

# QUARTERLY REPORT

FOR THE QUARTER ENDING  
31 MARCH 2021



Metals X Limited (**Metals X** or the **Company**) presents its activities report for the quarter ended 31 March 2021.

## SAFETY AND COVID-19 UPDATE

- Bluestone Mines Tasmania JV Renison Tin Operation (Renison) reported three Recordable Injuries during the quarter. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) for Renison decreased to 16.8 at the end of the quarter (21.3 at the end of the previous quarter). Whilst there is improvement, management will continue the focus on hazard identification and control with the Critical Risk Management Project underway and ongoing emphasis on safety interactions.
- There have been no cases of COVID-19 within the Metals X or 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.

## CORPORATE HIGHLIGHTS

- Successfully completed the sale of the Company's Copper Division to Cyprium Minerals Limited (ASX: CYM) for a total consideration of \$60.0 million consisting of a \$24.0 million cash payment and \$36.0 million in aggregate in Convertible Notes and Options.
- Agreed to a further extension of time and variation of terms for the Mt Gordon \$10.0 million Copper Payment.
- Quarterly closing cash of \$29.8 million increased by \$20.7 million and includes the receipt of the \$24.0 million cash consideration from the sale of the Company's Copper Division.
- Group cash to be further bolstered upon return of the Company's \$6.5 million Copper Division environmental bonds expected to be received during the June 2021 quarter.
- On 14 April 2021, the Company repaid \$15.5 million, comprising 50% of the outstanding principal amount of the Company's unsecured \$31.0 million loan facility with Asia Cheer Trading Limited (ACT).

## RENISON TIN OPERATION (MLX 50%)

- Production of 1,486 tonnes of tin-in-concentrate, 25% below the previous quarter due to lower mined grade and short-term disruptions in the mine due to reduced backfill capacity, torn underground conveyor, electrical disruptions and poor ground conditions in a stope scheduled to be a primary ore source.
- Metallurgical Improvement Program has continued to deliver strong results with recovery above the metallurgical improvement plan targets for the grade processed. Mill recovery reduced to 75.6% in line with the lower grade of ore processed.
- Area 5 mining advanced with completion of the upper ventilation shaft, commenced of raise boring of the first underground ventilation shaft, engineering progressing on the paste fill plant and surface electrical substation upgrade, together with continued detailed geotechnical and mine engineering.
- All-in-sustaining cost (**AISC**) of \$26,722/tonne of tin (realised tin price, net of smelter charges, \$31,384/tonne).
- EBITDA of \$15.0 million (MLX 50% share - \$7.5 million) and net cash flow of \$0.65 million (MLX 50% share - \$0.33 million).
- Subsequent to the quarter, production performance has improved with forecast tin production to exceed 2,000 tonnes of tin-in-concentrate for Q4 FY21.
- Production guidance for FY21 adjusted to 7,800 - 8,200 tonnes of tin-in-concentrate at an AISC cost of \$19,000 - \$21,000/tonne tin. Tin pricing remains strong and is expected to continue for the remainder of 2021.
- Thermal Upgrade Project Scoping Study progressed to examine the introduction of tin fumer technology into the Renison processing flowsheet with completion expected in the third quarter of 2021.

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## OPERATIONS REVIEW

### 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'.

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 during the quarter was to continue execution of the Area 5 Project and progression of the Metallurgical Improvement Program.

A summary of the Renison production and costs for the March 2021 quarter is outlined below in Table 1.

