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ACN 110 150 055

**Interim Financial Report
for the Half-Year
31 December 2020**

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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

Share Registry

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Securities Exchange

Listed on the Australian Securities Exchange
Code: ASX: MLX

Domicile and Country of Incorporation

Australia

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APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2020 Annual Financial Report, the 31 December 2020 Consolidated Interim Financial Report and Directors' Report.

Dividends

The Directors do not propose to pay any dividend for the half-year ended 31 December 2020.

Key financial highlights from ordinary activities

Consolidated	6-months ended 31 Dec 2020 \$'000	6-months ended 31 Dec 2019 \$'000	Movement \$'000	Movement %
Revenue from ordinary activities:	50,809	¹ 38,796	12,013	31%
Profit/(loss) for the period from continuing operations:	12,720	¹ (9,865)	22,585	229%
Profit/(loss) attributable to members:	18,686	¹ (61,560)	80,246	130%
Net tangible assets per share:	0.08	0.08		

Financial performance	6-months ended 31 Dec 2020 \$'000	6-months ended 31 Dec 2019 \$'000	Movement \$'000
Total revenue	50,809	¹ 38,796	12,013
Cost of sales	(41,342)	¹ (35,600)	(5,742)
Gross profit	9,467	¹ 3,196	6,271
Profit/(loss) for the period from continuing operations	12,720	¹ (9,865)	22,585

¹ Comparative figure updated to reflect the presentation change according to profit or loss from continuing and discontinued operations.

Review of Results: refer to the review of results included in the Directors' Report.

DIRECTORS' REPORT

For the half-year ended 31 December 2020

The Directors present their report together with the consolidated interim financial report of Metals X Limited (the "Company") and its controlled entities (together the "Consolidated Entity" or "Group") for the half-year ended 31 December 2020 ("half-year") and the auditor's independent review report thereon.

1. DIRECTORS

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

Name	Position	Date of Appointment	Date of Cessation
Peter Gunzburg	Non-Executive Chairman	10 July 2020	N/A
Brett Smith	Executive Director	2 December 2019	N/A
Grahame White	Non-Executive Director	10 July 2020	N/A
Patrick O'Connor	Non-Executive Director	24 October 2019	N/A
Brett Lambert	Non-Executive Director	24 October 2019	10 July 2020
Anthony Polglase	Non-Executive Director	24 October 2019	10 July 2020
Xingwang Bao	Non-Executive Director	10 January 2020	12 November 2020

2. 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 ("Renison") 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 Company's Copper Assets include the Nifty Copper Operation ("Nifty"), placed on care and maintenance in 2019, located on the western edge of the Great Sandy Desert in the north-eastern part of the Pilbara region in Western Australia, the Maroochydore Copper-Cobalt Project, a development project located 85km south east of Nifty, and 2,950km² of exploration tenure situated within the highly prospective Paterson Province. The Wingellina Nickel-Cobalt Project forms part of the Company's Central Musgrave Project straddling the triple-point of the Western Australia, Northern Territory and South Australia borders. Wingellina is development-ready and is the largest undeveloped nickel-cobalt project in Australia.

The principal activities of the Group during the period were:

- operation of a tin mine in Australia; and
- exploration and development of base metals projects in Australia.

There have been no significant changes in the nature of those activities during the period.

3. FINANCIAL RESULTS AND OVERVIEW

The Group has a consolidated profit after income tax of \$18.686 million (HY 2019: loss \$61.560 million). The half-year profit includes a \$12.006 million impairment reversal previously recognised against the Group's copper assets, as part of their initial classification as a disposal group held for sale and the Mount Gordon \$10.000 million copper payment in other income.

Other financial results for the Group include:

- Total revenue of continuing operations: \$50.809 million (HY 2019: \$38.796 million);
- Total cost of sales of continuing operations: \$41.342 million (HY 2019: \$35.600 million);
- Cash flows from/(used in) operating activities: \$3.453 million (HY 2019: (\$5.328) million);
- Cash flows used in investing activities: (\$6.705) million (HY 2019: (\$26.903) million);
- Cash flows used in financing activities: (\$1.751) million (HY 2019: \$61.387 million);
- Cash and cash equivalents: \$9.092 million (FY 2020: 14.095 million).

DIRECTORS' REPORT
For the half-year ended 31 December 2020

4. REVIEW OF OPERATIONS

The COVID-19 pandemic has had a significant impact on, individuals, communities, and businesses globally. Employees at all levels of the business were asked to change the way they work, and how they interacted professionally and socially. Together with the various Government health measures, the Company implemented significant controls and requirements at all its sites to protect the health and safety of its workforce, their families, local suppliers, and neighbouring communities while ensuring a safe environment for operations.

The Company's COVID-19 response protocols reinforce the current public health advice in each State including:

- social distancing protocols;
- suspension of large indoor gatherings;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- access to site restrictions and temperature screening;
- self-isolation following international travel, development of symptoms, or interaction with a confirmed case of COVID-19;
- increased inventory of hand sanitiser and hygiene supplies; and
- increased focus on cleaning and sanitation.

No adjustments have been made to the Group's result as at 31 December 2020 for the impacts of COVID-19. However, the scale and duration of possible future Government measures, vaccine rollout, and their impact on the Group's operations and financial situation, necessarily remains uncertain.

TIN DIVISION

Renison Tin Mine (50% MLX)

The Renison strategy is focussed 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 period was commencement of execution of the Area 5 Project and progressing the Metallurgical Improvement Program.

During the half-year period, an increase in tin sold by 29.17% and higher tin prices of \$25,165 per tonne delivered a 31.88% increase in revenue to \$50.773 million (HY 2019: \$38.499 million). Higher tin production increased cost of sales by 16.13% to \$41.342 million (HY 2019: \$35.600 million) which is in line with the increase in tonnes produced by 16.67%.

