



ACN 110 150 055

**Annual Report
For the Year Ended
31 December 2023**

CONTENTS

CORPORATE DIRECTORY	1
CHAIRMAN'S LETTER.....	2
DIRECTORS' REPORT	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	21
CONSOLIDATED STATEMENT OF CASH FLOWS	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	23
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	24
DIRECTORS' DECLARATION	60
AUDITOR'S INDEPENDENCE DECLARATION	61
INDEPENDENT AUDIT REPORT	62
MINERAL RESOURCES AND ORE RESERVES STATEMENT	68
SECURITY HOLDER INFORMATION	70



CORPORATE DIRECTORY

Directors

Mr Peter Gunzburg (Non-Executive Chairman)
Mr Brett Smith (Executive Director)
Mr Grahame White (Non-Executive Director)
Mr Patrick O'Connor (Non-Executive Director)

Company Secretary

Ms Shannon Coates

Key Management

Mr Daniel Broughton (Chief Financial Officer)

Share Registry

Computershare Investor Services Pty Ltd
Level 17, 221 St Georges Terrace
Perth WA 6000
GPO Box Melbourne VIC 3001
Phone: (within Australia) 1300 850 505
Phone: (outside Australia) +61 3 4915 4000
Facsimile: +61 3 9473 2500

Registered Office

Unit 202, Level 2
39 Mends Street
South Perth WA 6151
Phone: +61 8 9220 5700
E-mail: reception@metalsx.com.au
Website: www.metalsx.com.au

Postal Address

Unit 202, Level 2
39 Mends Street
South Perth WA 6151

Securities Exchange

Australian Securities Exchange
Central Park
152-158 St George's Terrace
Perth WA 6000
Code: ASX: MLX

Domicile and Country of Incorporation

Australia

CHAIRMAN'S LETTER

This report is for the 12 months ending 31 December 2023.

Your company's principal asset remains its 50% interest in the Bluestone Mines Tasmania Joint Venture ("BMTJV").

During the year the tin price traded between AU\$33,600 and AU\$48,500 and was one of the few, perhaps the only, base metal not to suffer a significant price decline during that period. This was largely due to decreases in supply from Indonesia and Myanmar for various geopolitical reasons as distinct from any noticeable increase in demand. It has resulted however in a healthy cash balance at year end of \$143.0 million following a net profit after tax of \$14.59 million which compares very favourably with the situation the company reported at 30 June 2020 when debt totalled \$30.5 million.

During the year, the BMTJV spent \$34.93 million on various capital works designed to ensure a mine life of at least 10 years and to also continue an extensive study on the Rentails project, one of the world's largest undeveloped tin projects.

The Rentails project represents an opportunity to significantly increase annual tin production using sustainable mining practices and simultaneously reduce our existing environmental footprint. While the funding structure for the Rentails project has not been finalised, it comes with a significant capital cost and technological challenge.

The board has received a number of suggestions as to how we might allocate our cash reserves all of which receive due consideration. We are also mindful of the vagaries of the tin market and how supply and demand is capable of changing quite quickly. We are also conscious of our reliance on a single mine. As a consequence, we will continue to maintain a strong balance sheet, whilst considering appropriate capital management in an elevated tin price environment and continue to be on the lookout for potential acquisitions.

A handwritten signature in black ink, appearing to read "Peter Gunzburg".

Peter Gunzburg

Non-Executive Chairman

DIRECTORS' REPORT

For the year ended 31 December 2023

The Directors present their report together with the consolidated financial report of Metals X Limited ("Metals X" or the "Company") and its controlled entities (together the "Group") for the year ended 31 December 2023 and the Independent Auditor's Report thereon. As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in this report and the consolidated financial statements are not directly comparable.

1. Directors

The names of the Company's Directors in office during the Reporting Period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Independent Non-Executive Chairman – Mr Peter Gunzburg B. Com (appointed 10 July 2020)

Mr Gunzburg has over 40 years' experience acting as a public company director, stockbroker, and investor. Mr Gunzburg has previously been a director of Australian Stock Exchange Ltd, Eyres Reed Ltd and CIBC World Markets Australia Ltd. Mr Gunzburg was the Non-Executive Chairman of ASX listed BARD1 Life Sciences Limited, now known as Inoviq Ltd (resigned 28 July 2020).

Mr Gunzburg is a member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Executive Director – Mr. Brett Smith MBA, M.A (appointed 2 December 2019 as Non-Executive Director and Executive Director as of 10 July 2020)

Mr Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base, and precious metals. He has also managed engineering and construction companies in Australia and internationally. Mr. Smith has served on the board of private and listed mining and exploration companies and has over 33 years international experience in the engineering and construction of mineral processing operations. Mr. Smith was previously Executive Director and Deputy Chairman of Hong Kong listed company APAC Resources Limited (resigned 23 November 2023) and Non-Executive Director of ASX listed Elementos NL (resigned 26 May 2023). He is currently Executive Director of Hong Kong listed company Dragon Mining Limited (appointed 7 February 2014) and a Non-Executive Director of ASX listed companies Prodigy Gold NL (appointed 29 November 2021), Tanami Gold NL (appointed 27 November 2018) and NICO Resources Limited (appointed 29 April 202).

Independent Non-Executive Director – Mr Grahame White B. Eng, MAICD (appointed 10 July 2020)

Mr White is a construction and mining executive with comprehensive experience in Australia and Asia. Mr White is currently a non-executive director of ASX listed MacMahon Holdings Limited (ASX: MAH) (appointed 1 February 2024) and has held numerous executive management positions in the resources sector. Mr White has previously served on the Boards of Central West Rural, Forge Group Limited and the Queensland Resource Council.

Mr White is Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.

Independent Non-Executive Director – Mr Patrick O'Connor B.Com, FAICD (appointed Non-Executive Director 24 October 2019 and Non-Executive and Executive Chairman on 3 December 2019 and 17 December 2019, respectively. Reverted to Non-Executive Director on 10 July 2020).

Mr O'Connor has significant experience as an independent Non-Executive Director and as a Chief Executive Officer. His experience spans across mining (gold, copper, lead, zinc and coal), oil & gas exploration, biotechnology and government utility sectors. Mr O'Connor is currently Non-Executive Chairman of FAR Limited (ASX: FAR) and Non-Executive Director of Sierra Rutile Holdings Limited (ASX: SRX) (appointed on 1 August 2023). He previously was a Non-Executive Director and executive director of Red River Resources Limited (In Liquidation) appointed on 9 August 2022 and on 5 September 2022 respectively, which went into liquidation on 23 August 2023.

Mr O'Connor is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

2. Key Management Personnel (continued)

Chief Financial Officer – Mr Daniel Broughton – Bcomm, GradDipCA, MAICD (appointed 1 December 2020)

Mr Broughton provides financial services under a separate service agreement between Dragon Mining Limited and Metals X. Mr Broughton has over 18 years' experience with financial operations of listed mining companies. Mr Broughton is also the Chief Financial Officer of Dragon Mining Limited, a company listed on the Stock Exchange of Hong Kong Limited (Stock Code: 1712) and ASX listed company Tanami Gold NL (ASX: TAM). Mr Broughton graduated with a Bachelor of Commerce from Murdoch University, Western Australia in 2005 and obtained a Graduate Diploma of Chartered Accounting from The Institute of Chartered Accountants, Australia in 2010.

3. Directors' Interests

As at the date of this report, the relevant interests of the Directors in securities of the Company are:

Directors	Fully Paid Ordinary Shares	Options
Mr Peter Gunzburg	-	-
Mr Brett Smith	250,000	-
Mr Patrick O'Connor	1,000,000	-
Mr Grahame White	-	-
Total	1,250,000	-

4. Directors Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Directors	Board Meetings		Audit and Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr Peter Gunzburg	9	8	2	2	1	1
Mr Brett Smith ⁽¹⁾	7	7	-	2	-	1
Mr Patrick O'Connor	9	9	2	2	1	1
Mr Grahame White	9	9	2	2	1	1

⁽¹⁾ Mr Brett Smith was not eligible to attend 2 board meetings due to potential conflicts of interest. Mr Brett Smith attended the Audit and Risk Committee meeting and the Remuneration & Nomination Committee meeting as an invitee.

5. Nature of Operations and Principal Activities

The Company is a limited liability company and is domiciled and incorporated in Australia. The Company owns a 50% equity interest in the Renison Tin Operation through its 50% stake in the Bluestone Mines Tasmania Joint Venture and comprises the Renison Tin Mine located 15km north-east of Zeehan on Tasmania's west coast and the Mount Bischoff Project, placed on care and maintenance in 2010, which is located 80km north of Renison. The principal activities of the Company during the year were:

- Investment in a joint venture company operating a tin mine in Australia; and
- Investments in companies undertaking exploration and development of gold and base metals projects in Australia.

There have been no significant changes in the nature of the Company's activities during the year.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

6. Financial Results Overview

The financial results overview is for the year ended 31 December 2023. As a result of the financial year change from 30 June to 31 December,¹ the comparative reporting period is the 6 months ended 31 December 2022. Consequently, the amounts presented in the Directors' Report and consolidated financial statements are not directly comparable.

The Company achieved a consolidated profit after income tax of \$14.59 million (31 Dec 2022: \$9.97 million) for the year. At year end, Metals X closing cash at bank increased by \$29.11 million to \$143.04 million (31 December 2022: \$113.93 million).

Other key financial results for the Group include:

Financial Results	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
(i) Revenue net of TC/RC	\$153,781	\$66,682
(ii) Cost of sales	\$105,155	\$50,400
(iii) Gross profit	\$48,626	\$16,282
(iv) Other income	\$9,597	\$1,453
(v) Fair value loss on financial assets	(\$23,637)	(\$2,005)
(vi) Income tax expense	\$12,234	\$3,983
(vii) Cash flows from operating activities	\$64,860	\$11,558
(viii) Cash flows used in investing activities	(\$32,650)	(\$18,838)
(ix) Cash flows from/(used in) financing activities	(\$3,097)	(\$1,039)

- (i) Revenue is derived from the Company's 50% equity interest in Renison. During the year, the Renison Tin Operation ("Renison") shipped 4,449 tonnes (Metals X 50% share) of tin-in-concentrate (31 December 2022: 2,012 tonnes of tin-in-concentrate) to Metals X tin customers. The average LME Tin 3-month tin price for the year was US\$25,951/t (2022: US\$22,445/t).
- (ii) Cost of sales of \$105.16 million (31 December 2022: \$50.40 million) includes the following:
- o Royalty expense of \$8.16 million (31 December 2022: \$3.51 million) payable by Metals X on tin revenue;
 - o Underground mining costs of \$35.45 million (31 December 2022: \$15.57 million);
 - o Processing costs of \$19.80 million (31 December 2022: \$9.00 million);
 - o Other Renison production costs of \$9.61 million (31 December 2022: \$4.23 million); and
 - o Renison employee costs of \$21.55 million (31 December 2022: \$10.22 million).
- (iii) An increase in tin revenue relative to cost of sales resulted in a gross profit margin of 31.62% for the year (31 December 2022: 24.42%).
- (iv) Other income of \$9.60m includes \$5.65 million of interest income (31 December 2022: \$1.43 million) on \$100 million held in (3) 3-month term deposits, \$1.44 million (31 December 2022: \$1.44 million) as settlement of the 4% coupon payable under the terms of the convertible notes issued by Cyprum Metals Limited ("Cyprum") (ASX: CYM) and \$2.40 million (31 December 2022: nil) as a gain on sale of investment in associate.
- (v) Represents the fair value adjustment of the Company's (4) convertible notes with a face value of \$36.00 million to \$14.00 million at year end (31 December 2022: \$30.43 million), and a fair value adjustment of the NICO options to \$3.63 million (31 December 2022: \$10.63 million). Refer to note 2 of the consolidated financial statements for valuation details and assumptions.
- (vi) The Company had a deferred tax asset ("DTA") available to offset its income tax expense of \$12.23 million (31 December 2022: tax expense \$3.98 million). Following utilisation of the carry forward tax losses, the Company has recognised a DTA of \$26.31 million at 31 December 2023 (31 December 2022: DTA \$38.54 million).

¹ Refer ASX announcement: 4 January 2022, Change to Financial Year End.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

6. Financial Results Overview (continued)

- (vii) Cash flows from operating activities of \$64.86 million (31 December 2022: \$11.56 million).
- (viii) Cash flows used in investing activities of \$32.65 million (31 December 2022: 18.84 million) relate primarily to payments for property plant and equipment, and mine properties & development, offset by proceeds from the sale of NICO shares.
- (ix) Cash flows used in financing activities relate to \$3.10 million (31 December 2022: \$1.04 million) payments for lease and hire purchase liabilities.

7. Review of Operations

Renison Tin Operation (50% Metals X)

The Company owns a 50% equity interest in the Renison Tin Operation through its 50% stake in the Bluestone Mines Tasmania Joint Venture ("BMTJV").

Renison is one of the world's largest operating underground tin mines and Australia's largest primary tin producer. Renison is the largest of three major skarn, carbonate replacement, pyrrhotite-cassiterite deposits within western Tasmania. The Renison Mine area is situated in the Dundas Trough, a province underlain by a thick sequence of Neoproterozoic-Cambrian siliciclastic and volcanoclastic rocks. At Renison, there are three main shallow-dipping dolomite horizons which host replacement mineralisation. The major structure associated with tin mineralisation at Renison, the Federal Basset Fault, was formed during the forceful emplacement of the Pine Hill Granite during the Devonian and is also an important source of tin mineralisation.

The Renison strategy is focussed on continuing to increase Mineral Reserves net of depletion each year to maintain significant mine life and to deliver higher cash margins through an increased mining rate, grade, and recovery, whilst continuing to seek productivity improvements and reduce costs.

Renison production performance summary (100% Basis)

Physicals	Unit	12 months to 31 Dec 2023	6 months to 31 Dec 2022	Movement \$	Movement %
Ore mined	t	778,638	380,186	398,452	105%
Grade mined	%	1.65	1.38	0.27	20%
Ore processed	t	649,548	307,043	342,505	112%
Grade of ore processed	%	1.92	1.63	0.29	18%
Mill recovery	%	76.27	75.37	0.90	1%
Tin produced	t	9,532	3,773	5,759	153%

- During the year, ore was mined from central federal basset, Huon North, Area 5 and Leatherwood stopes. Mined grade increased to 1.65% (31 Dec 2022: 1.38%) in line with the mine plan following access to the higher-grade Area 5 and Leatherwood stopes established.
- Grade of ore processed increased to 1.92% (31 December 2022: 1.63%) consistent with the increased grade of ore mined from Area 5 and Leatherwood.
- Mill recovery was influenced by high talc and sulphur grades early in the year. As a result, several opportunities to deal with high talc levels were identified, the most significant integrated the mine plan and ROM blending regime to blend talc and sulphur down to manageable levels. Following implementation of the improvement opportunities, mill recovery increased to 76.27% (31 December 2022: 75.37%).
- The improved grade and recovery resulted in production of 9,532t of tin-in-concentrate for the year.

