METALS X LIMITED

2018 ANNUAL REPORT

CONTENTS

CORPORATE DIRECTORY

Directors

Peter Newton (Non-Executive Chairman)
Warren Hallam (Managing Director)
Stephen Robinson (Executive Director)
Simon Heggen (Non-Executive Director)
Milan Jerkovic (Non-Executive Director)
Yimin Zhang (Non-Executive Director)

Company Secretary & Chief Financial Officer

Fiona Van Maanen

Key Management

Allan King (Chief Operating Officer)
Mark Recklies (General Manager – Renison Tin Operations)
Russell Cole (General Manager – Nifty Copper Operations)

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152-158 St Georges Terrace
Perth WA 6000
ASX Code: MLX

Share Registry

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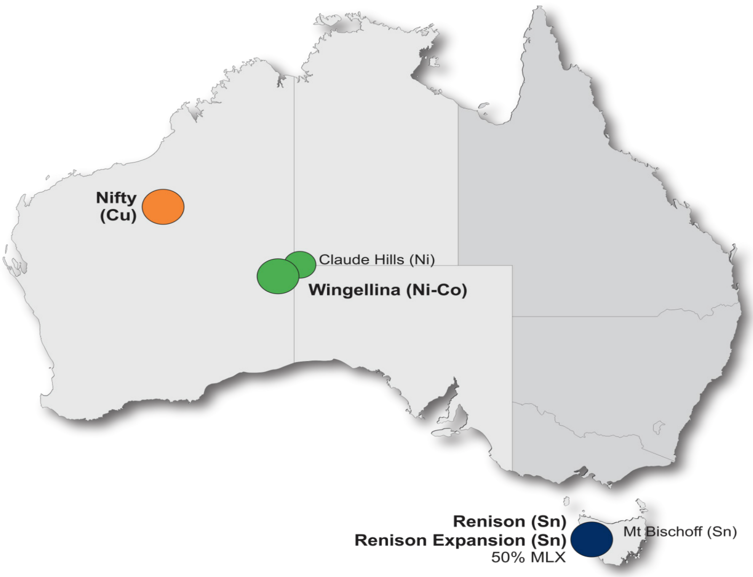
Domicile and Country of Incorporation

Australia

COMPANY PROFILE

Metals X Limited (Metals X or the Company) is a diversified Australian miner with substantial base metals operations and development projects:

- A globally significant tin miner through its 50% owned Tasmanian joint arrangement, producing approximately 7,000 tonnes per annum of tin in concentrate and expanding to approximately 8,000 tonnes per annum of tin in concentrate;
- A significant copper miner, targeting production of approximately 40,000 tonnes per annum of copper in concentrate;
- A development-ready, world class nickel-cobalt-scandium development project;
- A strong balance sheet with no debt.



Operations and Projects Location Map

Metals X currently has two producing assets; the Renison Tin Operations (50%-owned joint arrangement) in Tasmania and the Nifty Copper Operations in Western Australia. The Company also owns the Wingellina nickel-cobalt-scandium deposit (Central Musgrave Nickel Project), one of the world's largest undeveloped nickel and cobalt resources.

The Company is in a unique position as the only significant publicly listed tin producer on the ASX, and remains as one of few publicly listed tin producers in the western world. The Tin Division has aggregated Mineral Resources containing approximately 329,000 tonnes of tin and aggregated Ore Reserves containing approximately 167,700 tonnes of tin*. Renison is expanding its production by approximately 15-20% with the construction of a new crusher and ore sorting plant which is currently in commissioning. In addition, an updated feasibility study for the Rentails Project (tin tailings re-treatment project) was completed in mid-2017 which demonstrated a high margin project. The environmental approvals process is underway for the project, key suppliers have been sourced and discussions with the Tasmanian Government are in progress in regards to regional infrastructure upgrades.

The Nifty Copper Operations produces a clean copper concentrate from an underground copper sulphide mine, with ore processed through a 2.5 million tonne-per-annum copper concentrator. Nifty has aggregated Mineral Resources containing approximately 606,000 tonnes of copper and aggregated Ore Reserves containing approximately 222,000 tonnes of copper**. Metals X has significantly extended the Nifty mine to the east, west and down-plunge and completed over 80,000 metres of underground drilling since acquisition. The Copper Division also includes the Maroochydore Copper Project located approximately 85 kilometres to the south-east of Nifty. Maroochydore already hosts aggregated Mineral Resources of approximately 486,000 tonnes of copper, mainly in oxides. Following an extensive review of geological information, further sulphide targets have been identified along strike of the defined Maroochydore resource with drilling to be undertaken during the current field season.

The Wingellina nickel–cobalt-scandium project, which forms part of the Company's Central Musgrave Nickel Project, is a world-class deposit. Wingellina has aggregated Mineral Resources containing approximately 2.0 million tonnes of nickel and over 154,000 of cobalt***. A feasibility study was completed in 2008 based on a minimum 40 year project producing at an annual rate of 40,000 tonnes of nickel and 3,000 tonnes of cobalt. During 2017 the Company undertook a review of the high grade cobalt and nickel zones of the ore body and identified an initial 15 high grade pits within the existing reserve. Infill drilling of six of these high grade nickel-cobalt pits was undertaken to confirm the integrity of the geological models. The drilling results have demonstrated the potential for a high grade, potentially smaller scale and lower capital start-up. In addition, metallurgical testwork has successfully produced nickel sulphate and cobalt sulphate from Wingellina ore.

Metals X has received the required approvals, including Native Title and Environmental, to proceed with the development of Wingellina. Development of the project is contingent mainly upon nickel price improvement and funding.

* For further details on Total Mineral Resource and Reserve Estimates for the Renison Tin Operations refer to ASX announcement dated 23 August 2018.

** For further details on Total Mineral Resource and Reserve Estimates for the Nifty Copper Operations refer to ASX announcement dated 12 October 2017.

*** For further details on Total Mineral Resource and Reserve Estimates for the Central Musgrave Nickel Project refer to ASX announcement dated 18 August 2016.

Renison Tin Operations Ore Sorter

CORPORATE

Westgold Demerger

In the previous year the Company demerged its Gold Division to create a pure gold company Westgold Resources Limited (Westgold) and a base metals company (Metals X Limited).

On 24 November 2016 at an Extraordinary General Meeting, Metals X shareholders approved the demerger of Metals X's gold assets via a capital reduction and in specie distribution of all the shares in Westgold. The demerger was effective on 1 December 2016 and trading of Westgold commenced 6 December 2016 on the Australian Securities Exchange (ASX).

Copper Hedging

During the year the Company entered into hedges of 1,500 tonnes of copper per month from October 2017 to July 2018. The Company granted calls up to A$8,255 per tonne of LME copper and bought puts as low as A$7,600 per tonne of LME copper.

COPPER DIVISION

The Copper Division holds two key assets:

1. Nifty Copper Operations; and
2. Maroochydore Copper Project.

Nifty Copper Operations

The Nifty Copper Operations ("Nifty") is an underground copper sulphide mine with an associated 2.5 million tonne per annum copper concentrator. Site infrastructure is extensive, including a power plant, camp and airfield. Processing of sulphide copper ore is by conventional comminution, grinding and flotation to produce a clean copper concentrate. A concentrate storage facility is located at Port Hedland where concentrate is accumulated before shipping for smelting and refining.

The focus of the Company since acquisition of Nifty has been to increase the production rate, returning the process plant to continuous operation, and to extend the mine life. The objective is to transform Nifty into a large, long-life mine, with an annualised production rate in excess of 40,000 tonnes of contained copper in concentrate.

Significant improvements have taken place during the period. In December 2017 the plant commenced production on a continuous basis after running on a campaign basis since acquisition. The mobile fleet was refurbished, new loaders were acquired and additional jumbo drill rigs were mobilized to site. The underground conveyor system and underground crusher were refurbished. There were additional refurbishment and replacement projects undertaken at the camp, power plant and structural steel works on the processing plant.

During the period the ramp-up of mining rates and control of grade dilution were impacted by the predominance of production from within the historic 'checkerboard' mining area. With additional resources being applied to site, changes in senior management and significant mine planning, the foundation is now strong for the production ramp-up over the remainder of 2018. Currently over 60% of development is outside the historic 'checkerboard'.

COPPER DIVISION (cont.)

Metals X announced an updated Mineral Resource and Ore Reserve estimates at 31 August 2017, increasing Ore Reserves by 55% and extending the current mine life to 6 – 7 years. The Copper Division has excellent exploration upside potential, with a large land holding of over 3,200km^2 including the Maroochydore Copper Project. There are a number of defined copper, cobalt and lead/zinc targets, with minimal expenditure having been incurred on these targets over the past 20 years. Metals X has conducted extensive geophysics programs and has prioritised targets and commenced a regional exploration program.

Nifty Copper Operations Core

Maroochydore Copper Project

The Maroochydore Copper Project is located 85 km's southeast of Nifty and manifests as a large copper oxide and secondary chalcocite blanket of mineralisation. Historic drilling has defined a copper oxide Mineral Resource estimate with contained copper and cobalt of approximately 0.5Mt and 19Kt respectively.

In addition to the oxide resources, copper sulphide mineralisation has been identified at depth in historic drilling. However, the area is sparsely drilled and inadequately defined, with primary copper sulphide mineralisation remaining open along-strike and down-dip. Geophysical modelling of high resolution aeromagnetic data suggests that the Maroochydore deposit lies within a north-trending structural corridor with the possibility of a structural repetition of the mineralised horizon occurring to the east of the current resource area. A comprehensive review of historic exploration was conducted during the year with key exploration targets identified for the current drilling field season.

A drill program and baseline environmental studies commenced at Maroochydore during the period focused on the sulphide mineralisation. In addition, further drilling on the oxide resource was completed to provide samples for ongoing mineralogical testwork for the design of an oxide processing flowsheet.

Maroochydore Deposit

TIN DIVISION

Metals X is a globally significant tin producer through its 50% ownership of the Renison joint venture which holds two key assets:

1. The world class Renison Tin Operations; and
2. The Renison Tailings Retreatment Project ("Rentails").

Renison Tin Operations (50%)

The Renison Tin Operations ("Renison") are located approximately 15km northeast of Zeehan on Tasmania's west coast. The Renison resource includes over 20 million tonnes of historic tailings, which are planned to be retreated through the proposed Rentails Project, proximate to the current processing plant.

During the period a new tailings dam was constructed and commissioned and a new crushing and ore sorting circuit were constructed. The ore sorter is currently in commissioning and is expected to increase annual tin production at Renison by 15-20% from 7,000tpa to 8,000 tonnes per annum of tin in concentrate.

The strategy with the ore sorter is to increase underground ore production to approximately 920,000 tonnes per annum, while maintaining the processing plant at approximately 720,000 tonnes per annum. The ore sorter will reject an estimated 200,000 tonnes per annum of waste at the crushing stage, upgrading the ore prior to the processing plant.

During the year, in preparation for the introduction of ore sorting, additional areas within the underground mine were developed and underground production rates increased, with a significant surface stockpile of ore being accumulated for the commissioning of the ore sorter.

The operation is well setup for the long-term future with increased production capacity and additional flexibility.

During the period Renison maintained three underground diamond drill rigs with the focus on further expanding the Renison resource definition program in the Area 5, Deep Federal, the Leatherwood and Central Federal Bassett lodes. Results from these campaigns are continuing to flow through with drilling demonstrating the continuance of strong mineralization.

Renison Tailings Retreatment Project ("50%)

The Renison Retreatment Project ("Rentails) provides the opportunity to expand production at the Renison Tin Operations through the re-processing and recovery of tin and copper from the historic tailings at Renison. An updated definitive feasibility study of Rentails was announced at the start of the year based upon an 11-year project with an integrated 2 million tonne per annum tin concentrator and tin fumer plant with annual production of approximately 5,400 tonnes of tin, in a high grade tin fume product, and 2,200 tonnes of copper in a high grade copper matte product. The updated study confirmed a robust, high margin project.

During the year the environmental approvals process commenced and is well advanced. Further metallurgical testwork has been conducted and suppliers of key consumables sourced. Discussions with the Tasmanian Government is ongoing in regards to regional infrastructure upgrades.

The combined Renison Tin Operations, following commissioning of the ore sorter and the commencement of Rentails, is expected to produce approximately 13,400 - 13,900 tonnes of tin per annum (approximately 3.75% of the global primary tin supply). The all-in sustaining cost for the combined operations is anticipated to be less than $17,000 per tonne of tin, comparing favourably to prevailing tin prices of approximately $26,500 per tonne of tin.

Tailings Storage Facility

NICKEL DIVISION

Metals X's nickel strategy remains focused on the Central Musgrave Nickel Project that straddles the triple-point of the Western Australia/Northern Territory/South Australia borders. The project comprises the globally significant Wingellina nickel-cobalt-scandium limonite deposit ("Wingellina"), the similar Claude Hills deposit and the Mt Davies exploration prospects. The project includes a large tract of prospective exploration tenure encompassing the whole of the Wingellina layered intrusive sub-set of the Giles Complex rocks in Western and Southern Australia.

Wingellina remains one of the largest undeveloped nickel–cobalt–scandium deposits in the world. Metals X has defined an Ore Reserve estimate of approximately 168 million tonnes containing 1.56 million tonnes of nickel, 123,000 tonnes of cobalt and a significant inventory of scandium and iron.

Metals X has completed a feasibility study (+/-25%) and has signed an agreement with the Traditional Owners which provides consent to undertake mining activities. Metals X has also received Environmental Protection Authority (EPA) approval to develop the project.

During the period, the Company undertook a review of the high grade cobalt and nickel zones and identified an initial 15 high grade pits. An infill drilling program was successfully completed on 6 of 15 identified high grade nickel-cobalt pit shells within the defined resource area. The drilling program demonstrated the potential for a high grade, smaller project start-up with a lower capital cost. Metals X also successfully completed metallurgical testwork for the production of high quality nickel sulphate and cobalt sulphate from Wingellina ore during the year.

Wingellina Trench

The potential for improved economics from a high grade start-up and demonstrated ability to produce nickel sulphate and cobalt sulphate provides further options for the development of the project in terms of scale, payback on capital and final product. Off the back of these expanded options for the project, Metals X has actively re-engaged in discussions with potential partners for the development of Wingellina. This includes parties with which initial discussions have been held previously as well as other interested organisations including downstream end-users of product.

GOLD DIVISION - DISCONTINUED OPERATION

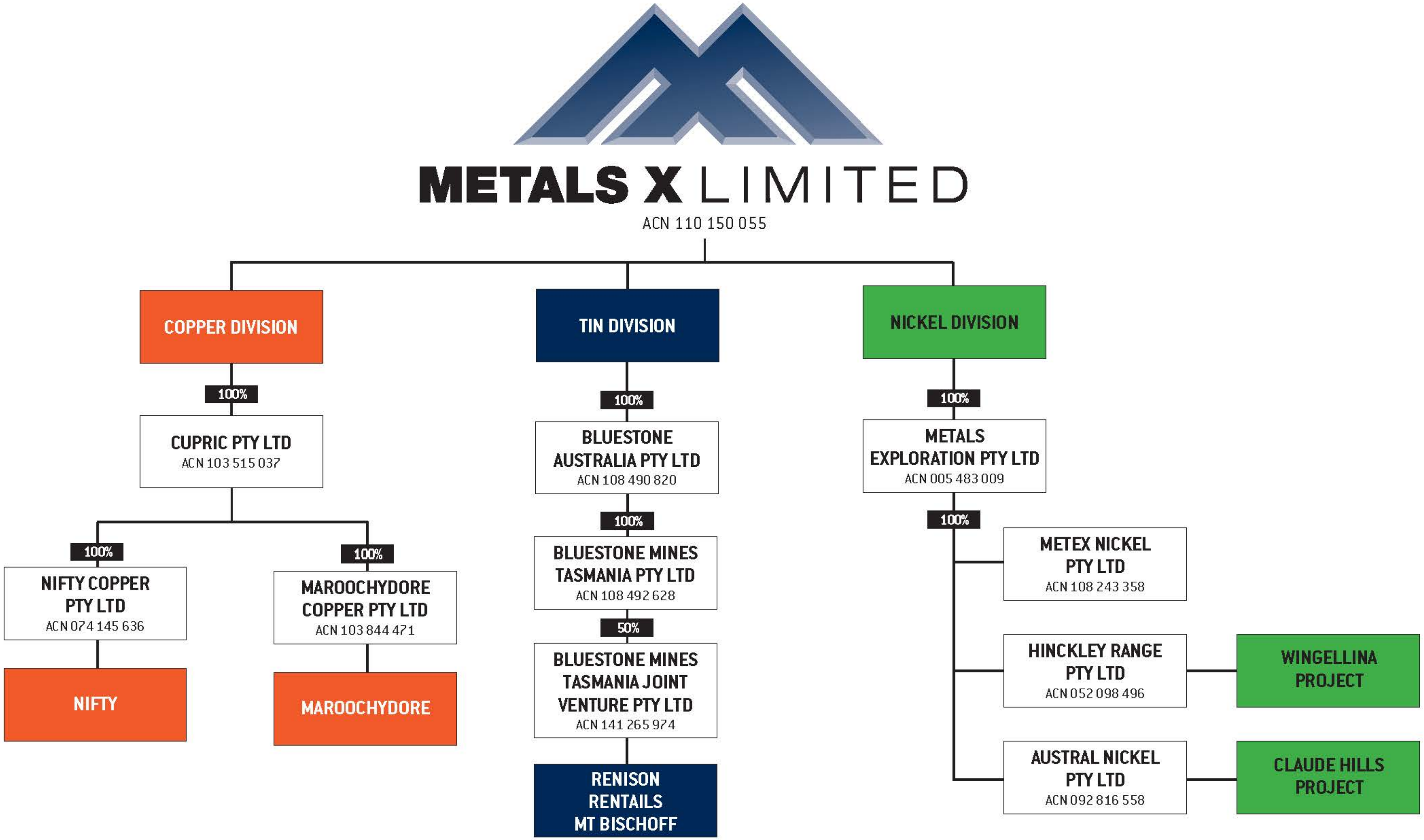
The gold division was demerged from Metals X effective as of 1 December 2016 via an in-specie distribution and capital reduction and subsequent ASX listing of Westgold (refer to note 40).

INVESTMENTS

Metals X's current investment holdings are:

- Nelson Resources Limited 11.26% (2017: 21.77%);
- Brainchip Holdings Limited (ASX:BRN) 6.45% (2017: 6.69%); and
- Auris Minerals Limited (ASX:AUR) 0.74% (2017: 0.85%).

CORPORATE STRUCTURE



The Directors submit their report together with the financial and annual report of Metals X Limited and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2018.

DIRECTORS

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Newton – Independent Non-Executive Chairman

Mr Newton was a stockbroker for 25 years until 1994. Since then he has been a significant participant in the Australian resource industry as an investor and a director of a number of listed companies. In past years, he has been the Chairman of both Hill 50 Limited and Abelle Limited. Mr Newton is also the Chairman of the Company's Remuneration & Nomination Committee and serves on the Audit & Risk Committee.

During the past three years he has served as a director of the following public listed companies:

- Westgold Resources Limited *.

Warren Hallam - Managing Director

Mr Hallam is a Metallurgist (B. App Sci (Metallurgy)), a Mineral Economist (MSc (Min. Econ)), holds a Graduate Diploma in finance and has around 30 years of technical and commercial experience within the resources industry.

During the past three years he has served as a director of the following public listed companies:

- Westgold Resources Limited (Appointed 18 March 2010 – Resigned 2 February 2017).

Stephen Robinson – Executive Director (Appointed 25 November 2016)

Mr Robinson holds a BSc and is an experienced Australian mining executive and a Rhodes Scholar. Mr Robinson has extensive international experience at senior executive levels within the mining industry. Previously he has been the Director of Business Development & Strategy at Barrick (Australia Pacific) Limited, Group Manager Planning with Iluka Resources Ltd and a senior manager in the gold business unit at WMC Resources Ltd.

During the past three years he has served as a director of the following public listed companies:

- Sumatra Copper & Gold Plc (Appointed 8 July 2013 - Resigned 30 June 2017).

Simon Heggen – Independent Non-Executive Director

Mr Heggen holds a Bachelor of Economics and a Bachelor of Laws Degrees from the Australian National University and has around 30 years proven experience in strategic planning, corporate development, M&A and corporate finance within the Resources sector. Mr Heggen is Chairman of the Company's Audit Committee and also serves on the Remuneration & Nomination Committee.

During the past three years he has served as a director of the following public listed companies:

- Auris Minerals Limited (Appointed 31 October 2015 – Resigned 25 November 2015).

Yimin Zhang – Non-Executive Director

Mr Zhang is the Chief Representative for Jinchuan Australia and is also an Executive Director of Sino Nickel Pty Limited. Mr Zhang has worked for Jinchuan since 1981 and has been posted to several overseas positions to which he has been involved in numerous Jinchuan co-operative ventures. Mr Zhang holds a Diploma from the Metallurgical and Architectural Institute of Chang Chun. Mr Zhang served as an Alternative Non-Executive Director for Mr Xie Penggen until 9 January 2017, at that time Mr Zhang was appointed a Non-Executive Director of the Company.

