QUARTERLY REPORT

FOR THE QUARTER ENDING 30 SEPTEMBER 2020

METALS X LIMITED

Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 30 September 2020.

SAFETY AND COVID-19 RESPONSE

- Metals X remains committed to providing a safe and healthy workplace for staff, contractors, and site visitors, as well as operating in a manner to assist the health of the communities in which we operate.
- Bluestone Mines Tasmania JV Renison Tin Operation (Renison) reported two Recordable Injuries during the quarter. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) for Renison was 16.6 at the end of the quarter (15.6 at the end of the prior quarter).
- There have been no cases of COVID-19 within the Metals X or Renison workforce and there has been no significant disruption to operations, critical supplies or product logistics and shipping.

CORPORATE

- Closing cash and working capital of ($5.1) million including $5.9 million cash ($16.4 million and $14.3 million respectively at the end of the previous quarter).
- Citibank N.A. (**Citi**) Loan balance of $30.5 million fully repaid and $26 million unsecured loan facility agreement entered into, and drawn down, with Asia Cheer Trading Limited, a fellow subsidiary of MLX substantial shareholder, APAC Resources Strategic Holdings Limited[1].
- Appointment of new Non-Executive Directors, Mr Peter Gunzberg (Non-Executive Chairman) and Mr Grahame White, and the resignation of Non-Executive Directors, Mr Brett Lambert and Mr Tony Polglase. Mr Brett Smith appointed as Executive Director.

TIN DIVISION

- Record production of 2,326 tonnes of tin-in-concentrate.
- All-in-sustaining cost (**AISC**) of $16,293 per tonne of tin (realised tin price, net of smelter charges, $22,312/t).
- EBITDA of $10.3 million and net cash flow of $7.0 million (MLX 50% share).
- Production guidance for FY20/21 unchanged at 8,200 - 8,700 tonnes of tin-in-concentrate at an ASIC cost of $19,000 - $20,000/tonne Sn.

COPPER DIVISION

- Care and maintenance activities continued at Nifty Copper Operation with net costs of $3.4 million; lower than prior guidance of $4.2 million.
- Formal agreement signed for the Paterson Exploration Project (Paterson Province) farmed-out to IGO Limited in an up-to $32 million transaction. Planning undertaken for initial on-ground work.
- Sale process ongoing for entire copper division including the Nifty Copper Operation, Maroochydore Copper Project and the Paterson Exploration Project.
- During the quarter, MLX subsidiary Cupric Pty Ltd name changed to Paterson Copper Pty Ltd.

NICKEL DIVISION

- Strategic review of the Wingellina Project completed with strategic options being reviewed.

All currency is AUD unless stated otherwise.

[1] Refer ASX Announcement: 28 July 2020, Refinancing Loan Facility Executed.

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TIN DIVISION

RENISON TIN OPERATION (MLX 50%)

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'.

SUMMARY

A summary of the Renison production and costs for the September 2020 quarter is outlined below in Table 1.