Further details about Renison's production performance can be obtained from the Company's quarterly announcements available on the Company's website www.metalsx.com.au/quarterly-reports.

Capital Project Update

Area 5 Project

The Area 5 upgrade was completed with access to the high-grade Area 5 and Leatherwood stopes established during Q2 CY2023. Average annual tin production is expected to increase on average to 10,000 tonnes of tin per annum.

Key activities completed during the year included:

- Ventilation upgrade

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

Capital Project Update (continued)

Area 5 Project (continued)

- The reaming of the upper leg of the Leatherwoods Fresh Air Raise (“FAR”).
- The lower leg recovery drive, at 1315 level, and the reaming head chamber mined.
- Geotechnical drilling for the new Leatherwoods Return Air Raise (“RAR”).
- The design and independent review of the mine-wide pumping system upgrade was completed. Project costing, schedule development, and early long lead time item procurement are underway.
- Backfill Facility and Infrastructure
 - Paste delivery to production stopes was successfully completed during Q3 CY2023 although component failure of the underground reticulation pipework caused challenges, they were successfully rectified during Q4 CY2023 and scheduled paste fill delivery continued without unplanned interruptions thereafter.
- Surface projects
 - Mechanical installation of the new 12m thickener has been successfully completed. Electrical installations are ongoing, and the project remains on schedule for commissioning in Q1 CY2024.
 - Ongoing defect rectification works in the HV switchyard, detailed design of the tailings dam overhead powerline, and sitewide environmental improvements are in progress.

Metallurgical Improvement Program

The Metallurgical Improvement Program was completed during Q3 CY2023. Key projects completed during the year:

- Tin Flotation Circuit Re-configuration;
- Leach fee surge tank commissioning; and
- Decommissioning of the 50' thickener.

Mine dewatering

- The mining, civil and mechanical installation of the new North Renison Decline pump stations (1036 and 1121 levels) were completed. Electrical installations will be finalised during Q1 CY2024.

Rentails Project

The Rentails Project (“Rentails”) located adjacent to the Murchison Highway south of Laker Pierman, encompasses a significant geographical footprint within a 4,662-hectare consolidated mining lease. It aims to reprocess 23.2 million tonnes of tailings, containing significant amounts of tin and copper, with a proposed new high-technology tailings reprocessing plant capacity of approximately 2.5 million tonnes per year. The aim is for the Rentails facility to be designed and operating to be Net Zero Emission through the selection of the technology and energy source for the thermal upgrade plant with consideration of the world’s first use of green hydrogen in tin fuming. The Company is targeting a FID in 2026 with a 12-18 month construction window.

During the year, the Rentails project has continued to progress in-line with the major objectives of the 2023 study plan approved by the BMTJV Committee². Selection of the final Thermal Upgrade Plant (“TUP”) Technology selection, and submission of a revised Notice of Intent (“NOI”) are scheduled for later in CY2024.

Key activities during the year included:

- TUP Furnace Technology selection:
 - The Box fuming furnace trial at Yunnan Tin Group’s (“YTG”) Gejiu smelter recommenced following commissioning of modifications to address the gas supply and fuel rate limitations encountered during 2023. Consistent results were achieved and adequate data to inform the purposes of the TUP Furnace Technology selection produced. Data analysis of the trial results is now underway, with reporting expected to be complete early Q1 CY2024.
 - The Ausmelt Top Submerged Lance (“TSL”) trial report was finalised by engineering consultant, Metso. Results from the trial demonstrate very low tin losses to slag and a high-grade tin fume product can be robustly achieved.

² Refer ASX announcement: 16 January 2023, Rentails Thermal Upgrade Plant Trials.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

7. Review of Operations (continued)

Rentails Project (continued)

- The Metso Ausmelt TSL furnace process study was completed, with all deliverables finalised and issued for use. A key deliverable from the study was Metso's proposed performance warranties with respect to tin losses to slag, tin fume quality and fuel consumption for the full scale Rentails TUP installation; these reflected the positive trial and process study outcomes.
- Commencement of the ENFI Box fumer process study is expected to commence in Q1 CY2024. The overall TUP techno-economic study will be progressed in parallel with this, with the final TUP furnace technology selection expected mid CY2024.
- Infrastructure Engineering:
 - Engagement with various stakeholders with respect to accommodation and energy requirements continued.
 - Assessment of additional permanent and temporary infrastructure requirements including construction and operations accommodation will be further progressed during Q1 and Q2 CY2024.
 - Preparation of the water balance/s to support the definition of additional water requirements was well progressed by the end of the year.
- Tailings Reclaim, Tailings and Water Management:
 - Analysis and reporting of the geotechnical and hydrogeological drill programs was completed. This work highlighted the need for a small additional geotechnical/hydrogeological drilling program in the proposed area to fully inform groundwater modelling and engineering requirements.
 - The geotechnical/hydrogeological drilling program was fully defined, and approval granted by Mineral Resources Tasmania ("MRT") to complete this as an extension to the 2023 programme permit conditions with completion expected during Q1 CY2024.
 - Development of baseline surface, groundwater, and geo-chemistry models was completed.
 - Ground monitoring and the surface water monitoring programs continued.
 - Strength testing of A-B and C Dam tailings to inform detailed tailings reclaim planning was completed.
 - Preliminary Tailings Storage Facility ("TSF") engineering to assess spillway options and water management issues continued.

Rentails Project (continued)

- Safety, Health, Environment and Community:
 - Studies to meet the revised NOI 2024 submission schedule were progressed.
 - Further targeted natural values surveys of threatened species to support the previous natural values assessment report were completed. These surveys will continue in CY2024.
 - Stakeholder engagement activities continued, with initial engagement with all key stakeholders, including the Environmental Protection Authority ("EPA"), completed.
 - The socio-economic baseline assessment was validated through consultation with affected parties and assessment of impacts.
 - Further stakeholder engagement activities will be progressed over Q1 and Q2 CY2024.
 - The Company is targeting a FID in 2026 with a 12-18 month construction window.

Near Mine Exploration

During the year a total of 6,474.6m of exploration diamond drilling was completed, of which 4,108.5m was DHEM Phase 2 drilling, 1,972.7m was Ringrose follow-up (following S1671 discovery hole), 95.1m DHEM Phase 3, and 298.3m Ringrose infill.

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. Results from the Ringrose follow-up exploration drilling were announced at the beginning of Q3 CY2023³. The Company expects to announce further Ringrose drilling results in Q1 CY2024. Drilling to continue in Q1 and Q2 CY2024.

³ Refer ASX announcement: 5 July 2023, Exploration Drilling Results

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

7. Review of Operations (continued)

Further surface diamond drilling is continuing for the Down Hole Electro Magnetic ("DHEM") phase 3 program with five holes planned for 2,070m.

The DHEM survey was completed in Q4 CY2023 with 4 holes surveyed for 2,993m. A total of 161 stations for 8,000m line metres of surface Fixed-Loop Electromagnetic ("FLEM") Survey was also completed in Q4 CY2023. A final report is expected in Q1 CY2024. Planning of a new FLEM survey along the northern extent of the Federal Fault was completed in Q4 CY2023 with work expected to commence on the survey in Q1 and Q2 CY2024.

During the year, two \$70,000 Exploration Drilling Grant Initiative ("EDGI") grants were awarded from the Tasmanian Government to contribute to the drilling costs of testing the DC and Tunnel Hill targets.

Mine Resource Drilling Program

During the year, 50,272m of underground drilling was completed. Drilling included grade control from Area 5, Heemskirk, Envelopes, and Central Federal Basset; Reserve definition drilling in Area 5, Huon north and Leatherwood; geotechnical drilling from the Murchison Area.

In 2024 Renison's planned underground drilling programs total 52,800m and will aim to expand mineral resources further to the south, north, and depth than current extents. In addition to extensional drilling, grade control drilling programs will be targeting planned mining activities to optimise mining outcomes with grade definition drilling. Resource definition drilling will be targeting Regnans, Huon North, South Basset and Area 4, while infill drilling programs will be targeting lower Area 5, Hastings, CFB Upper, Area 4 and Leatherwood. Definition drilling of the Ringrose prospect west of the Renison mine will also continue in 2024.

Renison Rehabilitation Update

During the year the BMTJV engaged a third party expert to update the mine closure cost estimate for Renison. The update identified a significant increase in closure costs primarily in relation to demolition costs, and costs in relation to tailings storage facility A, B, C and D. The Renison rehabilitation provision has increased to \$32.44 million (31 December 2022: \$9.79 million) resulting in an increase of \$22.65 million (100% basis).

Rehabilitation provisions are estimated based on survey data, external contracted rates, and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. Refer to Note 18 for further information on the rehabilitation provisions.

Mt Bischoff Project

Mt Bischoff has a rich history as a significant tin mine. Discovered in 1871, it produced approximately 60,000 tonnes of tin metal since the late 1800s. After being placed on care and maintenance in 2010, the mine is now undergoing approval for rehabilitation and closure. An updated 90% rehabilitation plan is being prepared for discussion with the authorities. The 90% design and closure plan are expected to be submitted to the Tasmania EPA by 30 Nov 2024. Whilst the updated plan is being prepared, BMTJV performed a desktop review of the provision in light of the updated rates for Renison. The update resulted in an increase in the Mt. Bischoff rehabilitation provision to \$21.18 million (31 December 2022: \$17.00 million) resulting in an increase of \$4.18 million (100% basis).

Renison Ore Reserve and Life of Mine update

Metals X announced its updated 2023 Renison Ore Reserve and Life of Mine Update⁴ highlighting a 10+ year mine life from 2024 with an annual production average of 10,191t of recovered tin metal in concentrate with the bulk of ore mined coming from the high-grade Area 5 and Leatherwood ore bodies.

Total Renison Bell Proved and Probable Reserve is 8.225 Mt at 1.48% Sn for 121,700 tonnes of contained tin. The 2023 Resource estimate update⁵ for Renison on which the ore reserve is based highlighted total measured, indicated and inferred resource at Renison Bell of 20 Mt at 1.54% Sn for 308,000 tonnes of contained tin.

⁴ Refer ASX announcement 19 December 2023, Renison Ore Reserve and Life of Mine update

⁵ Refer ASX announcement 28 September 2023, Renison Mineral Resource update

DIRECTORS' REPORT (continued)
For the year ended 31 December 2023

8. Corporate

Investments – Convertible Notes, Shares and Options

(i) *Cyprium Metals Limited*

The Company continues to hold \$36.00 million in aggregate in convertible notes issued by Cyprium with an annual coupon rate of 4%. The convertible notes are valued at fair value through profit or loss refer at note 12 in the consolidated financial statements.

On 30 March 2023, the Company 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 Cyprium.

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

At 31 December 2023 the Cyprium convertible notes were fair valued at \$14.00 million (31 December 2022: \$30.42 million) resulting in a fair value adjustment of \$16.42 million. Refer to note 2 and 12 for further details on the convertible note valuation.

Further details on the activities of Cyprium are available from their ASX releases.

(ii) *Nico Resources Limited*

Following completion of the sale of the Company's Nickel Asset portfolio to Nico Resources Limited ("NICO") (ASX: NC1) and subsequent IPO, the Company received 21,100,000 fully paid ordinary shares ("NICO Shares") and 25,000,000 Options ("NICO Options"). The investment in NICO is presented as an investment in an associate at note 11 in the consolidated financial statements. The 25,000,000 options in NICO is presented as a financial assets at fair value through profit or loss at note 12 in the consolidated financial statements. Refer to note 2 for inputs used to value the NICO Options using a Black Scholes model at 31 December 2023.

During the year, the Company sold 8,000,000 NICO Shares for a consideration of approximately \$3.99 million (net of transaction costs).

On 19 September 2023, NICO announced 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 took up the whole of its pro-rata entitlement of 1,540,000 new shares for a consideration of \$0.62 million after which Metals X retained its interest of 8.46% in NICO.

At 31 December 2023, the Company continues to hold:

- 8,540,000 NICO Shares (unrestricted).
- 700,000 NICO Shares escrowed until 19 January 2024.
- 25,000,000 NICO Options, exercisable at \$0.25 each, escrowed until 19 January 2024, expiring 3 years after grant date, exercisable after 19 January 2024 and on or before 3 November 2024.

The Company is entitled to a 1.75% net smelter royalty on all metals produced from both the Wingellina Nickel-Cobalt Project and the Claude Hills Project once in production.

(iii) *Tanami Gold NL*

During the year, the Company purchased approximately 34.43 million shares (representing 2.93% of the shares on issue) in Tanami Gold NL ("Tanami Gold") (ASX:TAM) at an average price of approximately \$0.034 cents per share for a cost of \$1.17 million (net of transaction costs). The investment in Tanami Gold is presented as an investment in associate at note 11 in the consolidated financial statements.

9. Business Risks

The Group faces operational risks on a continuing basis. The Company has adopted policies and procedures designed to manage and mitigate those risks wherever possible. However, it is not possible to avoid or even manage all possible risks. Some of the operational risks are outlined below but the total risk profile, both known and unknown, is more extensive.

Safety

LTI, serious workplace accidents or significant equipment failures may lead to harm to the Group's employees or other persons; temporary stoppage or closure of an operating mine; delays to production schedules and disruption to operations; with material adverse impact on the business.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

9. Business Risks (Continued)

The Company continues to work closely with all stakeholders to promote continuous safety improvements and Occupational Health and Safety (OH&S), with due consideration to evolving scientific knowledge and technology, management practices and community expectations. The Group ensures it maintains compliance with the applicable laws, regulations, and standards of the countries, it operates in by:

- improving and monitoring OH&S performance;
- training and ensuring its employees and contractors understand their obligations and are held accountable for their responsibilities;
- communicating and openly consulting with employees, contractors, government, and the community on OH&S issues; and
- developing risk management systems to appropriately identify, assess, monitor, and control hazards in the workplace.

Production

The Group's tin revenue for the year came from the BMTJV. The process recovery rate and production costs are dependent on many technical assumptions and factors, including the geological, physical, and metallurgical characteristics of ores. Any change in these assumptions and factors may have an adverse effect on the Group's production volume or profitability. Actual production may vary from expectation for a variety of reasons, including grade and tonnage. Plant breakdown or availability and throughput restraints may also affect the operation.

