METALS X LIMITED

2016 ANNUAL REPORT

CORPORATE DIRECTORY

DIRECTORS

Peter Newton (Non – Executive Chairman)
Peter Cook (Executive Director & Chief Executive Officer)
Warren Hallam (Executive Director)
Paul Cmrlec (Non-Executive Director)
Simon Heggen (Non-Executive Director)
Xie Penggen (Non-Executive Director)
Yimin Zhang (Alternative Director for Xie Penggen)

COMPANY SECRETARY & CFO

Fiona Van Maanen

KEY MANAGEMENT

Paul Hucker (Chief Operating Officer – SKO and HGO)
Grant Brock (Chief Operating Officer – CMGP)
Allan King (General Manager – Bluestone Mines Tasmania Joint Venture)
Michael Poepjes (Chief Mining Engineer)
Jake Russell (Chief Geologist)

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OTCQX Code: MLXEF

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Australia

METALS X LIMITED

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CHAIRMAN'S LETTER

Dear Shareholders

It is my pleasure to present you the Annual Report for Metals X Limited (the "Company" or "Metals X") for the year ended 30 June 2016. The year was one of significant expansion and achievement for our Company.

The Gold Business Unit furthered its growth strategy with a number of acquisitions on both a project basis, purchasing the Fortnum Gold Project, and on an asset basis. In regards to the latter, our objective continues to be expansion utilising our existing plant infrastructure; we acquired the Mt Henry Project to integrate into the Higginsville Gold Operations, the Gunga and Georges Reward Projects to integrate into our South Kalgoorlie Operations, and the Cue Village and Comet Gold Mine to further expand our footprint in the Central Murchison Gold Project.

At our Higginsville Gold Operations we began transitioning the Trident Mine to closure, replacing the core plant feed with ore from the newly acquired Mt Henry mine. The South Kalgoorlie Operations continued its development of the HBJ Underground mine through remnant areas, advancing towards the deeper virgin lodes. We successfully commissioned the Central Murchison Gold Project with the development of the Paddy's Flat Underground mine and a number of open pits. Currently we are nine months into a 12-year mine plan at the Central Murchison, with the production rate still increasing. We completed the Fortnum Gold Project acquisition and have commenced development activities that will culminate in Fortnum becoming our fourth operating project by the end of calendar 2016.

Our Base Metals Unit was bolstered by the strategic and successful (post balance date) takeover of Aditya Birla Minerals Limited and its Nifty Copper Operations. This acquisition, by adding copper production to our portfolio, expanded our revenue base and created a diversified base metals business. The Board consequently considered it appropriate to review its corporate strategy.

After careful review of the Company's business units, and in consideration of the current gold market and rapidly expanding gold profile of the Company, the Board decided (post balance date) that greater wealth can be created for our shareholders by demerging the Gold Business Unit. The proposed demerger, announced on ASX on 4 August 2016, will be a spin-out of the gold assets under the name of Westgold Resources Limited ("Westgold") with the base metals business remaining with Metals X. The intention is that Westgold will commence trading on ASX as a separate entity prior to the end of 2016. Coincident with the announcement of the proposed demerger a capital raising of a gross $100 million and a Share Purchase Plan (SPP) of $15 million was announced, providing both our business units a sound cash balance and the platform upon which to move forward.

Given the past year has been one of intensive capital development and balance sheet preparation in readiness for the demerger, the Board has elected not to pay a dividend for the year ended 30 June 2016. However, I am confident that shareholders will realise considerable value from the demerger.

The coming year, post demerger, will be an exciting period for all of our projects in both the repositioned Metals X base metals unit and the rapidly growing Westgold.

On behalf of the Board, I congratulate and thank our executive directors, management and employees on what has been an incredible year of growth and transformation of the Company.

To our shareholders I thank you for your continued support and belief in the Company, its assets and its people.

Peter J Newton
Non-Executive Chairman

COMPANY PROFILE

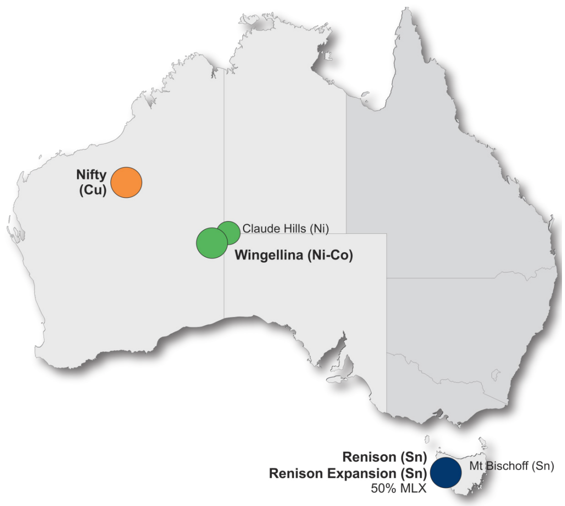
OVERVIEW

Metals X is a diversified Australian miner with significant gold and base metals operations:

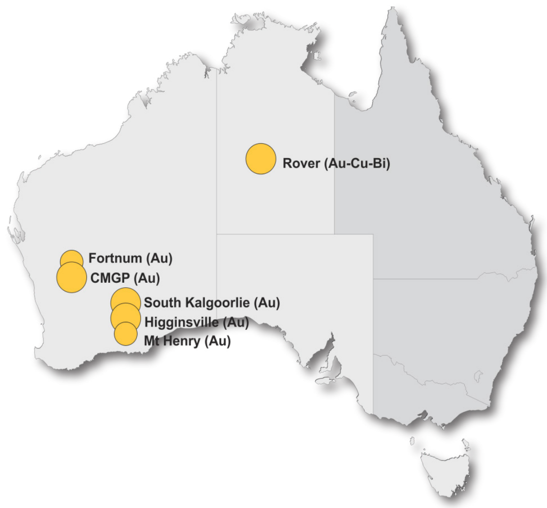
- A rapidly expanding gold producer with a 15.4 million ounces resources and four processing plants;
- Globally significant tin miner with a resource base of 275,000 tonnes of tin;
- Significant copper miner with resource of over 1 million tonnes of contained copper, a 2.5 million tonne process plant and associated infrastructure;
- Development-ready, world class nickel-cobalt project;
- Strong balance sheet and fiscal position, with approximately $180 million in cash and working capital, and strong cash flows across commodities (as at 30 September 2016).

The Gold Business Unit has three operating projects, currently producing at an annualised run-rate of approximately 250,000 ounces of gold with a fourth project under refurbishment. These assets all are located in prolific historical gold production regions in Western Australia. With a combined 5.5 million tonnes per annum treatment capacity amongst the four projects, aggregated Mineral Resources of approximately 15.4 million ounces of gold and Ore Reserves totalling 2.89 million ounces of gold, the current Gold Business Unit operating strategy is to increase annual production to above 400,000 ounces of gold per annum. The strategy is predicated on its steady state Higginsville Gold Operations and South Kalgoorlie Operations, with the Central Murchison Gold Project continuing to ramp-up production and the Fortnum Gold Project scheduled for start-up by the end of 2016.

In addition Metals X holds a significant gold-dominant polymetallic deposit at Rover 1 in the Northern Territory. Rover 1 is at feasibility stage and contains a significant resource of 6.8 million tonnes at 1.73g/t gold, 2.1g/t Silver, 1.2% Copper, 0.14% Bismuth and 0.06% Cobalt (collectively more than 1 million ounces on a gold equivalence basis).



Gold Business Unit location map



Base Metals Unit location map

Metals X's Base Metals Business Unit has operating mines producing tin and copper, with the Renison Tin Project (50% JV ownership) in Tasmania and the Nifty Copper Operations in Western Australia respectively, and the development-ready Wingellina nickel-cobalt project (Central Musgrave Project). The producing base metals mines provide strong cashflow and organic growth opportunities: in the tin business unit, the Rentails (tin tailings re-treatment project); in the copper business unit, the Maroochydore copper project.

The Company is in a unique position as the only significant publicly listed tin producer on the ASX, in fact it remains as one of few publicly listed tin producers in the western world. The Tin Business Unit has aggregated Mineral Resources containing approximately 275,000 tonnes of tin and 84,000 tonnes of copper and aggregated Ore Reserves containing approximately 170,000 tonnes of tin and 64,000 tonnes of copper.