TABLE 1 - RENISON TIN OPERATION PRODUCTION AND COSTS – SEPTEMBER 2020 QUARTER

		Sept 2020 Quarter	Previous Quarter	Rolling 12-months
Physical and Revenue Summary				
Ore mined	t ore	216,086	214,295	847,882
Grade of ore mined	% Sn	1.58	1.19	1.23
Ore milled (after sorter upgrade)	t ore	165,071	169,567	676,253
Grade of ore processed	% Sn	1.87	1.40	1.49
Recovery	% Sn	75.3	71.3	73.8
Tin produced	t Sn	2,326	1,733	7,451
Tin sold	t Sn	**2,170**	**1,160**	**7,237**
Tin price	$/t Sn	24,630	23,961	24,459
Realised tin price (net of TC/RC)	$/t Sn	22,312	21,608	22,088
Revenue (net of TC/RC)	$M	**51.90**	**37.45**	**164.57**
Cost Summary				
Mining	$M	16.22	14.55	58.85
Processing	$M	12.01	11.31	47.42
Administration	$M	2.78	2.20	10.08
Stockpile adjustments	$M	(1.13)	0.02	0.16
C1 Cash Cost	$M	**29.88**	**28.08**	**116.51**
	$/t Sn	**12,847**	**16,204**	**15,637**
Royalties	$M	1.31	0.72	3.46
Other marketing costs	$M	0.20	0.26	0.97
Sustaining capital	$M	3.92	0.24	1.69
Reclamation & other adjustments	$M	0.01	0.01	0.05
Corporate costs	$M	0.01	0.09	0.17
All-in Sustaining Costs (AISC)	$M	**35.33**	**29.40**	**122.85**
	$/t Sn	**15,189**	**16,962**	**16,487**
Project costs	$M	2.57	10.06	26.21
Exploration costs	$M	-	-	(0.01)
All-in Costs (AIC)	$M	**37.90**	**39.45**	**149.05**
	$/t Sn	**16,293**	**22,766**	**20,004**
Depreciation & amortisation	$M	7.79	7.56	53.48
	$/t Sn	**3,350**	**4,365**	**7,178**
Cashflow	$M	**14.00**	**(2.01)**	**15.53**
EBITDA	$M	**20.49**	**8.30**	**43.47**
MLX 50% share	$M	50%	50%	50%
Cashflow	$M	**7.00**	**(1.00)**	**7.76**
EBITDA	$M	**10.25**	**4.15**	**21.73**

Note: C1, AISC and AIC are expressed per tonne of tin produced. Recovery is expressed as overall recovery, taking account of losses of tin through the ore sorter and the concentrator.

SAFETY AND COVID-19 RESPONSE

Renison reported no lost time injuries, no restricted work injuries and two medical treatment injuries during the quarter. The 12-month rolling TRIFR for Renison was 16.6 at the end of the quarter (15.6 prior quarter). Leadership safety interactions and development of critical control standards and processes for all high-risk activities have progressed as a priority.

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There have been no cases of COVID-19 within the Renison workforce, nor any significant disruption to date to operations, critical supplies, product or concentrate logistics. The Company has contingency plans for business continuity and resilience plans in place for potential disruption to operations, including prudent financial measures.

PRODUCTION AND COSTS

Production for the quarter was a record 2,326 tonnes of tin-in-concentrate (previous quarter 1,733 tonnes), primarily driven by higher grade of ore mined at 1.58% Sn (previous quarter 1.19% Sn), as development and stoping into the high grade Area 5 has progressed, and increased recovery at 75.3% Sn (previous quarter 71.3% Sn) as the benefits of the metallurgical improvement program and higher grade feed are being realised. Performance in September was particularly encouraging with record monthly tin production and the second highest monthly recovery since the Renison restart in 2008. 9,215 metres of underground drilling, mainly grade control in Area 5, Huon North and Leatherwood, was completed during the quarter.

ASIC at $15,189 per tonne of Sn was 10% lower than the previous quarter ($16,962 per tonne), driven by the increased tin production for the quarter. Sustaining capital of $3.9 million included $1.8 million in capital development, $1.1 million of fleet finance payments and $1.0 million in underground and surface equipment refurbishments/rebuilds. EBITDA and cashflow (MLX 50%) for the quarter were improved at $10.3 million and $7.0 million respectively (prior quarter $4.2 million and ($1.0 million)).

Production and cost guidance for FY2021 is unchanged at 8,200 – 8,700 tonnes of tin-in-concentrate at AISC of $19,000 - $20,000 per tonne of tin. Project capital for the balance of the FY is expected to be $20 - $25 million.

STRATEGY DELIVERY

The Renison strategy is focused on continuing to convert ongoing significant in-mine exploration success into a substantial long-life mining operation, to deliver higher cash margins through an increased mining rate, grade and recovery, whilst continuing to seek productivity improvements and reduce costs. The key focus areas in the quarter were commencement of execution of the Area 5 Project and progressing the Metallurgical Improvement Program.