Area 5 Project

Following completion of the Area 5 Optimisation Study, in conjunction with an updated Renison Life-of-Mine Plan ("LOMP") during 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 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 period were:

- Completion of the first leg of the ventilation development and mobilisation of raise bore contractors with construction to commence in January 2021.
- Completion of the study for a paste-fill plant, ongoing system design optimisation, and selection of a preferred contractor for engineering and construction of the paste-fill plant. West Coast Council ("WCC") and Environmental Protection Authority ("EPA") approvals commenced with preliminary site environmental clean-up approved.
- Electrical infrastructure upgrade preliminary design completed with long lead time items ordered and detailed engineering work commenced with preferred contractor.
- Geotechnical review and detailed design work on the stoping layout have continued through the half-year with a potential reduction in development requirements above the current LOMP identified. This iterative process will continue to further strengthen the mine plan and ensure robustness of the current LOMP.

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DIRECTORS' REPORT
For the half-year ended 31 December 2020

Table 1 – Tin Division Performance (50% Metals X)		Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019
Physical Summary	Units		
UG Ore Mined	t	215,313	215,325
UG Grade Mined	% Sn	1.35	1.22
Ore Processed *	t	167,115	172,139
Head Grade *	% Sn	1.70	1.46
Recovery	% Sn	76.14	74.08
Tin Produced	t	2,163	1,854
Tin Sold	t	2,254	1,745
Tin Price	A\$/t	25,165	24,566
Realised Tin Price (net of Tc/Rc charges)	A\$/t	22,521	22,067
Tin Sales Revenue (net of Tc/Rc charges)	A\$	50,772,670	38,498,983
Cost Summary			
Mining	A\$	15,517,275	13,465,890
Processing	A\$	11,818,034	11,798,001
Administration	A\$	2,812,598	2,456,385
Stockpile Adjustment	A\$	2,289,687	(987,059)
C1 Cash Cost (produced t) **	A\$	32,437,594	26,733,217
Cost per tonne produced	A\$/t	14,997	14,418
Royalties	A\$	1,204,817	945,772
Other Marketing Costs	A\$	346,767	254,632
Sustaining Capital	A\$	4,407,781	4,829,248
Reclamation & other adj.	A\$	6,970	20,234
Corporate Costs	A\$	22,692	50,153
All-in Sustaining Costs ***	A\$	38,426,621	32,833,256
Cost per tonne produced	A\$/t	17,765	17,708
Project Capital	A\$	4,339,455	3,857,408
Exploration Cost	A\$	-	110,478
All-in Cost ****	A\$	42,766,076	36,801,142
Cost per tonne produced	A\$/t	19,772	19,848
Reconciliation to cost of sales			
All-in Sustaining Costs	A\$	38,426,621	32,833,256
Sustaining Capital	A\$	(4,407,781)	(4,829,248)
Depreciation and amortisation	A\$	7,314,136	7,656,282
Inventory movements and other adjustments	A\$	8,737	(59,139)
Cost of sales	A\$	41,341,713	35,601,151
Cash Flow Summary			
Tin Produced	t	2,163	1,854
Realised Tin Price (net of Tc/Rc charges)	A\$/t	22,521	22,067
C1 Cash Cost (produced t)	A\$/t	14,997	14,418
All-in Sustaining Costs	A\$/t	17,765	17,708
Cash Margin Operations	A\$/t	4,756	4,359
Cash Flow from Operations	A\$	10,287,228	8,082,755
Project Capital	A\$	(4,339,455)	(3,857,408)
Exploration Cost	A\$	-	(110,478)
Cash Flow from Operations and Investments	A\$	5,947,773	4,114,869

DIRECTORS' REPORT
For the half-year ended 31 December 2020

4. REVIEW OF OPERATIONS (continued)

- * The difference between the ore mined tonnes and grade and the ore processed tonnes and grade relate to the operation of the ore sorting facility, which rejects waste material at the crushing stage and upgrades the ore prior to the processing stage.
- ** C1 Cash Cost ("C1"): represents the cost for mining, processing, and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.
- *** All-in Sustaining Cost ("AISC"): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses.
- **** All-in Cost ("AIC"): is made up of the AISC plus growth (major project) capital and discovery expenditure.

C1, AISC and AIC are non-IFRS financial information and are not subject to audit. These are widely used "industry standard" terms that certain investors use to evaluate company performance.

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 period 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.
- Fine gravity spirals replacement selection test work conducted, and preliminary engineering commenced
- Upgrade of gravity table feed distributors – construction commenced.
- Sulphide scavenger cleaner circuit – preliminary engineering commenced.
- Work in tin flotation and Ultra Fine Falcon circuits to enable higher tin production rates.

Mt Bischoff Project

Mt Bischoff was a significant historical tin operation, producing some 60,000 tonnes of tin metal since the late 1800's. The project was placed on care and maintenance in 2010 and is entering a phase of rehabilitation.

COPPER DIVISION

Nifty Copper Operation

Nifty comprises an underground copper sulphide Mineral Resource (refer ASX announcement dated 28 August 2019), with an associated 3.2Mtpa copper concentrator, a 21MW gas turbine power station, full heavy vehicle workshops, administration buildings, a 500-person accommodation village and an airport capable of handling commercial scale jet aircraft.

On 26 November 2019, the Company suspended mining operations at Nifty and subsequently placed the mine into care and maintenance. A specific safety management plan is in place to ensure the continued safety and wellbeing of the care and maintenance ("C&M") team at Nifty. Care and maintenance costs for the half-year period ended 31 December 2020 are \$5.872 million (31 December 2019: \$10.120 million).

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DIRECTORS' REPORT
For the half-year ended 31 December 2020

4. REVIEW OF OPERATIONS (continued)

Maroochydore Copper-Cobalt Project

The Maroochydore Copper-Cobalt Project deposit consists of a significant oxide Mineral Resource based upon the limited drilling to date (refer ASX announcement dated 18 August 2016).

Exploration Portfolio

Through its various subsidiaries, Metals X holds approximately 2,950km² of mineral licences within the highly prospective and, in the wake of recent new copper-gold discoveries by Rio Tinto and the Newcrest Mining/Greatland Gold JV highly sought after, Paterson Province of Western Australia. Metals X is the third largest ground holder in the Paterson Province.