Mr Zhang has held no public company directorships in the past three years.

Milan Jerkovic – Independent Non-Executive Director

Mr Jerkovic has over 30 years of experience in the mining industry involving resource evaluation, operations, financing, acquisition, project development and general management. Mr Jerkovic is a Geologist with post graduate qualifications in Mineral Economics and Mining, is a Fellow of the Australian Institute of Mining and Metallurgy and a member of the Australasian Institute of Company Directors. He was previously the CEO of Straits Resources Limited and was the founding Chairman of Straits Asia Resources Limited which was listed on the Singapore Stock Exchange. Mr Jerkovic has also held positions with WMC, BHP, Nord Pacific, Hargraves, and Tritton. Mr Jerkovic is currently Chairman of both Geopacific Resources Limited and Blackham Resources Limited. Mr Jerkovic also serves on the Company's Audit and Remuneration & Nomination Committees.

During the past three years he has served as a director of the following public listed companies:

- Blackham Resources Limited *; and
- Geopacific Resources Limited *.

* Denotes current directorship

INTERESTS IN THE SHARES OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Metals X Limited were:

Director	Fully Paid Ordinary Shares	Options
WS Hallam	2,142,928	4,000,000
SD Heggen	6,689	-
PJ Newton	14,070,217	-
M Jerkovic	367,500	-
SD Robinson	45,000	1,200,000
Y Zhang	-	-
Total	**16,632,334**	**5,200,000**

COMPANY SECRETARY

Fiona Van Maanen – Chief Financial Officer and Company Secretary

Mrs Van Maanen is a CPA, holds a Bachelor of Business (Accounting) degree and a Graduate Diploma in Company Secretarial Practice. Mrs Van Maanen has significant experience in accounting and financial management in the mining and resources industry.

PRINCIPAL ACTIVITIES

The principal activities during the year of the Consolidated Entity were:

- operation of tin and copper mines in Australia; and
- exploration and development of base metals projects in Australia.

EMPLOYEES

The Consolidated Entity had 446 employees at 30 June 2018 (2017: 384).

DIVIDENDS

Dividends paid during the period to members in respect to the 2017 financial year:

Dividend Rate	Record Date	Payment Date	Franking	DRP Discount
1.00 cents per share	7 September 2017	19 September 2017	Nil	5% to 5 day VWAP

Dividend Reinvestment Plan

The Company operates a dividend reinvestment plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares. The DRP is based on a 5% discount to the 5 day volume weighed average price (VWAP) after the record date. During the year 2,096,529 shares (2017: nil) were issued at $0.7428 per share as part of the dividend reinvestment plan.

The Directors do not propose to pay any dividend for the financial year ended 30 June 2018.

Refer to note 10 for available franking credits.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 13,350,000 ordinary shares under options, refer to note 30.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of exercising options

There were 700,000 options converted to shares during the financial year refer to note 27(f) for further details.

RESULTS OF OPERATIONS

- Consolidated total loss after income tax - $26,297,186 (2017: profit $134,012,244);
- Total consolidated revenue of continuing operations - $209,901,427 (2017: $237,791,187);
- Total cost of sales of continuing operations - $217,533,046 (2017: $230,488,975);
- Profit from discontinued operations - Nil (2017: $237,764,988);
- Impairment losses - $1,988,131 (2017: $72,682,408);
- Exploration and evaluation expenditure write off - $115,718 (2017: $1,243,736)
- Cash flows from operating activities - $27,295,830 (2017: $26,836,655);
- Cash flows used in investing activities - $38,889,357 (2017: $122,637,730); and
- Cash flows used in financing activities - $7,296,798 (2017: $106,741,458).

Key results for the period are:

Copper Division

- Revenue from the Nifty Copper Operations was $127,972,186 (2017: $160,271,459). The revenue was lower than the previous year as a result of lower production.
- The cost of sales was $159,538,701 (2017: $176,729,918).

Performance of the Copper Division is summarised below:

		30 June 2018	30 June 2017
Physical Summary	**Units**		
UG Ore Mined	t	1,361,019	1,390,007
UG Grade Mined	% Cu	1.32	1.76
Ore Processed	t	1,361,371	1,397,534
Head Grade	% Cu	1.33	1.77
Recovery	%	92.16	93.87
Copper Produced	t	16,774	23,264
Copper Sold	t	15,738	24,828
Copper Price	A$/t	8,910	7,168
Realised Copper Price (net of Tc/Rc charges)	A$/t	8,131	6,455
Copper Sales Revenue (net of Tc/Rc charges)	A$	127,972,186	160,271,459
Cost Summary			
Mining	A$/t	4,907	2,797
Processing	A$/t	2,147	1,379
Admin	A$/t	1,419	1,114
Stockpile Adj	A$/t	(2)	55
C1 Cash Cost (produced t) *	**A$/t**	**8,471**	**5,345**
Royalties	A$/t	395	313
Sustaining Capital	A$/t	605	387
Reclamation & other adj.	A$/t	67	165
All-in Sustaining Costs **	**A$/t**	**9,538**	**6,210**
Project Startup Capital	A$/t	-	-
Exploration Holding Cost	A$/t	169	64
All-in Cost ***	**A$/t**	**9,707**	**6,274**

- * 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.

RESULTS OF OPERATIONS (cont.)

Tin Division

- Revenue from the 50% owned Renison Tin Operations was $81,929,241 (2017: $77,519,728). The revenue was higher than the previous year as a result of higher tin sales and prices.
- The cost of sales was $57,994,348 (2017: $53,798,589). The costs were higher due to a ramp up in mining activities with additional ore being stockpiled in anticipation of completion of the new purpose-built three stage crushing, screening and ore sorting plant which commenced commissioning in June 2018.

Performance of the Tin Division (50% share) is summarised below:

		30 June 2018	30 June 2017
Physical Summary	**Units**		
UG Ore Mined	t	401,174	376,276
UG Grade Mined	% Sn	1.19	1.28
Ore Processed	t	366,242	368,843
Head Grade	% Sn	1.25	1.29
Recovery	%	73.31	73.24
Tin Produced	t	3,370	3,486
Tin Sold	t	3,434	3,218
Tin Price	A$/t	26,595	26,581
Realised Tin Price (net of Tc/Rc charges)	A$/t	23,862	24,089
Tin Sales Revenue (net of Tc/Rc charges)	A$	81,929,241	77,519,728
Cost Summary			
Mining	A$/t	6,850	6,385
Processing	A$/t	4,879	4,620
Admin	A$/t	1,080	1,052
Stockpile Adj	A$/t	(994)	(246)
C1 Cash Cost (produced t)	**A$/t**	**11,815**	**11,811**
Royalties	A$/t	1,300	1,297
Sustaining Capital	A$/t	3,258	3,228
Reclamation & other adj.	A$/t	12	5
Corporate Costs	A$/t	31	21
All-in Sustaining Costs	**A$/t**	**16,416**	**16,362**
Project Startup Capital	A$/t	4,475	815
Exploration Holding Cost	A$/t	-	-
All-in Cost	**A$/t**	**20,891**	**17,177**

Capital Investment Activities

Cash flows used in investing activities was $38,889,357, which was lower than the previous period (2017: $122,637,730), mainly due to the demerger or the Gold Division. This was offset by the increase in capital expenditure at the Tin Division on the ore sorting plant and tailings dam and the property, plant and equipment refurbishment at the Copper Division. Other capital re-investment during the period:

- Tin Division $21,361,744 (2017: $11,430,117);
- Copper Division $14,919,739 (2017: $9,756,875); and
- Nickel Division $1,308,239 (2017: $1,021,233).

REVIEW OF OPERATIONS

A full review of the operations of the Consolidated Entity during the year ended 30 June 2018 is set out on page 4 of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity decreased by 14% ($28,295,975) to $170,450,179 (2017: $198,746,154). The movement was mainly due to operating losses incurred at the Copper Division.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 7 August 2018 the Company completed a capital raising of $50,000,000 by issuing 76,923,076 fully paid ordinary shares at an issue price of $0.65 per share to institutional and professional investors.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected that the Consolidated Entity will continue its exploration, mining, processing, production and marketing of tin and copper concentrates in Australia, and will continue the development of its nickel exploration projects. These are described in more detail in the Review of Operations on page 4.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to the relevant environmental protection legislation (Commonwealth and State legislation). The Consolidated Entity holds various environmental licenses issued under these laws, to regulate its mining and exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during the course of mining and exploration activities and the storage of hazardous substances.

All environmental performance obligations are monitored by the board of directors and subjected from time to time to Government agency audits and site inspections. There have been no material breaches of the Consolidated Entity’s licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract of insurance to insure Directors and officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (Audited)

Contents

1. REMUNERATION REPORT OVERVIEW

The Directors of Metals X present the Remuneration Report ("the Report") for the Consolidated Entity for the year ended 30 June 2018 (FY2018). This Report forms part of the Director's Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and its regulations.

The Report details the remuneration arrangements for Metals X's Key Management Personnel ("KMP"):

- Non-Executive Directors ("NEDs")
- Managing Director ("MD"), executive directors and senior executives (collectively "the executives").

KMP are those who directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity and includes all directors of the parent entity.

Details of KMP of the Consolidated Entity are set out below:

	Name	Position	Appointed	Resigned
(i)	**Non-Executive Directors**			
	PJ Newton	Non-Executive Chairman	14 Dec 2012	-
	SD Heggen	Non-Executive Director	25 Oct 2012	-
	M Jerkovic	Non-Executive Director	1 May 2017	-
	Y Zhang	Non-Executive Director	9 Jan 2017	-
(ii)	**Executive Directors**			
	WS Hallam	Managing Director	1 Mar 2005	-
	SD Robinson	Executive Director	25 Nov 2016	-
(iii)	**Senior Executives**			
	JR Croall	General Manager - Nifty	2 Nov 2017	6 Jul 2018
	AH King	Chief Operating Officer	24 Feb 2014	-
	MR Poepjes	Chief Mining Engineer *	8 Aug 2011	-
	M Recklies	General Manager - Renison	24 Mar 2017	-
	FJ Van Maanen	CFO & Company Secretary	1 Jul 2005	-

* MR Poepjes resigned as the General Manager of Nifty in August 2017. He subsequently resigned from Metals X in May 2018.

2. REMUNERATION GOVERNANCE

Remuneration and Nomination Committee Responsibility

The remuneration and nomination committee is a subcommittee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration (directors and senior executives); and
- The executive remuneration framework and incentive plan policies.

The remuneration and nomination committee assesses the appropriateness of the nature and amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team.

The composition of the remuneration and nomination committee is set out on page 27 of this annual report.

REMUNERATION REPORT (Audited) (cont.)

2. REMUNERATION GOVERNANCE (cont.)

Use of remuneration advisors

During the period the Remuneration and Nomination Committee approved the engagement of BDO Remuneration and Reward Pty Ltd (“BDO”) to review and provide recommendations on the Consolidated Entity’s executive remuneration framework and policies.

Both BDO and the Committee are satisfied the advice received from BDO is free from undue influence from the KMP to whom the remuneration recommendations apply.

The remuneration recommendations were provided to the Committee as an input into decision making only. The Committee considered the recommendations, along with other factors, in making its remuneration decisions.

The fees paid to BDO for the remuneration recommendations were $27,250.

Outcome of BDO Remuneration Review

Following the BDO remuneration review the following changes to the remuneration structure were made during FY2018:

The introduction of a formal short term incentive (“STI”) policy that has the objective of linking executive remuneration with the achievement of the Consolidated Entity’s key operational and financial targets. The STI will be an annual “at risk” component of remuneration for executives that is payable in cash based on performance against key performance indicators (refer to section 4).

Following the BDO remuneration review the following changes to the remuneration structure will be made in FY2019:

The long term incentive policy will be amended to focus the efforts of executives on long term value creation to further align management’s interests with those of the shareholders. The LTI will be an annual “at risk” component of remuneration for executives that is payable in zero exercise price options (“ZEPOs”) (being an option to acquire an ordinary share in Metals X for nil consideration).

The MD will have a maximum LTI opportunity of 80% of fixed remuneration and other executives have a maximum LTI opportunity of 60% of fixed remuneration. The number of options to be granted will be determined by dividing the LTI remuneration dollar amount by the volume weighted average price of Metals X shares traded on the ASX during the 5 day trading period prior to the day of the grant.

As a transitional arrangement, for the options to be granted in FY2019, the LTI performance period will be treated as two tranches:

- 50% of the options will be performance tested against the LTI performance measures for the period 1 July 2018 to 30 June 2020.
- 50% of the options will be performance tested against the LTI performance measures for the period 1 July 2018 to 30 June 2021.

All subsequent grants of options will have a three year performance period. There will be no opportunity for re-testing. Any options that do not vest will lapse after testing. Executives are able to exercise any options that vest for up to two years after the vesting date before the vested options lapse.

Options will be subject to the following performance conditions:

- Relative Total Shareholder Return (“RTSR”) (50%); and
- Return on Capital Employed (“ROCE”) (50%).

The Board considers that TSR is an appropriate performance hurdle because it ensures that a proportion of each participant’s remuneration is explicitly linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

The Board considers ROCE as an appropriate measure as it focuses executives on generating earnings that efficiently use shareholder capital as the reinvestment of earnings.

Remuneration report at FY2017 AGM

The FY2017 remuneration report received positive shareholder support at the FY2017 AGM with a vote of 79% in favour.

REMUNERATION REPORT (Audited) (cont.)

3. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

Metals X's NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Company's constitution and the ASX listing rules specify that the NED fee pool limit, shall be approved periodically by shareholders. The last determination was at the annual general meeting ("AGM") held on 26 November 2014 when shareholders approved an aggregate fee pool of $600,000 per year.

The amount of the aggregate remuneration sought to be approved by shareholders and the manner in which it is paid to NEDs is reviewed annually against comparable companies. The Board also considers advice from external advisors when undertaking the review.

Non-executive directors have long been encouraged by the Board to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

NED Remuneration Structure

The remuneration of NEDs consists of director's fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. NEDs do not participate in any performance related incentive programs.

Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. No additional fees are paid to NEDs for being a Chair or Member of a sub-committee. However, NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out of pocket expenses incurred as a result of their Directorships.

4. EXECUTIVE REMUNERATION

Executive Remuneration Policy

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's performance, strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives.

Executive Remuneration Structure

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components:

- fixed remuneration;
- short-term incentives ("STI"); and
- long-term incentives ("LTI").

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of executives' remuneration is placed "at risk". The relative proportion of FY2018 total remuneration packages split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Managing Director	40%	20%	40%
Other Executives	46%	18%	36%

REMUNERATION REPORT (Audited) (cont.)

4. EXECUTIVE REMUNERATION (cont.)

Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

Short Term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	Any STI award is paid in cash after the assessment of annual performance.
How much can executives earn?	In FY2018, following the BDO remuneration review, the MD had a maximum STI opportunity of 50% of total fixed remuneration and other executives had a maximum STI opportunity of 40% of total fixed remuneration.
How is performance measured?	A combination of specific Company Key Performance Indicators ("KPIs") are chosen to reflect the core drivers of short term performance and also to provide a framework for delivering sustainable value to the Consolidated Entity and its shareholders. The following KPIs were chosen for the 2018 financial year: ➢ KPI 1: AISC relative to budget (30%); ➢ KPI 2: Production relative to budget (30%); ➢ KPI 3: Safety performance targets (30%); and ➢ KPI 4: Board discretion (10%).
When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.
What happens if an executive leaves?	Where an executive ceases to be an employee of the Consolidated Entity: ➢ due to resignation or termination for cause, before the end of the financial year, no STI is awarded for that year; or ➢ due to redundancy, ill health, death or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year. unless the Board determines otherwise.
What happens if there is a change of control	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control (subject to Board discretion).

REMUNERATION REPORT (Audited) (cont.)

4. EXECUTIVE REMUNERATION (cont.)

Long Term Incentive (LTI) arrangements

Under the LTI plan, annual grants of options are made to executives to align remuneration with the creation of shareholder value over the long-term.

How is it paid?	Executives are eligible to receive options. In FY2018 and FY2017 options issued were Premium Exercise Price Options ("PEPOs"), being an option to acquire an ordinary share in Metals X for a pre-determined exercise price. The exercise price is calculated as 125% of the volume weighted average price ("VWAP") of Metals X shares traded on the ASX during the 5 day trading period prior to the day of the grant.
How much can executives earn?	The MD had a maximum LTI opportunity of 101% (2017: 75%) of total fixed remuneration and other executives had a maximum LTI opportunity of 55% - 83% (2017: 42% - 65%) of total fixed remuneration. The number of options granted were determined using the fair value at the date of grant using a Black and Scholes valuation model, taking into account the terms and conditions upon which the options were granted.
How is performance measured?	Options are subject to a one year service period performance measure. There are no other performance conditions as it is designated as a retention plan. The options have an exercise price of 125% of the 5 day VWAP of Metals X shares traded on the ASX prior to the day of the grant.
When is performance measured?	Options will vest when the executive continues to be employed by the Consolidated Entity on the first anniversary of the grant date or as determined by the Board of Directors. Executives are able to exercise the options for up to two years after the vesting date before the options lapse.
What happens if an executive leaves?	Where an executive ceases to be an employee of the Consolidated Entity: ➢ due to resignation or termination for cause, then any unvested options will automatically lapse on the date of the cessation of employment; or ➢ due to redundancy, ill health, death or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of unvested options based on achievement of the performance measures over the performance period up to the date of cessation of employment; and ➢ where an employee ceases employment after the vesting of their options, the options automatically lapse after three months of cessation of employment. unless the Board determines otherwise.
What happens if there is a change of control	In the event of a change of control, the performance period end date will be brought forward to the date of the change of control and wards will vest based on performance over the shortened period (subject to board discretion).
Are executives eligible for dividends	Executives are not eligible to receive dividends on unvested options.

REMUNERATION REPORT (Audited) (cont.)

5. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Remuneration earned by executives in 2018

The actual remuneration earned by executives in the year ended 30 June 2018 is set out in Table 1. This provides shareholders with a view of the remuneration paid to executives for performance in FY2018.

STI performance and outcomes

A combination of financial and non-financial measures were used to measure performance for STI rewards. Company performance against those measures is as follows for FY2018:

Metric	Weighting	Actuals	Achievement	Weighted Achievement
AISC relative to budget	Copper – 15% Tin – 15%	Copper - below threshold Tin - stretch achieved	Copper – 0% Tin – 100%	0% 15%
Production relative to budget	Copper – 15% Tin – 15%	Copper - below threshold Tin - between target and stretch	Copper – 0% Tin – 52%	0% 8%
Reduction in total recordable injury frequency rate (TRIFR)	Copper – 15% Tin – 15%	Copper - stretch achieved Tin - between target and stretch	Copper – 100% Tin – 86%	15% 13%
Board Discretion	10%	Below threshold	0%	0%
Percentage of Maximum STI achieved				51%

Based on this assessment, the STI payments for FY2018 to executives were recommended as detailed in the following table:

Name	Position	Achieved STI	STI Awarded	Maximum potential award
		%	$	$
WS Hallam	Managing Director	51%	$127,716	$251,850
SD Robinson	Executive Director	51%	$83,293	$164,250
AH King	Chief Operations Officer	51%	$77,740	$153,300
FJ Van Maanen	Chief Financial Officer and Company Secretary	51%	$70,996	$140,000

MR Poepjes and JR Croall did not meet the key performance indicators and were not entitled to the STI for the year ended 30 June 2018.

The STI payments, subject to Board approval, are expected to be paid in September 2018.

LTI performance and outcomes

LTI options granted in FY2017 vested in January 2018. LTI options granted in FY2018 will be subject to a one year vesting period ending in November 2018.

In November 2017, after receiving approval from shareholders at the AGM, 8,100,000 options were granted in total to the Executive Directors, Warren Hallam and Stephen Robinson and to other executives.

For further details of options granted and vested refer to Table 3 below.

REMUNERATION REPORT (Audited) (cont.)

5. PERFORMANCE AND REMUNERATION OUTCOMES (cont.)

Clawback of remuneration

In the event of serious misconduct or material misstatement in the Consolidated Entity's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested short term incentives or long term incentives.

Share trading policy

The Metals X trading policy applies to all non-executive directors and executives. The policy prohibits employees from dealing in Metals X securities while in possession of material non-public information relevant to the Consolidated Entity. Executives must not enter into any hedging arrangements over unvested long term incentives under the Consolidated Entity's long term incentive plan. The Consolidated Entity would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

Overview of company performance

The table below sets out information about Metals X's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	30 June 2014 *	30 June 2015 *	30 June 2016 *	30 June 2017	30 June 2018
Closing share price	$1.04	$1.38	$1.40	$0.67	$0.80
Profit/(loss) per share (cents)	9.06	9.87	(5.21)	(17.43)	(4.30)
Net tangible assets per share	$0.75	$0.72	$0.82	$0.27	$0.28
Total Shareholder Return	165%	35%	4%	12%	19%
Dividend paid per shares (cents)	2.715	2.950	-	1.000	-

* Pre demerger of Westgold Resources Limited.