Permitting

The Group may encounter difficulties in obtaining all permits necessary for its exploration, evaluation, and production activities at its existing operations or for pre-production assets. It may also be subject to ongoing obligations to comply with permit requirements, which can incur additional time and costs.

Social and Political

The Group may face opposition from groups or individuals opposed to mining generally, or to specific projects, resulting in delays or increased costs. Such opposition may also have adverse effects on the political climate generally.

The Group is exposed to other risks which include, but are not limited to, cyber-attack, and natural disasters, that could have varying degrees of impact on the Group and its operating activities. Where available and appropriate to do so, the Board will seek to minimise exposure using insurance, while actively monitoring the Group's ongoing exposure. In addition, the Group's awareness of the risks from political and economic instability have been heightened by ongoing and recent geo-political events, which have contributed to an increase in the costs of some key inputs.

10. Dividends

No dividends were paid to members during the year (31 Dec 2022: Nil).

The Directors do not propose to pay any dividend for the year.

11. Unissued Shares under Options

During the Reporting Period, no options were forfeited due to performance criteria not being achieved or cessation of employment. As at the date of this report, there are no ordinary unissued shares under option (31 Dec 2022: Nil).

There were no shares issued under option in the Company since the Reporting Period.

12. Significant Events After Balance Date

There are no significant events after balance date as at the date of this report.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

13. Business Strategies, Prospects and Capital Allocation

The Company continues to evaluate potential acquisitions both domestically and internationally. The principal focus of the Company is Tin; however, the Board has reviewed and will continue to review analogous base metal and gold opportunities that possess geological similarities or geographical synergies.

Along with maintaining a cash balance that will allow growth by acquisition, the Company is committed to supporting the BMTJVs progress on Rentails. The Board considers the Rentails project more attractive than any of the potential acquisitions. While the funding structure for the Rentails project has not been finalised, the Company continues to build its cash reserves to allow a commitment to fund its share of the project to be made.

Additionally, the Company is committed to optimising returns from its financial instruments and shareholdings in NICO, Cyprium and Tanami Gold.

14. Environmental, Social and Governance

The Company owns a 50% interest in the Renison Tin Operation, through its 50% stake in the BMTJV, which is subject to the relevant environmental protection legislation (Commonwealth and State legislation). The Group holds various environmental licenses issued under these laws, to regulate its mining and exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during mining and exploration activities and the storage of hazardous substances.

The Board retains overall responsibility for the Group's Environmental, Social and Governance ("ESG") performance and is committed to operating in a manner that contributes to the sustainable development of mineral resources through efficient, balanced, long-term management, while showing due consideration for the well-being of people; protection of the environment; and development of local community.

The Group recognises its responsibility for minimising the impact of its activities on, and protecting, the environment. The Group is committed to developing and implementing sound practices in environmental design and management and actively operates to:

- work within the legal permitting framework and operate in accordance with our environmental management systems;
- identify, monitor, measure, evaluate and minimise our impact on the surrounding environment;
- give environmental aspects due consideration in all phases of the Groups mining projects, from exploration through to development, operation, production, and final closure; and
- act systematically to improve the planning, execution, and monitoring, of its environmental performance.

There have been no material breaches of the Group's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

The Company's has established an ESG Reporting framework consisting of five commitments developed "with reference to" the Global Reporting Initiative Standards ("GRI") (Foundation 2021) ("GRI Standards") which have been endorsed by the Board.

The Company's 2023 ESG Report will be announced with the 31 December 2023 annual report, and made available on the Company's website at www.metalsx.com.au/environment-social-and-governance/.

15. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is available at <https://www.metalsx.com.au/aboutus/corporate-governance/>.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

16. Remuneration Report - Audited

The Directors of Metals X present the Remuneration Report (the **Report**) for the year ended 31 December 2023. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and its regulations.

This Report details the remuneration arrangements for the Company's Key Management Personnel ("KMP") defined as those who directly or indirectly, have authority and responsibility for planning, directing, and controlling the major activities of the Group, including any Director (whether executive or otherwise) and Executives of the Company.

The table below outlines the KMP of the Company and their movements during the year:

Name	Position	Term as KMP
Mr Peter Gunzburg	Independent non-executive Chairman	Full financial year
Mr Brett Smith	Executive director	Full financial year
Mr Patrick O'Connor	Independent non-executive director	Full financial year
Mr Grahame White	Independent non-executive director	Full financial year
Mr Daniel Broughton	Chief financial officer	Full financial year

There were no other changes to KMP during this year.

16.1 Remuneration Policy

The Board recognises that the Company's performance depends upon the quality of its Directors and Executives. To achieve its financial and operating activities, the Company must attract, motivate, and retain highly skilled Directors and Executives.

The Company embodies the following principles in its remuneration framework:

- Provides competitive rewards to attract high calibre Directors and Executives;
- Structures remuneration at a level that reflects the Executive's duties and accountabilities and is competitive within Australia;
- Benchmarks remuneration against appropriate industry groups; and
- Aligns Executive incentive rewards with the creation of value for shareholders.

Performance related Executive remuneration, including cash bonuses, are based on the Company's and individual performance, and are determined at the Board's discretion.

16.2 Company Performance

The table below shows the Company's financial performance over the last five reporting periods.

Performance summary	31 Dec 2023	6 months to 31 Dec 2022	30 Jun 2022	30 Jun 2021	30 Jun 2020
Closing share price	\$0.29	\$0.39	\$0.34	\$0.21	\$0.08
Profit/(loss) per share from continuing operations (cents per share)	1.61	1.10	19.44	2.53	(1.46)
Net assets per share	\$0.37	\$0.35	\$0.34	\$0.15	\$0.06
Total shareholder return	(25%)	15%	62%	172%	(68%)
Dividend paid per share (cents)	-	-	-	-	-

16.3 Remuneration and Nomination Committee Responsibility

The Remuneration and Nomination Committee (the "Remuneration Committee") is a subcommittee of the Board and is responsible for making recommendations to the Board on KMP remuneration, and the KMP remuneration framework and incentive plan policies.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of KMP on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing KMP.

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it can seek external remuneration advice. No external consultants were utilised during the year.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

16. Remuneration Report – Audited (continued)

16.4 Remuneration of Non-Executive Directors

The Company's Non-Executive Director fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence, and objectivity.

The Company's Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors, shall be approved periodically by shareholders. The last determination was at the Annual General Meeting ("AGM") held on 26 November 2014 when shareholders approved an aggregate fee pool of \$600,000 per year.

The amount of the remuneration paid to Non-Executive Directors is reviewed annually, within the aggregate fee pool limit approved by shareholders.

16.5 Remuneration of Executives

In determining Executive remuneration, the Remuneration Committee aims to ensure that remuneration practices are:

- Competitive and reasonable;
- Enabling the Company to attract and retain high calibre talent;
- Aligned to the Company's strategic and business objectives and the creation of shareholder value;
- Transparent and easily understood; and
- Acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by Executives and shareholders.

16.6 Executive Remuneration Structure

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components fixed remuneration and short-term incentives ("STI").

The Company does not currently consider the issue of long-term incentive ("LTI") to Directors and Executives to be appropriate.

16.7 Fixed Remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits designed to reward for:

- the scope of the Executive's role;
- the Executive's skills, experience, and qualifications; and
- individual performance.

16.8 Performance Linked Compensation – STI

Directors and Executives may have an STI component included in their remuneration package representing a meaningful "at risk" STI payment. The payment will be "at risk" in that it will only be payable if a set of clearly defined and measurable performance metrics or Key Performance Indicators ("KPI") have been met in the applicable performance period. The KPI's may include a combination of company KPI's and individual KPI's. The Board must set KPI's that are based on metrics that are measurable, transparent, and achievable, designed to motivate and incentivise the recipient to achieve high performance, and are aligned with the Company's short-term objectives and shareholder value creation. The board retains discretion to assess performance during the period.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

16. Remuneration Report – Audited (continued)

16.8 Performance Linked Compensation – STI (continued)

Under the STI plan, Executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	The STI, if achieved, will be paid annually in cash depending on the eligible employee's employment contract. STI opportunities will vary from employee to employee depending on role and responsibility and will be set out in Executives employment contract.
How much can Executives earn?	The maximum STI award for the Executive Director for the year is \$315,000 and represents 67% of the total fixed remuneration ("TFR") being subject to performance related criteria.
How is performance measured?	A combination of personal and business KPIs are chosen to reflect the core drivers of short-term performance and also to provide a framework for delivering sustainable value to the Group and its shareholders. Robust threshold, target and maximum targets are established for all KPIs to drive high levels of personal and business performance. The annual budget generally forms the basis for the target performance set by the Board. The specific KPIs and weightings may change from year to year to best reflect the priorities and critical success factors of the Company.
When is it paid?	The STI award is determined after the end of the performance period following a review of performance over the period against the STI performance measures at the discretion of the Remuneration Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.
What happens if an Executive leaves?	Where an Executive ceases to be an employee of the Group: <ul style="list-style-type: none"> • due to resignation or termination for cause, before the end of the performance period, no STI is awarded for that year; or • due to redundancy, ill health, death, or other circumstances approved by the Board, the Executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that period. • unless the Board determines otherwise.
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control (subject to Board discretion).

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

16. Remuneration Report – Audited (continued)

16.8 Performance Linked Compensation – STI (continued)

The STI award threshold for the Directors and Executives are subject to annual review of the Board of Directors. KPIs will be set annually as part of the annual business planning cycle and are targeted to be finalised no later than the 31 January of each calendar year as follows:

- KPIs for the Company and Executive Director are set and approved by the Board;
- KPIs will be reviewed by the Board to ensure that hurdles are objectively measurable and aligned with Company strategy; and
- KPI achievement may be subject to 'gate way' tests as itemised for a particular KPI (for example, irrespective of performance, a safety KPI will not be deemed achieved in the event that the Company experiences a fatality).
- Discretionary bonus for Senior Executives are set by the Executive Director and approved by the Board.

KPI Targets and Stretch Targets will generally be aligned with the Company's strategic plan and may include health, safety and environmental metrics, financial metrics, delivery of projects and growth initiatives, sustainability initiatives and improvements to Company systems and processes. KPI Targets are not the same as Budget Targets. Philosophically, employees are paid their TFR for delivering budget performance and are paid "at risk" compensation for delivering better than budget performance. Stretch performance should be a level beyond this. Targets and Stretch Targets will be developed as part of the Annual Business Planning Cycle. The Board is responsible for the determination of whether the KPI Targets or Stretch Targets have been achieved and how much of the STI will be payable for each performance period. In making such determination it may obtain external expert advice.

STI Performance and Outcomes for the year:

Key Performance Indicators	Performance Measure	Value (% STI)	Actual	Result
Safety				
• Total Reportable Injury Frequency Rate (TRIFR)	Less Than 7	10%	5.6	10%
• Fatalities	> zero	Total STI equal zero	Zero	N/A
Renison Operations (100% basis)				
• Tin Production	> 10,676t +/- 10%	20-40% at board discretion	9,532 t	20%
• Cash Production Cost	< \$14,301/t +/- 10%	20-40% at board discretion	\$17,696 / t	Zero
• Free cashflow to Renison	Greater than A\$53M +/- 10%	15-25% at board discretion	A\$79M	25%
Corporate				
• Sale of NICO shares	Greater than A\$0.40/share	10%	A\$0.50/share	10%

Consequently, the Remuneration Committee recommended the following remuneration for the Executive Director for the year:

- Total Fixed Remuneration: \$467,500
- Maximum STI: \$315,000 (being 67% Total fixed remuneration)
- Awarded STI: \$204,750 (being 65% of the maximum available STI)

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

16. Remuneration Report – Audited (continued)

16.9 Executive Employment Arrangements and Service Contracts

Compensation and other terms of employment for KMP are formalised in contracts of employment. The major provisions of each of the agreements relating to compensation are set out below.

The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Fixed Remuneration	Maximum variable STI	Super-annuation	Notice period (months)	Maximum termination payment (months)
Directors					
Mr Peter Gunzburg	\$110,000	-	11%	-	-
Mr Brett Smith	\$467,500	\$315,000	11%	6	6
Mr Patrick O'Connor	\$80,000	-	11%	-	-
Mr Grahame White	\$90,000	-	11%	-	-
Executives					
Mr Daniel Broughton ¹	\$110,500	-	11%	-	-

¹ Mr Daniel Broughton provides Chief Financial Officer services under a separate service agreement between Dragon Mining Limited and Metals X.

16.10 Equity Instruments

No options over ordinary shares in the Company were granted as compensation to KMP during the year and no options vested during the year.

16.11 Modifications of Terms of Equity-Settled Share-Based Payment Transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to KMP) have been altered or modified by the issuing entity during the year.

16.12 Exercise of Options Granted as Compensation

During the year, no shares were issued on the exercise of options previously granted as compensation to KMP.

16.13 Analysis of Options and Rights Over Equity Instruments Granted as Compensation

No options have been issued, granted, or will vest to KMP personnel of the Company.

16.14 Analysis of movements in options and rights

There were no options granted during the year.

16.15 Shareholdings of Directors and Key Management Personnel

Ordinary Fully Paid Shares	Balance 1 Jan 2023	Granted as Remuneration	Net Change Other	Balance 31 Dec 2023
Directors				
Mr Peter Gunzburg	-	-	-	-
Mr Brett Smith	250,000	-	-	250,000
Mr Patrick O'Connor	1,000,000	-	-	1,000,000
Mr Grahame White	-	-	-	-
Executives				
Mr Daniel Broughton	-	-	-	-
Total	1,250,000	-	-	1,250,000

16.16 Directors and Executive Officers Remuneration

The following table details the components of remuneration for KMP of the Company, for the year ended 31 December 2023

<i>In dollars</i>		Short-Term			Long-Term Benefits	Post-Employment	Share Based Payments	Termination Payments	Total Emoluments	Proportion of Remuneration Performance Related
		Salary & Fees	Non-Monetary Benefits	STI and Bonuses	Employee Entitlements	Super-annuation Benefits	Options			
		AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	%
Directors										
Mr Peter Gunzburg	Dec 2023	110,000	-	-	-	11,825	-	-	121,825	-
(Non-Executive Chairman)	Dec 2022	55,000	-	-	-	5,775	-	-	60,775	-
Mr Brett Smith	Dec 2023	467,500	-	204,750	-	72,473	-	-	753,722	27%
(Executive Director)	Dec 2022	254,753	-	90,000	-	26,749	-	-	371,502	24%
Mr Grahame White	Dec 2023	90,000	-	-	-	9,675	-	-	99,675	-
(Non-Executive Director)	Dec 2022	45,000	-	-	-	4,725	-	-	49,725	-
Mr Patrick O'Connor	Dec 2023	80,000	-	-	-	8,600	-	-	88,600	-
(Non-Executive Director)	Dec 2022	40,000	-	-	-	4,200	-	-	44,200	-
Total all specified Directors	Dec 2023	747,500	-	204,750	-	102,572	-	-	1,054,823	19%
	Dec 2022	394,753	-	90,000	-	41,449	-	-	526,202	17%
Specified Executives										
Mr Daniel Broughton ¹	Dec 2023	123,197	-	20,000	-	15,444	-	-	158,640	13%
(Chief Financial Officer)	Dec 2022	55,000	-	-	-	-	-	-	55,000	-
Total all named Executives	Dec 2023	123,197	-	20,000	-	15,444	-	-	158,640	13%
	Dec 2022	55,000	-	-	-	-	-	-	55,000	-
Total all specified Directors and Executives	Dec 2023	870,697	-	224,750	-	118,016	-	-	1,213,463	19%
	Dec 2022	449,753	-	90,000	-	41,449	-	-	581,202	15%

¹ Mr Daniel Broughton provides Chief Financial Officer services under a separate service agreement between Dragon Mining Limited and Metals X. During the year Mr Daniel Broughton provided additional services outside the scope of the service agreement, resulting in fees in excess of the \$110,000 agreement. Mr Daniel Broughton received a non-variable \$20,000 bonus at the discretion of the Board.