Metals X has defined over 30 regional exploration targets within the currently granted exploration tenure which warrant further investigation. In addition to copper, the tenure package also has substantial lead, zinc and manganese potential with advanced prospects defined.

In August 2020, the Company executed a formal Farm-in and Joint Venture Agreement with IGO Limited ("IGO") over the Company's Paterson Exploration Project ("PEP") which surrounds, but not does not include Nifty Maroochydore Copper-Cobalt Project.

IGO have commenced exploration activities on the PEP including the recently completed 290km² (1,190 line-km) SkyTEM airborne electromagnetic geophysical survey.

Western Desert Lands Aboriginal Corporation ("WDLAC"), on behalf of Martu people and Nifty Copper Pty Ltd (Nifty) & Maroochydore Copper Pty Ltd (Maroochydore), have signed a body corporate Indigenous Land Use Agreement ("ILUA") over 10,090km² of Martu country in the eastern Pilbara region of Western Australia.

Sale of Copper Assets

On 2 July 2020, the Company announced it had resolved to seek offers for the proposed sale of its entire copper asset portfolio, including Nifty, the Maroochydore Copper Project and the Paterson Exploration Project (which includes the farm-in agreement with IGO) (together "Copper Assets").

After period end, the Company announced it had signed an agreement with Cyprum Metals Limited (ASX: CYM) for the sale of its Copper Assets. Refer to note 20 of the consolidated interim financial statements for further details on the agreement.

The assets and liabilities associated with the Copper Assets have been reclassified as assets held-for-sale at 31 December 2020.

Refer to note 7 in the financial statements.

NICKEL-COBALT DIVISION

Wingellina Nickel-Cobalt Project

The Wingellina Nickel-Cobalt Project ("Wingellina") is part of the Metals X Central Musgrave Project which remains one of the largest undeveloped nickel-cobalt deposits in the world. The Central Musgrave Project has a defined Mineral Resource (refer 2019 Annual Report). In 2008 the Company completed a feasibility study (+/-25%) and subsequently signed an agreement with the Traditional Owners in 2010, which provides consent to undertake mining activities. In November 2016, the Company received its Public Environment Review approval from the EPA.

During the half-year period, the Company 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 project along with a gap analysis in relation to the completed 2008 Phase 1 Feasibility Study. The strategic options identified are being reviewed.

DIRECTORS' REPORT
For the half-year ended 31 December 2020

4. REVIEW OF OPERATIONS (continued)

Capital Investments

Net cash flows used in investing activities totalled \$6.705 million (HY 2019: \$26.903 million). Capital investments were:

- Tin Operations: \$7.633 million (HY 2019: \$7.619 million);
- Copper Operations: \$0.456 million (HY 2019: \$18.714 million);
- Nickel Project: \$0.620 million (HY 2019: \$0.778 million);
- Corporate: \$0.012 million (HY 2019: \$0.014 million); and
- Offset by proceeds from sales of property, plant and equipment and financial assets \$2.016 million (HY 2019: \$0.015 million)

5. CORPORATE

Repayment of the Citibank Finance Facility

On 10 July 2020, the Company announced it had notified Citibank of its non-compliance with certain financial covenants required under the Facility Agreement with Citibank ("Facility"). Accordingly, the Company had until 20 July 2020 to present to Citibank with a proposed strategy to cure the financial covenant breaches, in a manner acceptable to Citibank. On 21 July 2020, the Company announced its proposed strategy to payout the Facility in full and close-out the existing hedging contracts on or before 3 September 2020 had been accepted by Citibank.

On 31 July 2020, the Company made a final payment of \$30.620 million (including interest to that date) repaying the Facility in full. The Facility was subsequently closed.

Asia Cheer Finance Facility

The Company's proposed strategy to cure its financial covenant breaches under the Facility Agreement involved the refinancing of the Facility. On 27 July 2020, the Company executed a new unsecured \$26.000 million loan facility ("ACT Loan") with Asia Cheer Trading Limited (ACT), a subsidiary of the Company's substantial shareholder, APAC Resources Strategic Holdings Limited.

The funds from the ACT Loan were to be applied to the repayment of the amount outstanding pursuant to the Facility. Draw down of the ACT Loan was subject to the contemporaneous close out of the Facility. The ACT Loan was fully drawn down on 31 July 2020.

The key terms of the ACT Loan are as follows:

- Repayment date: Until 31 January 2021
- Interest and charges: Establishment fee of 3.5%. Interest rate is BBSY plus 1.0%, approximate total rate of 4.5%.
- Key terms: The net proceeds from the sale of Nifty or any capital raising undertaken by the Company during the loan term must be paid to the lender in permanent reduction of the Principal Amount.

On 15 December 2020, the Company executed a deed of variation to extend the ACT Loan repayment date to 31 July 2021 and increase the facility amount by \$5.000 million to \$31.000 million, all other terms and conditions remain unchanged. After these changes, the Company made a further \$5.000 million drawdown, less establishment fees, from its ACT Loan, the funds to be used for working capital and general corporate expenditure.

As at 31 December 2020, the ACT Loan of \$31.000 million has been fully utilised. There have been no changes to the ACT Loan since balance date.

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DIRECTORS' REPORT
For the half-year ended 31 December 2020

5. CORPORATE (continued)

Mt Gordon Copper Payment

On 24 December 2020, the Company entered into binding terms for the \$10.000 million copper price contingent payment, included in the Mt Gordon Sale Agreement transacted in 2015 and payable by Capricorn Copper Holdings Pty Ltd ("CCH"). A summary of the key terms set out in the term sheet is as follows:

Payment Terms	: Payment of the Copper Payment is to be made in two instalments plus accrued interest: <ul style="list-style-type: none">a) \$5.000 million to be paid on or before 31 March 2021; andb) \$5.000 million to be paid on or before 24 June 2022.
Interest:	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
Security:	EMR Capital Investment (No.6B) Pte Ltd, CCH's parent entity, to provide specific security over 10% of the ordinary shares it holds in CCH, exercisable in the event of a default by CCH.
Assignment:	Under the Terms Sheet, CCH has consented to the assignment of the rights and benefit of the Copper Payment from Paterson Copper to the Company.