**TABLE 1 - RENISON TIN OPERATION PRODUCTION AND COSTS – MARCH 2021 QUARTER**

		Mar 2021 Quarter	Dec 2020 Quarter	Rolling 12-months
<b>Physical and Revenue Summary</b>				
Ore mined	t ore	173,940	214,540	818,861
Grade of ore mined	% Sn	1.10	1.11	1.25
Ore milled (after sorter upgrade)	t ore	154,042	169,159	657,839
Grade of ore processed	% Sn	1.27	1.54	1.52
Recovery	% Sn	75.7	76.9	75.2
Tin produced	t Sn	1,486	1,999	7,544
<b>Tin sold</b>	<b>t Sn</b>	<b>1,277</b>	<b>2,339</b>	<b>6,946</b>
Tin price	\$/t Sn	34,489	25,911	26,475
Realised tin price (net of TC/RC)	\$/t Sn	31,384	23,512	24,028
<b>Revenue (net of TC/RC)</b>	<b>\$M</b>	<b>46.64</b>	<b>47.00</b>	<b>182.99</b>
<b>Cost Summary</b>				
Mining	\$M	15.87	14.82	61.45
Processing	\$M	10.29	11.62	45.24
Administration	\$M	2.73	2.84	10.55
Stockpile adjustments	\$M	0.72	0.23	-0.17
<b>C1 Cash Cost</b>	<b>\$M</b>	<b>29.60</b>	<b>29.51</b>	<b>117.07</b>
Cost per tonne produced	\$/t Sn	<b>19,921</b>	<b>14,761</b>	<b>15,519</b>
Royalties	\$M	1.77	1.11	6.52
Other marketing costs	\$M	0.14	0.13	0.70
Sustaining capital	\$M	8.21	5.03	17.40
Reclamation & other adjustments	\$M	0.01	0.01	0.03
Corporate costs	\$M	-0.01	0.03	0.13
<b>All-in Sustaining Costs (AISC)</b>	<b>\$M</b>	<b>39.71</b>	<b>35.82</b>	<b>141.84</b>
Cost per tonne produced	\$/t Sn	<b>26,722</b>	<b>17,921</b>	<b>18,802</b>
Project costs	\$M	6.28	6.11	25.02
Exploration costs	\$M	-	-	-
<b>All-in Costs (AIC)</b>	<b>\$M</b>	<b>45.99</b>	<b>41.94</b>	<b>166.86</b>
<b>Cost per tonne produced</b>	<b>\$/t Sn</b>	<b>30,946</b>	<b>20,978</b>	<b>22,118</b>
<b>Depreciation &amp; amortisation</b>	<b>\$M</b>	<b>6.38</b>	<b>6.87</b>	<b>28.60</b>
	<b>\$/t Sn</b>	<b>4,293</b>	<b>3,436</b>	<b>3,791</b>
<b>Cashflow</b>	<b>\$M</b>	<b>0.65</b>	<b>5.06</b>	<b>16.13</b>
<b>EBITDA</b>	<b>\$M</b>	<b>15.14</b>	<b>16.21</b>	<b>58.57</b>
<b>MLX 50% share:</b>	<b>\$M</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>
<b>Cashflow</b>	<b>\$M</b>	<b>0.33</b>	<b>2.53</b>	<b>8.06</b>
<b>EBITDA</b>	<b>\$M</b>	<b>7.57</b>	<b>8.11</b>	<b>29.29</b>

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.

## PRODUCTION AND COSTS

Production for the quarter was 1,486 tonnes of tin-in-concentrate (previous quarter 1,999 tonnes of tin-in-concentrate). The reduction in tin produced was driven by lower grade and tonnage of ore mined and available to treat and a draw down on surface stocks between the quarters. Tonnage mined was below plan due to short term operational issues with a torn underground transfer conveyor belt, fault in the mines' High Voltage (HV) power supply network, and poor ground conditions in a stope in a remanent mining area that was scheduled to allow progress of the Area 5 capital ventilation development. Further production flexibility was limited by a delay in backfilling of mined stopes that directly affected commissioning of future stopes. By the end of the quarter an alternate Cemented Rock Fill (CRF) and fibrecrete supply contractor had fully mobilised to site improving the sites' ability to complete CRF at required fill rates. This together with changes to the mine schedule has increased the number of available production sources by the end of the quarter. Interim upgrades to the mines HV supply network and replacement of the transfer conveyor belt were completed in the quarter. The planned Area 5 capital HV upgrade is progressing to plan which will allow a highly improved and stable electrical system to be established. Mined grades were largely in line with the model for the areas mined however lower than plan due to the required schedule. Mill recovery reduced to 75.6% in line with the lower grade of ore processed. Recovery was however above the metallurgical improvement plan targets for the grade processed.