6. EXECUTIVE EMPLOYMENT ARRANGEMENTS

A summary of the key terms of employment agreements for executives is set out below. There is no fixed term for executive service agreements and all executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Base Salary	Superannuation	Notice Period	Termination Payment
WS Hallam (Managing Director)	$460,000	9.5%	3 months	6 months base salary
SD Robinson (Executive Director)	$375,000	9.5%	3 months	6 months base salary
JR Croall (General Manager – Nifty Copper Operations)	$310,000	9.5%	1 month	per NES *
AH King (Chief Operations Officer)	$350,000	9.5%	3 months	per NES *
M Recklies (General Manager – Renison Tin Operations) **	$280,000 [100%]	9.5%	1 month	per NES *
FJ Van Maanen (Chief Financial Officer & Company Secretary)	$319,625	9.5%	3 months	per NES *

* NES are National Employment Standards as defined in the *Fair Work Act 2009 (Cth)*.

** Mr Recklies is the General Manager of the 50% owned Renison Tin Operations Joint Venture. Metals X Limited is responsible for 50% of Mr Recklies remuneration arrangements.

REMUNERATION REPORT (Audited) (cont.)

6. EXECUTIVE EMPLOYMENT ARRANGEMENTS (cont.)

Table 1: Remuneration for the year ended 30 June 2018

Remuneration of key management personnel of the Consolidated Entity	Short Term			Post employment	Long term benefits	Share based Payment	Total	
	Salary and Fees	Cash Bonus	Non monetary benefits	Superannuation	Long service leave	Options		% Performance related
Non-executive Directors								
PJ Newton	110,000	-	-	10,450	-	-	120,450	-
SD Heggen	80,000	-	-	7,600	-	-	87,600	-
M Jerkovic	80,000	-	-	7,600	-	-	87,600	-
Y Zhang	80,000	-	-	7,600	-	-	87,600	-
	350,000	**-**	**-**	**33,250**	**-**	**-**	**383,250**	
Executive Directors								
WS Hallam	478,700	127,716	7,321	25,000	2,732	498,225	1,139,694	55
SD Robinson	385,625	83,293	8,426	25,000	1,768	185,544	689,656	39
Other key management personnel								
JR Croall *	204,679	-	-	19,445	-	-	224,124	-
AH King **	350,000	117,740	163	37,050	2,344	290,007	797,304	51
MR Poepjes	245,980	-	4,341	20,879	-	56,695	327,895	17
M Recklies	141,544	14,565	9,932	14,830	-	-	180,871	8
FJ Van Maanen	312,954	70,996	9,466	19,300	1,766	290,007	704,489	51
	2,119,482	**414,310**	**39,649**	**161,504**	**8,610**	**1,320,478**	**4,064,033**	
Totals	**2,469,482**	**414,310**	**39,649**	**194,754**	**8,610**	**1,320,478**	**4,447,283**	

* JR Croall was appointed on 2 November 2017 and resigned on 6 July 2018.

** AH King received a $40,000 board discretionary cash bonus in addition to the FY2018 STI award of $77,740.

REMUNERATION REPORT (Audited) (cont.)

6. EXECUTIVE EMPLOYMENT ARRANGEMENTS (cont.)

Table 2: Remuneration for the year ended 30 June 2017

Remuneration of key management personnel of the Consolidated Entity	Short Term			Post employment	Long term benefits	Share based Payment		Total	
	Salary and Fees	Cash Bonus	Non monetary benefits	Superannuation	Long service leave	Performance Rights	Options		% Performance related
Non-executive Directors									
PJ Newton	110,000	-	-	10,450	-	-	-	120,450	-
PM Cmrlec *	21,087	-	-	2,003	-	-	-	23,090	-
SD Heggen	80,000	-	-	7,600	-	-	-	87,600	-
M Jerkovic	13,333	-	-	1,267	-	-	-	14,600	-
X Penggen *	-	-	-	-	-	-	-	-	-
Y Zhang **	38,485	-	-	3,656	-	-	-	42,141	-
	262,905	**-**	**-**	**24,976**	**-**	**-**	**-**	**287,881**	
Executive Directors									
PG Cook *	265,751	-	3,588	13,474	120,064	826,935	-	1,229,812	67
WS Hallam	469,967	-	5,656	33,733	13,730	592,268	188,984	1,304,338	60
SD Robinson ***	97,372	-	2,828	9,250	-	-	-	109,450	-
Other key management personnel									
PD Hucker ****	133,181	-	4,422	12,652	9,833	341,421	-	501,509	68
JG Brock ****	178,794	-	-	-	-	-	-	178,794	-
AH King	250,257	23,614	-	26,018	819	-	113,390	414,098	33
MR Poepjes	288,000	-	1,994	27,360	20,545	221,973	56,695	616,567	45
M Recklies **	71,286	-	-	6,772	-	-	-	78,058	-
JW Russell ****	93,750	-	4,676	8,906	32,377	217,895	-	357,604	61
FJ Van Maanen	348,560	-	7,939	25,439	9,532	402,250	113,390	907,110	57
	2,196,918	**23,614**	**31,103**	**163,604**	**206,900**	**2,602,742**	**472,459**	**5,697,340**	
Totals	**2,459,823**	**23,614**	**31,103**	**188,580**	**206,900**	**2,602,742**	**472,459**	**5,985,221**	

* PM Cmrlec, X Penggen, PG Cook resigned on 5 October 2016, 9 January 2017 and 2 February 2017 respectively.

** Y Zhang, M Recklies and M Jerkovic were appointed on 9 January 2017, 24 March 2017 and 1 May 2017 respectively.

*** SD Robinson was appointed as a Non-executive Director on 25 November 2016 and was subsequently employed as an Executive Director on 1 May 2017.

**** PD Hucker, JD Brock and JW Russell were transferred to Westgold Resources Limited on 1 December 2016 as part of the demerger.

REMUNERATION REPORT (Audited) (cont.)

7. ADDITIONAL STATUTORY DISCLOSURES

This section sets out the additional disclosures required under the *Corporations Act 2001*.

Table 3: Options granted and vested during the year (Consolidated)

	Year	Options granted during the year (No.)	Grant date	Fair value per option at grant date	Value of options at grant date $	Vesting date	Exercise price	Expiry date	Options vesting during the period	Options lapsed during the year
WS Hallam *	**2018**	**2,000,000**	**22 Nov 2017**	**$0.25**	**508,630**	**22 Nov 2018**	**$1.32**	**30 Nov 2020**	**-**	**-**
WS Hallam **	2017	2,000,000	24 Nov 2016	$0.19	377,968	20 Jan 2018	$0.76	20 Jan 2020	2,000,000	-
SD Robinson *	**2018**	**1,200,000**	**22 Nov 2017**	**$0.25**	**305,178**	**22 Nov 2018**	**$1.32**	**30 Nov 2020**	**-**	**-**
AH King	**2018**	**1,200,000**	**23 Nov 2017**	**$0.24**	**291,808**	**23 Nov 2018**	**$1.32**	**30 Nov 2020**	**-**	**-**
AH King	2017	1,200,000	20 Jan 2017	$0.19	226,780	20 Jan 2018	$0.76	20 Jan 2020	1,200,000	-
MR Poepjes ***	**2018**	**300,000**	**23 Nov 2017**	**$0.24**	**72,952**	**23 Nov 2018**	**$1.32**	**30 Nov 2020**	**-**	**300,000**
MR Poepjes	2017	600,000	20 Jan 2017	$0.19	113,390	20 Jan 2018	$0.76	20 Jan 2020	600,000	-
FJ Van Maanen	**2018**	**1,200,000**	**23 Nov 2017**	**$0.24**	**291,808**	**23 Nov 2018**	**$1.32**	**30 Nov 2020**	**-**	**-**
FJ Van Maanen	2017	1,200,000	20 Jan 2017	$0.19	226,780	20 Jan 2018	$0.76	20 Jan 2020	1,200,000	-

* Grant of options was subject to shareholder approval at the Annual General Meeting, which occurred on 22 November 2017.

** Grant of options was subject to shareholder approval at the Annual General Meeting, which occurred on 24 November 2016.

*** During the period 300,000 options issued to MR Poepjes lapsed upon his resignation as the options had not vested at that date and were subsequently forfeited. The value of the options at the date of forfeiture was nil as the options had not reached the first exercise date.

For details on vesting conditions and valuation of the options, including models and assumptions used, please refer to note 30.

The value of the share based payments granted during the period is recognised in compensation over the vesting period of the grant.

REMUNERATION REPORT (Audited) (cont.)

7. ADDITIONAL STATUTORY DISCLOSURES (cont.)

Table 4: Shareholdings of key management personnel (including nominees)

Shareholdings of Key Management Personnel
Ordinary shares held in Metals X Limited (number)

30 June 2017	Balance held at 1 July 2017	On exercise of options	Net change other ^	Balance held at 30 June 2018
Directors				
PJ Newton	13,883,311	-	186,906	14,070,217
WS Hallam	2,121,209	-	21,719	2,142,928
SD Heggen	6,689	-	-	6,689
M Jerkovic	-	-	367,500	367,500
SD Robinson	13,500	-	31,500	45,000
Y Zhang	-	-	-	-
Executives				
JR Croall	-	-	-	-
AH King	70,127	-	945	71,072
MR Poepjes	190,341	-	(190,341)	-
M Recklies	1,467	-	-	1,467
FJ Van Maanen	871,041	-	(350,000)	521,041
Total	**17,157,685**	**-**	**68,229**	**17,225,914**

^ Represents acquisitions and disposals of shares on market and shares issued under the dividend reinvestment plan, as well as departures and appointments.

REMUNERATION REPORT (Audited) (cont.)

7. ADDITIONAL STATUTORY DISCLOSURES (cont.)

Table 5: Performance right and option holdings of key management personnel (including nominees)

30 June 2017	Options balance at beginning of period 1 July 2017	Options granted as remuneration	Options lapsed during the period and forfeited	Options balance at end of period 30 June 2018	Options not vested and not exercisable	Options vested and exercisable
Directors						
PJ Newton	-	-	-	-	-	-
WS Hallam	2,000,000	2,000,000	-	4,000,000	2,000,000	2,000,000
SD Heggen	-	-	-	-	-	-
M Jerkovic	-	-	-	-	-	-
SD Robinson	-	1,200,000	-	1,200,000	1,200,000	-
Y Zhang	-	-	-	-	-	-
Executives						
JR Croall	-	-	-	-	-	-
AH King	1,200,000	1,200,000	-	2,400,000	1,200,000	1,200,000
MR Poepjes *	600,000	300,000	(300,000)	600,000	-	600,000
M Recklies	-	-	-	-	-	-
FJ Van Maanen	1,200,000	1,200,000	-	2,400,000	1,200,000	1,200,000
Total	**5,000,000**	**5,900,000**	**(300,000)**	**10,600,000**	**5,600,000**	**5,000,000**

* The 600,000 options balance at 30 June 2018 for MR Poepjes lapsed subsequent to 30 June 2018.

End of Audited Remuneration Report.

DIRECTORS' MEETINGS

The number of meetings of Directors' (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors Meetings	Audit Committee	Remuneration & Nomination Committee
No of meetings held:	6	2	2
No of meetings attended:			
WS Hallam	6	-	-
SD Heggen	6	2	2
M Jerkovic	6	2	2
PJ Newton	6	2	2
SD Robinson	6	-	-
Y Zhang	5	-	-

All Directors were eligible to attend all meetings held.

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Remuneration and Nomination Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Audit Committee	Remuneration and Nomination Committee
SD Heggen *	PJ Newton *
PJ Newton	SD Heggen
M Jerkovic	M Jerkovic

Notes:

* Designates the Chairman of the Committee.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is available at the Company's website at http://metalsx.com.au/about us/corporate governance/.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR INDEPENDENCE

The Directors' received the Independence Declaration, as set out on page 29, from Ernst & Young.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to note 33):

	$
Tax and stamp duty compliance services	211,964

Signed in accordance with a resolution of the Directors.

WS Hallam
Managing Director
Perth, 30 August 2018

Ernst & Young
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Perth WA 6000 Australia
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Auditor's Independence Declaration to the Directors of Metals X Limited

As lead auditor for the audit of Metals X Limited for the financial year ended 30 June 2018, 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 audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Philip Teale
Partner
30 August 2018

PT:CT:MLX018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
Continuing operations			
Revenue	5	209,901,427	237,791,187
Cost of sales	7(a)	(217,533,046)	(230,488,975)
Gross (loss)/profit		**(7,631,619)**	**7,302,212**
Other income	6	1,182,536	4,868,795
Other expenses	7(b)	(5,863,468)	(15,990,414)
Loss on derivative instruments	7(c)	(10,364,135)	(1,612,408)
Fair value change in financial assets	7(d)	(47,300)	12,371,917
Finance costs	7(e)	(1,469,351)	(686,933)
Impairment loss on available-for-sale financial assets	17	(1,748,370)	(416,758)
Impairment loss on mine properties and development	19	(239,761)	(72,250,650)
Exploration and evaluation expenditure written off	20	(115,718)	(1,243,736)
Loss before income tax from continuing operations		**(26,297,186)**	**(67,657,975)**
Income tax (expense)/benefit	8	-	(36,094,768)
Loss for the period from continuing operations		**(26,297,186)**	**(103,752,743)**
Discontinued operations			
Profit from discontinued operations	40	-	237,764,988
(Loss)/profit for the period		**(26,297,186)**	**134,012,245**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Reclassification of cumulative fair value changes in available-for-sale financial assets previously recognised in equity to the profit and loss on gaining control of the investee, net of tax		-	(8,660,342)
Changes in the fair value of available-for-sale financial assets, net of tax		-	(546,195)
Other comprehensive loss for the period, net of tax	29	-	(9,206,537)
Total comprehensive (loss)/profit for the period		**(26,297,186)**	**124,805,708**
(Loss)/profit attributable to:			
Members of the parent		(26,297,186)	134,012,245
		(26,297,186)	**134,012,245**
Total comprehensive (loss)/profit attributable to:			
Members of the parent		(26,297,186)	124,805,708
		(26,297,186)	**124,805,708**
(Loss)/profit per share for the (loss)/profit attributable to the ordinary equity holders of the parent (cents per share)			
Basic (loss)/profit per share			
Continuing operations	9	(4.30)	(17.43)
Discontinued operations	9	-	39.94
Total operations		**(4.30)**	**22.51**
Diluted (loss)/profit per share			
Continuing operations	9	(4.30)	(17.43)
Discontinued operations	9	-	39.94
Total operations		**(4.30)**	**22.51**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018	2017
CURRENT ASSETS			
Cash and cash equivalents	11	31,234,845	50,125,170
Trade and other receivables	12	13,676,176	45,046,603
Inventories	13	55,278,112	43,638,521
Prepayments	14	1,421,373	1,250,872
Other financial assets	15	10,311,569	10,858,049
Total current assets		**111,922,075**	**150,919,215**
NON-CURRENT ASSETS			
Derivative financial instruments	16	82,950	99,000
Available-for-sale financial assets	17	9,170,714	9,300,778
Property, plant and equipment	18	48,585,729	40,466,982
Mine properties and development costs	19	80,287,603	77,370,210
Exploration and evaluation expenditure	20	11,242,392	4,892,164
Total non-current assets		**149,369,388**	**132,129,134**
TOTAL ASSETS		**261,291,463**	**283,048,349**
CURRENT LIABILITIES			
Trade and other payables	21	31,686,792	29,306,601
Derivative financial instruments	22	1,078,251	-
Provisions	23	6,752,654	5,723,077
Interest bearing loans and borrowings	25	4,848,201	3,187,557
Total current liabilities		**44,365,898**	**38,217,235**
NON-CURRENT LIABILITIES			
Provisions	24	40,953,035	40,776,282
Interest bearing loans and borrowings	26	5,522,351	5,308,678
Total non-current liabilities		**46,475,386**	**46,084,960**
TOTAL LIABILITIES		**90,841,284**	**84,302,195**
NET ASSETS		**170,450,179**	**198,746,154**
EQUITY			
Issued capital	27	254,586,744	252,511,413
Accumulated losses	28	(115,249,072)	(82,858,477)
Share based payments reserve	29	27,350,340	25,331,051
Fair value reserve	29	3,762,167	3,762,167
TOTAL EQUITY		**170,450,179**	**198,746,154**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
OPERATING ACTIVITIES			
Receipts from customers		229,168,725	361,602,427
Interest received		702,626	1,796,414
Other income		472,471	4,817,730
Payments to suppliers and employees		(202,568,449)	(340,697,765)
Interest paid		(479,543)	(682,151)
Net cash flows from operating activities	11	**27,295,830**	**26,836,655**
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(21,011,277)	(18,561,268)
Payments for mine properties and development		(10,427,201)	(31,698,923)
Payments for exploration and evaluation		(6,465,944)	(14,098,029)
Proceeds from sale of property, plant and equipment		664,621	270,862
Payments for available-for-sale financial assets		(1,618,306)	(804,999)
Payment for derivatives held for trading		(31,250)	-
Advances in relation to interest bearing receivables		-	(500,000)
Net cash inflow on acquisition of subsidiary	39	-	39,078,178
Net cash outflow on disposal of subsidiary	40	-	(96,323,551)
Net cash flows used in investing activities		**(38,889,357)**	**(122,637,730)**
FINANCING ACTIVITIES			
Payment of finance lease liabilities		(3,831,333)	(3,706,810)
Payments for dividends		(4,530,084)	(1,588)
Proceeds from share issue		532,000	115,639,413
Payments for share issue costs		(13,861)	(5,256,827)
Payments for performance bond facility		546,480	67,270
Net cash flows from financing activities		**(7,296,798)**	**106,741,458**
Net increase/(decrease) in cash and cash equivalents		(18,890,325)	10,940,383
Cash and cash equivalents at the beginning of the financial period		50,125,170	39,184,787
Cash and cash equivalents at the end of the period	11	**31,234,845**	**50,125,170**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued capital	Accumulated losses	Share based payments reserve	Fair value reserves	Total Equity
2017					
At 1 July 2016	**407,029,190**	**(45,666,070)**	**20,576,509**	**12,968,704**	**394,908,333**
Profit for the year	-	134,012,245	-	-	134,012,245
Other comprehensive income, net of tax	-	-	-	(9,206,537)	(9,206,537)
Total comprehensive (loss)/profit for the year net of tax	-	134,012,245	-	(9,206,537)	124,805,708
Transactions with owners in their capacity as owners					
Dividend on demerger of Westgold (refer to note 40)	-	(171,204,652)	-	-	(171,204,652)
Share based payments	-	-	4,754,542	-	4,754,542
Issue of share capital	(149,260,950)	-	-	-	(149,260,950)
Share issue costs	(5,256,827)	-	-	-	(5,256,827)
At 30 June 2017	**252,511,413**	**(82,858,477)**	**25,331,051**	**3,762,167**	**198,746,154**
2018					
At 1 July 2017	**252,511,413**	**(82,858,477)**	**25,331,051**	**3,762,167**	**198,746,154**
Loss for the year	-	(26,297,186)	-	-	(26,297,186)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive (loss)/profit for the year net of tax	-	(26,297,186)	-	-	(26,297,186)
Transactions with owners in their capacity as owners					
Dividend paid	-	(6,093,409)	-	-	(6,093,409)
Share based payments	-	-	2,019,289	-	2,019,289
Issue of share capital	2,089,192	-	-	-	2,089,192
Share issue costs	(13,861)	-	-	-	(13,861)
At 30 June 2018	**254,586,744**	**(115,249,072)**	**27,350,340**	**3,762,167**	**170,450,179**

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 22 August 2018.

Metals X Limited ("the Company or the Parent") is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

The address of the registered office is Level 5, 197 St Georges Terrace, Perth WA 6000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritive pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for available-for-sale investments, derivatives and copper trade receivables, which have been measured at fair value.

The accounting policies applied by the Consolidated Entity in these Consolidated Financial Statements are consistent with those applied by the Consolidated Entity in the previous year.

In the Consolidated Statement of Comprehensive Income revenue and cost of sales in the comparative period have been restated as follows:

i. Concentrate revenue has been adjusted to be presented net of treatment and refining charges, amounting to $26,670,670, which were previously included in cost of sales. The amended presentation is more consistent with the terms of the underlying concentrate sales agreement where treatment and refining changes are included as part of the pricing formula. The adjustment has no impact on gross profit or net profit for the year ended 30 June 2017.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board which include International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new accounting standards

In the current year, the Consolidated Entity has adopted all of the new and amended Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2017.