Less than Marketable Parcel Share Sale Facility

On 12 October 2020, the Company announced details of a share sale facility ('Facility') established for holders of less than a marketable parcel of shares in the Company's issued capital, defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value. The Facility was provided to shareholders without difficulty, and without incurring any costs, that might otherwise make a sale of their shares uneconomic.

Based on the closing price on the ASX of Metals X shares of \$0.078 on 9 October 2020, a less than marketable parcel of Metals X shares was 6,410 shares or fewer.

The Facility closed on 30 November 2020 with the final number of Metals X shares sold under the Facility of 6,242,379 Metals X shares from 2,621 shareholders.

6. DIVIDENDS

No dividends were paid to members during the half-year period (2019: Nil).

The Directors do not propose to pay any dividend for the half-year ended 31 December 2020.

DIRECTORS' REPORT
For the half-year ended 31 December 2020

7. AUDITOR'S INDEPENDENCE UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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 30 of this report.

8. 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

26 February 2021

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2020

		6-months to 31 Dec 2020	6-months to 31 Dec 2019
Continuing operations		\$'000	\$'000
Revenue	Notes 3	50,809	38,796
Cost of sales		<u>(41,342)</u>	<u>(35,600)</u>
Gross profit		9,467	3,196
Other income	4	10,030	12
General and administrative expenses		(3,437)	(4,103)
Commodity and foreign exchange (loss)/gain		(1,861)	210
Profit/(loss) on asset disposal		(78)	48
Finance costs		(1,729)	(640)
Share-based reversal/(payments)	18	278	(162)
Fair value change in financial assets		50	(66)
Care and maintenance costs		-	-
Rehabilitation provision		-	(8,360)
Profit before tax		<u>12,720</u>	<u>(9,865)</u>
Income tax expense		-	-
Profit/(loss) for the period from continuing operations		<u>12,720</u>	<u>(9,865)</u>
Discontinued operations			
Profit/(loss) for the period from discontinued operations	7	<u>5,966</u>	<u>(51,695)</u>
Profit/(loss) attributable to:			
Members of the parent		<u>18,686</u>	<u>(61,560)</u>
Total comprehensive income/(loss) attributable to:			
Members of the parent		<u>18,686</u>	<u>(61,560)</u>
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic earnings/(loss) per share		2.00	(7.72)
Diluted earnings/(loss) per share		2.00	(7.72)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
For the half-year ended 31 December 2020

	Notes	As at 31 Dec 2020 \$'000	As at 30 Jun 2020 \$'000
CURRENT ASSETS			
Cash and cash equivalents		9,092	14,095
Trade and other receivables	5	13,307	6,153
Inventories	6	12,089	20,328
Prepayments		1,715	885
Derivative financial instruments		-	1,532
Assets classified as held for sale	7	45,021	-
Other financial assets	8	6,519	-
Total current assets		87,743	42,993
NON-CURRENT ASSETS			
Other financial assets	8	3,458	9,978
Property, plant and equipment	9	29,313	43,315
Mine properties and development costs	10	37,553	39,633
Exploration and evaluation expenditure	11	4,092	13,993
Financial assets at fair value through profit and loss		100	50
Other receivables	5	5,000	-
Total non-current assets		79,516	106,969
TOTAL ASSETS		167,259	149,962
CURRENT LIABILITIES			
Trade and other payables		7,097	7,518
Interest bearing liabilities	12	31,566	33,108
Provisions	13	3,858	3,680
Liabilities directly associated with assets classified as held for sale	7	39,881	-
Total current liabilities		82,402	44,306
NON-CURRENT LIABILITIES			
Interest bearing liabilities	12	2,342	2,468
Provisions	13	12,316	51,397
Total non-current liabilities		14,658	53,865
TOTAL LIABILITIES		97,060	98,171
NET ASSETS		70,199	51,791
EQUITY			
Issued capital	15	332,406	332,406
Accumulated losses		(290,110)	(308,796)
Share based payments reserve		27,903	28,181
TOTAL EQUITY		70,199	51,791

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2020

	6-months to 31 Dec 2020 \$'000	6-months to 31 Dec 2019 \$'000
Cash flows from operating activities		
Receipts from customers	46,154	104,859
Payments to suppliers and employees	(39,964)	(109,737)
Interest received	36	300
Other receipts	94	12
Interest paid	(2,867)	(762)
Net cash flows from/(used in) operating activities	3,453	(5,328)
Cash flows from investing activities		
Payments for plant and equipment	(3,782)	(8,802)
Payments for mine properties and development	(3,901)	(15,607)
Payments for exploration and evaluation	(1,038)	(2,717)
Proceeds from sale of financial assets	-	156
Proceeds from sale of property plant and equipment	2,016	67
Net cash flows used in investing activities	(6,705)	(26,903)
Cash flows from financing activities		
Proceeds from share issues	-	32,731
Payments for share issue costs	-	(2,330)
Payments for dividends	-	(58)
Proceeds from borrowings	31,000	35,000
Borrowing costs	-	(64)
Repayment of borrowings	(32,751)	(3,892)
Net cash flows (used in)/from financing activities	(1,751)	61,387
Net (decrease)/increase in cash and cash equivalents	(5,003)	29,157
Cash at the beginning of the financial period	14,095	11,364
Cash and cash equivalents at the end of the period	9,092	40,521

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

	Issued capital	Accumulated losses	Share based payments reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2019	302,005	(228,456)	28,044	101,593
Loss for the period	-	(61,560)	-	(61,560)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	-	(61,560)	-	(61,560)
Transactions with owners in their capacity as owners				
Issue of share capital	32,731	-	-	32,731
Share issue costs	(2,330)	-	-	(2,330)
Share-based payments	-	-	162	162
At 31 December 2019	332,406	(290,016)	28,206	70,596
At 1 July 2020	332,406	(308,796)	28,181	51,791
Profit for the period	-	18,686	-	18,686
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive profit for the period	-	18,686	-	18,686
Transactions with owners in their capacity as owners				
Share-based payments	-	-	(278)	(278)
At 31 December 2020	332,406	(290,110)	27,903	70,199

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

1. CORPORATE INFORMATION

The consolidated interim financial report of the Company and its subsidiaries for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 26 February 2021.