DIRECTORS' REPORT (continued)

For the year ended 31 December 2023

17. Indemnification and Insurance of Directors, Officers, and Auditors

The Company provides Directors' and Officers' liability insurance covering Directors' and Officers of the Company against liability in their role with the Company, except where:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of Sections 232(5) or (6) of the Corporations Act 2001.

The Directors' have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as such disclosure is prohibited under the terms of the contract.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since year end.

18. Lead Auditor's Independence Declaration

The Directors have received confirmation from the auditor of Metals X that they are independent of the Company.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included on page 61 of this report.

19. Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to note 22 of the consolidated financial statements):

Tax compliance services \$0.045 million.

20. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated), and where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

Signed in accordance with a resolution of the Directors.



Brett Smith

Executive Director

29 February 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Continuing operations			
Revenue	3	153,781	66,682
Cost of sales	5(a)	(105,155)	(50,400)
Gross profit		48,626	16,282
Other income	4	9,597	1,453
General and administrative expenses	5(b)	(3,804)	(1,564)
Commodity and foreign exchange gain	5(c)	-	11
Finance costs	5(d)	(877)	(228)
Fair value loss on financial assets	5(e)	(23,637)	(2,005)
Share of loss of associates	11	(960)	-
Rehabilitation costs	17	(2,126)	-
Profit before tax		26,819	13,949
Income tax expense	6	(12,234)	(3,983)
Profit for the period from continuing operations		14,585	9,966
Profit attributable to:			
Members of the parent		14,585	9,966
Total comprehensive income attributable to:			
Members of the parent		14,585	9,966
Basic earnings and diluted earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
From continuing operations	7	1.61	1.10

As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the consolidated statement of comprehensive income are not directly comparable.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2023

	Notes	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Current assets			
Cash and cash equivalents	8	143,042	113,929
Trade and other receivables	9	15,686	16,331
Inventories	10	28,591	22,949
Prepayments		1,604	1,160
Convertible note receivable	12	1,080	1,080
Derivative financial instruments	12	3,625	10,842
Total current assets		193,628	166,291
Non-current assets			
Other receivables	9	3,457	3,457
Convertible note receivable	12	12,923	29,343
Investment in associate	11	2,374	3,140
Property, plant, and equipment	13	74,084	68,073
Mine properties and development	14	79,811	45,999
Exploration and evaluation expenditure	15	352	352
Deferred tax asset	6	26,307	38,541
Total non-current assets		199,308	188,905
Total assets		392,936	355,196
Current liabilities			
Trade and other payables	16	16,400	13,104
Provisions	17	6,407	4,529
Interest bearing liabilities	18	4,030	1,930
Total current liabilities		26,837	19,563
Non-current liabilities			
Provisions	17	27,539	14,576
Interest bearing liabilities	18	4,327	1,409
Total non-current liabilities		31,866	15,985
Total liabilities		58,703	35,548
Net assets		334,233	319,648
Equity			
Issued capital	19	319,570	319,570
Accumulated losses	20	(13,152)	(27,737)
Share based payments reserve	21	27,815	27,815
Total equity		334,233	319,648

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Cash flows from operating activities			
Receipts from customers		149,162	54,209
Payments to suppliers and employees		(90,848)	(43,372)
Interest received		6,846	826
Other receipts		38	19
Interest paid		(338)	(124)
Net cash flows from operating activities	8	64,860	11,558
Cash flows from investing activities			
Payments for property, plant, and equipment		(13,035)	(10,837)
Payments for mine properties and development		(21,891)	(8,001)
Payments for investment in associate		(1,794)	-
Proceeds from sale of investment in associate		4,000	-
Proceeds from sale of property plant and equipment		70	-
Net cash flows used in investing activities		(32,650)	(18,838)
Cash flows from financing activities			
Payment of lease and hire purchase liabilities		(3,097)	(1,039)
Net cash flows from/(used in) financing activities		(3,097)	(1,039)
Net increase/(decrease) in cash and cash equivalents		29,113	(8,319)
Cash at the beginning of the period		113,929	122,248
Cash and cash equivalents at the end of the period	8	143,042	113,929

As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the consolidated statement of cash flows are not directly comparable.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Issued capital	Accumulated losses	Share based payments reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2022	319,570	(37,703)	27,815	309,682
Profit for the 6 month period	-	9,966	-	9,966
Total comprehensive profit for the 6 month period	-	9,966	-	9,966
At 31 December 2022	319,570	(27,737)	27,815	319,648
At 1 January 2023	319,570	(27,737)	27,815	319,648
Profit for the year	-	14,585	-	14,585
Total comprehensive profit for the year	-	14,585	-	14,585
At 31 December 2023	319,570	(13,152)	27,815	334,233

As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the consolidated statement of changes in equity are not directly comparable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Corporate Information and Summary of Accounting Policies

The consolidated financial report of Metals X Limited (“Metals X” or the “Company”) for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 29 February 2024.

The Company was incorporated and domiciled in Australia and is a for profit company limited by shares which are publicly traded on the Australian Securities Exchange. The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries (the “Group”). Both the functional and presentation currency of the Group is Australian dollars (A\$). The Company’s registered office address is Unit 202, Level 2, 39 Mends Street, South Perth WA 6151.

a) Basis of preparation of the consolidated financial report

The consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The Company’s consolidated financial report is for the year ended 31 December 2023 (the “Reporting Period”). As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months ended 31 December 2022. Consequently, the amounts presented in the consolidated financial statements are not directly comparable.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues, and expenses of joint operations. These have been incorporated in the consolidated financial statements under the appropriate classifications.

The consolidated financial report has been prepared on a historical cost basis, except for certain financial instruments measured at fair value through profit and loss. The amounts contained in the consolidated financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Group under ASIC Corporations (Rounding in Financial Report) Instrument 2016/191.

b) Statement of compliance

The consolidated financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (“AASB”) and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

c) New and amended accounting standards and interpretations

Since 1 January 2023, the Group has adopted all Accounting Standards and Interpretations effective from 1 January 2023. The accounting policies adopted are consistent with those of the previous financial year. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

d) Changes in accounting policies and disclosures

Certain new and amended accounting standards and interpretations have been issued that are not mandatory for 31 December 2023 reporting periods. These standards and interpretations have not been early adopted. The Company has performed a preliminary assessment of the standards and interpretations below and anticipates no material impact on the balances and transactions presented in these consolidated financial statements when they come into effect.

AASB 2014-10 Amendments to AASs Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. Effective for annual reporting periods beginning on or after 1 January 2025.

The amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture. These amendments are applied prospectively.

Earlier application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

1. Corporate Information and Summary of Accounting Policies (continued)

d) Changes in accounting policies and disclosures (continued)

AASB 2022-5 Amendments to AASs Lease Liability in a Sale and Leaseback. Effective for annual reporting periods beginning on or after 1 January 2024.

In a sale and leaseback transaction recognised as a sale under AASB 15 Revenue from Contracts with Customers, AASB 16 requires the seller-lessee to measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The standard, however, does not specify how the liability arising in a sale and leaseback is measured. This impacts the measurement of the right-of-use asset and could result in recognition of a gain or loss on the right-of-use asset retained. Of particular concern is the impact of excluding from the lease liability, variable lease payments that do not depend on an index or rate.

The issue has been addressed in the amendment, which specifies that the seller-lessee measures the lease liability arising from the leaseback in such a way that they would not recognise any gain or loss on the sale and leaseback relating to the right-of use asset retained.

The amendment does not prescribe specific measurement requirements for the lease liability arising from a leaseback. The seller-lessee will need to establish an accounting policy that results in information that is relevant and reliable in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendment, however, includes examples illustrating the initial and subsequent measurement of the lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The amendment may represent a significant change in accounting policy for entities that enter into sale and leaseback transactions with such variable payments.

The amendment to AASB 16 is applied retrospectively to sale and leaseback transactions entered into after the beginning of the annual reporting period in which an entity first applied AASB 16.

Earlier application of the amendment is permitted.

AASB 2020-1 Amendments to AASs Classification of Liabilities as Current or Non-current Effective for annual reporting periods beginning on or after 1 January 2024.

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB issued AASB 2020-1 *Amendments to AASs Classification of Liabilities as Current or Non-current* to clarify the requirements for classifying liabilities as current or noncurrent, specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management intention or expectation does not affect the classification of liabilities.
- In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period.

- In response to this possible outcome, in December 2022 the AASB issued AASB 2022-6 Amendments to AASs - Non-current Liabilities with Covenants:
- Clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or noncurrent;
- Adding presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months; and
- Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date. These amendments are applied retrospectively.

Earlier application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

1. Corporate Information and Summary of Accounting Policies (continued)

e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

f) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences are taken to the consolidated statement of comprehensive income.

g) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant in understanding of the consolidated financial statements are provided throughout the notes to the consolidated financial statements.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset (i.e., an asset that necessarily takes a substantial amount of time to prepare for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Goods and service taxes (GST)

Revenues, expenses, and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

1. Corporate Information and Summary of Accounting Policies (continued)

j) Joint arrangements

Joint arrangements are arrangements over which two or more parties have joint control. Joint Control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Group recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Group's share of the net assets of the joint venture.

k) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "share of loss of an associate" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

1. Corporate Information and Summary of Accounting Policies (continued)

l) Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements and estimates on historical experience, independent experts, and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the consolidated financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Note	Key estimate or judgement
Revenue – note 3	<ul style="list-style-type: none"> • Identification of the enforceable contract. • Identification of performance obligations for arrangements subject to CIF Incoterms.
Property, plant and equipment and depreciation – note 13	<ul style="list-style-type: none"> • Life of mine method of depreciation provided incorporating residual values and useful lives.
Mine property and development and amortisation – note 14	<ul style="list-style-type: none"> • Determination of mineral resources and ore reserves. • Life of mine method of amortisation based on units of production (“UOP”) resulting in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. • Impairment of capitalised mine development expenditure. • Estimate of future capital development expenditure.
Provisions – note 17	<ul style="list-style-type: none"> • Future cash flows (amounts and timing) required to rehabilitate. • Discount rate.
Convertible notes receivable Derivative financial instruments – note 2(g) and 12.	<ul style="list-style-type: none"> • Share price volatility. • Determination of forecast commodity prices. • Market interest rate. • Credit risk.
Investment in an associate – note 11	<ul style="list-style-type: none"> • Determination on whether the Group has significant influence in the policy making process of the investee.
Deferred tax asset – note 6	<ul style="list-style-type: none"> • Determination of future taxable income.

2. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments comprise receivables, payables, lease liabilities, cash and short-term deposits, derivative financial instruments, convertible notes, and equity investments.

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with the Group’s financial risk management policy. The objective of the policy is to support the delivery of the Group’s financial targets while protecting future financial security.

The Group may enter derivative transactions, principally forward commodity swaps, from time to time, to manage the commodity price risks arising from the Group’s operations. The Group did not have any derivative transactions of these types as at 31 December 2023 (31 December 2022: nil). Historically, these derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits set by the Board.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, commodity risk, credit risk, equity price risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange, and commodity prices. Ageing analysis and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the identified risks, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the notes to the consolidated financial statements. The accounting classification of each category of financial instruments, as defined in the notes to the consolidated financial statements, and their carrying amounts, are set out below:

a) Interest rate risk

The Group's exposure to risks of changes in market interest rates relate primarily to the Group's interest-bearing liabilities, trade receivables at fair value through the profit and loss, financial assets at fair value through profit or loss, convertible note receivables, other receivables, and cash balances. The Group's policy is to manage its interest cost using fixed rate debt where possible.

The Group regularly reviews its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The sensitivity analysis is for variable rate interest bearing loans and cash balances.

At 31 December 2023, if interest rates had moved by a reasonably possible 1.50% (31 December 2022: 1.50%) as illustrated in the table below, with all other variables held constant, post-tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower) 31 Dec 2023 \$'000
Judgement of reasonably possible movements:	
+ 1.50% (150 basis points)	1,426
- 1.50% (150 basis points)	(1,426)
	31 Dec 2022 \$'000
Judgement of reasonably possible movements:	
+ 1.50% (150 basis points)	1,303
- 1.50% (150 basis points)	(1,303)

A sensitivity of +1.50% or -1.50% has been selected as this is considered reasonable given the current level of short-term and long-term interest rates. The movements in profit are due to possible higher or lower interest payable or receivable from variable rate interest bearing loans and cash balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

At balance date, the Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

31 December 2023 (\$'000)	Floating interest	Fixed Interest	Non-interest bearing	Total carrying amount
Financial assets				
Cash and cash equivalents	143,042	-	-	143,042
Trade receivables at fair value through the profit and loss	-	-	12,368	12,368
Convertible note receivables	-	13,979	24	14,003
Financial assets at fair value through profit or loss	-	-	3,625	3,625
Other receivables	3,457	-	-	3,457
	146,499	13,979	16,017	176,495
Financial liabilities				
Trade and other payables	-	-	(16,400)	(16,400)
Interest bearing liabilities	-	(8,357)	-	(8,357)
	-	(8,357)	(16,400)	(24,757)
Net financial assets/(liabilities)	146,499	5,622	(383)	151,738

31 December 2022 (\$'000)	Floating interest	Fixed interest	Non-interest bearing	Total carrying amount
Financial assets				
Cash and cash equivalents	113,929	-	-	113,929
Trade receivables at fair value through the profit and loss	-	-	9,175	9,175
Convertible note receivables	-	27,382	3,041	30,423
Financial assets at fair value through profit or loss	-	-	10,842	10,842
Other receivables	3,457	-	-	3,457
	117,386	27,382	23,058	167,826
Financial liabilities				
Trade and other payables	-	-	(11,472)	(11,472)
Interest bearing liabilities	-	(3,339)	-	(3,339)
	-	(3,339)	(11,472)	(14,811)
Net financial assets/(liabilities)	117,386	24,043	11,587	153,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the consolidated statement of financial position.

