

QUARTERLY REPORT

FOR THE QUARTER ENDING
30 JUNE 2022



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 30 June 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- The Bluestone Mines Tasmania JV Renison Tin Operation (**Renison**) reported no Recordable Injuries during the quarter.
- The 12-month rolling Total Recordable Injury Frequency Rate (**TRIFR**) for Renison decreased from 9.5 to an industry leading 5.1 at the end of the quarter and reflects the continued emphasis placed on quality safety interactions, and the identification, control, and management of hazards by all site personnel.
- Safety initiatives undertaken during the quarter include:
 - continued implementation and tracking of the 2022 Safety Improvement Plan.
 - completion of the Critical Risk Management Project with the implementation of critical control verification processes.
 - continued development of Renison Safety Leaders with additional Safety Interaction and Supervisor Accountability workshops conducted.
 - redevelopment of documentation and training of relevant personnel in Emergency Management Systems including the Crisis Management Plan, the Incident Management Plan, and Emergency Response Plan for Tailings Storage Facility (**TSF**) Failure.
- Renison continued development of an Environmental Improvement Plan, a number of capital improvements to rectify legacy site environmental risks have had engineering and design work completed with contracts awarded for construction during CY2022.
- Mt Bischoff Closure Design Report expected to be finalised in Q3 2022.
- Metals X continued to engage external consultants to assist with developing its Environment, Social and Governance (**ESG**) reporting framework in reference to Global Reporting Initiative (**GRI**) Standards.

COVID-19

- The majority of previously implemented COVID-19 controls remained in place during the quarter with Renison regularly updating its COVID-19 risk assessment in line with public health advice.
- The Renison workforce (including contractors) has confirmed 53 new cases of COVID-19 during the quarter. At quarter end, a total of 6 persons were in isolation. Absenteeism during the quarter was also impacted by a large number of personnel with influenza which impacted production and operating performance.

CORPORATE HIGHLIGHTS

- During the quarter, Metals X shipped 879 tonnes of tin in concentrate (Q1 2022: 1,489 tonnes) to the Thailand Smelting and Refining Co. Ltd (**Thaisarco**), the Malaysian Smelter Corporation (**MSC**) and Yunnan Tin China (**YTC**).
- Closing cash for the quarter increased by \$30.6 million to \$122.2 million (Q1 2022: \$91.6 million).
- During the quarter, Metals X sold 3,400,000 fully paid shares held in NICO Resources Limited (**NICO**) on market and received approximately \$4.36 million (excluding transaction costs).

CORPORATE DIRECTORY

Unit 202, Level 2, 39 Mends Street
South Perth WA 6151
ASX Code: MLX

T +61 8 9220 5700
E reception@metalsx.com.au
ABN 25 110 150 055

www.metalsx.com.au

OPERATIONS REVIEW

RENISON TIN OPERATION

Metals X owns a 50% equity interest in Renison through its 50% stake in the Bluestone Mines Tasmania Joint Venture (BMTJV). All data in this report is 100% of Renison unless stated as 'MLX 50% share'.

The Renison strategy is focused on:

- Continuing to convert ongoing in-mine exploration into a substantial long-life mining operation;
- Deliver higher cash margins through an increased mining rate and recovery;
- Improving the operational safety, environmental compliance; and
- Continuing to seek productivity improvements and reduce costs.

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

		Jun 2022 Quarter	Mar 2022 Quarter	Rolling 12-months
Physical and Revenue Summary				
Ore mined	t ore	170,594	197,951	791,850
Grade of ore mined	% Sn	1.60	1.50	1.54
Ore milled (after sorter upgrade)	t ore	146,038	179,004	670,291
Grade of ore processed	% Sn	1.87	1.74	1.81
Mill recovery ⁽¹⁾	%	79.02	79.44	78.16
Tin produced	t Sn	2,154	2,477	9,461
Imputed tin price (net of TC/RC) ^{(2) (4)}	A\$/t Sn	\$46,725	\$54,310	\$48,186
C1 cash production costs	A\$/t Sn	\$17,389	\$14,909	\$15,619
All-in sustaining costs (AISC)	A\$/t Sn	\$26,598	\$23,174	\$22,753
All-in cost (AIC) ⁽³⁾	A\$/t Sn	\$31,337	\$29,730	\$28,476
Imputed revenue (net of TC/RC) ⁽⁴⁾	\$M	100.65	134.55	455.91
C1 cash production costs	\$M	37.46	36.93	147.77
AISC	\$M	57.29	57.41	215.27
AIC	\$M	67.50	73.65	269.43
Imputed net cash flow ⁽⁵⁾	\$M	44.09	74.35	233.83
Imputed EBITDA	\$M	63.21	97.62	308.15

⁽¹⁾ Replacing Overall Recovery and updated comparative figures.