The Company is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The functional and presentation currency of the Company is AUD.

2. SUMMARY OF ACCOUNTING POLICIES

(a) *Basis of preparation of the consolidated interim financial report*

This consolidated interim financial report for the half-year ended 31 December 2020 are condensed general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the interim financial report be read in conjunction with the Company's annual report for the year ended 30 June 2020 and considered together with any public announcements made by the Group during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and the ASX listing rules.

The amounts contained in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

The financial report is presented in Australian dollars.

(b) *Basis of consolidation*

The half-year report is comprised of the consolidated interim financial statements of the Consolidated Entity.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(c) *Going concern basis of preparation*

The Group achieved a net profit after income tax of \$18.686 million for the half-year ended 31 December 2020 (HY 2019: loss \$61.560 million) including a profit from discontinued operations of \$5.966 million (HY 2019: loss \$51.695 million) (refer to note 7(a)) and a gain of \$10.000 million associated with the Conditional Copper Price Payment (refer to note 4).

As at 31 December 2020, the Group has cash and cash equivalents of \$9.092 million (30 Jun 2020: \$14.095 million) and a fully drawn loan facility of \$31.054 million with a repayment date of 31 July 2021. The Group's net cash inflows from operating activities during the period are \$3.453 million, significantly improved against the net cash outflows reported for 31 December 2019 of (\$5.328) million.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

(c) *Going concern basis of preparation (continued)*

The Company obtained a new \$26.00 million unsecured loan facility from Asia Cheer Trading Limited ("ACT"), a subsidiary of the Company's substantial shareholder, APAC Resources Strategic Holdings Limited. On 31 July 2020, the ACT loan was used to extinguish the Company's finance facility with Citibank. In December 2020, the Company amended and increased the ACT by a further AU\$5.00 million. At the date of this report, the ACT loan is fully drawn.

The Company has prepared a cash flow forecast demonstrating it will maintain a positive cash balance until at least 12-months from the date of signing of this report. The cash flow forecast includes the following significant cash flows expected as a result of the Company's recent announcements relating to:

- receipt of a \$24.000 million payment upon Completion for the sale of the Company's Copper Assets by 31 March 2021;
- receipt of the first Mt Gordon Copper Payment of \$5.000 million by 31 March 2021; and
- return of the Group's bonds associated with the discontinued operation of \$6.519 million in April 2021.

Other pertinent factors considered:

- the Directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.
- the Directors are confident in the Company's ability to successfully conduct future equity raisings to provide funding for the Group's activities and strategic objectives.
- The Directors are confident of the conditions precedent to complete the sale of the Company's Copper Assets, however in the event that Completion is not achieved, the Company will need to negotiate a change to the loan facility repayment date with ACT

Accordingly, the Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and it is appropriate for the consolidated interim financial statements to be prepared on a going concern basis.

If the Group is unable to achieve the matters referred to above, there is material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

(d) *New and amended accounting standards and interpretations*

Except as disclosed below, the accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2020. All relevant new and amended Accounting Standards and Interpretations which became applicable on 1 July 2020 have been adopted by the Group.

As a result of this review, the Directors have determined that there is no material impact of the new and revised accounting standards and interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

3. REVENUE

	6-months ended 31 Dec 2020 \$'000	6-months ended 31 Dec 2019 \$'000
Tin concentrate sales	50,773	38,499
Interest received	36	297
Total revenue	<u>50,809</u>	<u>38,796</u>

4. OTHER INCOME

Other income	<u>10,030</u>	<u>12</u>
Total other income	<u>10,030</u>	<u>12</u>

On 24 December 2020, the Company announced that it, along with its wholly owned subsidiary, Paterson Copper Pty Ltd, had entered into a binding terms sheet with Capricorn Copper Holdings Pty Ltd ("ECI") and its parent entity, EMR Capital Investment (No. 6B) Pte Ltd ("ECI"), detailing the material terms and timing for payment of the \$10.000 million Conditional Copper Price Payment ("Copper Payment") pursuant to the Mt Gordon Sale Agreement for the Capricorn Copper Mine.

5. TRADE AND OTHER RECEIVABLES

	6-months ended 31 Dec 2020 \$'000	Year ended 30 Jun 2020 \$'000
Current		
Trade receivables at fair value (a)	6,430	1,812
Cash call advances at amortised cost (b)	1,103	3,498
Other receivables (c)	<u>5,774</u>	<u>844</u>
	<u>13,307</u>	<u>6,153</u>
Non-current		
Other receivables (d)	<u>5,000</u>	<u>-</u>

- (a) On 31 December 2020, tin concentrate sales totalling 138 tonnes remained open to price adjustment (2019: 256).

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 Consolidated Entity expects to be entitled, being the estimate of the price expected to be received at the end of the QP. For tin concentrate 85% - 90% of the provisional invoice (based on the provisional price) is received in cash within four weeks of the shipment date. The QP for tin concentrate is not expected to result in a material adjustment due to the short period between the point of control of the concentrate passes to the customer and the end of the QP.

- (b) These relate to cash calls advanced to the Bluestone Mines Tasmania Joint Venture Pty Ltd.
(c) Includes the initial Mt Gordon \$5.000 million copper payment due on or before 31 March 2021.
(d) Represents the final Mt Gordon \$5.000 million copper payment due on or before 24 June 2022.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

6. INVENTORIES

The Company has stated inventory at the lower of cost and net realisable value. During the period, the Company recognised an impairment loss for inventory obsolescence of \$0.197 million (2019: \$1.519 million). The impairment write-down is included in cost of sales in the consolidated interim statement of comprehensive income.