13,220 metres of underground and surface drilling was completed which included grade control in Area 5, Huon North and Heemskirk and Resource Development drilling in Area 5, Huon North, North King and South Basset areas.

AISC at \$26,722/tonne of tin was 49% higher than the previous quarter (\$17,921/tonne), driven by the lower tin production for the quarter. Sustaining capital of \$8.2 million included \$1.3 million in capital development, \$4.3 million in D Dam construction lift, \$0.9 million of fleet finance payments and \$1.7 million in underground and surface equipment refurbishments and rebuilds. EBITDA and cashflow (MLX 50%) for the quarter was \$7.5 million and \$0.3 million respectively (previous quarter \$8.1 million and \$2.5 million).

Subsequent to the quarter, production performance has improved with forecast tin production to exceed 2,000 tonnes of tin-in-concentrate for Q4 FY21. Production and cost guidance for FY2021 is adjusted at 7,800 – 8,200 tonnes of tin-in-concentrate (previously at 8,200 – 8,500 tonnes of tin-in-concentrate) at AISC of \$19,000 - \$21,000/tonne of tin. Project capital for the balance of the FY is expected to be \$7 - 9 million. The market outlook for tin remains strong and is expected to continue for the remainder of 2021.

## AREA 5 PROJECT

Following completion of the Area 5 Optimisation Study, in conjunction with an updated Renison Life-of-Mine Plan, issued in June 2020, 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:

- Completion of the upper strip and line section of the new ventilation network from surface.
- Pilot hole completed, and reaming commenced on the first leg of the new ventilation system from 2075 to 1594 level.
- Commencement of detailed engineering for the paste-fill plant with external approvals advanced with no major issues identified. At the proposed site, removal of legacy scats material in line with the approved preliminary site environmental clean-up commenced.
- Detailed electrical engineering work continued for the surface infrastructure upgrade with the preferred contractor, further long lead items ordered, and integration of electrical upgrade works with site operational shut periods commenced.
- Geotechnical review and iterative changes in stoping layouts have continued through the quarter, with a dedicated long term mine planning consultant secured. Further detailed design considerations have identified opportunities in the mine plan. Additional mine engineering resources have also been secured to complete detailed design work on all other areas of the mine which will further strengthen the sites LOM plan and operational delivery capacity.

## 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:

- The Tin Flotation circuit continued to be optimised during the quarter following upgrade works in Q4 2020, delivering further performance improvements.
- Fine Gravity Spirals replacement project; test work and engineering completed, with long lead items ordered and construction commenced. The project is expected to be commissioning early CYQ3.
- Final concentrate pumping upgrade engineering study, with project ready to move to execution.
- Sulfide flotation feed pumping stability – engineering complete, with execution planned to commence in CYQ2.
- Talc management testwork and engineering complete with the project moving into execution in CYQ2.

## THERMAL UPGRADE PROJECT

A Thermal Upgrade Project Scoping Study (TUPSS) is progressing and is expected to be completed in the third quarter of 2021.

The TUPSS will examine the production of a low tin grade concentrate which is feed for a tin fumer producing a high grade, ~68% Sn, tin fume product suitable for sale to conventional offtakes, and a separate high grade, ~70% Sn, gravity concentrate would continue to be produced from the concentrator. The overall aim of the introduction of a tin fumer and changes to the existing processing plant flowsheet, is to produce a step change in recovery beyond that achieved by the Metallurgical Improvement Program.

The Thermal Upgrade Project also allows the proving of fumer technology for treating Renison mine tails and thus would de-risk development of the proposed Rentals project.

## PROJECTS REVIEW

### 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.

During the quarter, the Company has continued to review its strategic options with respect to advancing the project.