⁽²⁾ Calculated using the LME Tin cash bid average less treatment and royalty costs per tonne.

⁽³⁾ AIC includes AISC plus project and exploration costs.

⁽⁴⁾ Imputed revenue assumes 100% of tin produced is sold. Imputed net cashflow assumes no change to receivables or inventory. The March 2022 quarter imputed tin price and revenue was not calculated net of royalty costs and has been updated in the June 2022 quarter.

⁽⁵⁾ Metals X share of imputed net cashflow is A\$22.0 million.

PRODUCTION AND COSTS

- Mining and Processing operations were impacted by Covid with absenteeism at elevated levels in all areas.
- Mined ore tonnes were also impacted by the need to replace a production drill rig after the existing rig was damaged during operations. The delayed arrival and commissioning of a replacement drill reduced tons mined but surface stockpiles mitigated the effect on production. A new drill rig was operating at full capacity by quarter end.
- Additionally, rescheduling of production from the lower Area 5 stopes due to the seismic event in February delayed access to the availability of higher-grade material. This material is not lost from the mine plan and will be mined in the second half of 2022.
- Ore milled was reduced from the previous quarter due to a planned mill shutdown. This shutdown, originally planned for March 2022, was postponed to April 2022.

- Renison produced 2,154 tonnes of tin-in-concentrate (Q1 2022: 2,477 tonnes of tin-in-concentrate). The production result represents a 13% decrease against the previous quarter.
- The AISC for the quarter was \$26,598/tonne of tin (Q1 2022: \$23,174/tonne of tin). The 14.8% increase in AISC was primarily driven by the 13.0% lower tin production for the quarter.
- Imputed EBITDA of \$63.2 million (MLX 50% share - \$31.6 million) (Q1 2022: EBITDA \$97.6 million) and imputed net cash flow of \$44.1 million (MLX 50% share - \$22.0 million) (Q1 2022: \$74.4 million).

AREA 5 PROJECT UPDATE

The Area 5 upgrade has progressed significantly over the period. COVID-19 related issues with associated logistics disruptions together with delays in manufacturing have impacted the schedule, Rescheduling of underground activities has minimised the impacts of the predicted delays to the CY2022 mine schedule.

Key activities during the quarter included:

- **HV Power Upgrade**
 - Administration Building Voltage Transformer delivered.
 - High and Low Voltage Cable runs complete with commissioning of the new HV substation delayed until the upcoming July 2022 shut due to engineering issues that are currently being resolved.
 - Commissioning and cut-over sequence have been determined, however the activity of rescheduling sitewide power outage plans continue. This is being done whilst managing production requirements and evolving COVID related delivery delays.
- **Ventilation Upgrade**
 - Raise-boring has been completed.
 - Additional vent walls and doors have been delivered.
 - The fan chamber construction has been completed.
 - Delivery of ventilation fans has been delayed from the supplier however is now in progress with all issues resolved.
 - Commissioning of the new ventilation system is now planned for early September 2022.
- **Backfill Facility and Infrastructure**
 - Construction of the plant progressed significantly with the completion of concrete civil works. Structural steel erection continued on the main filter shed, thickener and tailing storage tanks.
 - Commissioning of the paste plant has been pushed to mid-September 2022. The mining schedule has been managed accordingly.
 - Installation of the underground piping infrastructure is underway with installation on track to meet the revised construction schedule.

Total Area 5 incurred and committed costs are \$53.4 million with a total forecast cost of \$61.9 million (Q1 2022: \$60.3 million) which now includes additional scope for a new water treatment plant that was not in the previous budget

MINE RESOURCE DRILLING PROGRAM

During the quarter, 12,487 metres of underground drilling was completed which included grade control drilling in Leatherwood, Area 5 and Central Federal Bassett and Resource development drilling in Leatherwood and Hastings areas.