Area 5 Project

Following completion of the Area 5 Optimisation Study, in conjunction with an updated Renison Life-of-Mine Plan, during June 2020[2], the execution phase of the Area 5 Project was initiated in July 2020. The objective of the Area 5 Project is to develop into and mine the high-grade Area 5 Ore Reserve, including construction of the requisite surface and underground infrastructure to support the development.

Key Area 5 Project activities during the quarter were:

- Selection of preferred ventilation solution and surface preparation.
- Geotechnical drilling and ground condition assessment for underground raisebore legs of ventilation system.
- Completion of a feasibility study for a paste-fill plant, selection of a preferred contractor for construction and commencement of approvals process with West Coast Council and EPA.
- Electrical infrastructure upgrade design commenced and selection or preferred contractor ongoing.

Metallurgical Improvement Program

The objective of the Metallurgical Improvement Program is to improve systems to ensure the increased processing throughput rates are sustained and to increase metallurgical recovery. The program is being advanced through ongoing review and updating of control systems and online analytical infrastructure, improved training and communication of standard operating parameters and upgrade or replacement of key processing infrastructure. Key Metallurgical Improvement Program workstreams progressed during the quarter were:

- On-Stream Analysis system Upgrade – commissioning and project hand-over completed.
- Raw Water Upgrade - commissioning completed.
- UF Falcon rinse water and CCD wash water upgrade – construction commenced.
- Upgrade of primary gravity spirals – construction and commissioning completed with an immediate improvement in coarse gravity recovery achieved.
- Upgrade of gravity table feed distributors – construction commenced.
- Sulfide scavenger cleaner circuit – preliminary engineering commenced.
- Work progressed in tin flotation and Ultra Fine Falcon circuits to enable higher tin production rates.

[2] Refer ASX Announcement: 17 June 2020, Renison Area 5 Underpins 10 Year Mine Life and Increased Tin Production.

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COPPER DIVISION

NIFTY COPPER OPERATION (MLX 100%)

Metals X is 100% owner of substantial copper assets located in the East Pilbara region of Western Australia including Nifty, (underground mine, processing, power and camp infrastructure), the Maroochydore Copper Project (**Maroochydore**) and the surrounding Paterson Province exploration tenure (**Paterson Exploration Project**) (together MLX Copper Assets).

SAFETY AND COVID-19 RESPONSE

There were no safety incidents or recordable injuries at Nifty during the quarter. There have been no cases of COVID-19 in the Nifty workforce and no significant disruption to care & maintenance activities related to COVID-19.

PROPOSED SALE OF COPPER ASSETS

During the quarter the Company announced its intention to seek offers for the proposed sale of its entire copper asset portfolio, including the Nifty Copper Operation, Maroochydore Copper Project and the Paterson Exploration Project[3]. A shortlist of preferred bidders was selected, on the basis of indicative offers provided during the quarter, to undertake further due diligence and submit final firm bids. The sale process is ongoing with the intention of executing a binding term sheet and thereafter a sale agreement. There is no certainty that a transaction will be entered into or completed.

PATERSON EXPLORATION PROJECT

Following the announcement in June 2020 of a binding term sheet with IGO Limited (**IGO**)[4], during the quarter the Company executed the formal $32 million Farm-in and Joint Venture Term Sheet with IGO in relation to the Company's Paterson Exploration Project, which surrounds, but does not include, Nifty and Maroochydore[5].

Exploration program start-up has been delayed by the global COVID-19 pandemic. IGO is planning to commence exploration activities in the December 2020 quarter with a soil sampling survey for the purpose of targeting for follow-up drilling programs in the 2021 exploration season.

CARE & MAINTENANCE

Nifty remained in care & maintenance (**C&M**) during the quarter, with surface infrastructure including the power station, processing plant and camp being maintained in a production-ready status.

Total C&M costs for the quarter were $4.1 million, slightly lower than prior guidance of $4.2 million. Inventory and equipment sales of $0.7 million were made during the quarter which reduced net Nifty C&M expenditure to $3.4 million.