## CORPORATE

During the quarter, the Company further reduced its corporate and operational staff in line with the sale of its Copper Division to CYM which completed on 30 March 2021. The annualised savings associated with the total staff reductions is approximately \$1.5 million. The Board continues to maintain an ongoing focus towards reducing the Company's fixed costs and overheads.

The Board's primary concern is to restore and grow shareholder value.

## COMPLETED SALE OF COPPER ASSETS TO CYPRIUM METALS LIMITED

On 10 February 2021, the Company announced that it has entered into an agreement with Cyprum Metals Limited (ASX: CYM) for the sale of its Copper Division<sup>1</sup> (Agreement).

On 31 March 2021, the Company announced that on 30 March 2021 completion had occurred under the Agreement and, in addition to \$36.0 million in aggregate in Convertible Notes and Options, the Company also received \$24.0

<sup>1</sup> Refer ASX Announcement: 10 February 2021, Agreement for sale of Copper Assets.



million in cash, a working capital adjustment of \$0.5 million, plus reimbursement of approximately \$2.1 million for holding costs from 1 January 2021<sup>2</sup>.

Group cash to be further bolstered upon return of the Company's \$6.5 million Copper Division environmental bonds expected to be received during the June 2021 quarter.

Further details of the terms of the Convertible Notes and Options issued by CYM to Metals X at completion are contained in the Company's announcement on 31 March 2021.

## MT GORDON COPPER PAYMENT UPDATE

The Company has previously announced it entered into binding terms for the \$10.0 million copper price contingent payment (Copper Payment) included in the Mt Gordon Sale Agreement transacted in 2015 and payable by Capricorn Copper Holdings Pty Ltd (CCH) and its parent entity, EMR Capital Investment (No. 6B) Pte Ltd<sup>3</sup>.

On 31 March 2021, Metals X agreed to a further extension of time for payment of the \$10.0 million Copper Payment<sup>4</sup>.

A summary of the varied key terms as agreed on 31 March 2021 are set out as follows:

<b>Revised Payment Terms</b>	<p>Payment of the Copper Payment is still to be made in two instalments:</p> <ul style="list-style-type: none"> <li>(a) the first tranche of \$5.0 million (<b>Tranche 1 Payment</b>) is further deferred from its previous payment date of 31 June 2021 (<b>Revised Tranche 1 Payment Date</b>); and</li> <li>(b) the second tranche of \$5.0 million is still to be paid on or before 24 June 2022.</li> </ul> <p>The parties have agreed that if CCH completes its currently proposed funding arrangements prior to 30 June 2021, CCH will pay both the first and second tranches (and the Extension Fee referred to below, and interest due) upon completion of those arrangements.</p>
<b>Extension Fee</b>	At the Revised Tranche 1 Payment Date, CCH will pay to Metals X an extension fee of \$250,000 (Extension Fee). Payment of the Extension Fee is required to be made regardless of whether the Tranche 1 Payment is paid to the Company prior to the Revised Tranche 1 Payment Date.
<b>Revised Security</b>	ECI to provide an additional specific security over a further 10% of the shares it holds in CCH, bringing the total specific security of the shares it holds in CCH to 20%, exercisable in the event of a default by CCH.
<b>Interest</b>	Interest will continue to accrue on the outstanding balance of the Copper Payment at 12% per annum from 25 December 2020 until final payment of the Copper Payment and accrued interest.

## FINANCE FACILITIES

The Company has an unsecured loan facility with Asia Cheer Trading Limited (ACT Facility), a subsidiary of the Company's substantial shareholder, APAC Resources Strategic Holdings Limited.

As at 31 March 2021, the ACT Facility of \$31.0 million remains fully utilised.

Subsequent to the quarter, on 14 April 2021, the Company repaid \$15.5 million, comprising 50% of the outstanding principal amount<sup>5</sup>.

The Company is in discussion with ACT to defer the remaining principal amount and the ACT Facility repayment date beyond 31 July 2021.

<sup>2</sup> Refer ASX Announcement: 31 March 2021, Completion of Sale of Copper Assets.