Adoption of these Standards and Interpretations, which included the following new and amended standards, did not have any effect on the financial position or the performance of the Consolidated Entity.

Reference	Title	Application date for the Consolidated Entity*
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets For Unrealised Losses	1 July 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 July 2017
AASB 2017-2	Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 July 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Adoption of new accounting standards (Continued)

Certain new and amended accounting standards and interpretations have been issued that are not mandatory for 30 June 2018 reporting periods. These standards and interpretations have not been early adopted.

Reference	Title	Summary	Impact on Metals X	Application date of standard*	Application date for Consolidated Entity*
AASB 9, and relevant amending standards	*Financial Instruments*	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs. Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows (known as the "SPPI" test) and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.	The Company will adopt AASB 9 retrospectively from 1 July 2018 and has elected not to restate comparative information. <u>Trade receivables</u> Trade receivables relating to the sale of tin concentrate are currently classified as loans and receivables and measured at amortised cost. These sales are subject to a quotational period price adjustment. On adoption of AASB 9, the tin trade receivables will fail the SPPI test and will be classified as financial assets at fair value through profit and loss. This reclassification is not expected to result in a material measurement adjustment due to the short quotational period between the date of initial recognition of the receivable and the date of the final invoice. The classification of trade receivables relating to the sale of copper concentrate will not change as a result of the adoption of AASB 9 as these receivables are currently carried at fair value through profit and loss. <u>Available-for-sale financial assets</u> The Company holds equity investments that are not held for trading as management intends to hold them for the medium to long term. The Company has elected to classify their equity investments at fair value through profit and loss. On the adoption of AASB 9, the fair value reserve amounting to $3,762,167 at 30 June 2018 will be adjusted through opening retained earnings. <u>Impairment</u> The new impairment model requires the recognition of impairment of financial assets based on expected credit losses rather than incurred credit losses as is the case under AASB 139. Based on the assessments undertaken to date on financial assets carried at amortised cost, the Company does not expect an additional loss allowance to be recognised on adoption of AASB 9.	1 January 2018	1 July 2018

Reference	Title	Summary	Impact on Metals X	Application date of standard*	Application date for Consolidated Entity*
AASB 15, and relevant amending standards	*Revenue from Contracts with Customers*	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 *Leases* (or AASB 16 *Leases*, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: Step 1: Identify the contract(s) with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	The Group plans to adopt AASB 15 using the modified retrospective approach. In this regard the Group will apply AASB 15 retrospectively at 1 July 2018 to those contracts that were not completed contracts at the date of initial application. Based on a review of current sales contracts, the Group has concluded that the only material impact on adoption of AASB 15 is the reclassification of the fair value movements on concentrate receivables from revenue to other income and expenses. The Group also considered whether adjustments made for variations in assay and weight between delivery of product and final settlement of concentrate sales would result in a material impact on revenue recognition. On initial recognition the Group estimates the amount of consideration receivable using the expected value approach based on internal assays. As it is highly probable that a significant reversal in the amount of revenue initially recognised will not occur due to variations in assay and weight no adjustment to current practice is anticipated on adoption of AASB 15. Shipping services provided to a customer after the customer obtains control of the product will represent a separate performance obligation as it represents a service that is distinct from the selling of concentrate. The Company recognises that on certain sales shipping will be treated as a separate performance obligation recognised over time, but the impact on revenue recognition is not material.	1 January 2018	1 July 2018
AASB 2016-5	*Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations	There will be no material impact.	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

Reference	Title	Summary	Impact on Metals X	Application date of standard*	Application date for Consolidated Entity*
		► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.			
AASB 2017-1	*Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments*	The amendments clarify certain requirements in: ► AASB 1 *First-time Adoption of Australian Accounting Standards* – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration* ► AASB 12 *Disclosure of Interests in Other Entities* – clarification of scope ► AASB 128 *Investments in Associates and Joint Ventures* – measuring an associate or joint venture at fair value ► AASB 140 *Investment Property* – change in use.	There will be no material impact.	1 January 2018	1 July 2018
AASB Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.	There will be no material impact.	1 January 2018	1 July 2018
AASB 16	*Leases*	AASB 16 requires lessees to account for all leases under a single on- balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease	AASB 16 Leases eliminates the distinction between operating and finance leases, and brings all leases (other than short term leases) onto the balance sheet. The standard does not apply mandatorily before 1 January 2019. The Group has yet to fully assess the impact on the Group's financial results when it is first adopted for the year ending 30 June 2020.	1 January 2019	1 July 2019

Reference	Title	Summary	Impact on Metals X	Application date of standard*	Application date for Consolidated Entity*
		liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.			
AASB 2017-7	*Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*	This Standard amends AASB 128 *Investments in Associates and Joint* Ventures to clarify that an entity is required to account for long- term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.	There will be no material impact.	1 January 2019	1 July 2019
AASB 2018-1	*Annual Improvements to IFRS Standards 2015-* *2017 Cycle*	The amendments clarify certain requirements in: ► AASB 3 *Business Combinations* and AASB 11 *Joint Arrangements* - previously held interest in a joint operation ► AASB 112 *Income Taxes* - income tax consequences of payments on financial instruments classified as equity ► AASB 123 *Borrowing Costs* - borrowing costs eligible for capitalisation.	The Company is still assessing whether there will be any material impact.	1 January 2019	1 July 2019
AASB 2018-2	*Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*	This Standards amends AASB 119 *Employee* Benefits to specific how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments: ► Require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event occurs ► Clarify that when such an event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.	The Company is still assessing whether there will be any material impact.	1 January 2019	1 July 2019
AASB Interpretation 23, and relevant amending standards	*Uncertainty over Income Tax Treatments*	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ► Whether an entity considers uncertain tax treatments separately ► The assumptions an entity makes about the examination of tax treatments by taxation authorities	The Company is still assessing whether there will be any material impact.	1 January 2019	1 July 2019

Reference	Title	Summary	Impact on Metals X	Application date of standard*	Application date for Consolidated Entity*
		► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ► How an entity considers changes in facts and circumstances.			
Conceptual Framework	*Conceptual Framework for Financial Reporting* [##], and relevant amending	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: ► Chapter 1 – The objective of financial reporting ► Chapter 2 – Qualitative characteristics of useful financial information ► Chapter 3 – Financial statements and the reporting entity ► Chapter 4 – The elements of financial statements ► Chapter 5 – Recognition and derecognition ► Chapter 6 – Measurement ► Chapter 7 – Presentation and disclosure ► Chapter 8 – Concepts of capital and capital maintenance *Amendments to References to the Conceptual Framework in IFRS Standards* has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.	There will be no material impact.	1 March 2018	1 March 2018
AASB 17	*Insurance Contracts Conceptual Framework for Financial Reporting ####*, and relevant amending standards	AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for for-profit entities. AASB 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of AASB 17 is the General (building block) Model, supplemented by: ► A specific adaptation for contracts with direct participation features (Variable Fee Approach)	The Company is still assessing whether there will be any material impact.	1 January 2021	1 July 2021

Reference	Title	Summary	Impact on Metals X	Application date of standard*	Application date for Consolidated Entity*
		► A simplified approach mainly for short-duration contracts (Premium Allocation Approach). The main features of the new accounting model for insurance contracts are: ► A measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows) ► A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contract to be recognised in profit or loss over the service period (i.e., coverage period) ► Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contract service period ► The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.			
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. AASB 2015-10 deferred the mandatory effective date (application date) of AASB 2014-10 so that the amendments were required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. AASB 2017-5 further defers the effective date of the amendments made in AASB 2014-10 to periods beginning on or after 1 January 2022.*	The Company is still assessing whether there will be any material impact.	1 January 2022	1 July 2022

‡ The IASB issued the revised conceptual framework on 29 March 2018. As at the date of this publication, the AASB are yet to issue the equivalent pronouncement.

* In December 2015, the IASB postponed the effective date of the amendments indefinitely pending the outcome of its research project on the equity method of accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in previous years, except as stated in note 2(b).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries ('the Consolidated Entity') as at 30 June each year. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if and only if the Consolidated Entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Consolidated Entity has less than a majority of the voting or similar rights of an investee, the Consolidated Entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Consolidated Entity's voting rights and potential voting rights

The Consolidated Entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Consolidated Entity obtains control over the subsidiary and ceases when the Consolidated Entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Consolidated Entity gains control until the date the Consolidated Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Consolidated Entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Consolidated Entity's accounting policies. All intra-Consolidated Entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Consolidated Entity are eliminated in full on consolidation.

(e) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (A$).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences in the consolidated financial report are taken to the profit or loss.

(f) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The Consolidated Entity aggregates two or more operating segments when they have similar economic characteristics.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the statement of financial position.

(h) Trade and other receivables

On initial recognition copper trade receivables are designated as fair value through profit and loss (refer to note 2(y)), accordingly these trade receivables are measured at fair value as at reporting date. Credit balances are reclassified to trade and other payables. The majority of copper sales revenue is invoiced and received in US dollars. In the case of copper concentrate, on presentation of documents the customer settles 90% of the provisional invoice value within 3-5 days of receipt of consignment and the remaining 10% is settled within 3-5 days of presentation of the final invoice at the end of the quotational period.

Tin trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of tin trade receivables and other receivables carried at amortised cost is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(j) Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to manage commodity price exposures. Such derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to fair value.

Certain derivative instruments are also held for trading for the purpose of making short term gains. None of the derivatives qualify for hedge accounting and changes in fair value are recognised immediately in profit or loss in other revenue and expenses.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

(k) Joint arrangements

Joint arrangements are arrangements over which two or more parties have joint control. Joint Control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as ether a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Consolidated Entity with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Consolidated Entity recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly

To the extent the joint arrangement provides the Consolidated Entity with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Consolidated Entity's share of the net assets of the joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Rehabilitation costs

The Consolidated Entity is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(n) Available-for-sale investments

All available-for-sale investments are initially recognised at fair value plus directly attributable transaction costs.

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. Investments are designated as available-for-sale if they do not have fixed maturities and fixed and determinable payments and management intends to hold them for the medium to long term.

After initial recognition, available-for-sale investments are measured at fair value. Gains or losses are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

The fair value of investments that are actively traded in organised markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

For investments with no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where fair value cannot be reliably measured for certain unquoted investments, these investments are measured at cost.

(o) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Consolidated Entity acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in the host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured and subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Consolidated Entity's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(p) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine.

Major depreciation periods are:

- Mine specific plant and equipment is depreciated using – the shorter of life of mine and useful life. Useful life ranges from 2 to 10 years.
- Buildings – the shorter of life of mine and useful life. Useful life ranges from 5 to 40 years.
- Office Plant and equipment is depreciated at 33% per annum for computers and office machines and 20% per annum for other office equipment and furniture.

Impairment
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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Refer to note 2(t) for further discussion on impairment testing performed by the Consolidated Entity.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

(q) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and;

i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;

ii) exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment regularly and if after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely or that the Consolidated Entity no longer holds tenure, the relevant capitalised amount is written off to profit or loss in the period when the new information becomes available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(r) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment
The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Refer to note 2(t) for further discussion on impairment testing performed by the Consolidated Entity.

(s) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but is not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised as the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(t) Impairment of non-financial assets

The Consolidated Entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Consolidated Entity bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Consolidated Entity's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure based on life-of-mine plans.

Value in use does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in fair value less costs of disposal calculations.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Consolidated Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(u) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Consolidated Entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(w) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(x) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(ii) Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Consolidated Entity are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(y) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Copper sales

Revenue from copper production is recognised when the significant risks and rewards of ownership have passed to the buyer. Sales revenue is subject to adjustment based on final assay results. In addition, the terms of the sales contracts for copper concentrate contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. Final settlement is between 2 and 4 months after the date of delivery (the "quotational period") with pricing based on the average LME copper price for the month of settlement. The revenue adjustment mechanism embedded within the sales contract has the characteristics of a commodity derivative which significantly modifies the cash flows under the contract. The Consolidated Entity has decided to designate the trade receivables arising on initial recognition of these sales transaction as a financial asset at fair value through profit and loss and not separately account for the embedded derivative. Accordingly, the fair value of the receivable is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Tin and Gold sales

Revenue from tin and gold production is recognised when the significant risks and rewards of ownership have passed to the buyer. In addition, the terms of the sales contracts for tin concentrate contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. Final settlement is between 11 and 46 days after the date of delivery (the "quotational period") with pricing based on the average LME or KLTM tin price for the month of settlement. The revenue adjustment mechanism embedded within the sales contract has the characteristics of a commodity derivative which is bifurcated from the trade receivable. The fair value movements in this embedded derivative are re-estimated continuously and changes in fair value recognised as an adjustment to revenue in the consolidated statement of comprehensive income.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(z) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(aa) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

(ab) Share-based payment transactions

The Consolidated Entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Consolidated Entity has one plan in place that provides these benefits. It is the Long Term Incentive Plan ("LTIP") which provides benefits to all employees including Directors.

In valuing equity-settled transactions, no account is taken of any vesting conditions (such as service conditions), other than conditions linked to the price of the shares of Metals X Limited (market conditions) if applicable.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model. Further details of which are given in note 30.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Consolidated Entity, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Consolidated Entity, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

(ac) Onerous operating lease provision

A provision for an onerous operating lease is recognised when the expected benefits to be derived from the lease are lower than the unavoidable cost of meeting the obligations under the lease. The provision is measured at the lesser of the present value of the expected net cost of continuing with the lease and any amount agreed between the lessor and the lessee to terminate the lease.

(ad) Employee benefits

(i) Wages, salaries, sick leave and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short term benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) 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.

(iii) Superannuation

Contributions made by the Consolidated Entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(ae) Income tax

The Consolidated Entity entered into a tax Consolidated Entity as of 1 July 2004.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised income taxes are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Metals X Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004. The head entity, Metals X Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Consolidated Entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(af) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant judgments made in applying accounting policies

- **Impairment of available-for-sale-investments**

  In determining the amount of impairment of financial assets, the Consolidated Entity has made judgments in identifying financial assets whose decline in fair value below cost is considered "significant" or "prolonged". A significant decline is assessed based on the historical volatility of the share price.

  The higher the historical volatility, the greater the decline in fair value required before it is likely to be regarded as significant. A prolonged decline is based on the length of time over which the share price has been depressed below cost. A sudden decline followed by immediate recovery is less likely to be considered prolonged compared to a sustained fall of the same magnitude over a longer period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont.)

The Consolidated Entity considers a less than a 10% decline in fair value is unlikely to be considered significant for investments actively traded in a liquid market, whereas a decline in fair value of greater than 20% will often be considered significant. For less liquid investments that have historically been volatile (standard deviation greater than 25%), a decline of greater than 30% is usually considered significant.

Generally, the Consolidated Entity does not consider a decline over a period of less than three months to be prolonged. However, where the decline in fair value is greater than six months for liquid investments and 12 months for illiquid investments, it is usually considered prolonged.

(ii) Significant accounting estimates and assumptions

- **Determination of mineral resources and ore reserves**

  The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Consolidated Entity estimates its mineral resource and reserves in accordance with the *Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (*the “JORC code”). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

  There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

  Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(ii) Significant accounting estimates and assumptions (Continued)

- **Mine rehabilitation provision**

  The Consolidated Entity assesses its mine rehabilitation provision on an annual basis in accordance with the accounting policy stated in note 2(m). In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management’s best estimate of the present value of the future rehabilitation costs required.

- **Life of mine method of amortisation and depreciation**

  The Consolidated Entity applies the life of mine method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and production capacity are the Consolidated Entity’s history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre tax profit and carrying values of assets. Refer to note 19 for discussion on change in estimates in current year.

- **Impairment of capitalised exploration and evaluation expenditure**

  The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Entity decides to exploit the related area interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

  Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

  To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont.)

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

- **Impairment of capitalised mine development expenditure**

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The Consolidated Entity regularly reviews the carrying values of its mine development assets in the context of internal and external consensus forecasts for commodity prices and foreign exchange rates, with the application of appropriate discount rates for the assets concerned.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which this determination is made. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below. Refer to note 2(r) for further discussion on the impairment assessment process undertaken by the Consolidated Entity.

(ii) Significant accounting estimates and assumptions (Continued)

- **Impairment of property, plant and equipment**

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of “value in use” (being net present value of expected future cash flows of the relevant cash generating unit) and “fair value less costs to sell”.

In determining the value in use, future cash flows for each cash generating unit (CGU) (i.e. each mine site) are prepared utilising managements latest estimates of;

- the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- royalties and taxation;
- future production levels;
- future commodity prices;
- future cash costs of production; and
- other relevant cash inflows and outflows.

Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows.

The Consolidated Entity’s cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs. In particular, the Renison Tin Project’s forecasted cash flows are most sensitive to variations in the commodity prices and the Higginsville and Central Murchison Gold Operations are most sensitive to expected quantities of ore reserves and mineral resources to be extracted and therefore the estimated future cash inflows resulting from the sale of product produced is dependent on these assumptions.

Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results. Refer to Note 2(t) for further discussion on the impairment assessment process undertaken by the Consolidated Entity.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity’s principal financial instruments comprise receivables, payables, finance lease and hire purchase contracts, cash and short-term deposits, and available-for-sale investments.

Risk exposures and responses

The Consolidated Entity manages its exposure to key financial risks in accordance with the Consolidated Entity’s financial risk management policy. The objective of the policy is to support the delivery of the Consolidated Entity’s financial targets while protecting future financial security.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

The Consolidated Entity enters into derivative transactions, principally zero cost collar put and call options. The purpose is to manage the commodity price risks arising from the Consolidated Entity's operations. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits set by the board. The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign currency risk, commodity risk, credit risk, equity price risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The accounting classification of each category of financial instruments as defined in note 2, and their carrying amounts, are set out below:

(a) Interest rate risk

The Consolidated Entity's exposure to risks of changes in market interest rates relate primarily to the Consolidated Entity's interest bearing liabilities and cash balances. The level of debt is disclosed in notes 25 and 26. The Consolidated Entity's policy is to manage its interest cost using fixed rate debt. Therefore, the Consolidated Entity does not have any variable interest rate risk on its debt. The Consolidated Entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The sensitivity analysis is for variable rate cash balances.

At 30 June 2018, if interest rates had moved by a reasonably possible 0.25%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other Comprehensive Income higher/(lower)	
	2018	**2017**	**2018**	**2017**
Judgements of reasonably possible movements:				
+ 0.25% (25 basis points)	37,148	46,883	-	-
- 0.25% (25 basis points)	(37,148)	(46,883)	-	-

A sensitivity of +0.25% or -0.25% has been selected as this is considered reasonable given the current level of short-term and long-term Australian dollar interest rates. The movements in profit are due to possible higher or lower interest income from variable rate cash balances. The sensitivity is lower in 2018 than 2017 due to a decrease in the balance of cash and cash equivalents held in variable interest rate accounts in 2018.

At the reporting date the Consolidated Entity's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

2018	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
Financial Assets				
Cash and cash equivalents	21,227,486	15,000	9,992,359	31,234,845
Trade and other receivables	-	-	6,873,420	6,873,420
Other financial assets	-	10,311,569	-	10,311,569
	21,227,486	**10,326,569**	**16,865,779**	**48,419,834**
Financial Liabilities				
Trade and other payables	-	-	(31,686,792)	(31,686,792)
Interest bearing liabilities	-	(10,370,552)	-	(10,370,552)
	-	**(10,370,552)**	**(31,686,792)**	**(42,057,344)**
Net financial assets/(liabilities)				**6,362,490**

2017	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
Financial Assets				
Cash and cash equivalents	26,790,352	65,000	23,269,818	50,125,170
Trade and other receivables	-	-	35,892,316	35,892,316
Other financial assets	-	10,858,049	-	10,858,049
	26,790,352	**10,923,049**	**59,162,134**	**96,875,535**
Financial Liabilities				
Trade and other payables	-	-	(29,306,601)	(29,306,601)
Interest bearing liabilities	-	(8,496,235)	-	(8,496,235)
	-	**(8,496,235)**	**(29,306,601)**	**(37,802,836)**
Net financial assets/(liabilities)				**59,072,699**

(b) Credit risk

Credit risk arises from the financial assets of the Consolidated Entity, which comprises cash and cash equivalents, trade and other receivables, other financial assets held as security and loans. Cash and cash equivalents are held with National Australia Bank which is an Australian Bank with an AA- credit rating (Standard & Poor's). The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated Entity trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other loans and receivables.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity does not have a significant exposure to bad debts.

Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(c) Price risk

Equity Security Price Risk

The Consolidated Entity's revenues are exposed to equity security price fluctuations arising from investments in equity securities.

At 30 June 2018, if equity security prices had moved by a reasonably possible 20%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other Comprehensive Income higher/(lower)	
	2018	2017	2018	2017
Judgements of reasonably possible movements:				
Price + 20%	-	-	1,289,150	1,302,109
Price - 20% *	(1,289,150)	(1,302,109)	-	-

* Provided the decline is below cost and is significant or prolonged.