The Nifty Copper Operation was acquired through the Company's takeover of Aditya Birla (completed in August 2016). Nifty produces a clean copper concentrate from an underground copper sulphide mine, with ore processed through a 2.5 million tonne-per-annum copper concentrator. Concentrate is shipped to India for refining. Nifty's Mineral Resources contain approximately 539,000 tonnes of copper with Ore Reserves containing approximately 97,000 tonnes of copper.

Metals X's Wingellina Ni–Co-Fe Project, contained in the Central Musgrave Project, is a world-class deposit. It has a Mineral Resource containing 2.0 million tonnes of nickel metal. The most recent feasibility study showed this was sufficient for over 40 years of production at an annual rate of 40,000 tonnes of nickel and 3,000 tonnes of cobalt production per annum. Environmental approvals have been received and discussions on infrastructure development with the NT Government are ongoing. Development of the project will be contingent upon nickel price improvement and funding.

GOLD BUSINESS UNIT

The Company has three operations currently in production:

- the Higginsville Gold Operations (**HGO**) in the Norseman region of Western Australia;
- the South Kalgoorlie Operations (**SKO**) in the Kalgoorlie region of Western Australia; and
- the Central Murchison Gold Project (**CMGP**) in the Murchison region of Western Australia.

During the financial year ended 30 June 2016, Metals X's operations included the commissioning and ramping up of the CMGP which entailed the development of the Paddy's Flats underground operation and various open pits, and the development of the Hampton Boulder Jubilee (**HBJ**) underground mine at SKO. Production for the past year, which doesn't fully reflect the momentum of the CMGP and SKO ramp-ups, totalled 173,956 ounces of gold at an All-in Sustaining Cost of A$1,363 per ounce. With the CMGP and to a certain extent, the SKO operations continuing to ramp up, production has been progressively increasing this calendar year on a quarterly basis.

Gold production for the finanacial year was 173,596 ounces of gold, which is continuing to build as the CMGP further ramps up and the FGP approaches start-up towards the end of 2016.

HIGGINSVILLE GOLD OPERATION

OVERVIEW

The HGO comprises an operating underground and open pit gold operation in the Norseman region of Western Australia.

HGO Processing Plant

HGO has a modern 1.3 million tonne-per-annum Carbon-in-Pulp (CIP) gold processing plant, a 300-person village, the Trident underground mine (multiple open-pit mines and requisite mine and process infrastructure). Mining at HGO currently is focused on the Mt Henry Gold Project replacing the Trident underground mine as the key long-term source of gold production. Ore is also supplied from some short-term open pits at Lake Cowan and HGO.

MINERAL RESOURCES AND ORE RESERVES

At 30 June 2016 HGO had the following Mineral Resources and Ore Reserves:

- A Measured, Indicated and Inferred Resource of 33.6 million tonnes at 2.04 g/t gold, containing 2.2 million ounces of gold; and
- A Proved and Probable Reserve of 7.6 million tonnes at 1.78 g/t gold, containing 433,000 ounces of gold).

PRODUCTION AND MINE PLAN

During the financial year ended 30 June 2016 HGO mined 672,732 tonnes of ore at a grade of 3.35 g/t Au, producing 91,371 ounces of gold at an AISC of A$1,363 per ounce.

The Mt Henry Gold Project, located approximately 70km south of HGO, was acquired by Metals X in September 2015. Mt Henry consists of three main deposits: Mt Henry, Selene and North Scotia, all of which are conventional open pit mining propositions.

Mining at Mt Henry commenced in late August 2016 and is currently being integrated into HGO. Ore is carted approximately 80km's north to the HGO processing plant. The acquisition of Mt Henry has added an immediate 5 years of mine life to the current HGO plan. Significant potential to further expand this life exists from the known resource base at Mt Henry. Mining is currently dominated by production from the last stages of the Trident underground mine. This ore is blended with feeds from the Lake Cowan group of open pits and also from the Fairplay open pit at HGO.

EXPLORATION

With the long-term future of the HGO enhanced by the recent acquisition of the Mt Henry Project, there has been a renewed focus on grassroots exploration in the heavily endowed region. Strong anomalies have already been defined along and / or adjacent to the prospective Speedway shear system (the control on the Invincible deposit at the St Ives gold mining operation further north) in both the Republican and Implausible areas. In addition to aggressive follow-up of these targets and continued evaluation of other open pit and underground resource opportunities, it is intended to test the highly prospective Igloo target with a lake diamond rig.

SOUTH KALGOORLIE OPERATION

OVERVIEW

The SKO comprises the HBJ underground mine, a number of open pits and the Jubilee Mill, a 1.2 million tonne-per-annum CIP gold processing plant and associated infrastructure. Numerous open pits and underground options previously have been mined within the project area since the late 1980s.

SKO has a 1.2 million tonne-per-annum CIP gold processing plant and associated infrastructure. Numerous open pits and underground options previously have been mined within the project area since the late 1980s.

MINERAL RESOURCES AND ORE RESERVES

At 30 June 2016 SKO had the following Mineral Resources and Ore Reserves:

- A Measured, Indicated and Inferred Resource of 50.9 million tonnes at 2.27 g/t gold, containing 3.7 million ounces of gold; and
- A Proved and Probable Reserve of 2.3 million tonnes of ore at 2.60 g/t gold, containing 192,000 ounces of gold.

SKO - Jubilee Processing Plant

PRODUCTION AND MINE PLAN

During the financial year ended 30 June 2016 SKO mined 427,136 tonnes of ore at a grade of 2.35 g/t Au, producing 45,403 ounces of gold at an AISC of A$1,301 per ounce.

Since the acquisition of SKO from Alacer in 2013, Metals X has moved the project from one of imminent closure to a steady state operation. The early phases of this transition was primarily the processing of existing low-grade ore stocks in combination with small-scale open pits and toll processing (the latter comprising one third of ore feed for the June 2016 quarter). The focus on future and the key to the re-invigoration of the project has been the re-development of the HBJ underground mine. Initial refurbishment works including the reclamation of the old decline, its extension and the mining of remnant ore positions (with some extensions) have been completed and ore stoping commenced in early 2016. The decline has approached the bottom of the old workings and ore development on the higher grade and virgin primary lodes is about to recommence. Production from the HBJ mine is expected to be approximately 500,000 tonnes per annum, providing a steady and consistent base load of higher grade ore to the SKO processing plant.

As part of its re-build strategy, Metals X acquired 100% of the Georges Reward prospect at Bulong and gained access to additional ore feed in an enlarged open pit via a contract mining and profit sharing agreement over the adjacent Cannon Gold Mine resource with Southern Gold Limited. Mining commenced during November 2015 at the Cannon open pit mine. Under the agreement SKO operates and manages the mine. Ore is batch processed in parcels of approximately 40,000 tonnes through the SKO processing plant. Batch processing commenced in November 2015 with proceeds from the sale of the Cannon production is first used to repay all costs incurred by the project, with SKO then having the right to a 50% share of surplus profits. The Cannon-Georges Reward ore system has potential for an underground mine when the opens pits are complete.

In June 2016, SKO acquired the Gunga Project, 30km west of the processing facility with the objective of having an addition blended feed source with HBJ when the Cannon and Georges Reward mines are mined out. Gunga has a current Mineral Resource of 1.33 million tonnes at 1.7 g/t gold, for contained gold of approximately 73,000 ounces. Gunga is proposed to provide a blended feed for South Kalgoorlie, commencing in the 2017 and 2018 years.

EXPLORATION

The HBJ underground mine is not deep and the ore system remains open in all directions., As underground drill platforms become available from the refurbished mine and new development, diamond drilling is occurring with an objective to expand and enhance the operation.

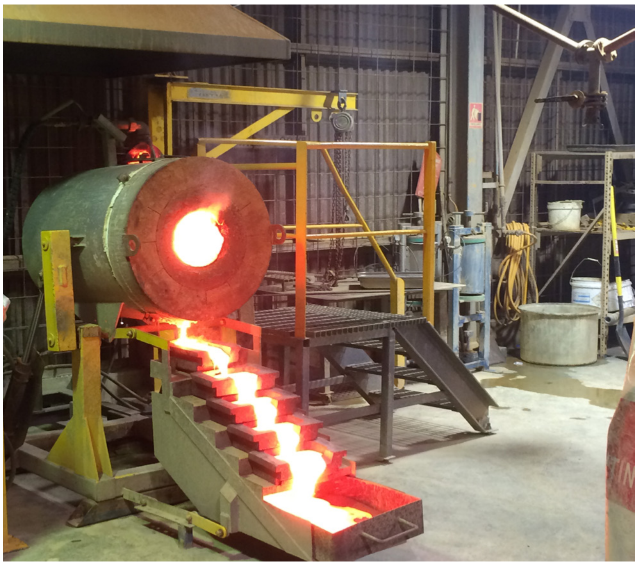
Exploration drilling for extensions to open pit targets is continuing at both the recently acquired Gunga West deposit and at the Company's existing Hansel Mundey project.