7. ASSETS CLASSIFIED AS HELD FOR SALE

On 2 July 2020, the Company announced it had resolved to seek offers for the sale of its Copper Assets. As at 31 December 2020, the Company has classified the assets and liabilities comprising its Copper Assets as held for sale on the basis that:

- they are available for immediate sale in their present condition; and
- it is highly probable that their carrying value will be recovered primarily through sale rather than through continuing use.

Thereafter, the assets and liabilities comprising the disposal group are remeasured at the lower of their carrying value and fair value less costs to sell. Any cumulative impairment losses recognised previously in accordance with IAS 36 should be reversed and allocated against the carrying value of each asset classified as held for sale. Any excess of carrying value over fair value less cost to sell should be recognised as an impairment.

The reversal of prior period impairment losses increased the carrying value of inventory and property, plant and equipment upon classification as held for sale by \$10.659 million and \$1.347 million, respectively. The impairment reversal has been taken up as a gain on discontinued operations in the consolidated interim statement of profit or loss.

The table below presents the asset carrying values in the disposal group immediately before and after their classification as held for sale.

Disposal group assets	Carrying value immediately before classification as held for sale \$'000	Reversal of prior period impairment (as applicable) \$'000	Carrying value upon initial classification as held for sale \$'000
Inventory	6,245	10,659	16,904
Property, plant & equipment	15,152	1,347	16,499
Exploration	10,939	-	10,939
Other assets	679	-	679
Total	33,015	12,006	45,021

Once classified as held for sale, property, plant and equipment are no longer depreciated.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

7. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(a) Results for the discontinued operation during the period are presented as follows:

	6-months ended 31 Dec 2020 \$'000	6-months ended 31 Dec 2019 \$'000
Revenue	-	70,184
Cost of sales	-	(95,850)
Gross loss	-	(25,666)
Other income	64	3
Commodity and foreign exchange trading gains	-	305
Fair value loss on provisionally priced trade receivables	-	(239)
Rehabilitation interest accretion	(187)	(219)
Finance costs	(45)	(397)
Care and maintenance costs	(5,872)	(10,120)
Impairment gain/(loss) on assets classified as held for sale	12,006	(15,363)
Profit/(loss) for the period from discontinued operations	5,966	(51,695)
Profit/(loss) per share for the profit attributable to the ordinary equity holders of the parent (cents per share)		
Basic earnings/(loss) per share	0.01	(0.06)
Diluted earnings/(loss) per share	0.01	(0.06)

(b) Disposal group assets and liabilities as at 31 December 2020:

	As at 31 Dec 2020 \$'000
Assets	
Trade and other receivables	281
Inventories	16,905
Prepayments	343
Other current assets	54
Property plant & equipment	16,499
Exploration and evaluation expenditure	10,939
	<u>45,021</u>
Liabilities	
Trade and other payables	1,005
Interest bearing liabilities	218
Provisions	38,658
	<u>39,881</u>
Carrying value of disposal group	<u><u>5,140</u></u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

7. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(c) The net cash flows incurred by the copper division is as follows:

	6-months to 31 Dec 2020 \$'000	6-months to 31 Dec 2019 \$'000
Net cash flows from operating activities	(7,241)	(14,600)
Net cash flows from/(used in) investing activities	1,224	(18,125)
Net cash outflow	<u>(6,017)</u>	<u>(32,725)</u>

8. OTHER FINANCIAL ASSETS

Other financial assets represent bonds held by the Company. As a result of the reclassification of the copper disposal group to assets held for sale, management has reclassified the bonds associated with the discontinued operations of \$6.519 million to current.

9. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2020, the Group purchased \$5.222 million (31 December 2019: \$8.802 million) in relation to property, plant and equipment.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. As at 31 December 2020, the Group did not identify the existence of any impairment triggers. No impairment was recognised during the 2020 and 2019 financial years. The Group has considered whether any impairment reversal is required and determined that no historical impairment should be reversed (2019: nil).

10. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2020, the Group paid \$3.862 million (31 December 2019: \$15.607 million) in relation to mine properties and developments costs.

11. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2020, the Group paid \$1.037 million (31 December 2019: \$2.717 million) in relation to exploration and evaluation expenditure.

12. INTEREST BEARING LOANS AND BORROWINGS

	As at 31 Dec 2020 \$'000	As at 30 Jun 2020 \$'000
Current liabilities		
Lease liabilities relating to right of use assets	92	191
Hire purchase liabilities	1,442	2,7318
Citi finance facility (a)	-	30,186
ACT finance facility (b)	30,032	-
	<u>31,566</u>	<u>33,108</u>
Non-current liabilities		
Lease liabilities	48	137
Hire purchase liabilities	2,294	2,331
	<u>2,342</u>	<u>2,468</u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

(a) Repayment of the Citibank Finance Facility

On 31 July 2020, the Company made a final payment of \$30.814 million (including principal and interest to that date) fully repaying the Citibank Finance Facility and closing out the associated hedge contracts. The facility has been closed.

ACT finance facility

On 27 July 2020, the Company executed an unsecured loan facility with Asia Cheer Trading Limited (ACT) for a \$26.000 million unsecured term loan facility (ACT Loan). The ACT Loan was fully utilised on 31 July 2020 to fully repay the Citibank Facility.

On 15 December 2020, the Company executed a deed of variation to extend the ACT Loan repayment date from 31 January 2021 to 31 July 2021 and increase the facility amount by \$5.000 million to \$31.000 million. Upon execution the Company made a further \$5.000 million drawdown, less establishment fees, from its ACT Loan, the funds to be used for working capital and general corporate expenditure.

At 31 December 2020, the key terms of the ACT Loan are as follows:

Repayment date: 31 July 2021
 Interest and charges: Establishment fee of 3.5%. Interest rate is BBSY plus 1.0%, approximate total rate of 4.5%.

As at 31 December 2020, the ACT Loan of \$31.000 million has been fully utilised.