A sensitivity of +20% or -20% has been selected as this is considered reasonable given recent fluctuations in equity prices and management's expectations of future movements. The movements in other comprehensive income are due to possible higher or lower equity security prices from investments in equity securities that are classified as available-for-sale financial assets (refer to note 2(n)). The overall sensitivity for post-tax profits and equity in 2018 is similar to 2017 due to the market value of the underlying securities being the same for both financial years (refer to note 17).

(d) Foreign currency risk

As a result of tin and copper sales receipts being denominated in US dollars, the Consolidated Entity's cash flows can be affected by movements in the US dollar/Australian dollar exchange rate.

At the balance date the Consolidated Entity had the following exposure to US dollar foreign currency:

	2018	2017
Cash and cash equivalents	9,992,359	23,269,818
Trade and other receivables	2,048,186	31,096,630
	12,040,545	**54,366,448**

At 30 June 2018, if foreign currency rates had moved by a reasonably possible 10%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other Comprehensive Income higher/(lower)	
	2018	2017	2018	2017
Judgements of reasonably possible movements:				
A$/US$ Price +10%	1,204,055	5,436,645	-	-
A$/US$ Price -10%	(1,204,055)	(5,436,645)	-	-

A sensitivity of +10% or -10% has been selected as this is considered reasonable given recent fluctuations in foreign currency rates and management's expectations of future movements. The overall sensitivity for post-tax profits in 2018 is lower than 2017 due to a decrease in the value exposed to fluctuations in US dollar foreign currency.

(e) Commodity price risk

The Consolidated Entity's revenues are exposed to commodity price fluctuations. Periodically the Consolidated Entity enters into contracts to manage commodity price risk.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(e) Commodity price risk (continued)

	2018	2017
Gross value of open copper concentrate positions *	30,601,768	58,584,329
Derivative financial instruments **	(1,078,251)	-
	29,523,517	**58,584,329**

* This relates to the provisional amount of copper tonnes remaining open to price adjustments (gross sales). Refer to note 12 for the open quantity.

** This relates to a forward commodity option over 1,500 tonnes of copper maturing in July 2018. The put has a strike price of $7,800 per tonne of LME copper and the call has a strike price of $8,255 per tonne of LME copper (refer to note 22).

At 30 June 2018, if commodity prices had moved by a reasonably possible 10%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other Comprehensive Income higher/(lower)	
	2018	2017	2018	2017
Judgements of reasonably possible movements:				
Copper prices +10%	2,952,352	5,858,433	-	-
Copper prices -10%	(2,952,352)	(5,858,433)	-	-

A sensitivity of +10% or -10% has been selected as this is considered reasonable given recent fluctuations in commodity prices and management's expectations of future movements. The overall sensitivity for post-tax profits in 2018 is lower than 2017 due to a decrease in the value exposed to fluctuations in commodity prices.

(f) Liquidity risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due.

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of finance and hire purchase leases.

The table below reflects all contractually fixed payables and receivables for settlement, repayment and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2018. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as 30 June.

The remaining contractual maturities of the Consolidated Entity's financial liabilities are:

	2018	2017
6 months or less	(34,328,510)	(30,958,079)
6 - 12 months	(2,422,226)	(1,660,898)
1 - 5 years	(5,768,093)	(5,516,557)
Over 5 years	-	-
	(42,518,829)	**(38,135,534)**

Maturity analysis of financial assets and liabilities based on management's expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments of working capital e.g. inventories and trade receivables. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, management monitors its Consolidated Entity's expected settlement of financial assets and liabilities on an ongoing basis.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

2018	<6 months	6-12 months	1-5 years	>5 years	Total
Financial assets					
Cash and equivalents	31,684,596	-	-	-	31,684,596
Trade and other receivables	6,873,420	-	-	-	6,873,420
Other financial assets	10,460,045	-	-	-	10,460,045
	49,018,061	-	-	-	49,018,061
Financial liabilities					
Trade and other payables	(31,686,792)	-	-	-	(31,686,792)
Interest bearing loans	(2,641,718)	(2,422,226)	(5,768,093)	-	(10,832,037)
	(34,328,510)	(2,422,226)	(5,768,093)	-	(42,518,829)
Net inflow/(outflow)	**14,689,551**	**(2,422,226)**	**(5,768,093)**	**-**	**6,499,232**

2017	<6 months	6-12 months	1-5 years	>5 years	Total
Financial assets					
Cash and equivalents	51,087,338	-	-	-	51,087,338
Trade and other receivables	35,892,316	-	-	-	35,892,316
Other financial assets	11,066,473	-	-	-	11,066,473
	98,046,127	-	-	-	98,046,127
Financial liabilities					
Trade and other payables	(29,306,601)	-	-	-	(29,306,601)
Interest bearing loans	(1,651,478)	(1,660,898)	(5,516,557)	-	(8,828,933)
	(30,958,079)	(1,660,898)	(5,516,557)	-	(38,135,534)
Net inflow/(outflow)	**67,088,048**	**(1,660,898)**	**(5,516,557)**	**-**	**59,910,593**

(g) Fair values

For all financial assets and liabilities recognised in the statement of financial position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Consolidated Entity uses various methods in estimating the fair value of a financial instrument. The methods comprise:

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(g) Fair values (cont.)

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	2018			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	**Total**
Financial Assets				
Available-for-sale financial assets				
Listed investments [1]	9,170,714	-	-	**9,170,714**
Derivatives				
Listed investments [1]	-	37,500	-	**37,500**
Unlisted investments [2]	-	45,450	-	**45,450**
Copper trade receivables [3]	-	2,048,186	-	**2,048,186**
	9,170,714	**2,131,136**	**-**	**11,301,850**
Financial Liabilities				
Derivatives				
Forward commodity options [4]	-	1,078,251	-	**1,078,251**
	-	**1,078,251**	**-**	**1,078,251**

	2017			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	**Total**
Financial Assets				
Available-for-sale financial assets				
Listed investments [1]	9,300,778	-	-	**9,300,778**
Derivatives				
Unlisted investments [2]	-	99,000	-	**99,000**
Copper trade receivables [3]	-	31,096,630	-	**31,096,630**
	9,300,778	**31,195,630**	**-**	**40,496,408**

1. 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 the listed equity investments are based on quoted market prices.
2. The unlisted investments relate to 1,500,000 unlisted options in Brainchip Holdings Limited acquired for nil cost as part of a capital raising. The fair value is determined using a Black & Scholes model, which takes account of factors including the option exercise price, the volatility of the underlying share price, the risk free rate, the market price of the underlying share at grant date and the expected life of the option (refer to note 16). Below are the inputs used to value the derivative:

	2018	2017
Expected Volatility (%)	73%	80%
Risk-free interest rate (%)	1.99%	1.90%
Expected life of options (yrs)	1.92	2.92
Options exercise price ($)	$0.23	$0.23
Share price at grant date ($)	$0.130	$0.155

3. The fair value of trade receivables relates to copper provisionally sold at the reporting date. The fair value is based on the applicable LME prices.
4. The forward commodity options relate to a put and call granted over 1,500 tonnes of copper due for settlement in July 2018. The put has a strike price of $7,800 per tonne and the call has a strike price of $8,255 per tonne of LME copper. The fair value is based on the applicable LME prices.

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(h) Changes in liabilities arising from financing activities

	1 July 2017	Disposal of subsidiary	Cash flows	New leases	Other	30 June 2018
Current obligations under finance leases	3,187,557	-	(3,831,333)	2,393,997	4,848,201	4,848,201
Non-current obligations under finance leases	5,308,678	-	-	5,061,874	(4,848,201)	5,522,351
Total liabilities from financing activities	**8,496,235**	**-**	**(3,831,333)**	**7,455,871**	**-**	**10,370,552**

	1 July 2016	Disposal of subsidiary	Cash flows	New leases	Other	30 June 2017
Current obligations under finance leases	5,680,774	(2,715,413)	(3,706,810)	741,449	3,187,557	3,187,557
Non-current obligations under finance leases	10,361,940	(4,554,295)	-	2,688,590	(3,187,557)	5,308,678
Total liabilities from financing activities	**16,042,714**	**(7,269,708)**	**(3,706,810)**	**3,430,039**	**-**	**8,496,235**

The ‘Other’ column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases and hire purchase contracts to current due to the passage of time. The Consolidated Entity classifies interest paid as cash flows from operating activities.

5. REVENUE

	2018	2017
Tin concentrate sales	81,929,241	77,519,728
Copper concentrate sales	127,972,186	160,271,459
Total revenue	**209,901,427**	**237,791,187**

(a) Total copper sales for the period was 15,738 tonnes (2017: 24,828), out of which 3,990 tonnes (2017: 7,868) of copper, provisionally sold at the reporting date, has been revalued at a weighted average price of US$6,645 (2017: US$5,908). The net movement in the trade receivables due to fair value adjustments is an increase of $6,315,874 (2017: $10,806,776) which has been included in revenue from the sale of copper.

6. OTHER INCOME

	2018	2017
Interest received	680,102	1,853,256
Other income	502,434	3,015,539
Total other income	**1,182,536**	**4,868,795**

7. EXPENSES

(a) Cost of sales

	2018	2017
Salaries, wages expense and other employee benefits	40,357,418	40,750,875
Superannuation expense	3,833,955	3,871,333
Other production costs	130,431,917	134,704,632
Write down in value of inventories to estimated net realisable value	6,791,083	1,130,360
Royalty expense	10,695,347	12,017,091
Depreciation and amortisation expense		
Depreciation of non-current assets		
Property, plant and equipment	9,115,574	12,315,552
Buildings	624,394	502,271
Amortisation of non-current assets		
Mine, properties and development costs	15,683,358	25,196,861
Total cost of sales	**217,533,046**	**230,488,975**

(b) Other expenses

	2018	2017
Administration expenses		
Employee benefits expense		
Salaries and wages expense	1,566,453	1,112,770
Directors' fees and other benefits	350,000	350,000
Superannuation expense	172,182	153,551
Other employee benefits	29,033	200,411
Share-based payments	2,019,289	4,754,542
	4,136,957	6,571,274
Other administration expenses		
Consulting expenses	537,880	3,530,555
Travel and accommodation expenses	242,906	319,721
Operating lease costs	202,709	918,168
Stamp duty compliance costs	24,481	3,403,642
Administration costs	1,129,538	1,155,028
	2,137,514	9,327,114

7. EXPENSES (cont.)

	2018	2017
Depreciation expense		
Depreciation of non-current assets		
Property plant and equipment	223,656	102,011
Total Administration expenses	**6,498,127**	**16,000,399**
Other expenses		
Net loss on sale of assets	(634,659)	(9,985)
Other expenses	**(634,659)**	**(9,985)**
Total other expenses	**5,863,468**	**15,990,414**
(c) Fair value change in derivative financial instruments		
Commodity derivatives trading loss	10,364,135	1,612,408
Total fair value change in derivative financial instruments	**10,364,135**	**1,612,408**
(d) Fair value change in financial assets		
Fair value change in financial assets (refer to note 17).	47,300	(12,371,917)
Total fair value change in financial assets	**47,300**	**(12,371,917)**
(e) Finance costs		
Interest	621,763	423,375
Unwinding of rehabilitation provision discount	847,588	263,558
Total finance costs	**1,469,351**	**686,933**

8. INCOME TAX

		2018	2017
(a)	Major components of income tax expense:		
	Income Statement		
	Current income tax expense		
	Current income tax (benefit)/expense	(8,562,928)	6,424,248
	Adjustments in respect of current income tax of previous years	8,839,298	(5,951,964)
	Deferred income tax		
	Relating to origination and reversal of temporary differences in current year	961,163	(22,821,036)
	Derecognition of carry forward losses and other temporary differences	46,880	49,714,897
	Adjustments in respect of current income tax of previous years	(1,284,413)	8,728,624
	Income tax reported in the income statement	**-**	**36,094,769**
(b)	Amounts charged or credited directly to equity		
	Deferred income tax related to items charged or credited directly to equity		
	Unrealised gain on available-for-sale investments	-	(3,945,658)
	Income tax reported in equity	**-**	**(3,945,658)**

(c) A reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

	2018	2017
Accounting loss before tax from continuing operations	(26,297,186)	(67,657,975)
Profit/(loss) before tax from a discontinued operation	-	237,764,988
Total accounting profit/(loss) before income tax	**(26,297,186)**	**170,107,013**
At statutory income tax rate of 30% (2017: 30%)	(7,889,156)	51,032,104
Non-assessable items		
Gain on acquisition of subsidiary	-	(3,711,575)
Gain on disposal of subsidiary	-	(68,551,175)
Non-deductible items		
Acquisition costs	-	1,455,967
Share-based payments	605,787	1,426,363
Sundry items	5,690	28,456
Other non-deductible items	-	2,055,416
Deductible items	(324,086)	(455,718)
Adjustments in respect of current income tax of previous years	7,554,885	2,776,660
Recognition of deferred tax balances on disposal of subsidiary	-	323,374
Derecognition of tax losses	46,880	49,714,897
Income tax expense/(benefit) reported in income the statement of comprehensive income	**-**	**36,094,769**

8. INCOME TAX (cont.)

(d) Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of comprehensive income	
	2018	**2017**	**2018**	**2017**
Deferred tax liabilities				
Exploration	(3,190,023)	(1,200,793)	1,989,231	12,016,357
Deferred mining	(20,081,130)	(21,771,175)	(1,690,045)	(2,669,400)
Mine site establishment and refurbishment	(3,867,289)	(1,300,527)	2,566,762	(6,843,839)
Consumables	(8,834,912)	(8,976,426)	(141,514)	510,684
Prepayments	-	-	-	6,414
Diesel rebate	(40,290)	(100,275)	(59,985)	(203,104)
Gross deferred tax liabilities	**(36,013,644)**	**(33,349,196)**		
Deferred tax assets				
Property, plant and equipment	16,262,078	13,886,165	(2,375,913)	(15,275,580)
Available-for-sale financial assets	1,563,687	1,039,176	(524,511)	(125,028)
Derivative held for trading	14,190	-	(14,190)	-
Derivative Financial Instruments	323,475	-	(323,475)	-
Inventories	2,810,014	3,195,725	385,711	(3,419,386)
Legal costs	18,012	131,760	113,748	(114,931)
Accrued expenses	52,251	64,530	12,279	(3,693)
Provision for employee entitlements	2,561,594	2,515,579	(46,015)	2,263,463
Provision for fringe benefits tax	(31,621)	(50,063)	(18,442)	74,832
Provision for rehabilitation	11,891,093	11,694,202	(196,891)	(309,201)
Recognised tax losses	548,871	872,122		
Gross deferred tax assets	**36,013,644**	**33,349,196**		
Net deferred tax liabilities	**-**	**-**		
Deferred tax income/(expense)			**(323,250)**	**(14,092,412)**

8. INCOME TAX (cont.)

(e) Tax Consolidation and the tax sharing arrangement

The Company and its 100% owned subsidiaries are a tax consolidated group with effect from 1 July 2004. Metals X Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(f) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 'Income Taxes'.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Metals X Limited. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

(g) Unrecognised losses

At 30 June 2018, there are unrecognised losses of $200,187,893 (2017: $200,166,304) for the Consolidated Entity of which $156,479,138 (2017: $156,479,138) are subject to a restricted value of utilisation

9. EARNINGS PER SHARE

The following reflects the data used in the basic and diluted earnings per share computations.

	2018	2017
(a) Earnings used in calculating earnings per share		
For basic earnings per share:		
Loss attributable to continuing operations	(26,297,186)	(103,752,743)
Profit attributable to discontinued operations	-	237,764,988
(Loss)/profit attributable to ordinary equity holders of the parent	**(26,297,186)**	**134,012,245**
Basic (loss)/earnings per share (cents)	*(4.30)*	*22.51*
For diluted earnings per share:		
Loss attributable to continuing operations	(26,297,186)	(103,752,743)
Profit attributable to discontinued operations	-	237,764,988
(Loss)/profit attributable to ordinary equity holders of the parent	**(26,297,186)**	**134,012,245**
Fully diluted (loss)/earnings per share (cents)	*(4.30)*	*22.51*
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	611,157,234	595,353,059
Effect of Dilution:		
Share Options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**611,157,234**	**595,353,059**

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company had 13,350,000 (2017: 7,250,000) share options on issue that are excluded from the calculation of diluted earnings per share for the current financial period because they are considered non-dilutive.

On 7 August 2018 the Company completed an institutional placement of $50,000,000 and issued 76,923,076 new fully paid ordinary shares in the Company at an issue price of $0.65 per share.

9. EARNINGS PER SHARE (cont.)

There have been no transactions involving ordinary shares or potential ordinary shares since that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and before the completion of these financial statements.

10. DIVIDENDS PAID AND PROPOSED

	2018	2017
Dividends declared and paid during the financial year		
Nil dividends were declared for 2018 (2017: $0.01unfranked)	-	-
Dividends on Demerger of Westgold (refer to note 40)	-	(171,204,652)
Total dividends	**-**	**(171,204,652)**
Dividends proposed but not recognised as a liability		
Final dividend for 2018: nil (2017: $0.01 unfranked)	-	6,093,409

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the financial year at 30% (2017: 30%)	1,842	1,842
The amount of franking credits available for future reporting years	**1,842**	**1,842**

The Company operates a dividend reinvestment plan which allows eligible shareholders to elect to invest dividends in ordinary shares. All holders of Metals X ordinary shares with addresses in Australia or New Zealand are eligible to participate in the plan. The allocation price for shares is based on the average of the daily volume weighted average price of Metals X ordinary shares sold on the Australian Securities Exchange less a discount, calculated with reference to a period of not less than five consecutive trading days as determined by the directors.

An issue of shares under the dividend reinvestment plan results in an increase in issued capital unless the Company elects to purchase the required number of shares on-market.

11. CASH AND CASH EQUIVALENTS

	2018	2017
Cash at bank and in hand - denominated in AUD	21,227,486	26,790,352
Cash at bank and in hand - denominated in USD	9,992,359	23,269,818
Short-term deposits	15,000	65,000
Total	**31,234,845**	**50,125,170**
CASH FLOW RECONCILIATION		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	21,227,486	26,790,352
Short-term deposits	15,000	65,000
	21,242,486	**26,855,352**
Reconciliation of net profit after income tax to net cash flows from operating activities		
Profit after income tax	**(26,297,186)**	**134,012,245**
Amortisation and depreciation	25,646,982	75,138,830
Gold prepayment physical deliveries	-	(8,930,625)
Gain on demerger	-	(228,503,915)
Impairment loss on available-for-sale financial assets	1,748,370	416,758
Impairment loss on mine properties and development	239,761	72,250,650
Income tax expense	-	36,094,768
Share based payments	2,019,289	4,754,542
Unwinding of rehabilitation provision discount	847,588	420,475
Fair value change in financial instruments	47,300	(12,371,917)
Exploration and evaluation expenditure written off	115,718	1,243,736
Loss/(gain) on derivatives	1,078,251	-
Loss on disposal of property, plant and equipment	(634,659)	10,491
	4,811,414	**74,536,038**
Changes in assets and liabilities		
Increase in inventories	(11,639,588)	(12,298,152)
Decrease/(increase) in trade and other receivables and prepayments	31,199,922	(19,272,577)
Increase/(decrease) in trade and other creditors	2,709,850	(16,327,636)
Increase in provisions	214,232	198,982
Net cash flows from operating activities	**27,295,830**	**26,836,655**

12. TRADE AND OTHER RECEIVABLES (current)

	2018	2017
Trade receivables at fair value (a)	2,048,186	31,096,630
Trade receivables at amortised cost (b)	4,528,645	4,033,382
Other debtors and cash call advances(c)	7,099,345	9,916,591
Provision for doubtful debt (d)	-	-
	13,676,176	**45,046,603**

(a) As at 30 June 2018 copper sales of 3,990 tonnes (2017: 7,868) remained open to price adjustments.

(b) Trade receivables at amortised cost are non-interest bearing and are generally on 30 - 90 day terms.

(c) These primarily relate to cash calls advanced to the Bluestone Mines Tasmania Joint Venture Pty Ltd.

(d) Credit quality of a customer is assessed based on individual credit limits. Outstanding customer receivables are regularly monitored. At 30 June 2018, there are no trade receivables past due or impaired.

The carrying amounts disclosed above approximate the fair value. Refer to note 4(b) on credit risk of trade receivables to understand how the Consolidated Entity manages and measures credit quality of trade receivables that are neither past due or impaired.

13. INVENTORIES (current)

Ore stocks at net realisable value	2,425,768	1,228,402
Tin in circuit at cost	62,642	85,480
Tin concentrate at cost	19,146,839	17,613,704
Copper concentrate at cost	13,559,867	5,441,932
Stores and spares at cost	29,449,708	29,921,421
Provision for obsolete stores and spares	(9,366,712)	(10,652,418)
Total inventories at lower of cost and net realisable value	**55,278,112**	**43,638,521**

During the year there were write-downs of $6,791,083 (2017: write-downs $1,130,360) for the Consolidated Entity. This is included in cost of sales refer to note 7(a).