<sup>3</sup> Refer to ASX Announcement: 24 December 2020, Update – Mt Gordon Copper Payment.

<sup>4</sup> Refer to ASX Announcement: 1 April 2021, Mt Gordon Copper Payment update.

<sup>5</sup> Refer to ASX Announcement: 14 April 2021, Part Repayment of Loan Facility.

## CASH AND WORKING CAPITAL

Closing cash and working capital at 31 March 2021 was \$19.1 million including \$29.8 million cash (8.5 million and \$9.1 million respectively at the end of the previous quarter). The large movement in cash and working capital for the quarter is due to sale of Copper Assets.

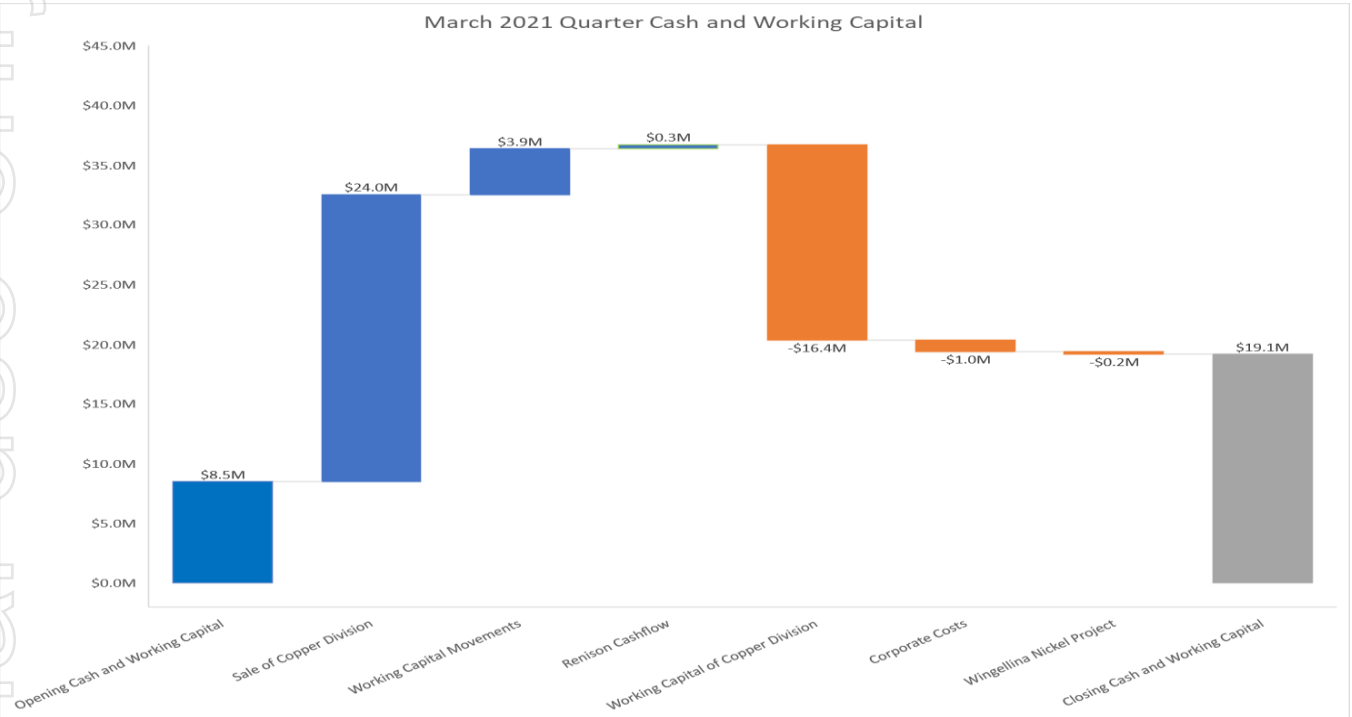


FIGURE 1 – CASH & WORKING CAPITAL AT 31 MARCH 2021

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

### ENQUIRIES

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