13. PROVISIONS

	As at 31 Dec 2020 \$'000	As at 30 Jun 2020 \$'000
Current		
Provision for annual leave	2,752	2,679
Provision for sick leave	-	2
Provision for long service leave	1,106	999
	<u>3,858</u>	<u>3,680</u>
Non-current		
Provision long service leave (a)	520	752
Provision for rehabilitation (b)	11,796	50,645
	<u>12,316</u>	<u>51,397</u>

(a) 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.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

13. PROVISIONS (continued)

(b) **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 statement of comprehensive income and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

14. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2020, the Group had the following commitments:

- Capital expenditure commitments of \$1.530 million principally relating to plant and equipment upgrades and replacements at Renison (30 June 2020: \$1.630 million); and
- Tenement lease commitments of \$0.875 million relating to tenements on which mining, and exploration operations are located (30 June 2020: \$0.875 million).

Contingencies

At 31 December 2020, the Group has no material contingent assets or liabilities.

15. ISSUED CAPITAL

	6-months ended 31 Dec 2020 \$'000	Year ended 30 Jun 2020 \$'000
ISSUED CAPITAL		
Ordinary shares Issued and fully paid	332,406	332,406
	Number of shares on issue	
Movements in ordinary shares on issue:		
At 1 July 2020	907,266,067	332,406
Issue share capital	-	-
Share issue costs	-	-
At 31 December 2020	<u>907,266,067</u>	<u>332,406</u>
At 1 July 2019	689,060,508	302,005
Issue share capital	218,205,559	32,731
Share issue costs	-	(2,330)
At 31 December 2019	<u>907,266,067</u>	<u>332,406</u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial instruments carrying values are a reasonable approximation of their fair value.

Fair Value hierarchy

The Consolidated Entity held the following financial instruments measured at fair value:

	31 December 2020			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	
Trade receivables at fair value ¹	-	6,430	-	6,430
Equity investments ²	100	-	-	100
	100	6,430	-	6,530

	30 June 2020			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	
Trade receivables at fair value ¹	-	1,812	-	1,812
Equity investments ²	50	-	-	50
Derivatives ³	-	1,532	-	1,532
	50	3,344	-	3,394

1. The fair value of trade receivables relates to tin concentrate provisionally sold at the reporting date. The fair value is based on the applicable KLM or LME forward prices.
2. Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of equity investments and derivatives are based on quoted market prices.
3. The forward commodity swaps relate to derivative contracts at 30 June 2020 of 2,010 tonnes of tin at an average price of \$24,911 per tonne of tin. The fair value is based on the applicable LME forward prices. On 31 July 2020, the Company closed out the derivative contracts when the Citibank Facility was settled.

Transfer between categories:

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

The table above illustrates the classification of the Consolidated Entity's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

17. RELATED PARTY TRANSACTIONS

The Company has an unsecured AU\$31.000 million loan facility with Asia Cheer Trading Limited, a subsidiary of the Company's substantial shareholder, APAC Resources Strategic Holdings Limited. The key provisions of the Loan Facility include (i) an establishment fee of 3.5% (ii) an interest rate of 1.0% per annum and (iii) a repayment date of 31 July 2022. Refer to note 12 Interest Bearing Liabilities for further information.

18. SHARE BASED PAYMENTS

During the half-year ended 31 December 2020, the Company recognised income for reversal of (\$0.278) for share based payments (31 December 2019: \$0.162) in the profit and loss. There were no share-based payments granted during the half-year period.

19. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Group's operating segments for the half-years ended 31 December 2020 and 31 December 2019.

			DISCONTINUED OPERATION				
Half-year ended 31 Dec 2020	Renison Tin Operation	Mt Bischoff Tin Project	Nifty Copper Operation	Maroochydore Copper Project	Wingellina Nickel Project	Adjustments and eliminations	Total
Revenue							
External customers	50,773	-	-	-	-	-	50,773
Total revenue	50,773	-	-	-	-	-	50,773
Results							
Segment profit/(loss)	9,446	-	5,966	-	(15)	-	15,397
Half-year ended 31 Dec 2019	Renison Tin Operation	Mt Bischoff Tin Project	Nifty Copper Operation	Maroochydore Copper Project	Wingellina Nickel Project	Adjustments and eliminations	Total
Revenue							
External customers	38,499	-	70,184	-	-	-	108,683
Total revenue	38,499	-	70,184	-	-	-	108,683
Results							
Segment profit/(loss)	2,917	(8,360)	(51,387)	(1)	(19)	-	(56,850)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

19. OPERATING SEGMENTS (continued)

	Renison Tin Operation	Mt Bischoff Tin Project	DISCONTINUED OPERATION		Wingellina Nickel Project	Adjustments and eliminations	Total
			Nifty Copper Operation	Maroochydore Copper Project			
Segment assets							
As at 31 Dec 2020	87,475	-	37,716	7,305	4,151	-	136,647
As at 30 Jun 2020	86,866	-	27,494	6,994	3,575	-	124,929
Segment liabilities							
As at 31 Dec 2020	(16,719)	(8,710)	(39,881)	-	(63)	-	(65,373)
As at 30 Jun 2020	(45,239)	(8,710)	(42,213)	-	(99)	-	(96,261)

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

During the period, the Group has reviewed the basis of segmentation and identified the Mt Bischoff Tin Project as a separate segment from the Renison Tin Operation. The comparatives have been adjusted to comply with the current period reporting.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

19. OPERATING SEGMENTS (continued)

	6-months ended 31 Dec 2020	6-months ended 31 Dec 2019
	\$'000	\$'000
(a) Reconciliation of revenue		
Segment revenue	50,773	108,683
Interest revenue	36	300
Group revenue	<u>50,809</u>	<u>108,983</u>
Reconciliation of profit		
Segment profit/(loss)	15,397	(56,850)
Corporate administration expenses	(3,515)	(4,273)
Corporate interest income	36	300
Other income	10,030	12
Finance costs	(1,729)	(1,036)
Commodity and foreign exchange (loss)/gain	(1,861)	515
Fair value change in financial assets	50	(66)
Share-based reversal/(payments)	278	(162)
Total comprehensive income/(loss)	<u>18,686</u>	<u>(61,560)</u>
	As at 31 Dec 2020 \$'000	As at 30 Jun 2020 \$'000
(b) Reconciliation of Assets		
Segment operating assets	<u>136,647</u>	<u>124,929</u>
<i>Unallocated corporate assets</i>		
Cash and cash equivalents	9,071	23,786
Trade and other receivables	10,018	173
Prepayments	1,176	211
Other financial assets	9,977	12
Financial assets at fair value through profit and loss	100	-
Non-current financial assets	-	50
Property, plant and equipment	270	801
Group operating assets	<u>167,259</u>	<u>149,962</u>
(c) Reconciliation of Liabilities		
Segment operating liabilities	<u>65,373</u>	<u>96,261</u>
<i>Unallocated corporate liabilities</i>		
Trade and other payables	1,225	1,139
Provision for employee benefits	255	538
Interest bearing loans and borrowings	30,207	233
Group operating liabilities	<u>97,060</u>	<u>98,171</u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