Grassroots exploration has also recommenced at SKO with drilling along the Wildcatter Shear and on the Zuleika shear zone covering the southern and sometimes undercover extensions of the prolific and new Kundana gold camp.

THE CENTRAL MURCHISON GOLD PROJECT

OVERVIEW

The CMGP is located in the Murchison Goldfields of Western Australia around the regional towns of Cue and Meekatharra. The CMGP project strategy has a number of current and proposed underground mines and open pits being developed over time. After a refurbishment, integration of assets and completion of an initial development strategy the project started in the second half of 2015 with the plant commissioned in October 2015.



CMGP Gold Pour

CMGP Village

CMGP has a nominal 2.0 million tonne-per-annum CIP gold processing plant and associated infrastructure, with a significant number of historical open pit and underground mines. The consolidation of the Meekatharra Gold Operation the Nannine Project tenements and recently the Comet Project increased Metals X's Mineral Resource base in the district to its current level of 7.7 million ounces. The acquisition of the Meekatharra assets provided the opportunity for an expanded CMGP to commence production in October 2015 with an initial 12-year mine plan.

MINERAL RESOURCES AND ORE RESERVES

At 30 June 2016 the CMGP had the following Mineral Resources and Ore Reserves:

- A Measured, Indicated and Inferred Resource of 108.7 million tonnes at 2.21 g/t gold, containing 7.7 million ounces of gold; and
- A Proved and Probable Reserve of 22.8 million tonnes at 2.63 g/t gold, containing 1.9 million ounces of gold.

PROJECT DEVELOPMENT

The overall CMGP has for the first time consolidated all the major historic gold mining centres in the Central Murchison region. These have an aggregated gold production history of approximately 10 million ounces. These include the Day Dawn, Cuddingwarra, Big Bell, Reedy, Nannine, Yaloginda, Paddy's Flat and Meekatharra North gold mining centres. Within these the dominant historic production was sourced from a handful of larger underground mines, namely the Big Bell Mine, the Great Fingall and Golden Crown Mines (at Day-Dawn), the Triton Mine at Reedy's, and the Fenians Mine at Paddy's Flat. With the exception of Big Bell and Golden Crown, none of these have been subject to modern mining and the re-invigoration of all these mines to again become long-term and sustainable gold producers is a key objective of the CMGP's long-term strategy.

A revised Feasibility Study and Development Plan for the expanded CMGP was completed in January 2015. The feasibility study showed a robust project producing approximately 200,000 ounces of gold per annum at an all-in-sustaining cost of A$1,180 per ounce over an initial 13 year mine life. The fundamental approach taken in the development is the progressive (over time) re-start of the larger historic underground mines, primarily funded by internal cash flow. With the pre-demerger capital raisings, Metals X intends to more aggressively bring production from these operations forward.

As part of its positioning to enable this growth, Metals X also acquired a near-new 260 person village at Cue in January 2016 to serve the southern operations and give it large accommodation capacity in the north and south of its overall CMGP footprint.

PRODUCTION AND MINE PLAN

During the financial year ended 30 June 2016 the CMGP mined 203,815 tonnes of ore at a grade of 2.25 g/t Au, producing 37,182 ounces of gold at an AISC of A$1,436 per ounce.

Open pit mining at the CMGP commenced in June 2015 with a number of mines operated during the financial year ended 30 June 2016 including Whangamata, Batavia, Jack Ryan, Callisto, Bluebird and Surprise West. Underground mining at Paddy's Flat commenced in mid-October 2015.

The Bluebird process plant was commissioned on a campaign basis in October 2015 on open pit and low grade stockpile ore. Successful optimisation of the process plant continued during 2015/16. Ore stope production from Paddy's Flat underground commenced in the June quarter, 2016. The Paddy's Flat decline is now well established and stoping is being carried out on both the Prohibition and the Vivien-Consols lodes. Monthly ore production is now at steady state levels with stope grades reporting positive reconciliations against pre-mine estimates. The CMGP transitioned to net cash-generating by the end of the June 2016 quarter.

Open pit mining for the 2016/17 financial year will primarily be from the following open pits: Jack Ryan, Callisto, Surprise with additional feeds from Anarchist, Rhens Hope, Mickey Doolan, Gibraltar, Aladdin and Culiculli and Turn of the Tide open pits under evaluation.

The major uplift in steady state production for the CMGP comes from the re-establishment of production from the Big Bell underground mine. Dewatering activities at the Big Bell underground mine have been underway for over 6 months and exposure of the old mine portal is imminent and refurbishment works of the decline are expected to commence in the first half of 2017 as dewater of the old cave advances sufficiently. A revised development plan for Big Bell using a higher cut-off grade for the resource estimate has been completed and will be initiated. When operational, Big Bell is expected to become the mainstay of production feed for the CMGP, providing up to 50% of long-term ore to Bluebird Mill and approximately 100,000 ounces per annum in overall output.

A development plan to commence underground mining at the Comet mine near Cue has commenced and submissions for statutory approvals have been lodged. Comet is expected to provide a bridge in production feed whilst Big Bell is re-established and ramped up to full production.

Planning works to speed up access to the Golden Crown and Great Fingall mines utilising the same capital development are underway as part of the plan to bring forward the uplifts in outputs for Metals X.

EXPLORATION

As mining progresses at the Paddy's Flat underground mine, the focus for the site geology team has been on defining the orebody in advance of development. Completion of the first program of drilling within both the Prohibition and Vivian-Consol's areas of the mine demonstrated the potential of this significant historical producer.

Resource definition of the proposed open pit developments is continuing in the area immediately to the north of Paddy's Flat, and at Reedys where Metals X is currently undertaking open pit mining.

THE FORTNUM GOLD PROJECT

OVERVIEW

FGP Mill by Night

In October 2015 Metals X acquired the Fortnum Gold Project (**FGP**) from RNI NL.

The FGP is located in the western Bryah Basin approximately 150km northwest of Meekatharra. The FGP encapsulates the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill. A 1.0 million tonne-per-annum carbon-in-leach (CIL) plant, a 100-person village and all the plant and infrastructure required to operate the project is in place but hasn't operated for nearly 10 years. Refurbishment of the plant has commenced and re-commissioning with gold production expected late in calendar 2016.

MINERAL RESOURCES AND ORE RESERVES

Fortnum has the following Mineral Resources and Ore Reserves as at 30 June 2016:

- A Measured, Indicated and Inferred Resource of 29.7 million tonnes at 1.84 g/t gold, containing 1.75 million ounces of gold; and
- A Proved and Probable Reserve of 5.4 million tonnes at 1.95 g/t gold, containing 339,000 ounces of gold.

PROJECT DEVELOPMENT

The re-start plan for the gold operations at the FGP is formulated around the strategy of commissioning and operating the plant on existing low-grade stocks, progressively replacing low-grade stock with new open-pit ore and progressively re-accessing and progressing the Starlight underground mine.

Studies to date conclude a robust and low-capital risk start-up plan for the project. There is the opportunity to accelerate project ramp-up, and increase the scale of the proposed operation. This will involve a more capital intensive start-up but will bring on the higher-grade Starlight underground mine earlier and speed up payback. In addition, there is significant opportunity for longer mine life, beyond the initial five year plan, from known resources which require further validation and drilling. In particular, the Peak Hill region, which is yet to be considered in the development strategy, offers significant potential.

EXPLORATION

A maiden drilling campaign was conducted during the June 2016 quarter at Yarlarweelor, the resource which will be the first open pit mined during the restart of operations. Initial exploration drilling has commenced at the Peak Hill district where significant validation and data-integrity checks are required before it can be brought into the development plan.

THE ROVER PROJECT

OVERVIEW

The Rover Project is a postulated undercover repetition of the prolific Tennant Creek goldfield located 80km to the north-east. The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

Exploration to date has tested a small number of anomalies and significant mineralised IOCG ("Iron Oxide Copper Gold") systems have been discovered at the Rover 1 and Explorer 142 prospects. In addition, significant lead-zinc-silver discoveries have been made at Explorer 108 and recently at the Curiosity Prospect to the south.