14. PREPAYMENTS (current)

Prepayments	**1,421,373**	**1,250,872**

15. OTHER FINANCIAL ASSETS (current)

Cash on deposit - performance bond facility (a)	10,311,569	10,858,049
Total other financial assets	**10,311,569**	**10,858,049**

(a) The cash on deposit is interest bearing and is used as security for government performance bonds.

16. DERIVATIVE FINANCIAL INSTRUMENTS (non-current)

Derivatives held for trading	**82,950**	**99,000**

The Consolidated Entity holds 1,500,000 unlisted options in Brainchip Holdings Limited (Brainchip). The options were acquired for nil cost as part of a capital raising. The fair value $45,450 (2017: $99,000) of the options at 30 June 2018 have been valued using a Black & Scholes model, which takes account of factors including the option exercise price, the volatility of the underlying share price, the risk free rate, the market price of the underlying share at grant date and the expected life of the option (refer to note 4(g)). At the end of the period the market value of the investment was lower than the cost, the Company recognised an impairment of $53,550 (2017: nil).

The Consolidated Entity holds 1,250,000 listed options in Nelson Resources Limited (Nelson). The options were acquired for nil cost as part of a capital raising. The fair value $37,500 (2017: nil) of the options at 30 June 2018 are based on quoted market prices.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (non-current)

	2018	2017
Shares - Australian listed	**9,170,714**	**9,300,778**

Available-for-sale investments consist of investments in ordinary shares.

Listed shares
The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

(a) The Company has a 11.26% (2017: 21.77%) interest in Nelson, which is involved in the exploration of base metals in Australia. During the period Nelson was relisted on the Australian Securities Exchange (ASX). At 30 June 2017 Nelson was not listed on the ASX and the Company recognised an impairment of $392,758. At the end of the period the fair value of the Company's investment was $718,534 (2017: nil) which is based on Nelson's quoted share price. The Company does not have significant influence over Nelson as it does not have any board representation or the ability to influence the decision making of Nelson.

(b) The Company has a 6.45% (2017: 6.69%) interest in Brainchip, which is involved in the development of artificial intelligence. Brainchip is listed on the ASX. At the end of the period the fair value of the Company's investment was $8,248,179 (2017: $9,129,778) which is based on Brainchip's quoted share price. At the end of the period the market value of the investment was lower than the cost, the Company recognised an impairment of $2,031,194 (2017: nil).

(c) The Company has a 0.74% (2017: 0.85%) interest in Auris Minerals Limited (Auris), which is involved in the mining and exploration of base metals in Australia. Auris is listed on the ASX. At the end of the period the fair value of the Company's investment was $204,000 (2017: $171,000) which is based on Auris' quoted share price. At the end of the period the market value of the investment was lower than the cost, the Company recognised an impairment of $33,000 (2017: $24,000).

18. PROPERTY, PLANT & EQUIPMENT (non-current)

	2018	2017
Plant and equipment		
At cost	66,499,298	57,984,194
Accumulated depreciation	(33,792,571)	(26,749,146)
Net carrying amount	32,706,727	31,235,048
Land and buildings		
At cost	7,952,369	7,452,991
Accumulated depreciation	(3,132,720)	(2,508,328)
Net carrying amount	4,819,649	4,944,663
Capital work in progress at cost	11,059,353	4,287,271
Total property, plant and equipment	**48,585,729**	**40,466,982**

Movement in property, plant and equipment

	2018	2017
Plant and equipment		
At 1 July net of accumulated depreciation	31,235,048	60,062,422
Transfer from capital in progress	10,840,874	8,369,170
Disposals	(29,962)	(281,353)
Disposal of subsidiary (refer to note 39)	-	(40,167,538)
Acquisition of subsidiary (refer to note 40)	-	19,208,791
Depreciation charge for the year	(9,339,233)	(15,956,444)
At 30 June net of accumulated depreciation	**32,706,727**	**31,235,048**
Land and buildings		
At 1 July net of accumulated depreciation	4,944,663	12,699,098
Transfer from capital in progress	499,379	66,462
Disposals	-	-
Disposal of subsidiary (refer to note 39)	-	(11,632,352)
Acquisition of subsidiary (refer to note 40)	-	4,604,471
Depreciation charge for the year	(624,393)	(793,016)
At 30 June net of accumulated depreciation	**4,819,649**	**4,944,663**
Capital work in progress		
At 1 July net of accumulated depreciation	4,287,271	6,581,682
Additions	26,716,929	21,991,311
Disposal of subsidiary (refer to note 39)	-	(14,158,562)
Acquisition of subsidiary (refer to note 40)	-	661,677
Transfer to mine properties & development	(8,604,595)	(2,353,208)
Transfer to plant and equipment	(10,840,874)	(8,369,167)
Transfer to land and buildings	(499,378)	(66,462)
At 30 June	**11,059,353**	**4,287,271**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2018 is $9,801,093 (2017: $7,877,498). Value of plant and equipment leased under finance leases and acquired through hire purchase contracts is $5,705,651 (2017: $3,430,039).

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase lease liabilities (refer to notes 25 and 26).

19. MINE PROPERTY AND DEVELOPMENT (non-current)

	2018	2017
Development areas at cost		
Mine site establishment	72,505,411	72,265,650
Impairment	(72,490,411)	(72,250,650)
Net carrying amount	15,000	15,000
Mine properties		
Mine site establishment	39,812,550	29,642,684
Accumulated amortisation	(26,820,392)	(25,205,215)
Net carrying amount	12,992,158	4,437,469
Mine capital development	154,333,943	145,903,058
Accumulated amortisation	(87,053,498)	(72,985,317)
Net carrying amount	67,280,445	72,917,741
Total mine properties and development	**80,287,603**	**77,370,210**
Movement in mine properties and development		
Development areas at cost		
At 1 July	15,000	72,639,349
Additions	239,761	1,357,575
Disposal of subsidiary (refer to note 39)	-	(1,731,274)
Impairment	(239,761)	(72,250,650)
Transfer to mine site establishment	-	-
At 30 June	**15,000**	**15,000**
Mine site establishment		
At 1 July net of accumulated amortisation	4,437,469	19,442,634
Additions	458,871	-
Disposal of subsidiary (refer to note 39)	-	(14,973,486)
Transfer from capital work in progress (refer to note 18)	8,604,595	2,353,208
Transfer from development areas	-	-
(Decrease)/increase in rehabilitation provision	1,106,400	14,600
Amortisation charge for the year	(1,615,177)	(2,399,487)
At 30 June net of accumulated amortisation	**12,992,158**	**4,437,469**
Mine capital development		
At 1 July net of accumulated amortisation	72,917,741	105,750,393
Additions	9,728,568	30,341,348
Disposal of subsidiary (refer to note 39)	-	(61,290,833)
Acquisition of subsidiary (refer to note 40)	-	53,509,721
Transfer from capital work in progress (refer to note 18)	-	-
Adjustment to rehabilitation liability (refer to note 24)	(1,297,683)	596,996
Amortisation charge for the year	(14,068,181)	(55,989,884)
At 30 June net of accumulated amortisation	**67,280,445**	**72,917,741**

During the period was an update to the Mineral Resource and Ore Reserve estimates of the Nifty copper operations. This resulted in an increase in Ore Reserves to 237,500 tonnes of contained copper and an extension of the mine life to seven years. This resulted in a decrease in amortisation expense by $2,008,659.

In the previous period the Company completed a recoverable amounts assessment of the CMNP. The value of the CMNP was written down to nil and an impairment loss of $72,250,650 was recognised in profit or loss.

20. EXPLORATION EXPENDITURE (non-current)

	2018	2017
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Pre-production areas		
At Cost	11,242,392	4,892,164
Accumulated impairment	-	-
Net carrying amount	**11,242,392**	**4,892,164**
Movement in deferred exploration and evaluation expenditure		
At 1 July net of accumulated impairment	4,892,164	165,083,986
Additions	6,465,945	14,098,029
Acquisition of subsidiary	-	3,137,060
Disposal of subsidiary (refer to note 39)	-	(176,183,175)
Adjustment to rehabilitation liability (refer to note 24)	-	-
Expenditure written off	(115,717)	(1,243,736)
At 30 June net of accumulated impairment	**11,242,392**	**4,892,164**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not recognised pending the commencement of production.

During the year a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of all of the Consolidated Entity's projects certain expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources. As a result exploration and evaluation expenditure of $115,717 (2017: $1,243,736) was written off to the profit and loss. In the current period the amount relates to mainly tenements in the nickel division which were written down to nil as the expenditure did not result in the discovery of commercially viable quantities of mineral resources and as a result there is no future benefits expected. In the previous period the amount predominantly relates to tenements within the nickel division which were impaired to nil.

21. TRADE AND OTHER PAYABLES (current)

	2018	2017
Trade creditors (a)	16,391,970	16,319,500
Sundry creditors and accruals (b)	15,294,822	12,987,101
	31,686,792	**29,306,601**

(a) Trade creditors are non-interest bearing and generally on 30 day terms.
(b) Sundry creditors and accruals are non-interest bearing and generally on 30 day terms.
Due to the short term nature of these payables, their carrying value approximates their fair value.

22. DERIVATIVE FINANCIAL INSTRUMENTS (current)

	2018	2017
Forward commodity options	1,078,251	-
	1,078,251	**-**

The forward commodity options relate to a put and call granted over 1,500 tonnes of copper due for settlement in July 2018. The put has a strike price of $7,800 per tonne and the call has a strike price as of $8,255 per tonne of LME copper. The fair value is based on the applicable LME prices.

23. PROVISIONS (current)

	2018	2017
Provision for annual leave	4,640,632	3,991,142
Provision for sick leave	76,853	113,193
Provision for long service leave	2,035,169	1,618,742
Provision for fringe benefits tax payable	-	-
	6,752,654	**5,723,077**

(a) The nature of the provisions are described in note 2(w) and 2(ad).

24. PROVISIONS (non-current)

	2018	2017
Provision for long service leave (a)	1,316,057	1,795,608
Provision for rehabilitation (b)	39,636,978	38,980,674
	40,953,035	**40,776,282**

(a) Provision for long service leave

The nature of the provisions are described in note 2(w) and 2(ad).

(b) Provision for 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.

(c)

Current and non-current movements in provisions	Onerous operating lease	Rehabilitation	Total
At 1 July 2016	**599,370**	**83,973,871**	**84,573,241**
Utilised	(242,242)	-	(242,242)
Acquisition of subsidiary (refer to note 39)	-	35,911,504	35,911,504
Disposal of subsidiary (refer to note 40)	(399,580)	(81,935,372)	(82,334,952)
Adjustment due to revised conditions	-	611,596	611,596
Rehabilitation expenditure	-	(1,400)	(1,400)
Unwind of discount	42,452.00	420,475	462,927
At 30 June 2017	-	**38,980,674**	**38,980,674**
At 1 July 2017	**-**	**38,980,674**	**38,980,674**
Adjustment due to revised conditions	-	(191,284)	(191,284)
Rehabilitation expenditure	-	-	-
Unwind of discount	-	847,588	847,588
At 30 June 2018	**-**	**39,636,978**	**39,636,978**

25. INTEREST BEARING LOANS AND BORROWINGS (current)

	2018	2017
Lease liability	**4,848,201**	**3,187,557**

Represents current portion of finance leases which have repayment terms of 36 months.

26. INTEREST BEARING LOANS AND BORROWINGS (non-current)

Lease liability	**5,522,351**	**5,308,678**

Represents non-current portion of finance leases which have repayment terms of 36 months from inception.

The carrying amount of the Consolidated Entity's non-current loans and borrowings approximate their fair value. The weighted average interest rate is 4.45% (2017: 3.92%) per annum.

Financing facilities available

At reporting date, the following financing facilities were available:

Total facilities		
- finance lease facility	10,370,552	8,496,235
	10,370,552	**8,496,235**
Facilities used at reporting date		
- finance lease facility	**10,370,552**	**8,496,235**

26. INTEREST BEARING LOANS AND BORROWINGS (non-current) (cont.)

Assets pledged as security:
The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

Non-current		
Finance lease		
Plant and equipment	9,801,093	7,877,498
Total non-current assets pledged as security	**9,801,093**	**7,877,498**

Plant and equipment assets are pledged against lease liabilities for the term of the lease period.

27. ISSUED CAPITAL

(a) Ordinary Shares

Issued and fully paid	**254,586,744**	**252,511,413**

(b) Movements in ordinary shares on issue

	Number	$
At 1 July 2016	**479,685,300**	**407,029,190**
Capital reduction via demerger (refer to note 40)	-	(341,913,378)
Issue share capital	129,655,603	192,652,428
Share issue costs	-	(5,256,827)
At 30 June 2017	**609,340,903**	**252,511,413**
Capital reduction via demerger (refer to note 40)	-	-
Issue share capital	700,000	532,000
Issue share capital under dividend reinvestment plan	2,096,529	1,557,192
Share issue costs	-	(13,861)
At 30 June 2018	**612,137,432**	**254,586,744**

Dividend Reinvestment Plan
The Company operates a dividend reinvestment plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares.

2017
There were no shares issued under the DRP in the 2017 financial year.

2018
The Company paid an unfranked dividend of 1.00 cent per share with a record date of 7 September 2017 and paid on 19 September 2017. The Company offered a DRP at a 5% discount to the 5 day VWAP. Under the offer 2,096,529 shares were issued at $0.7428 per share on 19 September 2017.

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

(d) Escrow restrictions

There are no current escrow restrictions on the issued capital of the Company.

27. ISSUED CAPITAL (cont.)

(e) Options on issue

Unissued ordinary shares of the company under option at the date of this report are as follows:

Type	Expiry Date	Exercise Price	Number of options
Unlisted*	20 Jan 2020	$0.76	5,950,000
Unlisted*	30 Nov 2020	$1.32	7,400,000
Total			**13,350,000**

* These options were issued pursuant to the Metals X Limited Employee Option Scheme and can only be exercised pursuant to the scheme rules.

Share options carry no right to dividends and no voting rights.

(f) Option conversions

Date of option Conversion	Number of Options	Price per option	Expiry date	Increase in contributed equity $
5 Mar 2018	150,000	76 cents	20 Jan 2020	114,000
19 Mar 2018	400,000	76 cents	20 Jan 2020	304,000
21 May 2018	150,000	76 cents	20 Jan 2020	114,000
Total	**700,000**			**532,000**

28. ACCUMULATED LOSSES

	2018	2017
At 1 July	(82,858,477)	(45,666,070)
Net profit in current period attributable to members of the parent entity	(26,297,186)	134,012,245
Dividends paid	(6,093,409)	-
Dividend on Demerger of Westgold (refer to note 40)	-	(171,204,652)
At 30 June	**(115,249,072)**	**(82,858,477)**

29. RESERVES

	Share based payments reserve	Fair value reserve	Total
	$	$	$
At 30 June 2016	**20,576,509**	**12,968,704**	**33,545,213**
Share based payments	4,754,542	-	4,754,542
Fair value change in available-for-sale financial assets	-	(9,206,537)	(9,206,537)
At 30 June 2017	**25,331,051**	**3,762,167**	**29,093,218**
Share based payments	2,019,289	-	2,019,289
Fair value change in available-for-sale financial assets	-	-	-
At 30 June 2018	**27,350,340**	**3,762,167**	**31,112,507**

Nature and purpose of reserves

Fair value reserve

This reserve records the movements in the fair value of available-for-sale investments.

Share based payments reserve

This reserve is used to recognise the fair value of rights and options issued to employees in relation to equity-settled share based payments.

30. SHARE-BASED PAYMENTS

	2018	2017
(a) Recognised share-based payment expense		
The expense recognised for services received during the year is shown in the table below:		
Expense arising from equity-settled share-based payments	**2,019,289**	**4,754,542**

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2018 and 2017.

(b) Long Term Incentive Plan

Under the Long Term Incentive Plan (LTIP), grants are made to senior executives and other staff members who have made an impact on the Consolidated Entity's performance. LTIP grants for FY2017 and FY2018 were delivered in the form of share options which vest over a period of one year with no other performance conditions. In years prior to FY2017, LTIP grants were delivered in the form of performance rights which vested over a period of three years subject to meeting performance measures, with no opportunity to retest. For FY2019 onwards following an independent remuneration review LTIP grants will be issued in the form of share options which will vest over a period of two to three years subject to meeting performance measures, with no opportunity to retest.

(i) Performance Rights

Performance rights are issued for nil consideration. Performance rights vest over a period of three years subject to meeting performance measures. The Company uses absolute total shareholder return and relative shareholder return as the performance measures for the performance rights. Any performance rights that do not vest on the third anniversary of their grant date will lapse. Upon vesting, these performance rights will be settled in ordinary fully paid shares of the Company.

In previous period pursuant to the demerger of Westgold the Board determined that the 3,388,155 performance rights on issue would vest and be exercisable prior to the Demerger. The performance rights vested and were converted into shares in the Company on 25 November 2016.

The Metals X share price on the date of vesting was $1.51 per share. The cost of accelerating the vesting of the Performance Rights of $3,744,376 was recognised in the consolidated statement of comprehensive income.

Summary of performance rights granted under the Long Term Incentive Plan

The following table illustrates the number and movements in, performance rights issued under the LTIP.

	2018 Number	2017 Number
Outstanding at the beginning of the year	-	3,388,155
Granted during the year	-	-
Exercised during the year	-	(3,388,155)
Lapsed/cancelled during the year	-	-
Outstanding at the year end	**-**	**-**

Exercise price of performance rights

Performance rights on issue as part of LTIP have a nil exercise price.

Performance conditions

The performance rights have the following performance hurdles which will be measured over the vesting period of three years from grant date:

- The Absolute Total Shareholder Return (TSR) performance rights (50% of total performance rights) will vest subject to the compound annual growth rate of the Company's TSR being not less than 15% over the three year service period.
- The Relative TSR performance rights (50% of total performance rights) are measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the TSR performance of the Company.

Weighted average fair value of performance rights

The weighted average fair value of performance rights granted during the year was nil (2017: nil).

30. SHARE-BASED PAYMENTS (cont.)

Performance rights valuation

The fair value of the performance rights granted are estimated using a Hoadley employee share option pricing model (Monte Carlo Simulation), taking into account the terms and conditions upon which the performance rights were granted.

(ii) Share options

Share options are issued for nil consideration. The exercise price of the share options is equal to 125% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 5 trading days immediately preceding the day on which the options are awarded. Any options that are not exercised by the third anniversary of their grant date will lapse. Upon exercise, these options will be settled in ordinary fully paid shares of the Company. The options will vest when the senior executive or other staff member continues to be employed by the Consolidated Entity on the first anniversary of the grant date or as determined by the Board of Directors.

Summary of options granted under the Long Term Incentive Plan

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued under the LTIP.

	2018 Number	2018 WAEP	2017 Number	2017 WAEP
Outstanding at the beginning of the year	7,250,000	0.76	-	-
Granted during the year	8,100,000	1.32	7,250,000	0.76
Exercised during the year	(700,000)	0.76	-	-
Lapsed/cancelled during the year	(1,300,000)	1.06	-	-
Outstanding at the year end	**13,350,000**	**1.07**	**7,250,000**	**0.76**
Exercisable at the year end	**5,950,000**	**0.76**	**7,250,000**	**0.76**

The outstanding balance as at 30 June 2018 is represented by the following table:

Grant Date	Vesting date	Expiry date	Exercise Price	Options granted	Options lapsed / cancelled	Options exercised	Number of options at end of period On issue	Number of options at end of period Vested
24 Nov 2016	20 Jan 2018	20 Jan 2020	$0.76	2,000,000	-	-	2,000,000	2,000,000
20 Jan 2017	20 Jan 2018	20 Jan 2020	$0.76	5,250,000	(600,000)	(700,000)	3,950,000	3,950,000
22 Nov 2017	30 Nov 2018	30 Nov 2020	$1.32	3,200,000	-	-	3,200,000	-
23 Nov 2017	30 Nov 2018	30 Nov 2020	$1.32	4,900,000	(700,000)	-	4,200,000	-
Total				**15,350,000**	**(1,300,000)**	**(700,000)**	**13,350,000**	**5,950,000**

Weighted average remaining contractual life of share options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 2.04 (2017: 2.56).

Range of exercise price of share options

The range of exercise prices for options outstanding at the end of the year $0.76 - $1.32 (2017: $0.76).

Weighted average fair value of share options

The weighted average fair value of options granted during the year was $0.22 (2017: $0.19).

Share option valuation

The fair value of the equity-settled share options granted under the LTIP is estimated at the date of grant using a Black & Scholes model, which takes into account factors including the options exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at grant date, historical and expected dividends and the expected life of the option.

