



SHAREHOLDER UPDATE

Metals X Limited (**Metals X** or the **Company**) is pleased to provide an update to shareholders in relation to recent activities across its operations and projects as well as corporate activities.

NIFTY COPPER OPERATIONS

- ▶ Care and maintenance implementation is proceeding as planned, with 85% of staff and contractors now off-site. Of the announced ongoing monthly care and maintenance costs (estimated as \$1.4M per month) approximately one third comprises take-or-pay supply contracts and equipment leasing costs with the balance associated with routine care & maintenance activities. Negotiations are underway to close-out the take-or-pay contracts and equipment leases.
- ▶ The routine care and maintenance activities are subject to ongoing review. Opportunities to reduce the work plan, manpower requirements and accommodation / flight options are being evaluated and are expected to result in meaningful cost reductions. A further update will be provided in late January 2020 once this work has been completed.
- ▶ The strategic review process announced on 26 November 2019 has commenced. All strategic options for the Nifty Copper Operation are being considered. A further update on progress will be provided in February 2020.

RENISON TIN OPERATIONS

- ▶ Production for the second half of 2019 and the first half of calendar year 2020 is expected to be lower than initial guidance due to lower grades of ore mined from the Lower Federal area (due to geotechnical considerations requiring a changed mining sequence and increased pillar requirements) and delayed stoping from Area 5 (updated designs and sequencing considerations as the Area 5 project progresses). Consequently, previous guidance for financial year 2019/20 is downgraded as follows:
 - Production of tin in concentrate of 7,000 – 7,400 tonnes (previous guidance 8,000-8,500 tonnes);
 - All-in-sustaining cost of \$18,200 - \$19,100/t Sn (previous guidance \$17,000 - \$17,500/t Sn).
- ▶ The Area 5 Optimisation Study is progressing with geotechnical, mine design, ventilation and backfill studies well progressed in conjunction with life-of-mine evaluation across the whole operation. Completion of the Area 5 study is planned for the end of March 2020. This will provide the detailed input into the life of mine schedule, allowing for production guidance for subsequent years to be provided during the June 2020 quarter.
- ▶ The Metallurgical Improvement Program is progressing rapidly with improvements in metallurgical recovery being reported against the planning models. The major current focus is on the replacement of the 'On Stream Analyzer' which will provide greater operational control across the process circuit, reduce variability and support further improvements in recovery. This is planned to be commissioned early in the September 2020 quarter.
- ▶ In conjunction with the Regulators, a preferred option for the Mt Bischoff closure plan has been identified and will be further developed into a formal proposal and lodged for approval in mid-2020. Total costs (on a 100% basis) during the first 6 years of closure are expected to be approximately \$16.3M. As a result, there will be a re-estimation of the Company's Mt Bischoff rehabilitation provision from \$0.35M to a total \$8.15M (50% share).

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CENTRAL MUSGRAVE (WINGELLINA) NICKEL – COBALT PROJECT

- ▶ The future strategy of the Central Musgrave project is also under review by the board.

CORPORATE

- ▶ Patrick O'Connor is appointed Executive Chairman to assist in the management transition and to assist in the resolution of the ongoing strategic reviews.
- ▶ Accounting for the Half Year will also include a significant non-cash impairment in the carrying value of the assets at the Nifty Copper Operations following the announcement that the site is moving into a Care and Maintenance phase, along with a re-estimation of the provision for rehabilitation.
- ▶ Given the reduction of revenue from Renison the board is considering the timing and options for a capital raising in the first half of 2020 to ensure the balance sheet remains robust.

Mr Patrick O'Connor, Executive Chairman, commented:

“The safe suspension of operations at the Nifty Copper Mine and its placing into care and maintenance mode is substantially completed.

The downgrade of production guidance from our 50% joint venture stake in Renison Tin Operations is disappointing, but we remain committed to completing the necessary studies and work to bring the new Area 5 resource into the future production schedule to achieve the improvements from its higher grade.

During this period of strategic review of the Nifty Copper Mine, I as Executive Chairman look forward to working with the Board and management to improve the performance of the business and optimise the value of its assets and reflecting that value in the Company's share price and in its returns to shareholders.”

ENDS

ENQUIRIES

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