Rover 1 - Drill Core - WGR1D011

MINERAL RESOURCES AND ORE RESERVES

Rover has the following Mineral Resource as at 30 June 2016:

- Rover 1: Indicated and Inferred Resource of 6.81 million tonnes at 1.73g/t gold, 1.2% copper, 0.14% bismuth, 0.06% cobalt and 2.07 g/t silver;
- Explorer 108 prospect: Indicated and Inferred Resource estimate of 11.87 million tonnes at 3.24% zinc, 2.0% lead, 0.36% copper and 11.1g/t silver.

EXPLORATION

Work in the Tennant Creek district continues to be focused on defining the optimal development pathway for the Rover 1 deposit including additional drilling into a postulated second bonanza gold and copper zone located between a vertical depth of 600m to 800m. Drilling during 2015/16 successfully outlined this zone with excellent results.

OTHER EXPLORATION ASSETS

WARUMPI

Warumpi is a significant grass roots exploration project, 100%-owned by Metals X, within the prolific basement rocks of the West-Arunta province in the Northern Territory. These rocks, which have recently been identified as being geologically, tectono-thermally and temporally similar to Proterozoic basins in Eastern Australia that host five of the world's ten largest stratabound Pb-Zn deposits (Broken Hill, Hilton-George Fisher, Mount Isa, MacArthur River and Century). Metals X is undertaking the first modern exploration program in this highly underexplored region.

During 2014, on-ground reconnaissance discovered an outcropping gossan at the Huron Prospect with rock chip results at surface returning results up to 120g/t Ag, 9.89% Cu and 4.73% Zn (WR0343). Further reconnaissance revealed a cluster of gossanous outcrops with highly anomalous base and precious metal results (silver, copper and zinc). Infill sampling surrounding this zone was completed during the last financial year with results returning up to 182g/t Ag (WR0381), 7.72%Cu (WR0373) and 8.55% Zn (WR0351) (ASX:MLX 22 December 2014). Access arrangements for further exploration are currently being negotiated.

BASE METALS

Metals X completed its acquisition of Aditya Birla in August 2016, adding the Nifty Copper Mine to the current Nickel and Tin Base Metals Business Unit. With the proposed demerger of the Gold Business Unit, Metals X will continue as a diversified base metals miner with the following assets:

- Tin: through its 50% Joint Venture ownership of the operating Renison Tin Mine, the Rentails Project and Mt Bischoff Project on the west coast of Tasmania (collectively the Renison Tin Project);
- Copper: the operating Nifty Copper Operation at the western margin of the Great Sandy Desert in Western Australia and the Maroochydore Project located 90 km from Nifty; and
- Nickel: the Wingellina Nickel Project located on the triple-point borders of Western Australia, Northern Territory and South Australia.

Metals X also holds some smaller legacy investments, the only significant one being Brainchip Holdings Limited (formerly Aziana Limited) (ASX:BRN) 7.10%.

TIN BUSINESS UNIT

RENISON TIN PROJECT (MLX 50%)

Metals X is a globally significant tin producer through its 50% ownership of the Renison Tin Project in Tasmania, consisting of the following three key assets:

- the world class Renison Tin Mine is located approximately 15km north-east of Zeehan on Tasmania's west coast and has operated for over 50 years;
- the Renison Expansion Project ("Rentails Project") which is a planned tailings re-treatment project and located at the Renison Tin Mine; and
- the Mount Bischoff Project (currently idle) located approximately 80km north of the Renison Tin Mine.

RENISON TIN MINE

Metals X is the only significant tin producer in Australia and has the largest Mineral Resources and Ore Reserves of tin in the country. The Renison Tin Mine has a 700,000 tonnes-per-annum tin concentrator, a fully developed underground mine, site infrastructure and a 100 person camp. An owner-operator mining fleet provides competitive performance and productivity. The mine produces a tin concentrate which is exported to 3rd party smelters in Asia for refining to LME grade ingot.

For the financial year ended 30 June 2016 the Metals X share of the Renison Tin Project production was 3,181 tonnes of tin at an All-in Sustaining Cost of A$19,952 per tonne of tin produced.

Arial view of Renison

Metals X is on a drive to lower overall costs at the operation with the first step being a shift to owner operator mining where higher productivity and lower unit costs have already been achieved. Metals X is investigating options to further optimise the tin concentrator circuit and its overall head-grade by applying modern ore sorting technology to remove intercalated gangue and ore dilution from the mill feed.

The Renison Tin Mine has a Mineral Resource estimate of 11.5 million tonnes at 1.44% tin containing 166,000 tonnes of tin metal with an Ore Reserve estimate of 5.69 million ore tonnes at 1.28% tin containing 73,000 tonnes of tin metal providing for a long-life project.

Zeehan Township

RENTAILS PROJECT

In the past three decades when concentrator tailings have been stored in engineered ponds, a significant quantity of lower grade tailings have accumulated. As the economic driver has been producing a tin of concentrate grade above 55% as opposed to metallurgical recovery, the grade of this material remains fairly high (0.45% Sn). In addition, no copper recovery was in place for majority of the ore so a significant copper co-product also exists. The Rentails Project aims to re-process and recover tin and copper from the tailings by the application of modern processing technology in flotation, gravity and tin-fuming methods. A Definitive Feasibility Study ("DFS") of the mining and re-processing of the tailings for the project was completed in 2009 and is in the process of being re-worked with the objective of lowering the capital cost and increasing the efficiency of the process.

The DFS concluded that a 10-year project could be established using an integrated 2 million tonne-per-annum tin concentrator and tin-fumer plant that could be constructed to produce approximately 5,300 tonnes of tin and 2,000 tonnes of copper in concentrate per annum. The economics of the project are improving with rising tin prices and the project partners continue to review development options.

The Rentails Project has a Mineral Resource estimate of 22.5 million tonnes at 0.45% tin containing 100,000 tonnes of tin metal with an Ore Reserve estimate of 21.6 million tonnes at 0.45% tin containing 97,000 tonnes of tin metal. This increases on a daily basis as the Renison mine continues.

MT BISCHOFF

The Mt Bischoff Project is located approximately 80km north of the Renison mine. Mt Bischoff was a significant historical tin operation, producing some 60,000 tonnes of tin metal since the late 1800's. Open pit mining by Metals X between 2009 and 2011 produced a further 5,000 tonnes of tin metal before the initial open pit mine was depleted. Whilst the mine remains on care and maintenance, significant resources remain at depth and numerous historically mined areas remain underexplored and offer future development opportunity at higher tin prices.

The Mt Bischoff Project has a total Mineral Resource estimate of 1.7 million tonnes at 0.54% tin, containing 9,000 tonnes of tin metal.

COPPER BUSINESS UNIT

NIFTY COPPER OPERATION

The Nifty Copper Operation ("Nifty") produces a clean copper concentrate which is shipped to the Hindalco copper smelter in India for refining. There is currently an agreement to sell the concentrates to Hindalco Industries Limited.

The Nifty operation is an underground copper sulphide mine with an associated 2.5Mtpa copper concentrator. Site infrastructure is extensive, including a powerhouse, camp and airfield, Processing of sulphide copper ore is by conventional comminution, grinding and flotation to produce a copper concentrate. A concentrate storage facility is located at Port Hedland where concentrate is accumulated before shipping.

NCO - Box Cut

Truck Tipping at Underground Crusher

The historic open pit operation mined oxide, transitional and chalcocite (a secondary sulphide) copper ores from which copper cathode was recovered by SXEW methods. Open pit mining operations ceased in June 2006 and heap leach operations ceased in January 2009. The underground mining operation, to exploit the primary chalcopyrite rich ores, commenced in December 2005 with the 2.5Mt processing facility being commissioned in March 2006.

For the year ended 31 March 2016 (Aditya Birla reports to a financial year end of 31 March), the Nifty Copper Operation produced 32,098 tonnes of copper in concentrate at a C1 cost of A$2.62 per pound of contained copper.

At 31 March 2015 Nifty had a Mineral Resource estimate of 31.1 million tonnes at 1.73% copper containing 539,000 tonnes of copper metal. The Ore Reserve subset of this resource is estimated at 5.24 million ore tonnes grading1.85% copper and containing 97,000 tonnes of copper metal.

MAROOCHYDORE PROJECT

The Maroochydore Project is located 90 km from the Nifty Copper Operations and manifests as a large copper oxide and secondary chalcocite blanket of mineralisation. Drilling defined a small amount of copper sulphide mineralisation at depth, although this is sparsely drilled and inadequately defined.