30. SHARE-BASED PAYMENTS (cont.)

The following table gives the assumptions made in determining the fair value of the options granted:

2018 - Options		
Grant date	22 November 2017	23 November 2017
Expected volatility (%)	50%	50%
Risk-free interest rate (%)	1.90%	1.90%
Expected life of options (yrs)	2.5	2.5
Options exercise price ($)	$1.32	$1.32
Share price at grant date ($)	$1.05	$1.03
Fair value at grant date ($)	$0.25	$0.24

2017 - Options		
Grant date	24 November 2016	20 January 2017
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	2.00%	2.00%
Expected life of options (yrs)	2.5	2.5
Options exercise price ($)	$0.76	$0.76
Share price at grant date ($)	$0.61	$0.61
Fair value at grant date ($)	$0.19	$0.19

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of the Company's share price over a 12 month period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

31. CONTINGENT ASSETS AND LIABILITIES

Bank guarantees

The Consolidated Entity has a number of bank guarantees in favour of various government authorities and service providers. The bank guarantees primarily relate to environmental and rehabilitation bonds at the various projects. The total amount of these guarantees at the reporting date is $10,311,569 (2017: $10,858,049). These bank guarantees are fully secured by performance bonds (refer to note 15).

32. COMMITMENTS

(a) Capital commitments

Commitments relating to joint arrangements

At 30 June 2018 the Consolidated Entity has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not recognised as liabilities for the Consolidated Entity:

	2018	2017
- Within one year	**5,145,233**	**1,537,473**

(b) Operating lease commitments - Company as lessee

The Company has entered into commercial property leases on office rental and remote area residential accommodation. The Company has entered into commercial leases on office equipment. These operating leases have an average life of between one month and four years with renewal options included in the contracts. The Company also has commercial leases over the tenements in which the mining operations are located. These tenement leases have a life of up to twenty one years. In order to maintain current rights to explore and mine the tenements the Consolidated Entity is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. There are no restrictions placed on the lessee by entering into these contracts. The operating lease commitments include Joint Operation commitments as disclosed in note 35.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2018	2017
(i) Property leases as lessee:		
- Within one year	109,360	203,612
- After one year but not more than five years	453,767	453,608
	563,127	**657,220**
(ii) Equipment leases:		
- Within one year	3,499,269	37,053
- After one year but not more than five years	2,210,241	51,022
- After more than five years	155,279	-
	5,864,789	**88,075**
(iii) Mineral tenement leases:		
- Within one year	782,819	405,652
- After one year but not more than five years	2,876,954	671,957
- After more than five years	7,020,966	1,119,505
	10,680,739	**2,197,114**

32. COMMITMENTS (cont.)

(c) Finance lease and hire purchase commitments

The Company has finance leases and hire purchase contracts for various items of plant and machinery. The leases do have terms of renewal but no escalation clauses. Renewals are at the option of the specific entity that holds the lease. The finance and hire purchase contracts have an average term of 36 months with the right to purchase the asset at the completion of the lease term for a pre-agreed amount.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the minimum lease payments are as follows:

	2018	
	Minimum lease payments	**Present value of lease payments**
Within one year	5,205,554	4,848,201
After one year but not more than five years	5,721,986	5,522,351
Total minimum lease payments	10,927,540	10,370,552
Less amounts representing finance charges	(556,988)	-
Present value of minimum lease payments	10,370,552	10,370,552

	2017	
	Minimum lease payments	**Present value of lease payments**
Within one year	3,495,056	3,187,557
After one year but not more than five years	5,550,511	5,308,678
Total minimum lease payments	9,045,567	8,496,235
Less amounts representing finance charges	(549,332)	-
Present value of minimum lease payments	8,496,235	8,496,235

	2018	**2017**
Included in the financial statements as:		
Current interest-bearing loans and borrowings (note 25)	4,848,201	3,187,557
Non-current interest-bearing loans and borrowings (note 26)	5,522,351	5,308,678
Total included in interest-bearing loans and borrowings	**10,370,552**	**8,496,235**

The weighted average interest rate of leases for the Company is 4.45% (2017: 3.92%).

(d) Other commitments

The Consolidated Entity has obligations for various expenditures such as state government royalties, production based payments and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

33. AUDITOR'S REMUNERATION

	2018	**2017**
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of financial reports of the entity and any other entity within the Consolidated Entity	225,730	335,097
Other services in relation to the entity and any other entity in the Consolidated Entity:		
- tax compliance	187,483	300,918
- stamp duty compliance	24,481	26,300
- investigating accountant's report Westgold demerger	-	100,940
Total auditor remuneration	**437,694**	**763,255**

34. INTERESTS IN JOINT OPERATIONS

The Consolidated Entity's interest in the assets and liabilities of joint operations are included in the consolidated statement of financial position.

RENISON TIN PROJECT

Subsidiary Bluestone Mines Tasmania Pty Ltd has a 50% interest and participating share in the Renison Tin Project which is operated and managed by Bluestone Mines Tasmania Joint Venture Pty Ltd. The Consolidated Entity is entitled to 50% of the production. The Renison Tin Project is located in Tasmania.

		2018	2017
	Commitments relating to the joint operation:		
	Share of capital commitments (refer to note 32(a))	**1,477,690**	**666,774**
	Share of operating lease commitments (refer to note 32(b))		
	Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
(i)	Property leases as lessee:		
	- Within one year	2,979	932
		2,979	**932**
(ii)	Equipment leases:		
	- Within one year	4,938	3,477
	- After one year but not more than five years	3,654	2,202
		8,592	**5,679**
(iii)	Mineral tenement leases:		
	- Within one year	53,738	57,417
	- After one year but not more than five years	214,951	-
	- After more than five years	429,902	-
		698,591	**57,417**

Impairment

During the year reversal of write-downs of inventory of $4,358 (2017: $3,358) were recognised in the joint operation.

35. SEGMENTS

For management purposes, the Consolidated entity is organised into operating segments determined by the similarity of the mineral being mined or explored, as these are the sources of the Consolidated Entity's major risks and have the most effect on rates of return

The Consolidated Entity comprises the following reportable segments:

- Tin Project: Mining, treatment and marketing of tin concentrate.
- Wingellina Nickel Project: Exploration and development of nickel assets.
- Nifty Copper Project: Mining, treatment and marketing of copper concentrate.
- Maroochydore Copper Project: Exploration and development of copper assets.

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Inter-segment revenues are eliminated upon consolidation. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2018 and 30 June 2017.

35. SEGMENTS (cont.)

Year ended 30 June 2018	Renison Tin Operations	Nifty Copper Operations	Maroochydore Copper Project	Wingellina Nickel Project	Adjustments and eliminations	Total
Revenue						
External customers *	81,929,241	127,972,186	-	-	-	209,901,427
Total revenue	**81,929,241**	**127,972,186**	**-**	**-**	**-**	**209,901,427**
Results						
Depreciation and amortisation	(12,535,023)	(12,888,303)	-	(81,439)	-	(25,504,765)
Exploration and evaluation expenditure written off	(4,538)	-	(7,996)	(103,184)	-	(115,718)
Impairment of assets	-			(239,761)	-	(239,761)
Segment profit	**23,930,358**	**(31,566,515)**	**(7,996)**	**(342,945)**	**-**	**(7,987,098)**
Total assets	**102,494,118**	**101,021,499**	**5,042,672**	**1,162,345**	**-**	**209,720,634**
Total liabilities	**(19,113,945)**	**(67,293,691)**	**-**	**(56,883)**	**-**	**(86,464,519)**
Other disclosures						
Capital expenditure	(21,361,744)	(12,290,970)	(2,628,769)	(1,308,239)	-	(37,589,722)

Year ended 30 June 2017	Renison Tin Operations	Nifty Copper Operations	Maroochydore Copper Project	Wingellina Nickel Project	Adjustments and eliminations	Total
Revenue						
External customers *	77,519,728	160,271,459	-	-	-	237,791,187
Total revenue	**77,519,728**	**160,271,459**	**-**	**-**	**-**	**237,791,187**
Results						
Depreciation and amortisation	(11,585,569)	(26,353,908)	-	(75,207)	-	(38,014,684)
Exploration and evaluation expenditure written off	(4,228)	(112,447)	649	(1,127,710)	-	(1,243,736)
Impairment of assets	-	-	-	(72,250,650)	-	(72,250,650)
Segment profit	**23,970,412**	**(16,707,715)**	**128**	**(73,454,999)**	**-**	**(66,192,174)**
Total assets	**90,503,213**	**118,723,860**	**2,419,749**	**317,518**	**-**	**211,964,340**
Total liabilities	**(18,542,140)**	**(63,830,223)**	**-**	**(182,012)**	**-**	**(82,554,375)**
Other disclosures						
Capital expenditure	(11,484,039)	(9,378,225)	(378,650)	(1,021,233)	-	(22,262,147)

* Revenue has been adjusted to be presented net of treatment and refining charges, which were previously included in cost of sales. Refer to note (2a) for details.

Reconciliation of segment results to consolidated results

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 Consolidated Entity basis.

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

Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation expenditure including assets from the acquisition of subsidiaries.

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

35. SEGMENTS (cont.)

(a) Reconciliation of profit/(loss)

	2018	2017
Segment profit	**(7,987,098)**	**(66,192,174)**
Corporate administration expenses	(6,498,127)	(16,000,399)
Corporate interest income	680,102	1,853,256
Corporate other income	502,434	3,015,539
Finance costs	(1,469,351)	(686,933)
Fair value change in financial instruments	(1,795,670)	11,955,159
Loss on derivative instruments	(10,364,135)	(1,612,408)
Net loss on disposal of assets	634,659	9,985
Total consolidated profit before income tax from continuing operations	**(26,297,186)**	**(67,657,975)**

(b) Reconciliation of assets

	2018	2017
Segment operating assets	**209,720,634**	**211,964,340**
Unallocated corporate assets		
Cash and cash equivalents	30,971,488	49,866,983
Trade and other receivables	167,408	306,839
Prepayments	158,770	102,093
Other financial assets	10,311,569	10,858,049
Derivative financial instruments	82,950	99,000
Available-for-sale financial assets	9,170,713	9,300,778
Property, plant and equipment	707,931	550,267
Total consolidated assets	**261,291,463**	**283,048,349**

(c) Reconciliation of liabilities

	2018	2017
Segment operating liabilities	**86,464,519**	**82,554,375**
Unallocated corporate liabilities		
Trade and other payables	2,238,622	614,990
Derivative financial instruments	1,078,251	-
Provision for employee benefits	1,036,936	1,118,618
Interest bearing loans and borrowings	22,956	14,212
Total consolidated liabilities	**90,841,284**	**84,302,195**

(d) Segment revenue from external customers

	2018	2017
Segment revenue	209,901,427	237,791,187
Total revenue	**209,901,427**	**237,791,187**

Revenue from external customers by geographical locations is detailed below. Revenue is attributable to geographical location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown.

	2018	2017
South East Asia	209,901,427	237,791,187
Total revenue	**209,901,427**	**237,791,187**

In the current period the Consolidated Entity had three customers to which it provides tin and copper. The Consolidated Entity sends its tin and copper concentrates to three South East Asian customers that accounts for 100% of total external revenue (2017: 38%). The Renison Tin Operations, Customer 1 and Customer 2 provided 8% and 33% respectively of total external revenue (2017: 6% and 14%). The Nifty Copper Operations, Customer 1 provided 59% of total external revenue (2017: 42%).

(e) Segment non-current assets, excluding financial assets, are all located in Australia.

36. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

			Appointed	Resigned
(i)	**Non-Executive Directors (NEDs)**			
	PJ Newton	Non-Executive Chairman	14 Dec 2012	-
	SD Heggen	Non-Executive Director	25 Oct 2012	-
	M Jerkovic	Non-Executive Director	1 May 2017	-
	Y Zhang	Non-Executive Director	9 Jan 2017	-
(ii)	**Executive Directors**			
	WS Hallam	Managing Director	1 Mar 2005	-
	SD Robinson	Executive Director	25 Nov 2016	-
(iii)	**Other Executives (KMPs)**			
	JR Croall	General Manager - Nifty	2 Nov 2017	6 Jul 2018
	AH King	Chief Operating Officer	24 Feb 2014	-
	MP Poepjes	Chief Mining Engineer	8 Aug 2011	11 May 2018
	M Recklies	General Manager - Renison	24 Mar 2017	-
	FJ Van Maanen	CFO & Company Secretary	1 Jul 2005	-

There are no other changes of the key management personnel after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

	2018	2017
Short-term employee benefits	2,923,441	2,770,701
Post employment benefits	194,754	207,133
Other long-term benefits	8,610	90,741
Share-based payment	1,320,478	391,136
	4,447,283	**3,459,711**

The amounts disclosed in the table are the amounts recognised as an expense during the period related to key management personnel.

(c) Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

(d) Interest held by Key Management Personnel under the Long Term Incentive Plan

Share options held by key management personnel under the long term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price $	2018	2017
24 Nov 2016	20 Jan 2020	0.76	-	2,000,000
20 Jan 2017	20 Jan 2020	0.76	-	3,000,000
22 Nov 2017	30 Nov 2020	1.32	3,200,000	-
23 Nov 2017	30 Nov 2020	1.32	2,700,000	-
Total			**5,900,000**	**5,000,000**

37. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements of the Consolidated Entity include Metals X Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Ownership interest 2018	2017
Bluestone Australia Pty Ltd	Australia	100%	100%
Metals Exploration Pty Ltd	Australia	100%	100%
Cupric Pty Ltd	Australia	100%	100%
Subsidiary companies of Bluestone Australia Pty Ltd			
Bluestone Mines Tasmania Pty Ltd	Australia	100%	100%
Subsidiary companies of Metals Exploration Pty Ltd			
Austral Nickel Pty Ltd	Australia	100%	100%
Hinckley Range Pty Ltd	Australia	100%	100%
Metex Nickel Pty Ltd	Australia	100%	100%
Subsidiary companies of Cupric Pty Ltd			
Nifty Copper Pty Ltd	Australia	100%	100%
Maroochydore Copper Pty Ltd	Australia	100%	100%

(b) Ultimate parent

Metals X Limited is the ultimate parent entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 36.

(d) Transactions with related parties

	2018	2017
(i) Jointly controlled operations		
Amounts charged by Bluestone Australia Pty Ltd to Bluestone Mines Tasmania Joint Venture Pty Ltd for services provided *	276,741	339,513
(ii) Related parties		
Amounts charged by Bluestone Australia Pty Ltd to Pantoro for services provided **	-	95,287

* Subsidiary Bluestone Mines Tasmania Pty Ltd has a 50% interest in the Renison Tin Project accounted for as a joint operation.

** PG Cook and PM Cmrlec were directors of Pantoro during the previous financial period. Pantoro is no longer a related party of Metals X.

38. INFORMATION RELATING TO METALS X LIMITED ("THE PARENT ENTITY")

	2018	2017
Current assets	41,361,344	59,657,737
Total assets	147,111,691	158,126,546
Current Liabilities	3,308,420	438,525
Total Liabilities	3,308,420	438,525
Issued capital	263,866,743	261,791,412
Accumulated losses	(151,175,979)	(133,196,610)
Option premium reserve	27,350,340	25,331,051
Other reserves	3,762,167	3,762,167
Total Equity	**143,803,271**	**157,688,020**
Profit of the parent entity	(11,885,961)	214,596,595
Total comprehensive profit of the parent entity	(11,885,961)	205,390,059

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries.
Pursuant to ASIC Instrument 2016/785, Metals X and its wholly owned subsidiaries (refer to note 37(a) entered into a deed of cross guarantee on 11 November 2013. The effect of the deed is that Metals X has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of any debt subject to the guarantee. The controlled entities have given a similar guarantee in the event that Metals X is wound up or if it does not meet its obligations under the terms of any debt subject to the guarantee.

The statement of financial position and statement of comprehensive income for the closed group is not different to the Consolidated Entity's statement of financial position and statement of comprehensive income.

Contingent liabilities of the parent entity. Nil

Contractual commitments by the parent entity for the acquisition of property, plant or equipment. Nil

39. BUSINESS COMBINATION

Acquisition in 2017

Acquisition of Aditya Birla Minerals Limited

On 15 October 2015 the Company announced an off-market takeover offer to acquire 100% of the ordinary shares in Aditya Birla Minerals Limited (Aditya Birla), a publicly listed Australian company which owns copper projects in Western Australia. The original offer of 1 Metals X shares for every 5 Aditya Birla share was increased on 7 December 2015 to 1 Metals X shares for every 4.75 Aditya Birla share. At 30 June 2016 the Company held 32.6% of Aditya Birla that was valued at $35,751,390. Metals X acquired Aditya Birla to significantly enlarge the base metals division of the Company.

On 18 July 2016 the unconditional offer was increased to 1 Metals X share for every 4.5 Aditya Birla share, plus $0.08 in cash for every Aditya Birla share. On 20 July the Company gained control of Aditya Birla. On 22 July 2016 the Company obtained over 90% acceptances under the offer and proceeded to compulsory acquire the remaining interests in Aditya Birla. The Company completed the 100% acquisition on 28 August 2016. There were additional costs of $8,171,746 and 1,194,757 Metals X shares with a fair value of $1,911,611 paid to the Aditya Birla shareholders who accepted the offer prior to the increase in consideration on 22 July 2016 that has been expensed in the profit and loss along with a gain of $22,455,274 relating to the 32.6% previously held interest in Aditya Birla. The acquisition has been accounted for using the acquisition method.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition are:

Assets	**Fair value recognised on acquisition**
Cash and cash equivalents	64,147,982
Trade and other receivables	12,481,931
Other assets	1,444,469
Other financial assets	7,620,000
Inventories	28,338,961
Property, plant and equipment	24,474,940
Mine properties and development costs	53,509,723
Exploration and evaluation expenditure	3,137,063
	195,155,069
Liabilities	
Trade and other payables	17,576,870
Provisions	41,655,605
	59,232,475
Total identifiable net assets as fair value	**135,922,594**
Fair value of previously held investment in Aditya Birla at date of control of 32.6%*	43,923,135
Fair value of Metals X shares (46,938,925 ordinary shares) **	75,101,401
Cash paid	16,898,058
Purchase consideration transferred	**135,922,594**
Analysis of cash flows on acquisition:	
Cash paid	(16,898,058)
Cash acquired with the subsidiary	64,147,982
Net cash flow	**47,249,924**

In the prior period, from the date of acquisition, Aditya Birla contributed $180,382,325 of revenue and $16,619,145 to the loss before tax from continuing operations for the Consolidated Entity. If the combination had occurred on 1 July 2016, revenue from continuing operations would have been $210,826,518 and loss before tax from continuing operations for the Consolidated Entity would have been $18,071,510.

The fair value of the trade receivables amounts to $12,481,931 which is the gross amount of trade receivables. None of the receivables have been impaired and it is expected that the full contractual amount can be collected.

Transaction costs relating to external legal fees, consultants fees, technical fees and due diligence costs of $4,151,562 have been expensed and are included in the profit and loss.

* Fair value was based on Aditya Birla share price on the date control was gained.

** Fair value was based on Metals X share price on the date control was gained.

40. DISCONTINUED OPERATION

Disposal in 2017

On 1 December 2016, Westgold was demerged from the Metals X Consolidated Group, following approval by Metals X Shareholders at an Extraordinary General Meeting held on 24 November 2016. Existing Metals X shareholders received shares in Westgold on a 1 Westgold share for every 2 Metals X shares held (in specie distribution).

The fair value of Westgold at demerger was $513,118,030, which was determined by multiplying the number of Westgold shares on issue (304,671,487) by the VWAP ($1.684) over the first five days of trading on the ASX.

The results of the discontinued operation included in the statement of profit or loss and other comprehensive income are set out below.

	2018	2017
Results of the discontinued operations:		
Revenue	-	163,126,231
Expenses	-	(155,480,427)
Gross profit/(loss)	-	7,645,804
Other income	-	2,257,169
Other expenses	-	(160,823)
Finance costs	-	(481,057)
Exploration and evaluation expenditure written off	-	-
Gain on distribution of controlled entities	-	228,503,915
Profit/(loss) before tax	**-**	**237,765,008**
Income tax	-	(20)
Profit/(loss) for the period from discontinued operations	**-**	**237,764,988**
Cash flow information from discontinued operations:		
Operating activities	-	6,984,139
Investing activities	-	(44,370,328)
Financing activities	-	133,231,424
Net cash inflow/(outflow)	**-**	**95,845,235**
Carrying value of net assets of discontinued operations:		
Assets		
Cash and cash equivalents		96,323,551
Trade and other receivables		5,228,674
Inventories		49,172,005
Prepayments		605,398
Property, plant and equipment		65,958,451
Mine properties and development costs		77,995,594
Exploration and evaluation expenditure		176,183,175
		471,466,848
Liabilities		
Trade and other payables		(8,789,270)
Unearned income		(19,375,000)
Interest bearing liabilities		(7,269,709)
Provisions		(119,269,645)
Deferred tax asset		(32,149,109)
		(186,852,733)
Net assets and liabilities disposed of		**284,614,115**
Reduction in share capital		(341,913,378)
Demerger dividend		(171,204,652)
Gain on distribution of controlled entities		**(228,503,915)**

Entities disposed were: Westgold Resources Limited, Aragon Resources Pty Ltd, Big Bell Gold Operations Pty Ltd, Castile Resources Pty Ltd, Hill 51 Pty Ltd, Avoca Resources Pty Ltd, Avoca Mining Pty Ltd, Dioro Exploration Pty Ltd, HBJ Minerals Pty Ltd and Hampton Gold Mining Areas Limited.