20. EVENTS AFTER THE BALANCE DATE

(a) Agreement for Sale of Copper Assets

On 10 February 2021, the Metals X announced that it has signed an agreement with Cyprrium Metals Limited (ASX: CYM) (“Cyprrium” or the “Buyer”) for the sale of its copper asset portfolio, including the Nifty Copper Operation, Maroochydore Copper Project and the Paterson Exploration Project (which includes the farm-in agreement with IGO) (together Copper Assets) (the “Agreement”).

The Agreement is for the sale of all of the shares in Paterson Copper Pty Ltd (Paterson Copper), a 100%-owned subsidiary of Metals X (the “Transaction”). Paterson Copper holds the Copper Assets through its two 100%-owned subsidiaries Nifty Copper Pty Ltd (“Nifty”) and Maroochydore Copper Pty Ltd.

The Transaction is conditional upon Metals X and its subsidiaries obtaining relevant contractual consents (“Contracts Condition Precedent”), a minimum \$30.00 million capital raising by the Buyer, and on the Buyer obtaining relevant shareholder and regulatory approvals within 60 days of the date of execution of the Agreement. Completion of the Transaction will occur within five business days of satisfaction of the last of the condition’s precedent under the Agreement (“Completion”). The parties are targeting a close of the Transaction within two months, and the Buyer intends to convene a general meeting of its shareholders to be held in March 2021 seeking the necessary shareholder approvals.

The key commercial terms and conditions of the Agreement are:

- a cash deposit of \$1.00 million (which has been received) on or before the date of execution of the Agreement to be held in an escrow account until the earlier of the termination of the Agreement or Completion of the Transaction.
 - the deposit is only refundable to the Buyer if the Contracts Condition Precedent is not fulfilled, or if Metals X fails to meet its obligations for Completion of the Transaction.
- consideration of \$60.00 million payable as follows:
 - payment upon Completion of \$24.00 million cash (inclusive of the \$1.0 million deposit), subject to a working capital adjustment.
 - working capital adjustment to the Completion payment based on the Paterson Copper balance sheet at 31 December 2020. The working capital adjustment is expected to result in approximately \$0.2 million to \$0.3 million payable by Metals X to the Buyer.
 - \$36.00 million in convertible notes issued by the Buyer on the following basis:
 - a four-year maturity from date of issue (being at Completion);
 - convertible at maturity at the election of Metals X, or otherwise redeemable by Cyprrium at maturity;
 - conversion price based on the Buyer’s 20-day VWAP to Completion x 1.3;
 - annual coupon of 4% to be capitalised and paid annually on a default basis on each anniversary of Completion until maturity (with annual interest to be paid in shares at the same conversion price, at the election of Metals X);
 - Buyer can elect annually to repay all or some of the convertible notes at face value x 1.15, with Metals X able to convert the convertible notes into shares in the Buyer instead in the event the Buyer elects to repay early;
 - based on the number of Buyer shares to be issued upon conversion of the convertible notes (to be calculated at Completion based on the conversion price), Metals X will be issued at Completion two free attaching Buyer options for every five Buyer shares that are issuable on the following terms:
 - the 1st option is exercisable for 1 year from Completion at a 15% premium to the Buyer’s 20-day VWAP to the Completion date;

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

20. EVENTS AFTER THE BALANCE DATE (continued)

- the 2nd option is exercisable for 2 years from Completion at a 30% premium to the Buyer's 20-day VWAP to the Completion date.
- Buyer shares to be issued from option exercise include a copper price adjustment factor as follows:
 - 1.0 shares for each option if the copper price is at or below US\$7,000/t at date of exercise;
 - 1.1 shares for each option if the copper price is between US\$7,000/t to US\$7,999.99/t at date of exercise;
 - 1.2 shares for each option if the copper price is between US\$8,000/t to \$8,999.99 at date of exercise; or
 - 1.3 shares for each option if the copper price is above US\$9,000/t at date of exercise.
- Buyer management permitted site access from execution of the Agreement.
- Replacement of existing security bonds held by Metals X, securing Paterson Copper obligations for Nifty rehabilitation provisions and key commercial contracts, prior to (and subject to) Completion of the Transaction. The replacement of these bonds will release approximately \$6.5 million cash to the account of Metals X.
- Holding costs of the Copper Assets, with Nifty currently under care and maintenance, up to 31 December 2020, will be funded by Metals X at which point the holding costs will accrue to the account of Buyer. Reimbursement of the accrued holding costs from 1 January 2021 from Buyer to Metals X will occur upon, and subject to, Completion of the Transaction.
- Prior to Completion the Buyer may conduct project works at Nifty relating to the proposed development of the open pit and heap leach operations at Nifty, subject to approval of Metals X, such project works to be directly funded by Buyer.

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DIRECTORS' DECLARATION

For the half-year ended 31 December 2020

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) subject to matters stated in note 2(c) of the interim financial report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Brett Smith
Executive Director
26 February 2021

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

As lead auditor for the review of the financial report of Metals X Limited for the half-year ended 31 December 2020, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Philip Teale
Partner
26 February 2021

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year 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 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 2(c) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

Ernst & Young

A handwritten signature in black ink that reads 'Philip Teale'.

Philip Teale
Partner
Perth
26 February 2021

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