Based on C&M activities and costs to date, revised guidance for C&M costs for the December 2020 quarter are provided in Table 2.

TABLE 2 – NIFTY COPPER OPERATION CARE AND MAINTENANCE COST - SEPTEMBER 2020 QUARTER COST AND GUIDANCE

Costs are shown as positive values, revenues are shown as negative values.		Sept 2020 Quarter	Previous Quarter	Dec 2020 Quarter (Guidance)
Placement into care & maintenance	$M	-	0.36	-
Ongoing care & maintenance	$M	2.84	3.80	2.96
Tenure holding costs	$M	0.10	0.36	0.35
Insurance	$M	0.18	0.23	0.25
Residual asset finance	$M	1.01	1.28	0.27
Total care & maintenance costs	$M	**4.13**	**6.03**	**3.83**
Inventory & equipment sales	$M	(0.73)	(0.63)	(0.50)
Net care & maintenance costs	$M	**3.40**	**5.40**	**3.33**

[3] Refer ASX Announcement: 2 July 2020, Copper Assets Strategic Review Proposed Sale.
[4] Refer ASX Announcement: 11 June 2020, $32M Paterson Province Exploration Joint Venture with IGO Limited.
[5] Refer ASX Announcement: 12 August 2020, Paterson Exploration Project – IGO JV Update.

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NICKEL DIVISION

WINGELLINA NICKEL - COBALT PROJECT (MLX 100%)

Wingellina Nickel–Cobalt Project is part of Metals X's Central Musgrave Project which is the largest undeveloped nickel-cobalt deposit in Australia. The Central Musgrave Project has a Mineral Resource containing approximately 2.0Mt of nickel and 154,000t of cobalt within which Wingellina hosts an Ore Reserve of approximately 1.56Mt of nickel and 123,000t of cobalt (refer to the 2020 Annual Report).

During the quarter the Company, with CSA Global, completed a strategic review of the options to advance the project. The scope of works included a business environment review of global lateritic nickel mines and development projects along with a gap analysis in relation to the completed 2008 Phase 1 Feasibility Study. The strategic options identified are being reviewed.

CORPORATE

WITHDRAWAL OF SHAREHOLDER S249D NOTICE[6,7]

During late June 2020 the Company reported receipt of notices under sections S203D(2), S249D and S249P of the Corporations Act on behalf of shareholder APAC Resources Strategic Holdings (**APAC**) seeking the removal of three incumbent directors (Mr Patrick O'Connor, Mr Brett Lambert and Mr Tony Polglase) and the appointment of APAC nominees, Mr Grahame White and Mr Peter Gunzburg. The S249D Notice was withdrawn on 10 July 2020.

BOARD CHANGES

During the quarter, on 10 July 2020 the Company announced the resignation of Mr Brett Lambert and Mr Tony Polglase as Non-Executive Directors, and the appointment of Mr Peter Gunzburg and Mr Grahame White as Non-Executive Directors with immediate effect. Mr Gunzburg was nominated by the Board as Non-Executive Chairman. Mr Patrick O'Connor remains as a Non-Executive Director. Mr Brett Smith was appointed as Executive Director.

FINANCE FACILITIES

During the quarter, the Company entered into a A$26 million unsecured loan facility agreement with Asia Cheer Trading Limited (**ACT**), a fellow subsidiary of MLX substantial shareholder APAC Resources Strategic Holdings Limited (**ACT Facility**)[8]. The loan term is to 31 January 2021.

On 31 July 2020, the ACT Facility was fully drawn down with a contemporaneous repayment of the $30.5 million outstanding principal pursuant to the Company's facility agreement with Citi dated 29 August 2019, plus accrued interest[9]. The loan balance of the ACT Facility at 30 September 2020 was $26.0 million. Refer to the Company's 2020 Annual Report for further details.

In addition to the $26 million, ACT has provided the Company with a commitment to increase the ACT Facility by a further $5 million on the same finance terms if required and to extend the repayment date of the ACT Facility to 31 July 2021.