41. IMPAIRMENT OF ASSETS

In accordance with the Consolidated Entity's accounting policies and processes, non-financial assets are reviewed each reporting period to determine whether there is an indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

Methodology

The future recoverability of assets is dependent on a number of key factors including; commodity price, discount rates used in determining the estimated discounted cash flow, foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of mining, and future legal changes (including changes to environmental restoration obligations). Impairment is recognised when the carrying amount of the assets exceeds its recoverable amount.

Recoverable amount is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements. Consideration is also given to analysts' valuations, and the market value of the Company's securities. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

30 June 2018 Assessment

As a result of the Consolidated Entity's 30 June 2018 impairment indicator review, an assessment of the recoverable amount for all of its cash generating units (CGUs) with impairment indicators was performed. Underperformance against budget at the Nifty Copper Project (Nifty) CGU represented an indicator of potential impairment. The Consolidated Entity utilised a discounted cash flow (DCF) model to determine the recoverable amount of Nifty based upon the Nifty life of mine plan. The assessment of the recoverable amount of Nifty has determined that no impairment is required as at 30 June 2018. There are no indicators of impairment of other Metals X assets or CGUs as at 30 June 2018.

Key Assumptions underpinning the Nifty Impairment Assessment

The table below summarises the key assumptions used in the carrying value assessment:

Details	30 June 2018
Copper price (US$ per tonne)	$6,775
Exchange rate (AUD/USD)	0.77
Discount rate % (post tax)	8.0%

Commodity prices and exchange rates

Commodity price and foreign exchange rates are estimated with reference to external market forecasts. The rates applied to the valuation have regard to observable market data.

Discount rate

In determining the recoverable amount of assets, the future cash flows were discounted using rates based on the Consolidated Entity's estimated real weighted average cost of capital, with an additional premium applied having regard to the project's stage of development.

Production activity and operating and capital costs

Life of Mine ("LOM") production activity and operating and capital cost assumptions are based on the Consolidated Entity's latest forecasts and longer term LOM plans.

41. IMPAIRMENT OF ASSETS (cont.)

Sensitivity Analysis

Any variation in the key assumptions used to determine the recoverable amount of CGUs would result in a change of the estimated recoverable amount. If the variation in assumption had a negative impact on recoverable amount, it could indicate a requirement for impairment of assets or CGUs.

It is estimated that changes in key assumptions, in isolation, would have the following approximate impact (increase or (decrease)) on the recoverable amount of the Nifty CGU as at 30 June 2018:

Details	Increase in key assumption	Decrease in key assumption
5% change in copper price (US$ per tonne)	$43,768,881	($47,695,547)
5% change in exchange rate (AUD/USD)	($39,437,271)	$43,390,620
5% change in cost of production	($26,493,359)	$26,396,468
1% change in recovery factor	$8,732,434	($8,740,498)
1% change in discount rate	($4,466,134)	$4,684,839

30 June 2017 Assessment

As a result of the Consolidated Entity's 30 June 2017 impairment indicator review, an assessment of the recoverable amount for all of its cash generating units (CGUs) with impairment indicators was performed. An indicator for the Central Musgraves Nickel Project (CMNP or Wingellina) CGU was identified, with factors considered including a lower USD nickel price, increase in market interest rates and other changes to nickel market conditions, which have impacted the return expected by a market participant. This has resulted in impairment charge for the CMNP based on FVLCD.

Due to the early development stage and the capital investment required to develop this project, the Consolidated Entity determined that the value in use method was not appropriate to determine the recoverable amount and therefore utilised the fair value less cost of disposal method.

The Consolidated Entity utilised a discounted cash flow (DCF) model to determine the fair value of CMNP due to the absence of market prices and recent transactions for an asset of a similar nature. The Consolidated Entity developed a DCF model based upon the existing CMNP feasibility study. The DCF was updated to incorporate current commodity prices, exchange rates, interest rates, debt to equity ratio assumptions and discount rates based upon the weighted average cost of capital for CMNP. The DCF model indicated a negative cash flow over the life of the project. An impairment loss of $73,378,360 was therefore recognised to reduce the carrying amount of the CMNP to nil.

42. EVENTS AFTER THE BALANCE SHEET DATE

On 7 August 2018 the Company completed a capital raising of $50,000,000 by issuing 76,923,076 fully paid ordinary shares at an issue price of $0.65 per share to institutional and professional investors.

DIRECTORS' DECLARATION

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 Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2018 and of their performance for the year ended on that date; and

   (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b) and;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 37 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board.

WS Hallam
Managing Director
Perth, 30 August 2018

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Metals X Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Recoverability of non-current assets

Why significant	How our audit addressed the key audit matter
The Group's assessment of the recoverable amount of non-current assets requires estimation and judgment regarding assumptions used, including reserves and resources and related production profiles, future operating and capital expenditure, commodity prices, discount rates and exchange rates. Changes to key assumptions could lead to material changes in the estimated recoverable amounts of mine properties and development costs, property, plant and equipment and capitalised exploration and evaluation expenditure (refer to note 41). Accordingly, this was considered to be a key audit matter.	We assessed the Group's identification of indicators of impairment. Where the Group has identified such indicators, we assessed the methodology used by the Group to estimate the recoverable value of the relevant cash generating unit (CGU) and whether this was consistent with the requirements of Australian Accounting Standards. We assessed the reasonableness of each key assumption used in the Group's impairment assessment model used to calculate recoverable values. In particular: ► We gained an understanding of the changes in reserves and resource estimates during the year and assessed whether the reserves and resource estimates were appropriately applied to relevant areas of the Group's financial report including the recoverable value of mining assets and calculation of depletion, depreciation and amortisation ► We assessed the qualifications and experience of the Group's internal experts that formed the basis of the Group's estimation of mineral reserves and resource quantities ► We assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs, capital costs and forecast mine production ► Involving our valuation specialists, we assessed the Group's assumptions relating to future metals prices and discount rates, comparing these to market data and also for consistency with other estimates used in the financial report, and performed a resource multiple assessment against comparable companies ► We performed sensitivity analysis on the Group's calculated recoverable values for alternative assumptions relating to forecast pricing, foreign exchange rates, the discount rate applied, capital costs, operating costs and production.

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Building a better working world

Rehabilitation provision

Why significant	How our audit addressed the key audit matter
As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the environment. Rehabilitation activities are governed by a combination of legislative requirements and Group policies. As at 30 June 2018, the Group's statement of financial position includes provisions of $39.64 million in respect of such obligations. Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as timing of the rehabilitation, the costs associated with the rehabilitation activities and economic assumptions such as discount rates and inflation rates.	Our audit procedures include the following: ► Considered the rehabilitation plans, to assess whether the cost estimates were reasonable and complied with Group policies and relevant legislative requirements. This included assessing costs against external data such as an independent expert's report to consider the appropriateness of data used in the Group's cost estimates ► Assessed the qualifications, competence and objectivity of the Group's internal and external experts that formed the basis of the cost estimates ► Evaluated the Group's treatment of changes in the rehabilitation provision from the prior year ► Assessed the adequacy of the Group's disclosures relating to rehabilitation obligations.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Metals X Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
30 August 2018

PT:CT:MLX:017

TABLES OF MINERAL RESOURCES AND ORE RESERVES AS AT 30 JUNE 2018

TIN DIVISION

Mineral Resource Estimates – Consolidated Summary & Annual Comparison

Project	Tin			Copper		
	Tonnes Kt	Grade % Sn	Metal Kt Sn	Tonnes kt	Grade % Cu	Metal Kt Cu
30 June 2017						
Renison Bell	14,974	1.35	203	14,772	0.23	35
Mt Bischoff	1,667	0.54	9	-	-	-
Rentails	23,220	0.44	103	23,220	0.23	53
	39,861	**0.79**	**315**	**37,992**	**0.23**	**88**
Mining Depletion						
Renison Bell	(741)	1.28	(9)	(741)	0.27	(2)
Mt Bischoff	-	-	-	-	-	-
Rentails	-	-	-	-	-	-
	(741)	**1.28**	**(9)**	**(741)**	**0.27**	**(2)**
Resource Adjustments						
Renison Bell	2,204	1.01	22	2,204	0.06	1
Mt Bischoff	-	-	-	-	-	-
Rentails	666	0.21	1	666	-	-
	2,870	**0.82**	**23**	**2,870**	**0.06**	**1**
30 June 2018						
Renison Bell	16,437	1.31	216	16,235	0.21	34
Mt Bischoff	1,667	0.54	9	-	-	-
Rentails	23,886	0.44	104	23,886	0.22	53
	41,990	**0.78**	**329**	**40,121**	**0.22**	**87**

Ore Reserve Estimates – Consolidated Summary & Annual Comparison

The Ore Reserve estimates are a subset of the Mineral Resource estimates

Project	Tin			Copper		
	Ore Kt	Grade % Sn	Metal Kt Sn	Ore Kt	Grade % Cu	Metal Kt Cu
30 June 2017						
Renison Bell	6,821	1.06	72	6,499	0.27	17
Rentails	22,313	0.44	99	22,313	0.23	51
	29,134	**0.59**	**171**	**28,812**	**0.24**	**68**
Mining Depletion						
Renison Bell	(741)	1.28	(9)	(741)	0.27	(2)
Rentails	-	-	-	-	-	-
	(741)	**1.28**	**(9)**	**(741)**	**0.27**	**(2)**
Reserve Adjustments						
Renison Bell	742	0.78	6	1,064	(0.02)	-
Rentails	-	-	-	-	-	-
	742	**0.78**	**6**	**1,064**	**(0.02)**	**-**
30 June 2018						
Renison Bell	6,822	1.01	69	6,822	0.22	15
Rentails	22,313	0.44	99	22,313	0.23	51
	29,135	**0.58**	**168**	**29,135**	**0.23**	**66**

Notes: Renison Bell, Mount Bischoff and Rentails Resources and Reserves are 50% owned by Metals X.
The geographic region for Tin Mineral Resources and Ore Reserves is Australia.

COPPER DIVISION

Mineral Resource Estimates – Consolidated Summary & Annual Comparison

Project	Copper		
	Kt	Grade %	Metal Kt
30 June 2017			
Nifty Sulphide *	47,200	1.51	713
Nifty Oxide	4,330	0.86	37
Nifty Heap Leach	3,310	0.74	23
	54,840	**1.41**	**773**
Mining Depletion			
Nifty Sulphide	(1,717)	1.39	(24)
Nifty Oxide	-	-	-
Nifty Heap Leach	-	-	-
	(1,717)	**1.39**	**(24)**
Resource Adjustments			
Nifty Sulphide	(5,113)	1.62	(83)
Nifty Oxide	-	-	-
Nifty Heap Leach	-	-	-
	(5,113)	**1.62**	**(83)**
30 June 2018			
Nifty Sulphide	40,374	1.50	606
Nifty Oxide	4,330	0.86	37
Nifty Heap Leach	3,310	0.74	23
	48,014	**1.39**	**666**

Maroochydore Project	Copper			Cobalt		
	Kt	Grade % Cu	Metal Kt Cu	Kt	Grade ppm Co	Metal kt Co
30 June 2017						
Maroochydore Oxide	43,200	0.91	394	43,200	391	16.9
Maroochydore Sulphide	5,430	1.66	90	5,430	292	1.6
	48,630	**1.00**	**486**	**48,630**	**380**	**18.5**
Mining Depletion						
Maroochydore Oxide	-	-	-	-	-	-
Maroochydore Sulphide	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Resource Adjustments						
Maroochydore Oxide	-	-	-	-	-	-
Maroochydore Sulphide	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
30 June 2018						
Maroochydore Oxide	43,200	0.91	394	43,200	391	16.9
Maroochydore Sulphide	5,430	1.66	90	5,430	292	1.6
	48,630	**1.00**	**486**	**48,630**	**380**	**18.5**

COPPER DIVISION (cont.)

Ore Reserve Estimates – Consolidated Summary & Annual Comparison

The Ore Reserve estimates are a subset of the Mineral Resource estimates

Project	Copper		
	Ore Kt	Grade % Cu	Metal Kt Cu
30 June 2017			
Nifty Sulphide	9,750	1.58	153
Mining Depletion			
Nifty Sulphide	(1,717)	1.39	(24)
Resource Adjustments			
Nifty Sulphide	4,659	1.99	93
30 June 2018			
Nifty Sulphide	**12,692**	**1.75**	**222**

Notes: The geographic region for Copper Mineral Resources and Ore Reserves is Australia.

NICKEL DIVISION

Mineral Resource Estimates – Consolidated Summary & Annual Comparison

Project	Nickel			Cobalt			Fe_2O_3		
	Kt	Grade % Ni	Metal Kt Ni	Kt	Grade % Co	Metal Kt Co	Kt	Grade % Fe_2O_3	Metal Kt
30 June 2017									
Wingellina	182,560	0.92	1,684	182,560	0.07	132	182,560	45.30	82,701
Claude Hills	33,277	0.81	269	33,277	0.07	22	33,277	38.73	12,889
	215,837	**0.91**	**1,953**	**215,837**	**0.07**	**154**	**215,837**	**44.29**	**95,590**
Mining Depletion									
Wingellina	-	-	-	-	-	-	-	-	-
Claude Hills	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Resource Adjustments									
Wingellina	-	-	-	-	-	-	-	-	-
Claude Hills	-	-	-	-	-	-	-	-	-
	(637)	**17.9**	**(114)**	**(637)**	**1.06**	**(7)**	**(637)**	**519.23**	**(3,306)**
30 June 2018									
Wingellina	182,560	0.92	1,684	182,560	0.07	132	182,560	45.30	82,701
Claude Hills	33,277	0.81	269	33,277	0.07	22	33,277	38.73	12,889
	215,837	**0.91**	**1,953**	**215,837**	**0.07**	**154**	**215,837**	**44.29**	**95,590**

Ore Reserve Estimates – Consolidated Summary & Annual Comparison

The Ore Reserve estimates are a subset of the Mineral Resource estimates

Project	Nickel			Cobalt			Fe_2O_3		
	Ore Kt	Grade % Ni	Metal Kt Ni	Ore Kt	Grade % Co	Metal Kt Co	Ore Kt	Grade % Fe_2O_3	Metal Kt
30 June 2017									
Wingellina	168,422	0.93	1,561	168,422	0.07	123	168,422	45.64	76,870
Claude Hills	-	-	-	-	-	-	-	-	-
	168,422	**0.93**	**1,561**	**168,422**	**0.07**	**123**	**168,422**	**45.64**	**76,870**
Mining Depletion									
Wingellina	-	-	-	-	-	-	-	-	-
Claude Hills	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Resource Adjustments									
Wingellina	-	-	-	-	-	-	-	-	-
Claude Hills	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
30 June 2018									
Wingellina	168,422	0.93	1,561	168,422	0.07	123	168,422	45.64	76,870
Claude Hills	-	-	-	-	-	-	-	-	-
	168,422	**0.93**	**1,561**	**168,422**	**0.07**	**123**	**168,422**	**45.64**	**76,870**

Notes: The geographic region for Nickel Mineral Resources and Ore Reserves is Australia.

COMPETENT PERSONS' STATEMENTS

The information in this report that relates to nickel Mineral Resources was compiled by Metals X technical employees and contractors under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell, at the date of the Mineral Resource estimate, was a full time employee of the Company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to tin Mineral Resources has been compiled by Metals X technical employees and contractors under the supervision of Mr. Colin Carter B.Sc., who is a member of the Australian Institute of Geoscientists. Mr. Carter is a full-time employee of the Company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Carter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr. Carter is eligible to participate in short and long term incentive plans.

The information in this report that relates to copper Mineral Resources has been compiled by Metals X technical employees and contractors under the supervision of Mr. Kim Kremer B.Sc., who is a member of the Australian Institute of Geoscientists. Mr Kremer is a full-time employee of the Company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kremer consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Kremer is eligible to participate in short and long term incentive plans.

The information in this report that relates to nickel Ore Reserves was compiled by Metals X technical employees under the supervision of Mr Michael Poepjes BEng (Mining Engineering), MSc (Min. Econ) MAusIMM. Mr Poepjes, at the date of the Ore Reserve estimate, was a full-time employee of the Company. Mr Poepjes has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Poepjes consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to copper and tin Ore Reserves has been compiled by Metals X technical employees under the supervision of Mr. Allan King B App Sc. (Mining Engineering) Member AusIMM. Mr. King is a full-time employee of the Company. Mr King has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. King consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr. King is eligible to participate in short and long term incentive plans and holds options over shares in the Company.

Statement of Governance Arrangements and Internal Controls

Governance of Metals X's Mineral Resources and Ore Reserves development and management activities is a key responsibility of the Executive Management of the Company.

Senior geological and mining engineering staff of the Company oversee reviews and technical evaluations of the estimates and evaluate these with reference to actual physical and cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

The Chief Operating Officer (in consultation with senior staff) is responsible for monitoring the planning, prioritization and progress of exploratory and resource definition drilling programs across the Company and the estimation and reporting of resources and reserves. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A four-level compliance process guides the control and assurance activities:

1. Provision of internal policies, standards, procedures and guidelines;
2. Mineral Resources and Ore Reserves reporting based on well-founded assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes;
3. Internal review of process conformance and compliance; and
4. Internal assessment of compliance and data veracity.

The objectives of the estimation process are to promote the maximum conversion of identified mineralisation into JORC 2012 compliant Mineral Resources and Ore Reserves.

Metals X reports its Mineral Resources and Ore Reserves on an annual basis, in accordance with ASX Listing Rule 5.21 and clause 14 of Appendix 5A (the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2012 Edition). The has been no material changes to the Mineral Resources and Ore Reserves estimates since the last annual reporting date.

Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by Metals X are members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code.

SECURITY HOLDER INFORMATION AS AT 27 AUGUST 2018

(a) Top 20 quoted Shareholders

Shareholder	%	Number of Shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20.00%	137,824,587
J P MORGAN NOMINEES AUSTRALIA LIMITED	18.57%	127,924,637
SUN HUNG KAI INVESTMENT SERVICES LIMITED <CLIENT A/C>	8.77%	60,407,571
CITICORP NOMINEES PTY LIMITED	7.48%	51,516,331
NATIONAL NOMINEES LIMITED	7.07%	48,721,656
JINCHUAN GROUP LTD	6.39%	44,000,000
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	5.04%	34,718,156
ALL-STATES FINANCE PTY LIMITED	2.04%	14,070,217
BNP PARIBAS NOMS PTY LTD <DRP>	1.62%	11,152,505
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	0.86%	5,913,501
NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	0.69%	4,733,416
FARJOY PTY LTD	0.61%	4,200,000
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	0.51%	3,497,678
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	0.37%	2,519,029
DEBORTOLI WINES PTY LIMITED	0.34%	2,317,262
AJAVA HOLDINGS PTY LTD	0.30%	2,089,571
AUST EXECUTOR TRUSTEES LTD <HENROTH PTY LIMITED>	0.29%	2,000,000
AJAVA HOLDINGS PTY LTD	0.26%	1,800,000
SAFARI CAPITAL PTY LTD	0.24%	1,626,000
MRS LEONIE MARY HALLAM	0.22%	1,502,000
Total	**81.67%**	**562,534,117**

(b) Distribution of quoted ordinary shares

Size of Parcel	Number of Shareholders	Number of Shares
1 - 1,000	1,077	540,777
1,001 - 5,000	2,580	6,950,976
5,001 - 10,000	1,238	9,389,136
10,001 - 100,000	1,953	57,663,579
Over 100,000	212	614,516,041
Total	**7,060**	**689,060,509**

(c) Number of holders with less than a marketable parcel of ordinary shares

	Number of Shareholders	Number of Shares
1 – 1,000	**924**	**389,051**

(d) Substantial Shareholders

Shareholder	%	Number of shares
Apac Resources Limited	9.18	55,907,571
Blackrock Group	7.11	49,042,651
Jinchuan Group Limited	6.39	44,000,000
Industry Super Holdings Pty Ltd	5.01	34,538,835
IOOF Holdings Limited	5.00	34,470,302

(e) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares
Each ordinary shareholder is entitled to one vote for each share held.

Options
The holders of options have no rights to vote at a general meeting of the company.

(f) Unquoted Equity Securities

Number of Options	Exercise Price	Expiry Date	Number holders
5,350,000	$0.76	20/01/2020	6
7,400,000	$1.32	30/11/2020	13

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