Underground drilling will continue from the Central Federal Bassett 1560 Stockpile, Huon North 1450, Leatherwood 1250 and the Area 5 1140 hanging wall drill drive platforms during Q3 2022.

METALLURGICAL IMPROVEMENT PROGRAM

The Metallurgical Improvement Program (**MIP**) is ongoing with three projects remaining. Key MIP workstreams finalised and commissioned during the quarter were:

- Gravity Concentrate Pumping Improvements.
- CMC mixing and dosing system (for Talc management).
- Primary Grinding/Sulphide Feed Stability.
- Sulphide Re grind Stability.
- CCD reconfiguration completed.

Q3 2022 will see the commissioning of the following projects:

- Tin Flotation Circuit Re-configuration.
- 50' thickener decommissioning.
- Leach feed surge tank commissioning.

RENTALS PROJECT

Stage 1 of the Rentals 2022 Definitive Feasibility Study (**DFS**) Update is focused on resolving key optionality and project configuration issues, to select the optimum, single go-forward project configuration for detailed consideration in Stage 2 of the DFS.

Work on Stage 1 was nearing completion at the end of the quarter, with most of the assessment work largely complete. The focus is now on the finalisation of Stage 1, and the planning of Stage 2.

Key activities during the quarter included:

- Concentrator:
 - Detailed review and confirmation of the process design criteria and flowsheet configuration was completed, with all major optionality issues resolved.
 - Final reporting, and assembly of capital estimates, including review of various opportunities, is currently in progress.
- Technology selection:
 - Option studies for plant furnace technology, off-gas train configuration, and energy source are now complete.
 - Final reporting, and assembly of capital estimates, including review of various opportunities, is currently in progress.
 - A decision will be made as to the need for additional test work as part of the scope of Stage 2 of the study.
- Infrastructure Engineering:
 - HV power supply study is nearing completion with draft report received.
 - Development of a preliminary overall water balance completed, and water management and supply strategy for the project defined.
 - Early engagement with potential thermal energy suppliers was progressed.
- Tailings Reclaim, Tailings and Water Management:
 - Detailed assessment of the tailings reclaim methodology has concluded reclaim by sluicing only is the most appropriate strategy to carry forward for the project. This methodology offers a high level of flexibility to manage variability of the reclaimed tailings, and other operational constraints.
 - Work on assessing the most appropriate tailings and other waste streams management strategy was completed, and a clear strategy identified to carry forward into Stage 2.
- Plant Capacity and Grade:

- Detailed financial analysis to assess the optimum plant capacity and TUP grade was progressed and significantly advanced.
- Rentals Plant feed grade modelling is now complete with 11% Sn appearing optimum.
- Initial assessment clearly shows the benefits of increased treatment rates vs capital with the maximum rate considered at (2.4 Mt/y). Capacity analysis will be finalised in July 2022.
- Safety, Health, Environment & Community:
 - Permitting gap analysis and planning strategy is now complete.
 - Flora and fauna field assessments covering all potential project locations (process, pipeline, and tailings storage) have been fully scoped and early works initiated.
 - Development of social license analysis and strategies has continued to be progressed.
 - Scoping of critical field works to support the EIS has commenced.
 - Proposals for permitting (State and National) services were received, with award and commencement planned for early Q3 2022.

Work for the coming quarter will focus on the close out of Stage 1, and the initiation of Stage 2 of the DFS. At quarter end, overall progress for Stage 1 of the DFS is 81% complete, with Stage 1 expected to be complete in August 2022. Stage 2 early works will be progressed during Q3 2022.

NEAR MINE EXPLORATION

During the quarter, two surface exploration diamond drill holes were completed for a total of 1,255.7 metres of surface drilling. These holes complete the first phase of surface exploration drill testing of anomalies generated by the 2019 downhole electromagnetic survey. The two holes are currently being assessed with a total of 300 core samples cut and submitted to date for multi-element analysis. Assay results are expected to be received during Q3 2022 with follow-up drilling planned with a further five drill holes planned to commence during Q3 2022, pending environmental approvals.