CASH AND WORKING CAPITAL

Closing cash and working capital at 30 September 2020 was ($5.1 million) including $5.9 million cash ($16.4 million and $14.3 million respectively at the end of the previous quarter). The large movement in cash and working capital for the quarter is mainly due to the net repayment of the Citi Facility ($35 million) and drawdown of the ACT facility ($26 million) of $4.5 million and reclassification of the finance facility from non-current to current liabilities of $16 million.

[6] Refer ASX Announcement: 23 June 2020, Receipt of Shareholder Notice.
[7] Refer ASX Announcement: 25 June 2020, Receipt of Shareholder S249D Notice.
[8] Refer to ASX Announcement: 28 July 2020, Refinancing Loan Facility Executed.
[9] Refer to ASX Announcement: 31 July 2020, Company Update.

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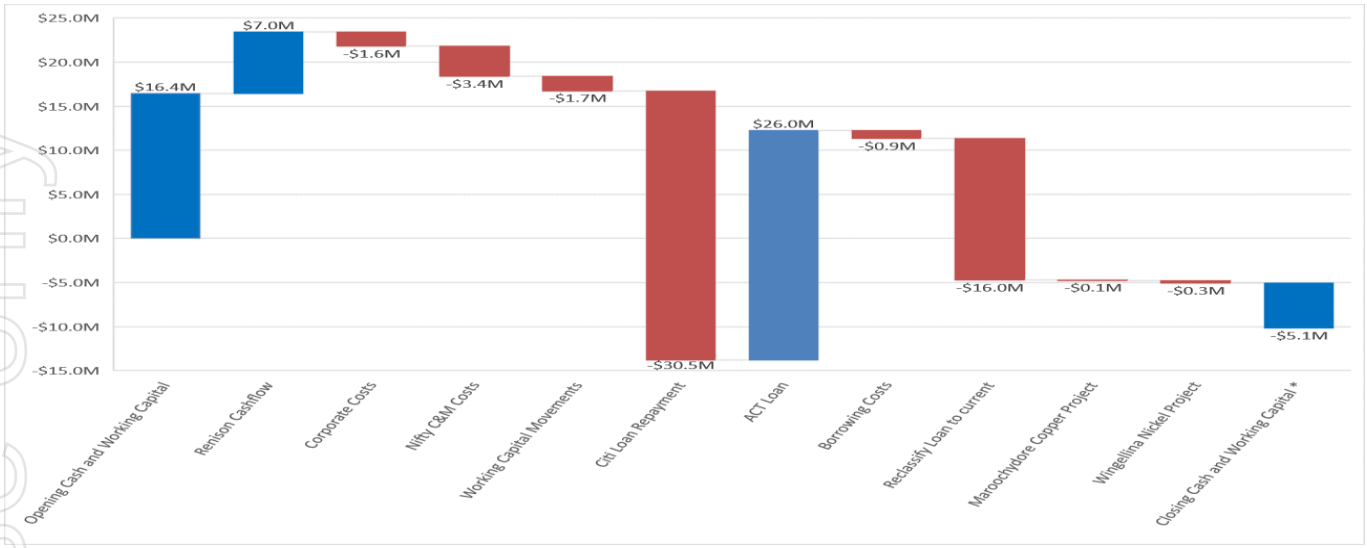


FIGURE 1 – CASH & WORKING CAPITAL AT 30 SEPTEMBER 2020

* Cash and working capital at 30 September 2020 includes the current liability of $26.0 million for the ACT Loan.

HEDGING

During the quarter the Company closed out tin hedges of 1,890 tonnes of tin for a net payment to the Company of A$76,000. At the end of the quarter the Company had no outstanding tin hedges.

Over the 11 months that the tin hedges, associated with the Citi Finance Facility, were in place, the hedges contributed A$1.3 million in cash to the Company.

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

ENQUIRIES

Mr Brett Smith - Executive Director
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