Credit risk is managed on a Group basis. Credit risk predominantly arises from cash, cash equivalents, derivative financial instruments, deposits with banks and financial institutions, trade receivables and convertible note receivables.

The Group has in place policies that aim to ensure that derivative counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to any one financial institution is limited as far as is considered commercially appropriate. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Cash and cash equivalents and other financial assets are held with Australian Banks with an AA- credit rating (Standard & Poor's). Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral, letters of credit or other forms of credit insurance is not requested nor is it the Group's policy to securitise its trade and other loans and receivables. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are in several jurisdictions and operate in largely independent markets.

At 31 December 2023, the Group had two customers (31 December 2022: three customers) that each owed the Group \$8,446,173 and \$3,919,360 respectively (31 December 2022: \$3,875,350, \$3,083,716 and \$2,216,352 respectively) and accounted for approximately 100% (31 December 2022: 100%) of all trade receivables owing.

At 31 December 2023, there are no trade receivables at amortised cost that are past due (31 December 2022: Nil).

At 31 December 2023 The Company continues to hold \$36.00 million in aggregate in convertible notes issued by Cyprium with an annual coupon rate of 4%. The convertible notes are valued at fair value through profit or loss refer at note 12 in the consolidated financial statements. The Cyprium convertible notes were fair valued at \$14.00 million (31 December 2022: \$30.42 million) resulting in a fair value adjustment of \$16.42 million. The valuation was comprised of a credit risk adjustment of 62.5% Refer to note 2 and 12 for further details on the convertible note valuation.

c) Equity security price risk

The Group's income may be exposed to equity security price fluctuations arising from investments in equity securities and the options available to the Group.

At the balance date the group had the following exposure to equity price risk:

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Cyprium convertible notes	14,003	30,423
NICO options	3,625	10,625
Cyprium options	-	217
	17,628	41,265

At 31 December 2023, if the underlying equity price in NICO and Cyprium had moved by a reasonably possible 10%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)	
Judgement of reasonably possible movements:	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Equity price +10%	707	1,441
Equity price -10%	(674)	(1,355)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

d) Foreign currency risk

As a result of tin concentrate sales receipts being denominated in US dollars, the Group's cash flows can be affected by movements in the US dollar/Australian dollar exchange rate.

At the balance date the Group had the following exposure to US dollar foreign currency:

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Trade and other receivables	12,368	9,175

At 31 December 2023, if foreign currency rates had moved by a reasonably possible 10%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Judgement of reasonably possible movements:				
A\$/US\$ Rate +10%	866	642	-	-
A\$/US\$ Rate -10%	(866)	(642)	-	-

A sensitivity of +10% or -10% has been selected as this is considered reasonable given recent fluctuations in foreign currency rates and management's expectations of future movements.

e) Commodity price risk

The Group is exposed to movements in the tin price. As part of the risk management policy of the Group, a variety of financial instruments (such as forward commodity swaps) may be used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. At 31 December 2023, the Group did not hold any commodity derivatives (31 December 2022: Nil).

At balance date, the Group had the following exposure to commodity price risk:

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Open invoices subject to quotational pricing	3,919	4,168

At 31 December 2023, if commodity price had moved by a reasonably possible 10%, as illustrated in the table below, with all other variables held constant, post-tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Judgement of reasonably possible movements:				
Tin Price +10%	416	308	-	-
Tin Price -10%	(416)	(308)	-	-

f) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility using finance and hire purchase leases.

The tables below reflect all contractually fixed payables for settlement repayment resulting from recognised financial liabilities as of 31 December 2023. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

The remaining contractual maturities of the Group's financial liabilities are:

31 December 2023 (\$'000)	<6 months	6-12 months	1-5 years	>5 years	Total
Financial liabilities					
Trade and other payables	(16,400)	-	-	-	(16,400)
Lease liabilities	(2,015)	(2,015)	(4,652)	-	(8,682)
Total outflow	(18,415)	(2,015)	(4,652)	-	(25,082)

31 December 2022 (\$'000)	<6 months	6-12 months	1-5 years	>5 years	Total
Financial liabilities					
Trade and other payables	(11,472)	-	-	-	(11,472)
Lease liabilities	(965)	(965)	(1,512)	-	(3,442)
Total outflow	(12,437)	(965)	(1,512)	-	(14,914)

g) Fair values

For all financial assets and liabilities recognised in the consolidated statement of financial position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the consolidated financial statements.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 - the fair value is calculated using quoted prices in active markets.
- Level 2 - the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	31 December 2023				Total \$'000
	Quoted market price (Level 1) \$'000	Valuation technique market observable inputs (Level 2) \$'000	Valuation technique non-market observable inputs (Level 3) \$'000		
	Convertible note receivables ¹	-	-	14,003	
Derivative financial instruments ²	-	-	3,625	3,625	
	-	-	17,628	17,628	

	31 December 2022				Total \$'000
	Quoted market price (Level 1) \$'000	Valuation technique market observable inputs (Level 2) \$'000	Valuation technique non-market observable inputs (Level 3) \$'000		
	Convertible note receivables ¹	-	-	30,423	
Derivative financial instruments ²	-	-	10,842	10,842	
	-	-	41,265	41,265	

¹ The carrying value of the convertible note receivables on inception was equivalent to \$35.07 million and on 31 December 2023 \$14.00 million (31 December 2022: \$30.42 million). The change in fair value resulted from (\$16.42) million in remeasurement. To estimate the fair value of the convertible notes, the Group uses a discounted cash flow ("DCF") technique, and then applied a probability of loss to the valuation to account for Cyprrium's credit risk.

As the convertible notes are not traded in an active market, their fair value is estimated by discounting the stream of future interest and principal payments at the rate of interest prevailing at the reporting date for instruments of similar term and risk, and adding this value to the value of the Embedded Derivative Component which is valued using a Black Scholes model based on assumptions including risk free interest rate, expected dividend yield, implied volatility and expected remaining life of the Convertible Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

At 31 December 2023 concerns exist regarding the recoverability of the Loan Receivable Component. Despite securing a significant loan facility and raising substantial capital, Cyprium available cash remains notably lower than the aggregated capital raised. Additionally, the 31 December 2023 quarterly activities report indicates the necessity for further expenditures to progress the Nifty project, raising doubts about the company's financial sustainability and its ability to fulfill repayment obligations.

Accordingly, a valuation of the convertible notes has been determined by an external expert as follows:

The fair value of the convertible notes assuming that a third party purchases the convertible notes from Metals X. Under this valuation scenario, the stream of future interest and principal payments are discounted by the risk-free rate as at the Valuation Date. A probability of loss of 62.5% has then been applied to determine the risk-adjusted value of the Loan Receivable Component.

In addition, the Company adds the fair value of the conversion option. Exercising the conversion option would result in the Company receiving 101.38 million Cyprium shares. The fair value is estimated using a Black Scholes valuation model. The inputs to these models and techniques require a degree of judgement, including consideration of the risk-free interest rates, Cyprium share price volatility and market interest rates.

The inputs used to value the convertible notes at 31 December 2023 are as follows:

	B&S Model	DCF	Total Fair Value at 31 Dec 2023 \$'000
Expected volatility	90%	-	
Risk-free interest rate	3.691%	-	
Expected life	1.25 years	1.25 years	
Options exercise price	\$0.3551	-	
Share price at valuation date	\$0.03	-	
Expiry date/maturity date	30 Mar 2025	30 Mar 2025	
Face value of convertible notes	-	\$36.000 million	
Risk-free rate of debt		3.691%	
Probability of loss	-	62.5%	
Fair value per instrument	\$0.0002	-	
Number of instruments	101,379,893	-	
Total fair value at 31 Dec 2023	\$24	\$13,979	\$14,003

The inputs used to value the convertible notes at 31 Dec 2022 are as follows:

	B&S Model	DCF	Total Fair Value at 31 Dec 2022 \$'000
Expected volatility	100%	-	
Risk-free interest rate	3.41%	-	
Expected life	2.25 years	2.25 years	
Options exercise price	\$0.3551	-	
Share price at valuation date	\$0.105	-	
Expiry date/maturity date	30 Mar 2025	30 Mar 2025	
Face value of convertible notes	-	\$36.000 million	
Market interest rates	-	20%	
Fair value per instrument	\$0.030	-	
Number of instruments	101,379,893	-	
Total fair value at 31 Dec 2022	\$3,041	\$27,382	\$30,423

² The derivative financial assets represent 25.00 million NICO Options to acquire shares in NICO. The fair value of the NICO Options was determined using a Black Scholes valuation model, which considers factors including the option's exercise prices, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at measurement date and the expected life of the NICO Options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 Dec 2023

2. Financial Risk Management Objectives and Policies (continued)

Cyprium options (expired)

On 30 March 2023, the second tranche of 20.30 million Options ("T2") expired out of the money (31 December 2022: 20.30 million Options \$0.22 million).

Exercising the Options can result in bonus shares being awarded to the Group depending on the copper price on the date of exercise. To accommodate the additional award, the Group has estimated the fair value of the bonus shares that are most likely to be awarded at the exercise dates, which is judged to be the expiry dates. The number of bonus shares to be awarded is estimated with reference to forecast copper prices on the expiry dates and applying the pre-set factor. The increase in fair value is then calculated by applying that factor to the number of Cyprium Options converted and multiplying by the price of Cyprium shares, on the measurement dates.

NICO options

The fair value of the 25.0 million NICO options at 31 December 2023 is \$3.63 million (31 December 2022: \$10.63 million).

The inputs used to value the Options at 31 December 2023 are as follows:

	NICO Options \$'000
Expected volatility	80%
Risk-free interest rate	3.691%
Expected life of options	0.84 years
Options exercise price	\$0.25
Share price at measurement date	\$0.345
Expiry date/maturity date	3 Nov 2024
Fair value as at 31 December 2023	3,625

The inputs used to value the NICO and Cyprium options at 31 December 2022 are as follows:

	NICO Options	Cyprium T2 Options	Cyprium T2 Bonus Shares	Total Fair Value at 31 Dec 2022 \$'000
Expected volatility	85%	100%	-	
Risk-free interest rate	3.41%	3.41%	-	
Expected life of options	1.84 years	0.24 years	-	
Options exercise price	\$0.250	\$0.3551	-	
Share price at measurement date	\$0.615	\$0.105	\$0.105	
Forecast copper price per tonne	N/A	\$US 7,700	-	
Bonus share factor / award	N/A	1.1x	2.027 m	
Expiry date	3 Nov 2024	30 Mar 2023	-	
Fair value as at 31 December 2022	\$10,625	\$4	\$213	\$10,842

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

The effects of fair value changes are reflected in the consolidated statement of comprehensive income.

Significant estimates and judgments – level 3 inputs

The following significant estimates and judgments were made for inputs used in determining the fair value of financial instruments categorised as level 3:

(i) Volatility for buyer options and conversion feature

Management used an external expert to assist with the estimate of volatility for the purposes of its Black Scholes valuation technique. The volatility of the share price of Cyprium was calculated for one, two, and three-year periods, using historical data extracted from Bloomberg, noting that Cyprium shares were in a trading halt from 1 February 2023 to 20 September 2023. For the purpose of the valuation, a future estimated volatility level of 90% for Cyprium was used.

The volatility of the share price of NICO was calculated for one and two-year periods, using historical data extracted from Bloomberg, noting that NICO shares commenced trading on 19 January 2022. For the purpose of the valuation, a future estimated volatility level of 80% for NICO was used in the option pricing model.

(ii) Risk-free interest rates

Management used an external expert to assist with the estimate of the market interest rate of borrowing. The Australian Government bond rate as at 29 December 2023 was used as a proxy for the risk-free rate over the life of the convertible notes and the NICO Options. The 2-year Australian Government bond rate as at 29 December 2023 was 3.691%, which has been used as an input in the option pricing models.

(iii) Copper price forecasts

Management used an external expert to assist with the estimate of future copper prices. Future copper prices were estimated based on Consensus Economics forecasts.

(iv) Probability of loss

Management used an external expert to assist with the estimate probability of loss.

A quantitative sensitivity analysis as at 31 December 2023 is shown below:

Instrument	Valuation technique	Significant unobservable inputs	Value	Sensitivity of the input to fair value
Convertible notes	DCF	Probability of loss	62.5%	A change in the probability of loss to 75% and 50% would result in a change in fair value by (\$4.65) million and \$4.65 million respectively. +/(-)10% change in volatility would result in a change in fair value of approximately \$0.03 million and approximately (\$0.02) million.
	Black Scholes	Volatility	90%	
Derivative financial instruments – NICO options	Black Scholes	Volatility	80%	+/(-)10% change in volatility would result in a change in fair value of \$0.22 million and (\$0.22) million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

2. Financial Risk Management Objectives and Policies (continued)

h) Changes in liabilities arising from financing activities

The Group classifies interest paid as cash flows from operating activities.

	1 January 2023 \$'000	Payments	Net Transfers & New Leases	31 Dec 2023 \$'000
Current interest-bearing loans and borrowings	1,930	(3,097)	5,197	4,030
Non-current interest bearing loans and borrowings	1,409	-	2,918	4,327
Total liabilities from financing activities	3,339	(3,097)	8,115	8,357
	1 July 2022 \$'000	Payments	Net Transfers & New Leases	31 Dec 2022 \$'000
Current interest-bearing loans and borrowings	1,945	(1,039)	1,024	1,930
Non-current interest bearing loans and borrowings	1,612	-	(203)	1,409
Total liabilities from financing activities	3,557	(1,039)	821	3,339

3. Revenue

As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the following note are not directly comparable.

	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Revenue from contracts with customers – tin-in-concentrate	153,781	66,682

Recognition and measurement

Metals X owns a 50% equity interest in the Renison Tin Operation through its 50% stake in the Bluestone Mines Tasmania Joint Venture. The Group is principally engaged in the business of producing tin-in-concentrate. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Based on the current contractual terms, revenue is recognised when control passes to the customer, which occurs at a point in time when the tin-in-concentrate physically arrives at the customer's works or the customer's destination port.

Revenue is measured as the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the Quotational Period ("QP"), and a corresponding trade receivable is recognised.