Phase 2 of the surface ridge and spur soil sampling program was completed with a total of 18km of line cutting and 198 soil and rock samples collected and submitted for multi-element geochemical analysis. Assay results are expected quartering Q3 2022. The third phase of ridge and spur sampling will commence in Q3 2022.

Planning is underway for a program of geophysical surveys including passive seismic and helicopter VTEM. The passive seismic survey is planned to commence in the coming quarter with a VTEM survey planned to commence early in 2023.

CORPORATE

IN-SPECIE DISTRIBUTION OF NICO SHARES

On 13 January 2022, Metals X completed the in-specie distribution of the Consideration Shares to eligible Metals X shareholders.

Metals X has requested a Ruling from the ATO on whether the in-specie distribution of the Consideration Shares constitutes a dividend, a return of capital, or a combination of the two. As announced on 5 July 2022, Metals X expects it will be sent the Class Ruling for review prior to its expected publication by the ATO in early August 2022.¹

INVESTMENTS – CONVERTIBLE NOTES, SHARES AND OPTIONS

The Company continues to hold \$36.0 million in aggregate in convertible notes and 20.3 million options, representing the second tranche of the 40.6 million options, issued by Cyprium Metals Limited (**CYM**). The first tranche of 20.3 million options were exercisable at a price of \$0.3141 and expired out of the money on 30 March 2022. The second tranche of 20.3 million options are exercisable at a price of \$0.3551 and expire 30 March 2023. Further details on the activities of CYM are available from their ASX releases.

Following completion of the sale of the Company's Nickel Asset portfolio to NICO and subsequent IPO, the Company held 21,100,000 fully paid ordinary shares (**Shares**) and 25,000,000 options in NICO.

¹ Refer ASX announcement: 5 July 2022, ATO Class Ruling Update

Terms of the Shares and options are as follows:

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

During the quarter, the Company sold the remaining 3,400,000 unrestricted NICO shares for approximately \$4.36 million (excluding transaction costs).

At quarter end, the Company continues to hold 15,700,000 NICO shares and 25,000,000 options (subject to various escrow provisions). The options are exercisable after 19 January 2024 and on or before 3 November 2024.

CASH GENERATION

At quarter end, Metals X had \$122.2 million in the bank (Q1 2022: \$91.6 million), tin metal receivables of \$4.2 million (Q1 2022: \$13.3 million), tin metal inventory of \$15.0 million (Q1 2022 \$14.9 million) and trade and other payables of \$17.8 million (Q1 2022: \$18.5 million). Trade and other payables include \$8.5 million of tin sales received in advance of the physical tin shipments arriving at port.

Metals X share of imputed net cash flow from Renison operations is \$22.0 million for the quarter (Q1 2022: \$37.4 million). The Company's cash balance increased by \$30.6 million during the quarter (Q1 2022: increased by \$45.3 million).

The following table reconciles opening cash plus imputed net cashflows to actual closing cash at quarter end.

Movement in cash balance	A\$(m)
Opening cash at bank	91.6
<i>Add cash inflows</i>	
Quarterly tin sales receipts	58.6
Net proceeds from sale of 3.4 million NICO shares	4.4
	154.6
<i>Less cash outflows:</i>	
Bluestone JV cash calls	(27.8)
Royalty payment	(3.8)
Working capital	(0.8)
Closing cash at bank¹	122.2

¹ Closing cash at bank excludes MLX's 50% share of \$6.4 million cash held within the Bluestone Mines Tasmania Joint Venture as at 30 June 2022. Total closing cash including the cash held in Bluestone Mines Tasmania Joint Venture is \$128.6 million

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

ENQUIRIES

Mr Brett Smith - Executive Director
E: Brett.Smith@metalsx.com.au

Competent Person's Statements

The information in this report that relates to historic Exploration Results is based on, and fairly represents, information that has been compiled by Bluestone Mines Tasmania Joint Venture Pty Ltd technical employees under the supervision of Mr Colin Carter B.Sc. (Hons), M.Sc. (Econ. Geol), AusIMM. Mr Carter is a full-time employee of the Bluestone Mines Tasmania Joint Venture Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The Company confirms it is not aware of any new information of data that materially affects the Exploration Results and the form and context in which the Competent Person's findings have been presented has not been materially modified from the original announcement as noted.