The aggregated Mineral Resources for the Maroochydore Project contain approximately 486,000 tonnes of copper (ASX:ABY 30 April 2016).

Geophysical modelling of high resolution aeromagnetic data suggests that the Maroochydore deposit lies within a north-trending structural corridor and that a possibility exists for a structural repetition of the mineralised horizon to occur to the west of the resource area. Primary copper sulphide mineralisation remains open along-strike and down-dip.

NICKEL BUSINESS UNIT

CENTRAL MUSGRAVE PROJECT (WINGELLINA)

Metals X's nickel strategy remains focused on the Central Musgrave Project (**CMP**) which straddles the triple-point of the WA/NT/SA borders. The project represents the Company's key nickel assets and comprises of the globally significant Wingellina Ni–Co-Fe rich Limonite deposit, the similar Claude Hills deposit and the Mt Davies exploration prospects. The project encompasses 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.

The key focus of the Nickel Business Unit is to bring the Wingellina Nickel–Cobalt Project into production.

The Board had previously reached a decision to defer the expenditure on the updated feasibility due to the continuum of a depressed nickel market.

Whilst the engineering works for an updated feasibility study by HPAL (high pressure acid leach) technology has been halted, Metals X continues to use its internal resources to complete other long lead-time studies required for the DFS, including infrastructure, roads, rail and ports studies.

The final Public Environmental Review ("PER") document was completed and approved by the Environmental Protection Authority ("EPA") for release to the public for an 8-week review period in September 2015 and ended in November 2015 and the final EPA approval (subject to the general conditions) was received on 1 September 2016.

Wildflowers in the Musgrave Ranges at Wingellina

Interaction with the State and Federal Governments in relation to infrastructure requirements within Central Australia continues. An application was made to the Northern Territory ("NT") Government to obtain "Significant Project Status" for the road and gas infrastructure, which was recommended and presented to the NT Cabinet. Although Major Project Status was not obtained, the potential benefits that the project brings to the NT were recognised and as such the NT Government has agreed to work with Metals X towards the realising these benefits and in particular the logistic opportunities. Strong support from the other states and Commonwealth is ongoing.

Metals X also continues to discuss development options using alternate technology and scales which have significantly changed as a result of the lower nickel price environment.

A key focus of Metals X in the ensuing years will be to find the funding and/or partners to bring the Wingellina Project into production. The initial feasibility study of Wingellina has been conducted and showed a robust outcome, albeit at higher nickel prices. Environmental approvals have been received and discussion with the NT Government is ongoing in regards to support for road and gas infrastructure. Given the current lower nickel price environment, a development of the project is not imminent, but it remains poised and ready for the next nickel price upturn.

Within the CMP, the total Mineral Resource Estimate (0.5% cut-off) of the nickeliferous limonite is 215.8 million tonnes at 0.9% nickel, 0.07% cobalt and 44.29% Fe_2O_3, containing 2.0 million tonnes of nickel metal.

DIRECTORS' REPORT

The Directors submit their report together with the financial report of Metals X Limited ("Metals X" or "the Company") and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2016.

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.

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

Peter Cook – Chief Executive Officer and Executive Director

Mr Cook is a Geologist (BSc (Applied Geology)) and a Mineral Economist (MSc (Min. Econ), MAusIMM with over 30 years of experience in the fields of exploration, project, operational and corporate management of mining companies.

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

- Pantoro Limited (formerly Pacific Niugini Limited)* (Appointed 31 August 2009) and:
- Brainchip Holdings Limited (formerly Aziana Limited) (Appointed 30 May 2011 – Resigned 10 September 2015).

Warren Hallam - Executive 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:

- Brainchip Holdings Limited (formerly Aziana Limited) (Appointed 30 May 2011 – Resigned 11 April 2014).

DIRECTORS' REPORT

Xie Penggen – Non-Executive Director

Mr Xie Penggen is a minerals processing engineer with over 25 years of experience in the mining industry. Mr Xie commenced his career within the Jinchuan Group where he has undertaken various operational, technical and management roles. He is currently an executive in Jinchuan's global investment group which is responsible for the Group's international investments.

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

Yimin Zhang – Alternate Non-Executive Director

Mr Zhang joined the Board to act as an alternate director for Xie Penggen. 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 Chung Chan.

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

- Albidon Limited* (Appointed 9 September 2009 – Resigned 2 August 2013).

Andrew Ferguson - Non-Executive Director (Resigned 23 March 2016)

Mr Ferguson is an Executive Director and the Chief Executive Officer of APAC Resources Limited. Mr Ferguson holds a Bachelor of Science Degree in Natural Resource Development and has 15 years of experience in the finance industry specialising in global natural resources. Mr Ferguson also serves on the Company's Audit & Risk and Remuneration & Nomination Committees.

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

- ABM Resources Limited* (Appointed 9 July 2012).

Simon Heggen – Independent Non-Executive Director

Mr Heggen holds Bachelor of Economics and 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.

- RNI NL* (Appointed 31 October 2015).

Paul Cmrlec – Independent Non-Executive Director

Mr Cmrlec holds a Bachelor of Mining Engineering degree from the University of South Australia. He has considerable experience in feasibility studies, project development and operational management. Mr Cmrlec 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 company:

- Pantoro Limited (formerly Pacific Niugini Limited)* (Appointed 3 June 2010).

***** 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	Performance Rights
PM Cmrlec	91,521	-
PG Cook	18,361,237	709,092
WS Hallam	1,587,500	507,867
S D Heggen	5,000	-
P J Newton	13,874,697	-
X Penggen [1]	44,000,000	-
Y Zhang (Alt Director)	-	-
Total	**77,919,955**	**1,216,959**

(1) X Penggen is a director of Jinchuan Group Limited which holds 44,000,000 fully paid ordinary shares in the Company.

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 gold mines in Australia; and
- exploration and development of precious and base metals projects in Australia.

EMPLOYEES

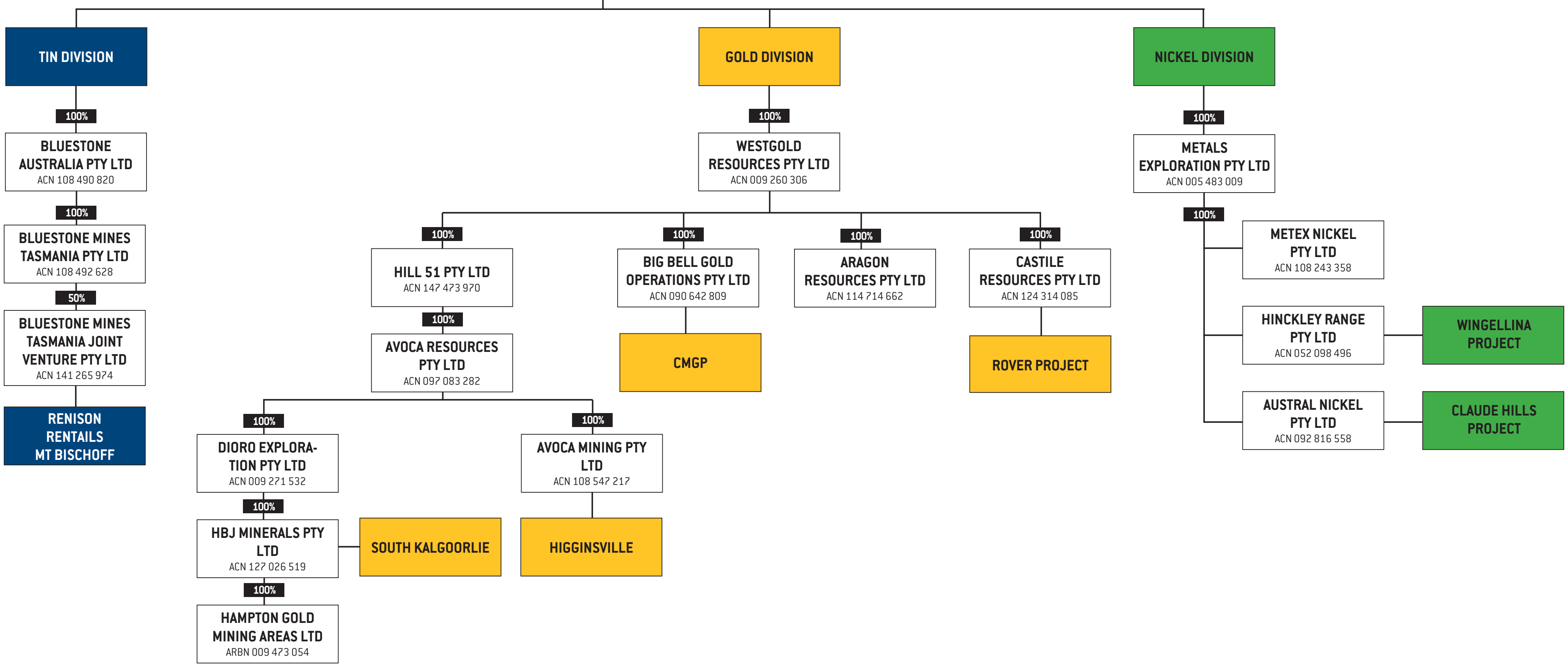
The Consolidated Entity had 424 employees at 30 June 2016 (2015: 301).