The Group's sales of tin-in-concentrate allow for price adjustments based on the market price at the end of the relevant QP stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for tin-in-concentrate is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The QP for tin-in-concentrate is not expected to result in a material adjustment due to the short period between the point control of the concentrate passing to the customer and the end of the QP.

For the provisional pricing arrangements, any future changes that occur over the QP are embedded within the provisionally priced trade receivables and are, therefore, within the scope of AASB 9 Financial Instruments ("AASB 9") and not within the scope of AASB 15 Revenue from Contracts with Customers ("AASB 15").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

3. Revenue (continued)

Revenue is initially recognised based on the most recently determined estimate of tin-in-concentrate using the expected value approach based on initial internal assay and weight results. The Group has determined that it is highly unlikely that a significant reversal of the amount of revenue recognised will occur due to variations in assay and weight results. Subsequent changes in the fair value based on the customer's final assay and weight results are recognised in revenue at the end of the QP.

Key estimates and judgements

Revenue from contracts with customers

- **Identification of the enforceable contract**

For tin-in-concentrate (metal in concentrate) sales, there are master services agreements with key customers that set out the general terms and conditions governing any sales that occur. The customer is only obliged to purchase tin-in-concentrate when it places an order for each shipment. Therefore, the enforceable contract has been determined to be each purchase order.

4. Other Income

As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the following note are not directly comparable.

	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Interest income (i)(ii)	7,089	1,434
Other income	108	19
Gain on sale of investment in associate (iii)	2,400	-
Total other income	9,597	1,453

- (i) Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
- (ii) On 30 March 2023, the Company 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 Cyprium.
- (iii) Gain on sale of investment in associate relates to the sale of 8,000,000 NICO shares at \$0.50 per share with a cost base of \$0.20 per share. The NICO shares are classified as an investment in an associate with gains or losses recognised in other income upon disposal of the shares (refer to note 1(k)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

5. Expenses

As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the following note are not directly comparable.

	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
a) Cost of sales		
Salaries, wages expense and other employee benefits	19,458	9,248
Superannuation expense	2,096	971
Mining costs	35,447	15,567
Processing costs	19,802	8,996
Other production costs	9,606	4,227
Changes in inventories	(3,593)	2,249
Provision for obsolete and impairment stores and spares	327	49
Royalty expense	8,163	3,514
Depreciation - property, plant, and equipment	4,483	1,999
Depreciation - buildings	1,277	318
Mine properties and development - amortisation	8,089	3,262
Total cost of sales	105,155	50,400
b) General and administration expenses		
Directors' fees, and other benefits	1,014	528
Superannuation expense	110	55
Other employee benefits	32	16
Consulting expenses	1,228	566
Travel and accommodation expenses	234	113
Administration costs	1,178	276
Depreciation – other assets	8	10
Total general and administration expense	3,804	1,564
c) Foreign exchange		
Total foreign exchange gain	-	(11)
d) Finance costs		
Interest expense	743	124
Unwinding of rehabilitation provision discount	134	104
Total finance costs	877	228
e) Fair value change in financial assets		
Fair value loss in financial assets through profit or loss	23,637	2,005

Recognition and measurement

Salaries, wages, and other employee benefits are recognised as and when employees render their services. Expenses for non-accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable. Refer to note 17 for the accounting policy relating to short-term and long-term employee benefits.

Provisions and other payables are discounted to their present value when the effect of time value of money is significant. The impact of the unwinding of these discounts is reported in finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

6. Income Tax

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
(a) Major components of income tax (benefit)/expense:		
Income statement		
<i>Current income tax expense</i>		
Current income tax expense	16,367	3,253
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences in current year	(8,059)	762
Net deferred tax asset not recognised	3,926	(32)
Income tax expense reported in the consolidated statement of comprehensive income	12,234	3,983

(b) A reconciliation of income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Total accounting profit before income tax from continuing operations	26,819	13,949
At statutory income tax rate of 30% (31 December 2022: 30%)	8,046	4,185
<i>Non-deductible items</i>		
<i>Non-deductible penalties</i>	494	-
Sundry items	7	24
Other	-	(14)
Deductible items	(239)	(194)
Net deferred tax asset not recognised	3,926	(18)
Income tax expense reported in the statement of comprehensive income	12,234	3,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

6. Income Tax (continued)

Deferred income tax at 31 December 2023 relates to the following:

	Statement of Financial Position		Statement of Other Comprehensive Income	
	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Deferred tax liabilities				
Exploration	43	43	-	-
Derivative financial instruments	-	(1,876)	(1,876)	(602)
Deferred mining	(13,511)	(11,470)	2,041	1,437
Mine site establishment and refurbishment	(4,312)	(1,132)	3,180	(72)
Consumables	-	-	-	(3)
Interest income	(258)	(186)	72	183
Diesel rebate	(22)	(18)	4	9
Property Plant and Equipment	(2,867)	(1,886)	981	(151)
Gross deferred tax liabilities	(20,927)	(16,525)		
Deferred tax assets				
Inventories	469	371	(98)	(15)
Legal costs	115	206	91	46
Accrued expenses	123	84	(39)	1
Provision for employee entitlements	2,202	1,600	(602)	(255)
Provision for fringe benefits tax	2	1	(1)	-
Provision for rehabilitation	8,043	4,195	(3,848)	166
Recognised tax losses	36,280	48,609	12,329	3,239
Gross deferred tax assets	47,234	55,066		
Net deferred tax assets	26,307	38,541		
Income tax expense reported in the consolidated statement of comprehensive income			12,234	3,983

At 31 December 2023, there are unrecognised transferred losses of \$156,534,000 (31 December 2022: \$156,534,000) for the Group subject to a restricted rate of utilisation and no expiry date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

6. Income Tax (continued)

Recognition and measurement

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided for using the balance sheet full liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of a right-of-use ("ROU") asset and lease liability; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised income taxes are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income ("OCI") or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Metals X and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004. The head entity, Metals X and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Members of the Group have entered into a tax sharing agreement ("TSA") that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the consolidated financial statements in respect of the TSA on the basis that the possibility of default is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

6. Income Tax (continued)

Tax consolidation legislation (continued)

Members of the Group have also entered into tax funding agreements (“TFA”). The TFA provides for the allocation of current taxes to members of the tax consolidated group. The allocation of taxes under the TFA is recognised as an increase/(decrease) in the controlled entities intercompany accounts with the tax consolidated group head company, Metals X. The nature of the TFA is such that no tax consolidation contributions by or distributions to equity participants are required.

7. Earnings Per Share

The following reflects the data used in the basic and diluted earnings per share computations for the year ended 31 December 2023. As a result of the financial year change from 30 June to 31 December, the comparative reporting period is for the 6 months to 31 December 2022. Consequently, the amounts presented in the following note are not directly comparable.

	12 months to 31 Dec 2023	6 months to 31 Dec 2022
For basic and diluted earnings per share:		
Profit attributable to continuing operations (\$'000)	14,585	9,966
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted earnings per share	907,266,067	907,266,067
Basic and diluted earnings per share (cents)		
From continuing operations	1.61	1.10

Recognition and measurement

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

The result is divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The Company has no share options on issue which are anti-dilutive and are therefore not required to be included in the calculation of diluted earnings per share (31 December 2022: Nil).

There have been no transactions involving ordinary shares or potential ordinary shares since that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and before the completion of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

8. Cash and Cash Equivalents

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Cash at bank and in hand - denominated in AUD	43,042	13,929
Short-term deposits (i)	100,000	100,000
Total	143,042	113,929

(i) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Refer to note 2(b) for more details on the Group's credit risk management practices. As all deposits are on demand or have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using lifetime expected credit losses. In this regard, the Group has concluded that the probability of default is insignificant.

Recognition and measurement

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Reconciliation of profit before tax to net cash flows from operating activities:

	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Profit before tax	26,819	13,949
Amortisation and depreciation	13,857	5,589
Foreign exchange loss	-	11
Fair value loss in financial assets	23,637	2,005
(Gain) on sale of investment in associate	(2,400)	-
Rehabilitation expense	2,126	-
Unwinding of rehabilitation provision discount	134	81
Provision for stock write down	327	49
Share of loss of associates	960	-
Gain on disposal of property plant and equipment	(70)	-
	65,390	21,684
Changes in assets and liabilities		
(Increase)/decrease in inventories	(5,970)	586
Decrease/(increase) in trade and other receivables and prepayments	204	(5,250)
Increase/(decrease) in trade and other creditors	3,292	(6,302)
Increase in provisions	1,944	840
Net cash flows from operating activities	64,860	11,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

9. Trade and Other Receivables

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Current		
Trade receivables at fair value through profit or loss (i)	12,368	9,175
Other receivables at amortised cost (ii)	3,318	7,156
	15,686	16,331
Non-current		
Other receivables – performance bond facility (iii)	3,457	3,457

- (i) On 31 December 2023, 121 tonnes of tin-in-concentrate revenue remained open to price adjustment (31 December 2022: 114 tonnes).

Trade receivables (subject to provisional pricing) are non-interest bearing but are exposed to future commodity price movements over the quotational period ("QP") and are measured at fair value through profit or loss up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. For tin concentrate 80% - 85% of the provisional invoice (based on the provisional price) is received in cash within four weeks of the shipment's arrival at the customers smelter. The QP for tin-in-concentrate is not expected to result in a material adjustment due to the short period between the point control of the concentrate passes to the customer and the end of the QP.

- (ii) Balance includes cash calls advanced to the Bluestone Mines Tasmania Joint Venture Pty Ltd \$1.00 million (31 December 2022: \$4.93 million), GST receivable \$0.81 million (31 December 2022: \$0.76 million), interest receivable of \$0.86 million (31 December 2022: 0.62 million) and other debtors of \$0.57 million (31 December 2022: \$0.77 million).
- (iii) The performance bond facility is interest bearing and is used as security for government performance bonds. The fair value approximates cost. Refer to note 2(b) for credit risk assessment.

10. Inventories

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Ore stocks – at cost	4,127	2,387
Tin in circuit – at cost	131	125
Tin concentrate – at cost	14,889	13,042
Stores and spares – at cost	11,007	8,632
Provision for obsolescence - stores and spares	(1,563)	(1,237)
	28,591	22,949

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

11. Investment in Associates

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Investment in associates		
NICO Seed funding share purchase (600,000 shares)	30	30
NICO Seed funding share purchase (500,000 shares)	50	50
NICO IPO purchase (20,000,000 shares)	4,000	4,000
Sale of NICO shares (5,400,000 shares) at cost	(940)	(940)
Sale of NICO shares (8,000,000 shares) at cost	(1,600)	-
Participation in NICO share issue (1,540,000 shares at 40c each)	616	-
Purchase of Tanami Shares (34,340,000 at 0.034c each)	1,178	-
Share of loss in associates	(960)	-
	2,374	3,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

11. Investment in Associates (continued)

The Company's investment in associates pertain to its shares in NICO and Tanami Gold. The investment is initially measured at the cost of the shares. The carrying amount of the investment is adjusted to recognise changes in the Group's share of gains or losses of the associate following the acquisition date.

NICO Investment

During the year, the Company sold 8,000,000 million NICO shares at an average price of \$0.50 cents per share for a total of \$3.99 million (net of transaction costs).

On 19 September 2023, NICO announced 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 took up the whole of its pro-rata entitlement of 1,540,000 new shares for a consideration of \$0.62 million after which Metals X retained its interest of 8.46% in NICO.

As at 31 December 2023, the Company holds 9.24 million NICO shares (31 December 2022: 15.70 million) with an equity accounted value of \$1.30 million (31 December 2022: \$3.14 million).

At 31 December 2023, the Company recognised an \$0.85 million loss on its investment in NICO. The Company recognises its share of losses incurred by NICO proportional to its 8.46% interest.

The Company is entitled to a 1.75% net smelter royalty on all metals produced from both the Wingellina Nickel-Cobalt Project and the Claude Hills Project once in production.

Tanami Gold Investment

During the year, the Company purchased approximately 34.43 million shares (representing 2.93% of the shares on issue) in Tanami Gold (ASX:TAM) at an average price of approximately \$0.034 cents for a total cost of \$1.17 million (net of transaction costs).

At 31 December 2023, the Company holds 34.43 million shares (31 December 2022: nil) with an equity accounted value of \$1.07m (31 December 2023: nil).

The Company has recognised a \$0.11 million loss in its investment in Tanami Gold. The Company recognises its share of losses incurred by Tanami Gold proportional to its 2.93% interest.

12. Financial Assets at Fair Value Through Profit or Loss

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Current		
Convertible notes	1,080	1,080
Derivative financial assets	3,625	10,842
	4,705	11,922
Non-current		
Convertible notes	12,923	29,343
	12,923	29,343

Derivative financial assets and debt instruments

Derivative financial assets are financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

On 31 December 2023, the Company continues to hold:

- \$36.00 million in aggregate in convertible notes issued by Cyprium with an annual coupon rate of 4%; and
- 25 million options to acquire NICO shares exercisable at \$0.25 each, escrowed until 19 January 2024, expiring 3 years after grant date, exercisable after 19 January 2024 and on or before 3 November 2024.

Initial recognition and measurement

The Group initially recognises financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVTOCI"), and
- financial assets measured at amortised cost ("Debt Instruments").

The classification of financial assets at initial recognition, depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

12. Financial Assets at Fair Value Through Profit or Loss (continued)

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed.

For a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. The Group reclassifies debt investments when and only when its business model for managing those assets changes. Convertible notes are financial assets with embedded derivatives which are considered in their entirety when determining whether their cash flows are SPPI.

Subsequent measurement

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payment is established. Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Debt instruments

The subsequent measurement of Debt Instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories for Debt Instruments:

- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.
- Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).
- Interest income from these financial assets is included in finance income using the EIR. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.
- Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of comprehensive income in the period it arises.

Impairment

Further disclosures relating to impairment of financial assets are also provided in:

- Disclosures for significant assumptions in note 1(l).
- Financial assets at fair value through profit and loss note 12.
- Trade and other receivables note 9.

The Group recognises an allowance for expected credit losses ("ECL's") for all debt instruments not carried at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

12. Financial Assets at Fair Value Through Profit or Loss (continued)

that are integral to the contractual terms. The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liabilities at FVTPL.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 18.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification, is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Estimates and judgments

Fair value measurement of financial instruments

These financial assets cannot be measured based on quoted prices in active markets and are therefore measured using valuation techniques.

The convertible note receivables convey a right to receive cash upon maturity of 30 March 2025 or the option to convert the principle amount outstanding into shares of Cyprium. The convertible notes attract interest at a coupon rate of 4% per annum to be capitalised and paid annually, payable in cash unless Metals X elects to receive the interest in fully paid ordinary Cyprium shares.

