Less corporate costs	(0.62)	
Add other movements	0.14	
Net other cash flow movements		(1.59)
Closing cash at bank		124.23

(1) Metals X received 50.8% of total tin-in-concentrate tonnes shipped for the quarter, adjusted for Q2 2023 tin production shipped in July (Q2 CY2023: 53.8%). MLX total share of imputed revenue for the quarter is calculated using the imputed tin price of A\$40,667 x 2,545 tonnes of tin produced x 50.8%.

(2) Imputed revenue assumes 100% of tin produced is sold and cash received by quarter end. MLX adjusts imputed revenue for tin-in-concentrate produced during the quarter that remains in inventory, in transit to the smelter or unpaid at quarter end.

(3) Selling costs include treatment costs for Q3 tin produced and sold during the quarter, actual vs imputed pricing differences and USD to AUD forex conversion costs.

(4) During Q3 2023, Metals X received \$29.84 million for tin produced during Q2 2023. At quarter end, Metals X has 799t of tin in inventory valued at \$32.47 million using the imputed tin price of A\$40,667 and 285t of tin receivables valued at \$9.97 million. At the date of this report, Metals X has received \$13.46 million relating to the realisation of these balances since quarter end.

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

⁵ Tin metal inventory includes all tin onsite and offsite at quarter end valued at cost.

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.