DIRECTORS' REPORT

CORPORATE INFORMATION

Corporate Structure

METALS X LIMITED
ACN 110 150 055



OPERATING AND FINANCIAL REVIEW

OPERATING RESULTS

The Consolidated Entity's net loss after income tax for the period was $23,624,193 (2015: $40,949,201), a decrease of 158% as compared to the previous financial year.

- Consolidated revenue: $352,281,354 (2015: $315,250,223);
- Consolidated total cost of sales: $339,726,697 (2015: $254,907,936);
- Impairment losses: $105,000 (2015: $6,217,594); and
- Exploration and evaluation expenditure write off: $26,816,554 (2015: $6,110,660).

The Higginsville Gold Operation ("HGO") revenue was $151,350,329 (2015: $195,812,444) resulting from lower production due to lower grades from the Trident underground mine. HGO cost of sales were $159,570,620 (2015: $148,812,444) due to higher costs of deeper underground mining and post-fill requirements and an increase in amortisation rates. In the current period no impairment losses were recognised at HGO (2015: $4,717,594). In 2015 the impairment related to the closure of the Chalice underground mine.

The South Kalgoorlie Operation ("SKO") revenue was $72,484,117 (2015: $36,963,792) due to increased production occurring as the HBJ underground mine transitioned from a development phase to a production phase. SKO cost of sales were $70,182,941 (2015: $35,195,590) due to higher costs associated with the start-up of the HBJ underground and an increase in amortisation rates.

The Central Murchison Gold Project ("CMGP") revenue was $56,482,885 (2015: nil) resulting from the onset of production from the project after plant commissioning in mid-October 2015. CMGP cost of sales were $54,001,495 (2015: nil) with early costs being in-line with expectations for the initial start-up phase of the project.

Revenue from the 50% owned Tasmanian Tin Operations was $70,682,179 (2015: $79,629,155), which is a result of lower tin prices and a reduction in tin output. Total cost of sales was $62,611,900 (2015: $69,875,924) due to a reduction in costs associated with efficiencies introduced in both mining and processing.

Exploration and evaluation expenditure write off of $26,816,554 (2015: $6,110,660) due to a review of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to those areas of interest.

REVIEW OF FINANCIAL CONDITION

The consolidated statement of cash flows illustrates that there was a decrease in cash and cash equivalents in the year ended 30 June 2016 of $59,853,058 (2015: $41,928,974 increase).

- Cash flow from operating activities: $62,040,162 (2015: $82,813,166);
- Cash flows used in investing activities: $132,027,646 (2015: $74,350,983).
- Cash flows from financing activities: $10,134,426 (2015: $33,466,791).

Operating Activities

Cash flows used in operating activities across the group were less than that of the previous corresponding period due to the decline in production and increase in costs at the HGO, which were slightly offset by an increase in production at the SKO and commencement of production at the CMGP.

Investing Activities

Cash flows used in investing activities across the group were significantly greater than that of the previous corresponding period, mainly due to capital investment in the CMGP which commissioned and became a producer during the period. In addition significant capital investment in the HBJ underground mine at the SKO was undertaken as well as exploration across the groups various exploration and development assets.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Capital re-investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the period:

- HGO $18,672,735 (2015: $22,594,584);
- SKO $29,169,224 (2015: $20,882,269), including $4,500,000 and $2,000,000 respectively for acquisitions of the George's Reward and Gunga Projects;
- CMGP $70,554,400 (2015: $20,617,506) including $3,000,000 for acquisition of the Comet Project;
- Fortnum Gold Project $1,814,964 (2015: nil);
- Tin Operations $4,930,094 (2015: $4,303,545);
- Wingellina Nickel Project $1,781,439 (2015: $2,874,665)
- Share investments $2,274,834 (2015: nil);
- Other exploration activities $1,538,964 (2015: $2,227,024).

Capital commitments of $2,688,982 (2015: $2,383,726) existed at the reporting date, principally relating to the purchase of plant and equipment.

Financing Activities

- The Consolidated Entity increased its gold prepayment facility during the period by $23,250,000 (2015: $40,445,000) (refer to notes 25 and 26).
- The Consolidated Entity paid a dividend during the period of $10,057,734 (2015: $9,546,275).
- The consolidated Entity's debt has increased by $10,520,266 (2015; $4,750,092) to $15,443,345 (2015: $4,923,079) over the period due to acquisition of a Village at the CMGP ($4,550,000) and the underground mining fleet for the Tin Operations ($8,381,643).

SHARE ISSUES DURING THE YEAR

Acquisition of Mt Henry Gold Project

On 16 September 2015 the Company issued 22,000,000 shares to acquire the Mt Henry Gold project from Panoramic Resources Limited and Matsa Resources Limited.

Fortnum Gold Project Acquisition

On 19 October 2015 the Company issued 18,000,000 shares to acquire the Fortnum Gold project from RNI NL.

Aditya Birla Minerals Limited Takeover Offer

On 15 October 2015 the Company announced an off-market takeover bid to acquire 100% of the ordinary shares in Aditya Birla Minerals Limited ("Aditya Birla"). The original offer of 1 Metals X share for every 5 Aditya Birla share was increased on 7 December 2015 to 1 Metals X share for every 4.75 Aditya Birla share. On 16 February 2016 the Company waived all conditions under the takeover bid, freeing the bid of all defeating conditions. During the period the Company has issued 21,504,262 shares to Aditya Birla accepting shareholders representing a 32.60% interest Aditya Birla.

Dividend Reinvestment Plan

During the year 2,170,099 (2015: 2,053,753) shares were issued as part of the dividend reinvestment plan which entitled investors to convert their dividend into shares at a 5% discount to the 5 day VWAP after the record date.

DIVIDENDS

Dividends paid to Members during the 2016 financial year were as follows:

Dividend Rate	Record Date	Payment Date	Franking	DRP Discount
2.95 cents per share	2 Sept 2015	25 Sept 2015	26% franked	5% to 5 day VWAP

The Directors do not propose to pay any dividend for financial year ended 30 June 2016.

Refer to note 10 for available franking credits.

REVIEW OF OPERATIONS

GOLD DIVISION

Metals X continued to advance its gold business during the period. It was a period of significant capital investment with the highlights being the successful commissioning of the Central Murchison Gold Project process plant and the transition of the HBJ underground mine at South Kalgoorlie Operation completing its main capital phase and near the end of the half-year transitioning into an operating phase. The Gold Divisions key assets are:

1. The Higginsville Gold Operation;
2. The South Kalgoorlie Operation;
3. The Central Murchison Gold Project;
4. The Fortnum Gold Project; and
5. The Rover Project.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Performance of the Gold Division for the period 30 June 2016 is summarised below:

		HGO	SKO	CMGP	Group
Physical Summary	Units				
UG Ore Mined	t	672,732	427,136	203,815	**1,303,682**
UG Grade Mined	g/t	3.35	2.35	2.25	**2.85**
OP BCM Mined	BCM	1,409,986	1,437,269	5,909,584	**8,756,839**
OP Ore Mined	t	342,727	261,072	892,848	**1,496,648**
OP Grade Mined	g/t	1.78	1.98	1.26	**1.50**
Ore Processed	t	1,114,145	884,854	925,069	**2,924,068**
Head Grade	g/t	2.78	1.76	1.36	**2.02**
Recovery	%	91.07%	90.49%	91.94%	**91.17%**
Gold Produced	oz	91,371	45,403	37,182	**173,956**
Gold Sold	oz	95,461	44,520	33,757	**173,738**
Achieved Gold Price	A$/oz	1,614	1,614	1,614	**1,614**
Cost Summary					
Mining	A$/oz	700	877	746	**756**
Processing	A$/oz	310	288	390	**322**
Admin	A$/oz	114	57	187	**114**
Stockpile Adj	A$/oz	30	(73)	(68)	**(18)**
C1 Cash Cost (produced oz) *	**A$/oz**	**1,154**	**1,149**	**1,255**	**1,174**
Royalties	A$/oz	146	34	60	**98**
Marketing/Cost of sales	A$/oz	2	2	0	**2**
Sustaining Capital	A$/oz	53	98	109	**77**
Corporate Costs	A$/oz	8	18	12	**12**
All-in Sustaining Costs **	**A$/oz**	**1,363**	**1,301**	**1,436**	**1,363**
Project Startup Capital	A$/oz	109	436	1,394	**469**
Exploration Holding Cost	A$/oz	42	105	324	**119**
All-in Cost **	**A$/oz**	**1,514**	**1,842**	**3,154**	**1,951**

Performance of the Gold Division for the period 30 June 2015 is summarised below:

		HGO	SKO	Group
Physical Summary	Units			
UG Ore Mined	t	659,957	10,687	**670,644**
UG Grade Mined	g/t	5.59	1.77	**5.53**
OP BCM Mined	BCM	192,743	106,297	**299,040**
OP Ore Mined	t	527,994	225,842	**753,836**
OP Grade Mined	g/t	1.91	1.44	**1.77**
Ore Processed	t	1,027,025	766,238	**1,793,263**
Head Grade	g/t	4.27	0.90	**2.83**
Recovery	%	92.88%	84.25%	**89.19%**
Gold Produced	oz	131,406	19,496	**150,902**
Gold Sold	oz	132,637	24,965	**157,602**
Achieved Gold Price	A$/oz	1,453	1,453	**1,453**
Cost Summary				
Mining	A$/oz	498	410	**486**
Processing	A$/oz	202	682	**264**
Admin	A$/oz	94	152	**101**
Stockpile Adj	A$/oz	(13)	(99)	**(24)**
C1 Cash Cost (produced oz) *	**A$/oz**	**781**	**1,145**	**827**
Royalties	A$/oz	94	34	**86**
Marketing/Cost of sales	A$/oz	1	4	**2**
Sustaining Capital	A$/oz	0	0	**0**
Corporate Costs	A$/oz	85	410	**127**
All-in Sustaining Costs **	**A$/oz**	**961**	**1,593**	**1,042**
Project Startup Capital	A$/oz	58	459	**110**
Exploration Holding Cost	A$/oz	28	121	**40**
All-in Cost **	**A$/oz**	**1,047**	**2,173**	**1,192**

* 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.

The Higginsville Gold Operation ("HGO")

HGO is centred around the main infrastructure of a modern 1.3Mtpa CIP plant and its infrastructure, and a 300 person village. During the period the Company acquired the Mt Henry Gold Project south of Norseman which will be integrated with HGO.

Mining at HGO during the period was from the Trident underground mine and a group of open pits.

Production from the Trident underground mine during the period was from lower grade ore zones in the pinch-out of the Artemis Helios lodes. The lower grades and some challenging mining and paste filling aspects impacted productivity and costs for the Trident underground mine. Exploration has successfully delivered extensions to the Trident ore system, however, increasing depth, erratic grade distribution, increasing ventilation and royalty imposts have created a situation where the group is reviewing the timing of future capital development in the mine.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Open pit mining progressed as planned with the deeper parts of Napoleon giving way to slower ore production. During the period mining at the Fairplay open pit also commenced. In September 2015 HGO acquired the Mt Henry Gold Project which is located approximately 70kms south of HGO. The Mt Henry Gold Project consists of three main deposits, namely Mt Henry, Selene and North Scotia, all of which are simple open pit mining propositions. Work has commenced to integrate this project into HGO. Mining is expected to commence by September 2016 with bulk-tonnage lower grade open pit ores being carted 70kms to HGO for processing.

HGO has a Total Mineral Resource Estimate of 33.6Mt at 2.04 g/t Au, containing 2.2Moz of gold with a Total Ore Reserve Estimate of 7.6Mt at 1.78 g/t, containing 433Koz of gold+.

The South Kalgoorlie Operation ("SKO")

The SKO operations are centred upon an older 1.2Mtpa CIP plant and infrastructure. Numerous open pits and underground deposits have previously been mined within the tenement area since the late 1980's.

The main focus of SKO during the period continued to be on the HBJ underground mine which remained in a capital development phase for half of the period. HBJ underground mine transitioned to a production phase which significantly improved its physical and financial outputs. The smaller amounts of development ore from HBJ underground mine was blended with existing low-grade stocks and ores from small low grade open pits.

Mining commenced at Stage 1 Cannon open pit mine which is subject to a mine financing and profit sharing agreement with Southern Gold Limited ("SAU") for the development of the Cannon open pit mine and potentially an underground mine at Bulong. Under the agreement, SKO operates and manages the mine. Ore is batch processed in parcels of approximately 40,000 tonnes through the SKO process plant. The first batch of ore was successfully processed through the SKO process plant in November. All proceeds from the sale of the Cannon production goes first to repay all costs incurred by the project and SKO has the right to a 50% share of all surplus profits. During the period 163,827 tonnes were processed at a grade of 2.50 g/t to produce 12,074 ounces.

In July 2015 SKO acquired the George's Reward Project which has an adjoining lease boundary with the Cannon open pit. The existing agreement with SAU was extended to allow the mining of a larger open pit across combining the Cannon (50% profit share) with George's Reward (100% MLX owned). Mining of the larger open pit commenced in November 2015.

In June 2016 SKO acquired the Gunga Project which will provide an alternate ore source at the end of the Cannon campaigns.

SKO has a Total Mineral Resource Estimate of 50.9Mt at 2.27 g/t, containing 3.7Moz gold with a Total Ore Reserve Estimate of 2.3Mt at 2.60 g/t, containing 192Koz of gold+.

The Central Murchison Gold Project ("CMGP")

The CMGP is centred upon the refurbished 2.0 Mtpa process CIP plant (Bluebird process plant) and associated infrastructure. The project has numerous open pit and underground production options.

The overall consolidated CMGP project area has a number of historic gold mining centres and an aggregated gold production of nearly 10 million ounces. These include the Day Dawn, Cuddingwarra, Big Bell, Reedy, Nannine, Yaloginda, Paddy's Flat and Meekatharra North gold mining centres with the bulk of historic production being sourced from a handful of larger underground mines.

The Bluebird process plant was commissioned on a campaign basis in October 2015 on open pit and low grade stockpile ores. Successful optimisation of the process plant continued during the period.

The Company acquired a new 260 person village at Cue to serve the southern operations and re-work the large Big Bell mineral resource at a higher cut-off grade to enable a better financial outcome for the planned underground mine.

Open pit mining commenced in June 2015. Open pit mining during the period was at Whangamata, Batavia, Jack Ryan, Callisto, Bluebird and Surprise West. Open pit mining in the ensuing period will be at Jack Ryan, Callisto, Bluebird, Surprise, Anarchist, Rhens Hope, Mickey Doolan, Gibraltar, Aladdin and Culiculli.

Underground mining at Paddy's Flat commenced in mid-October 2015 with the decline now being well established. We have now completed the transition to stoping on both the Prohibition and the Viivien-Consols lodes and monthly production is now at steady state levels with both lots of stope grades reporting positive reconciliations against pre-mined estimates.

Dewatering at Big Bell underground commenced with re-access to the old portal expected late in the 2016 calendar year. A revised development plan using the higher cut-off resource estimate was completed. When operational, Big Bell will become the cornerstone production feed for the CMGP providing approximately 50% of long-term mill feed and over 80,000-100,000 ounces per annum to overall output.

A development plan to commence underground mining at the Comet mine near Cue commenced and submissions for statutory approvals have been lodged. Comet is expected to provide a bridge production feed whilst Big Bell is re-established and builds its production rates.

The CMGP has a Total Mineral Resource Estimate of 108.7Mt at 2.21 g/t, containing 7.7Moz of gold with a Total Ore Reserve Estimate of 22.8Mt at 2.63 g/t, containing 1.9Moz of gold[+].

The Fortnum Gold Project ("FGP")

In October 2015 the Company acquired the FGP (previously referred to as Grosvenor) from RNI NL. The FGP is centred upon the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill. A 1.0M tpa CIL plant, a 100 person village and all the plant and infrastructure required to operate the project is in place but in need of re-permitting and refurbishment before production can recommence.