To determine the fair value of the convertible notes, the Group estimates the fair value of the right to receive the cash using discounted cash flow techniques and market interest rates and applying a probability of loss factor to account for credit risk. In addition, the Group adds the fair value of the conversion option, which is estimated using the Black Scholes valuation model. Refer to note 2. The inputs to this model and technique requires a degree of judgement, including consideration of the risk-free rate, Cyprium share price volatility, credit risk, and market coupon rates.

The Group's derivative financial instruments are options to acquire shares in NICO.

- a) The Group's derivative financial instruments relate to options to acquire shares in NICO. To determine the fair value of these instruments, the Group has used Black Scholes. Refer to note 2. The inputs to these models and techniques require a degree of judgement, including consideration of the risk-free rates and NICO share price volatility.

Changes in assumptions relating to the above factors could affect the reported fair value of the financial assets. See note 1(l) for further disclosures. Future developments may require further revisions to the fair value estimate. The convertible notes and derivative financial instruments are classified as financial assets at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

13. Property, Plant, and Equipment

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Property, plant, and equipment		
Gross carrying amount - at cost	75,758	60,840
Accumulated depreciation and impairment	(43,348)	(41,227)
Net carrying amount	32,410	19,613
Land and buildings		
Gross carrying amount - at cost	28,313	10,912
Accumulated depreciation and impairment	(5,476)	(4,199)
Net carrying amount	22,837	6,713
Capital work in progress at cost		
Gross carrying amount - at cost	18,837	41,745
Net carrying amount	18,837	41,745
Total property, plant, and equipment	74,084	68,073

Reconciliations:

Reconciliations of the carrying amounts of property, plant, and equipment at the beginning and end of the reporting period:

Property, plant, and equipment

Opening written down value	19,613	20,546
Transfers from capital in progress	17,288	1,076
Depreciation charge for the period	(4,491)	(2,009)
Carrying amount at the end of the period net of accumulated depreciation	32,410	19,613

Land and buildings

Opening written down value	6,713	7,029
Transfers from capital in progress	17,401	2
Depreciation charge for the period	(1,277)	(318)
Carrying amount at the end of the period net of accumulated depreciation	22,837	6,713

Capital work in progress

Opening written down value	41,745	31,150
Additions	24,111	11,675
Transfers to mine properties and development	(12,330)	-
Transfers to property, plant, and equipment	(17,288)	(1,078)
Transfers to land and buildings	(17,401)	(2)
Carrying amount at the end of the period	18,837	41,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

13. Property, Plant, and Equipment (continued)

At the end of each reporting period, the Group is required to review whether there is any indication that an asset may be impaired, in accordance with International Accounting Standards. If any such indication exists, the Group shall estimate each asset or cash generating unit (CGU) recoverable amount. The recoverable amount is determined as the higher of a CGU's value in use (VIU) and its fair value less costs of disposal (FVLCD).

In assessing the CGUs, management of the Company has determined that the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets is the Bluestone Mine Tasmania Joint Venture ("BMTJV") CGU. The Group has determined that there is no active market for intermediate components.

The Company has reviewed the BMTJV CGU for indications of impairment using both external and internal sources of information which included current performance, changes in exchange rates, tin price, and market capitalisation. The Company identified that the net assets of the group exceeded its market capitalisation resulting in an impairment indicator and impairment testing being performed. No impairment indicators were identified for the comparative period.

BMTJV CGU

The BMTJV CGU impairment assessment utilises a life of mine discounted cash flow (DCF) model. The recoverable amount has been determined using the VIU methodology.

The key assumptions utilised in the impairment modelling included an average tin price of US\$24,000 per tonne, a USD:AUD exchange rate of \$0.73 and a real pre-tax discount rate of 16.63%.

No impairment has been recognised for the year ended 31 December 2023 (31 December 2022: Nil).

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment or mine properties and development at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine.

Major depreciation periods are:

- Mine specific plant and equipment is depreciated using the shorter of life of mine and useful life. Useful life ranges from 2 to 10 years.
- Buildings – the shorter of life of mine and useful life. Useful life ranges from 5 to 40 years.
- Office property, plant and equipment is depreciated at 33% per annum for computers and office machines and 20% per annum for other office equipment and furniture.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain/(loss) arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in comprehensive income in the period the item is derecognised.

Key estimates and judgements

Life of mine method of amortisation and depreciation

The Group applies the life of mine method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and production capacity are the Group's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets, and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

14. Mine Properties and Development

Recognition and measurement

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Key estimates and judgements

In determining amortisation of its mine capital development, the Group applies the units of production ("UOP") method and factors in future development spend required to access the remaining ore reserves. For Mine site establishment, the Group applies the life of mine method of amortisation, which is also based on ore tonnes mined.

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Group estimates its mineral resource and reserves in accordance with the Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the "JORC code"). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Impairment

At the end of each reporting period, the Group is required to review whether there is any indication that an asset may be impaired, in accordance with International Accounting Standards. If any such indication exists, the Group shall estimate each asset or cash generating unit (CGU) recoverable amount. The recoverable amount is determined as the higher of a CGU's value in use (VIU) and its fair value less costs of disposal (FVLCD).

In assessing the CGUs, management of the Company has determined that the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets is the Bluestone Mine Tasmania Joint Venture ("BMTJV") CGU. The Group has determined that there is no active market for intermediate components.

Refer to note 13 for a detailed discussion on impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

14. Mine Properties and Development (continued)

Determination of future capital development spend

Management estimates its future capital development spend based on historical annual requirements forecasted over the remaining estimated life of mine.

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Mine site establishment		
Gross carrying amount - at cost	70,288	44,377
Accumulated depreciation and impairment	(37,955)	(37,245)
Net carrying amount	32,333	7,132

Mine site establishment costs include \$5.46m of capitalised Rentals costs (31 December 2022: \$2.52 million).

Mine capital development

Gross carrying amount - at cost	144,442	128,451
Accumulated depreciation and impairment	(96,964)	(89,585)
Net carrying amount	47,478	38,866
Total mine properties and development	79,811	45,999

Mine site establishment

Opening written down value	7,132	7,894
Additions	2,939	603
Transfers from capital work in progress	12,330	-
Increase/(decrease) in rehabilitation assets	10,643	70
Amortisation charge for the period	(711)	(495)
Carrying amount at the end of the period net of accumulated amortisation	32,333	7,132

Mine capital development

Opening written down value	38,866	34,235
Additions	15,991	7,398
Amortisation charge for the period	(7,379)	(2,767)
Carrying amount at the end of the period net of accumulated amortisation	47,478	38,866

15. Exploration and Evaluation

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Exploration and evaluation costs are carried forward in respect of mining areas of interest		
<i>Pre-production areas</i>		
At cost	352	352
Net carrying amount	352	352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Recognition and measurement

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and;

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;
- exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to comprehensive income or provided against.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment regularly and if after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to profit or loss in the period when the new information becomes available.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not recognised pending the commencement of production.

16. Trade and Other Payables

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Trade and other creditors	8,889	3,623
Sundry creditors and accruals	7,511	7,849
Unearned revenue	-	1,632
	16,400	13,104

Recognition and measurement

Trade and other payables are initially recognised, at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade creditors are non-interest bearing and generally on 30-day terms. Sundry creditors and accruals are non-interest bearing and generally on 30-day terms. Due to the short-term nature of these payables, their carrying value approximates their fair value.

17. Provisions

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Current		
Provision for annual leave	3,470	3,293
Provision for superannuation	1,648	-
Provision for long service leave	1,284	1,231
Other provisions	5	5
	6,407	4,529
Non-current		
Provision for long service leave	728	594
Provision for rehabilitation	26,811	13,982
	27,539	14,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Rehabilitation movement

Opening balance	13,982	14,771
Change in rehabilitation obligations	12,695	(893)
Rehabilitation borrowing discount unwound	134	104
Balance at 31 December	26,811	13,982

Provision for Superannuation

The liability for superannuation relates to amounts taken up as part of the Company's 50% share in the BMTJV.

Provision for long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Provision for rehabilitation

Environmental obligations associated with the retirement or disposal of mining properties and/or of exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the consolidated statement of comprehensive income and an increase in the provision), and additional disturbances/change in the rehabilitation costs are recognised as additions/changes to the corresponding asset and rehabilitation liability.

The provisions for rehabilitation are recorded in relation to the Renison Tin Mine and Mt Bischoff for the rehabilitation of the disturbed mining areas to a state acceptable to Tasmanian EPA. While rehabilitation is performed progressively where possible, final rehabilitation of the disturbed mining area is not expected until the cessation of production. Accordingly, the provisions are expected to be settled primarily at the end of the mine life, although some amounts will be settled during the mine life.

During the year the BMTJV engaged a third party expert to update the mine closure cost estimate for Renison. The update identified a significant increase in closure costs primarily in relation to demolition costs, and costs in relation to tailings storage facility A, B, C and D.

Rehabilitation provisions are estimated based on survey data, external contracted rates, and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. The carrying value of the provision is calculated by applying an inflation factor of 2.6% (31 December 2022: 3.0%) which has been estimated based on the break-even 10-year inflation rate published by the RBA and a weighted average discount rate of 4.19% (31 December 2022: 3.57%), which has been estimated using government bond yields for an equivalent period. Costs are inflated and discounted with reference to the Group's anticipated timing of payment, which is estimated based on the Group's life of mine and planned activities. A majority of the payments are anticipated within 12 years (31 December 2022: 12 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2023

18. Interest Bearing Liabilities

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Current liabilities		
Hire purchase liabilities	2,765	1,916
Other finance liabilities	1,265	-
Lease liabilities relating to right-of-use assets	-	14
	4,030	1,930
Non-current liabilities		
Hire purchase liabilities	4,327	1,409
	4,327	1,409

Recognition and measurement

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred.

Right-of-use assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses, assessed in accordance with the Group's impairment policies.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments or index-based variable payments incorporating the Group's expectations of extension options and do not include non-lease components of a contract.

The lease liability is re-measured when there are changes in future lease payments arising from a change in rates, index, or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the consolidated statement of comprehensive income.

iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

19. Issued Capital

	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Share capital	Average number. of shares		AU\$'000	AU\$'000
Ordinary shares fully paid	907,266,067	907,266,067	319,570	319,570
Movements in issued capital			AU\$'000	No. of Shares
Balance at 1 January 2023			319,570	907,266,067
Balance at 31 December 2023			319,570	907,266,067

Recognition and measurement

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

Options on issue

There are no unissued ordinary shares of the company under option at the date of this report.

Capital management gearing ratio	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Gearing ratio	2.50%	1.04%
Net debt	8,357	3,339
Capital ¹	319,648	319,648

¹Includes issued capital and all other equity reserves attributable to the equity holders of the parent for the purpose of the Group's capital management. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise the shareholder's value. The Group manages its capital structure and adjusts considering changes in economic conditions and the requirements of any financial covenants.

To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial periods ended 31 December 2023 and 31 December 2022.

20. Accumulated Losses

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Carrying amount at the beginning of the period	(27,737)	(37,703)
Net profit attributable to members of the parent entity	14,585	9,966
Carrying amount at the end of the period	(13,152)	(27,737)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

21. Reserves

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Share based payments reserve		
Opening balance at beginning of period	27,815	27,815
Closing balance at the end of the period	<u>27,815</u>	<u>27,815</u>

This reserve is used to recognise the fair value of rights and options issued to employees in relation to equity-settled share-based payments.

During the year ended 31 December 2023, the Company did not recognise income for the reversal of share-based payments (31 December 2022: Nil) in the consolidated statement of comprehensive income. There were no share-based payments granted during the year.

22. Auditor Remuneration

	12 months to 31 Dec 2023 \$'000	6 months to 31 Dec 2022 \$'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the Parent covering the Group and auditing the statutory financial reports of any controlled entities	185	121
Fees for other services		
- tax compliance	45	40
Total fees to Ernst & Young (Australia)	<u>230</u>	<u>161</u>

23. Commitments

Capital commitments

Commitments relating to joint arrangements.

At 31 December 2023, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations. Refer to note 13.

Estimated capital expenditure contracted for at reporting date, but not recognised as liabilities for the Group:

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Within one year	<u>6,187</u>	<u>9,754</u>

Mineral tenement commitments

The Company has tenements in which the mining operations are located. These tenement leases have a life of up to twenty-one years. To maintain current rights to explore and mine the tenements the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. The commitments include Renison commitments.

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Within one year	327	284
After one year but not more than five years	1,305	1,136
After more than five years	845	1,019
	<u>2,477</u>	<u>2,439</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

Other commitments

The Group has obligations for various expenditures such as state government royalties, production-based payments, and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

24. Interest in Joint Operations

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the consolidated financial statements under the appropriate classifications.

Renison Tin Project

Subsidiary Bluestone Mines Tasmania Pty Ltd has a 50% interest and participating share in the Renison Tin Project, which is operated and managed by Bluestone Mines Tasmania Joint Venture Pty Ltd. Under the agreement, the Group is entitled to 50% of the production, assets, liabilities and expenses of the joint operation. The Renison Tin Project is located in Tasmania.

25. Key Management Personnel

The following Key Management Personnel disclosures are for the 12-month period ended 31 December 2023. As a result of the financial year change from 30 June to 31 December, the comparative reporting period is the 6-months ended 31 Dec 2022. Consequently, the amounts presented in the consolidated financial statements are not directly comparable.

Compensation of Key Management Personnel

	12 months to 31 Dec 2023 \$	6 months to 31 Dec 2022 \$
Short-term employee benefits	1,095,447	539,753
Post-employment benefits	118,016	41,449
	1,213,463	581,202

26. Related Party Disclosure

Subsidiaries

The consolidated financial statements of the Group include Metals X and the subsidiaries listed as follows:

Name	Country of Incorporation	Ownership Interest	
		31 Dec 2023	31 Dec 2022
Bluestone Australia Pty Ltd	Australia	100%	100%
Subsidiary companies of Bluestone Australia Pty Ltd			
Bluestone Mines Tasmania Pty Ltd	Australia	100%	100%
Subsidiary companies of Bluestone Mines Tasmania Pty Ltd			
Bluestone Mines Tasmania Joint Venture Pty Ltd	Australia	50%	50%

Transactions with related parties

		Sales to related parties	Purchases and interest charges from related parties	Amounts owed by related parties	Amounts owed to related parties
		\$'000	\$'000	\$'000	\$'000
Related party transactions					
Dragon Mining Limited: Provider	Dec 2023	-	474	-	51
of services to Metals X.	Dec 2022	-	271	-	52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2023

27. Parent Entity Disclosure

	At 31 Dec 2023 \$'000	At 31 Dec 2022 \$'000
Current assets	143,070	128,732
Total assets	168,500	171,564
Current liabilities	130	272
Total liabilities	82,107	66,982
Issued capital	341,685	341,685
Accumulated losses	(283,107)	(264,918)
Share based payment reserve	27,815	27,815
Total equity	86,393	104,582
Loss of the parent entity	(18,189)	(2,155)
Total comprehensive loss of the parent entity	(18,189)	(2,155)

28. Dividends

No dividend has been paid or declared since the commencement of the year and no dividend has been recommended by the Directors for the year ended 31 December 2023 (31 December 2022: nil).

29. Significant Events After Period End

There are no significant events after period end as at the date of this report.

DIRECTORS' DECLARATION

For the year ended 31 December 2023

In accordance with a resolution of the Directors of Metals X Limited, I state that:

In the opinion of the Directors:

- (a) the consolidated financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the Reporting Period ended on that date of the Group; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b) and;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 31 December 2023.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Brett Smith", with a long horizontal line extending to the right.

Brett Smith
Executive Director
29 February 2024



**Building a better
working world**

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Metals X Limited

As lead auditor for the audit of the financial report of Metals X limited for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metals X Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham
Partner
29 February 2024



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Independent auditor's report to the members of Metals X Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Metals X Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

BMTPL operations - work of a non-EY component team

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 24 to the financial report, a significant component of the Group's operations and activities take place within its 100% owned Subsidiary Bluestone Mines Tasmania Pty Ltd ("BMTPL"), which has a 50% interest and participating share in the Renison Tin Project in Tasmania ("a component").</p> <p>The Group's 50% interest in the assets, liabilities, expenses and cash flows of the component are included within the Group consolidated financial statements and collectively are material to the overall Group result and financial position.</p> <p>In our role as Group auditor, we are required to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of components within the Group in order to be able to express an audit opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit.</p> <p>Given the financial significance of the component to the group, which was audited by a non-EY audit team ("Component Auditor"), the extent of our direction and supervision of the Component Auditor was considered a key audit matter.</p>	<p>In fulfilling our responsibilities as Group auditor, our audit procedures included:</p> <ul style="list-style-type: none"> • Performing a risk assessment and component scoping at the Group level, identifying the Component Auditor to be significant to the Group. • Sending out instructions to the Component Auditor describing the audit areas in scope, including the relevant risks and the information to be reported to us as the Group auditor. We determined and communicated the Component Auditor materiality and reporting scopes, having regard to the size and risk profile of the component relative to the Group. • Obtaining written confirmation from the Component Auditor of the work performed and the results, as well as key documents supporting their independence, significant findings and observations. • Visiting the mine site of the component, in order to obtain an understanding of the component's operations. • Holding meetings with the Component Auditor to discuss the outcome and extent of their audit procedures performed. • Reviewing the underlying working papers and documentation of the Component Auditor supporting their audit opinion on the results of the component for the year ended 31 December 2023. • Agreeing the trial balance and related supporting schedules audited by the Component Auditor to the Group consolidation schedules, and where relevant, financial statement note disclosures. • Assessing the adequacy of the accounting policies of the component for consistency with the Group's accounting policies and assessed the Group's accounting for intercompany transactions with the component.

Convertible Notes Receivable

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Notes 2 and 12 to the financial report, the Group holds \$36.00 million in aggregate in convertible notes issued by Cyprium Metals Limited (“Cyprium”).</p> <p>The Group measures the convertible notes at fair value through profit and loss, which requires the application of a probability of loss factor to the carrying value of the convertible notes to account for the credit risk applicable.</p> <p>The convertible notes receivable fair value at 31 December 2023 was assessed at \$14.00 million (31 December 2022: \$30.42 million) resulting in a fair value loss of \$16.42 million being recognised in the consolidated statement of comprehensive income.</p> <p>Given the inherent complexity and judgement required to estimate the fair value of the convertible notes receivable, specifically the probability of loss factor applied to the carrying value of the convertible notes and the significant fair value loss recognised during the year as a result of the application of this loss factor, this was considered a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessed the Group’s measurement of the convertible notes, in accordance with the requirement of the accounting standards, which included understanding the relevant terms and conditions. Read the valuation report prepared by the Group’s external expert to arrive at an estimate of the fair value of the convertible notes and, specifically the rational for the probability of loss factor applied to the carrying value of the convertible notes. Read recent market releases and announcements made by Cyprium for consistency in the market announcements with the considerations adopted by management and the Group’s expert in assessing an appropriate probability of loss factor to apply to the convertible notes. Engaged our valuation specialists to assess the reasonableness of the valuation methodology and assumptions adopted by the Group’s independent expert to determine the fair value of the convertible notes. Assessed the competency and objectivity of the Group’s expert engaged to assess the fair value of the convertible notes. Tested the mathematical accuracy of the loss on fair value recognised. Assessed the adequacy of the disclosures included in the Notes to the financial statements relating to the fair value assessment of the convertible notes.

Rehabilitation Provisions

Why significant	How our audit addressed the key audit matter
<p>As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the area impacted by mining activities. Rehabilitation activities are governed by a combination of legislative requirements and Group policies.</p> <p>As disclosed in Note 17 to the financial report, the Group’s consolidated statement of financial position as at 31 December 2023 includes a provision of \$26.81 million in respect of such obligations.</p> <p>We considered this to be a key audit matter because of the significant judgment and estimates associated with estimating the rehabilitation provision including timing of when the rehabilitation activities will take place, the extent and cost of the rehabilitation and restoration activities and economic assumptions such as inflation rates and discount rates.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessed via enquiries of the component auditors and review of the component auditors workpapers the appropriateness of the changes in cost estimates and other assumptions underpinning the cost estimates. With the involvement of our subject matter specialists, we assessed the appropriateness of the rehabilitation cost estimates for the Renison Mine site determined by an independent expert engaged by management of the Renison Tin Project. Assessed the qualifications, competence and objectivity of the Group’s external expert, the work of whom, formed the basis of the Group’s initial rehabilitation cost estimates for the Renison mine site.

Why significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> • Enquired of the component auditors and reviewed workpapers to assess the qualifications, competence and objectivity of the Group's expert, the work of whom, formed the basis of the Group's initial rehabilitation cost estimates for the Mt Bischoff project. • Enquired of the component auditors and reviewed workpapers to assess the mathematical accuracy of the rehabilitation models and evaluate the appropriateness of the assumed timing of cashflows, inflation and discount rate assumptions. • Assessed the adequacy of the disclosures relating to the Group's provision for rehabilitation included in the Notes to the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report, corporate directory and chairman's letter that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

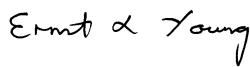
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Metals X Limited for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Gavin Buckingham
Partner
Perth
29 February 2024

MINERAL RESOURCES AND ORE RESERVES STATEMENT

Mineral Resource Estimates (50% MLX) – Consolidated Summary & Annual Comparison

Project	Tonnes ¹ (Mt)	Tin (%Sn)	Copper (%Cu)	Contained Metal	
				Tin (kt)	Copper (kt)
31 Mar 2022					
Renison Bell	19.8	1.61	0.20	320	39.6
Rentails	23.9	0.44	0.22	104	52.7
Total	43.7	0.97	0.21	424	92.3
Mining Depletion					
Renison Bell	(0.76)	(1.44)	(0.20)	(10.9)	(1.50)
Rentails	-	-	-	-	-
Total	(0.76)	(1.44)	(0.20)	(10.9)	(1.50)
Resource Adjustments					
Renison Bell	0.98	(0.08)	0.07	(0.78)	0.68
Rentails	-	-	-	-	-
Total	0.98	(0.08)	0.07	(0.78)	0.68
31 Mar 2023					
Renison Bell	20.0	1.54	0.19	308	38.8
Rentails	23.9	0.44	0.22	104	52.7
Total	43.9	0.94	0.21	412	91.4

¹Figures are rounded according to JORC Code guidelines and may show apparent addition errors. Contained metal does not imply recoverable metal.

Ore Reserve Estimates (50% MLX) – Consolidated Summary & Annual Comparison

The Ore Reserve estimates are a subset of the Mineral Resource estimates

Project	Ore Kt	Grade % Sn	Tin		Copper	
			Metal Kt Sn	Ore Kt	Grade % Cu	Metal Kt Cu
31 Mar 2022						
Renison Bell	8,848	1.46	129	8,848	0.16	14
Rentails	22,310	0.44	99	22,310	0.23	51
	31,158	0.73	228	31,158	0.21	65
Mining Depletion						
Renison Bell	(761)	1.44	(11)	(761)	0.20	(1.5)
Rentails	-	-	-	-	-	-
Reserve Adjustments						
Renison Bell	137	2.58	4	137	2.88	4
Rentails	(22,310)	N/A	(99)	(22,310)	N/A	(51)
31 Mar 2023						
Renison Bell	8,224	1.48	122	8,224	0.20	16
	8,224	1.48	122	8,224	0.20	16

- Renison Bell and Rentails Resources and Reserves are 50% owned by Metals X.
- The geographic region for Tin Mineral Resources and Ore Reserves is Australia.
- For further details on total Mineral Resources refer to ASX announcement dated 28 September 2023.
- For further details on total Ore Reserves refer to ASX announcements dated 19 December 2023 and 2 April 2024.

The Company last undertook its annual review of Mineral Resources and Ore Reserves as at 31 March 2023, as announced to ASX on 28 September 2023 and 19 December 2023 respectively. Since that date, immaterial depletion has occurred due to mining activities. Further, as announced on 2 April 2024, the Company withdrew the Rentails Ore Reserve pending an updated DFS.

The Company proposes to undertake its next annual review of Ore Reserves and Mineral Resources as at 31 March 2024, and release the results to ASX in the September Quarter 2024.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resources 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”. Mr Carter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears, and to this Mineral Resources and Ore Reserves Statement as a whole.

The information in this report that relates to Renison Bell underground Ore Reserves has been compiled by Bluestone Mines Tasmania Joint Venture technical employees under the supervision of Mr Philip Bremner, B Engineering (Mining Engineering), AusIMM. Mr. Bremner is a principal mining consultant at Oreteck Mining Solutions. Mr Bremner 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”. Mr Bremner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

STATEMENT OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

In accordance with ASX Listing Rule 5.21.5, governance of the Company’s Mineral Resources and Ore Reserves development and management activities are managed through the management team of Renison in Tasmania which is 50%-owned by Metals X through the BMTJV.

Senior geological and mining engineering staff of the BMTJV oversee reviews and technical evaluations of the estimates and evaluates these with reference to actual physical, cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

The BMTJV Management Committee of which Metals X has three members is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the Company and the estimation and reporting of resources and reserves. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A four-level compliance process guides the control and assurance activities by the BMTJV:

1. Provision of internal policies, standards, procedures and guidelines;
2. Mineral Resources and Ore Reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes;
3. Internal review of process conformance and compliance; and
4. Internal assessment of compliance and data veracity.

The BMTJV Management Committee aims to promote the maximum conversion of identified mineralisation into Mineral Resources and Ore Reserves compliant with JORC 2012.

The Company reports its Mineral Resources and Ore Reserves, as a minimum, on an annual basis, in accordance with ASX Listing Rule 5.21 and clause 14 of Appendix 5A (the JORC Code).

Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by the Company are members of the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) and qualify as Competent Persons as defined in the JORC Code.

CORPORATE GOVERNANCE

The Company’s 2024 Corporate Governance Statement is available for in the Corporate Governance section of the Company’s website: <https://www.metalsx.com.au/aboutus/corporate-governance/>.

SECURITY HOLDER INFORMATION

As at 20 March 2024

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. Unless otherwise stated, the information is current as at 20 March 2024.

Issued Equity Capital

	Ordinary Shares	Options
Number of holders	4,719	-
Number on issue	907,266,067	-

Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each share held.

Options

The holders of options have no rights to vote at a general meeting of the company.

Distribution of Holdings of Equity Securities

Fully Paid Ordinary Shares

Range	Ordinary Shares		
	Total Holders	Units	% Units
1 - 1,000	387	124,682	0.01
1,001 - 5,000	986	2,820,944	0.31
5,001 - 10,000	933	7,495,203	0.83
10,001 - 100,000	2,003	67,651,832	7.46
100,001 Over	410	829,173,406	91.39
Total	4,719	907,266,067	100.00

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel was 498 as at 20 March 2024 (being 1,409 shares based on a closing share price of \$0.355 at 20 March 2024).

SECURITY HOLDER INFORMATION (Continued)

As at 20 March 2024

Substantial Shareholders

Substantial Shareholders as disclosed in substantial shareholder notices provided to the Company as at 20 March 2024.

	Number of Ordinary Shares	Percentage (%)
APAC Resources Limited and its related bodies corporate ¹	198,021,221	21.83
Old Peak Group Ltd ²	59,888,019	6.60
Bank of America Corporation and its related bodies corporate ³	46,825,557	5.16

1. As lodged on 23 August 2023.
2. As lodged on 12 February 2024.
3. As lodged on 24 March 2023.

On Market Buy Back

On 1 March 2024, the Company announced an on-market share buy-back of up to 10% of its issued share capital on-market over a 12 month period.

Restricted Securities

The Company has no restricted securities on issue.

Top 20 Shareholders

Rank	Name	Number of Ordinary Shares	Percentage (%)
1	BNP Paribas Noms Pty Ltd	146,013,489	16.09
2	Citicorp Nominees Pty Limited	123,522,825	13.61
3	Everbright Securities Investment Services (HK) Ltd <Client A/C>	79,636,595	8.78
4	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	49,072,416	5.41
5	Jinchuan Group Ltd	44,000,000	4.85
6	Farjoy Pty Ltd	36,621,831	4.04
7	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	34,603,500	3.81
8	HSBC Custody Nominees (Australia) Limited-GSCO ECA	33,483,182	3.69
9	J P Morgan Nominees Australia Pty Limited	23,313,518	2.57
10	HSBC Custody Nominees (Australia) Limited - A/C 2	15,722,320	1.73
11	National Nominees Limited	14,354,155	1.58
12	Jetosea Pty Ltd	14,154,120	1.56
13	BNP Paribas Nominees Pty Ltd ACF Clearstream	13,058,597	1.44
14	HSBC Custody Nominees (Australia) Limited	12,720,532	1.40
15	Mrs Yuqin Zhuang	9,935,000	1.10
16	NGE Capital Limited	9,155,684	1.01
17	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	6,536,794	0.72
18	Treasury Services Group Pty Ltd <Nero Resource Fund A/C>	3,720,000	0.41
19	Mr Ram Shanker Kangatharan	3,600,000	0.40
20	Mr Nyan Win + Mrs Aye Aye Kyaw <Win Super Fund A/C>	3,306,396	0.36
	Total	676,530,954	74.57