Metals X has taken over the operations and significant progress toward a re-start of gold operations at FGP was made during the period with the release of the initial five year development plan (refer ASX announcement 15 July 2016).

This plan concluded a robust and low-capital risk start-up plan for the project. The key outputs of the initial five year plan are summarised:

Capital and infrastructure refurbishment cost	A$15 million (incl. contingency)
Refurbishment time-frame	16 weeks
Initial Ore Feeds	
Existing Low Grade Stocks	1.1 million tonnes @ 1.1 g/t
Planned Open Pits	4.4 million tonnes @ 1.9 g/t
Planned Underground Mining	560,000 tonnes @ 4.1 g/t
Sub-total	**5.4 million tonnes @ 2.0g/t (338,500 oz)**
Average Cash Operating Costs	A$ 66 per tonne or A$1150 / ounce
All in Cost	A$ 76 per tonne or A$ 1280 / ounce
Estimate NPV 8%	A$ 180m
Estimated IRR	90%
Simple payback (including acquisition)	2 years

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

There remains significant opportunity to upscale and accelerate the project ramp-up by taking a more aggressive development approach, however this would require higher upfront capital development. Significantly longer mine life exists beyond this initial five year plan from known resources which require more validation and drilling, especially the Peak Hill region which is yet to be considered in the development strategy.

The FGP has a Total Mineral Resource Estimate of 29.7Mt at 1.84 g/t, containing 1.75Moz of gold with a Total Ore Reserve Estimate of 5.4Mt at 1.95 g/t, containing 339Koz of gold[+].

The Rover Project

The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far fully tested a small number of anomalies and significant mineralised IOCG ("Iron Oxide Copper Gold") systems have been discovered at the Rover 1 and Explorer 142 prospects. In addition significant lead-zinc-silver discoveries have been made at Explorer 108 and recently at the Curiosity Prospect to its south.

The Rover 1 Prospect is a virgin IOCG discovery and has a Total Mineral Resource Estimate of 6.8Mt at 1.73g/t Au, 1.2% Cu, 0.14% Bi and 0.06% Co although drilling is continuing. The Explorer 108 prospect has a Total Mineral Resource Estimate of 11.9Mt at 3.24% Zn, 2.00 pb and 11.14g/t Ag[+].

The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

Work in the Tennant Creek district continues to be focused on defining the optimal development pathway for the Rover 1 deposit including the additional drilling into a postulated second bonanza gold and copper zone sitting between the 600m and 800m vertical depth. Drilling during the period successfully outlined this zone with spectacular results.

TIN DIVISION

Metals X is a globally significant tin producer through its 50% ownership of the Renison Tin Project which holds three key assets:

1. The world class Renison Tin Mine with a 700,000tpa tin concentrator;
2. The Renison Expansion Project (Rentails Project); and
3. The Mount Bischoff Project.

Renison Tin Mine (50%)

The Renison Tin Project is located approximately 15km north-east of Zeehan on Tasmania's west coast. The Rentails tailings resources sit nearby whilst the Mount Bischoff open pit mine (not operational) is located approximately 80km north.

Towards the end of the period the project transitioned from contract mining to owner operator mining. The changeover to owner miner had a minor impact on production during this period. The mining buffer through this process was a bulk low-grade stope in the Central Federal Bassett lode system where mining logistics were simpler and productivity could be higher. This however was counter-balanced by overall lower grades.

The transition to owner mining is part of a strategy to drive long-term costs structures at Renison lower. The first step was to remove the contractor margins as skilled personnel and mining equipment availability freed up with the overall industry down-turn.

The Renison Tin Mine has a Total Mineral Resource Estimate of 11.5Mt at 1.44% tin, containing 166Ktn of tin metal with a Total Ore Reserve Estimate of 5.7Mt at 1.28% tin, containing 73Ktn of tin metal[+].

Performance of the Tin Division's 50% share is summarised below:

		30 /06 / 2016	30 / 06 / 2015
Physical Summary	**Units**		
UG Ore Mined	t	342,138	322,467
UG Grade Mined	% Sn	1.29%	1.56%
Ore Processed	t	344,759	320,742
Head Grade	g/t	1.29%	1.57%
Recovery	% Sn	71.22%	70%
Tin Produced	t	3,181	3,536
Tin Sold	t	3,236	3,523
Achieved Tin Price	A$/t	21,316	22,662
Cost Summary			
Mining	A$/t	9,112	9,702
Processing	A$/t	4,424	3,901
Admin	A$/t	952	844
Stockpile Adj	A$/t	174	(67)
C1 Cash Cost (produced oz) *	**A$/t**	14,662	14,381
Royalties	A$/t	570	622
Marketing/Cost of sales	A$/t	2,170	2,304
Sustaining Capital	A$/t	2,482	2,520
Reclamation & other adj.	A$/t	42	19
Corporate Costs	A$/t	25	16
All-in Sustaining Costs **	**A$/t**	19,952	19,862
Project Startup Capital	A$/t	741	93
Exploration Holding Cost	A$/t	-	-
All-in Cost ***	**A$/t**	20,693	19,954

* 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.

Renison Project Tin Concentrator

The tin concentrator performance showed excellent availabilities and utilisation. The Company is looking to improve overall head-grade and tin metal entering the tin concentrator circuit by applying modern ore sorting technology to remove intercalated gangue and ore dilution from the mill feed.

Renison Expansion Project ("Rentails Project")

The Renison tin concentrator has generated a significant quantity of process tailings accumulated over its lifetime of operation. The Rentails Project aims to re-process and recover tin and copper from the tailings by the application of modern processing technology in flotation, gravity and tin-fuming methods. A Definitive Feasibility Study ("DFS") of the mining and re-processing of the tailings for the project was completed in 2009. The DFS concluded that a 10-year project could be established using an integrated 2Mtpa tin concentrator and tin-fumer plant could be constructed to produce approximately 5,300 tonnes of tin and 2,000 tonnes of copper contained in concentrate per annum.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

The Project partners continued to review the development options for the Rentails Project including the re-assessment of the technical and construction parameters of the tin fumer plant with a view to lowering the capital cost and efficiency of the process.

The Rentails Project has a Total Mineral Resource Estimate of 22.5Mt at 0.45% tin containing 100Kt of tin metal with a Total Ore Reserve Estimate of 21.6Mt at 0.45% tin containing 97Kt of tin metal[+].

Mt Bischoff Project

The Mt Bischoff Project is located approximately 80km north of the Renison mine. Mt Bischoff was a significant historical tin operation, producing some 60,000 tonnes of tin metal since the late 1800's. Open pit mining by Metals X between 2009 and 2011 produced a further 5,000 tonnes of tin metal before the initial open pit mine was depleted. Whilst the mine remains on care and maintenance, significant resources remain at depth and numerous historically mined areas remain underexplored and offer future development opportunity at higher tin prices.

The Mt Bischoff Project has a Total Mineral Resource Estimate of 1.7Mt at 0.54% tin, containing 9Ktn of tin metal[+].

NICKEL DIVISION

Metals X's nickel strategy remains focused on the Central Musgrave Project ("CMP") which straddles the triple-point of the WA/NT/SA borders. The project represents the Company's key nickel assets and comprises of the globally significant Wingellina Ni–Co-Fe rich Limonite deposit, the similar Claude Hills deposit and the Mt Davies exploration prospects. The project encompasses 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.

The key focus of the Nickel Division is to bring the Wingellina Nickel–Cobalt Project into production.

The Board had previously reached a decision to defer the expenditure on the updated feasibility due to the continuum of a depressed nickel market.

Whilst the engineering works for an updated feasibility study by HPAL (high pressure acid leach) technology has been halted, Metals X continues to use its internal resources to complete other long lead-time studies required for the DFS, including infrastructure, roads, rail and ports studies.

The final the Public Environmental Review ("PER") document was completed and approved by the Environmental Protection Authority ("EPA") for release to the public for an 8-week review period in September 2015 and ended in November 2015. The final EPA report and recommendations were published in late June 2016 for a 14 day public review process. Metals X has been advised that there were no appeals received and that the general conditions of the approval have been finalised. It is anticipated that the final approval by the Environmental Minister will be obtained shortly.

Interaction with the State and Federal Governments in relation to infrastructure requirements within Central Australia continued during the period. An application has been submitted to the Northern Territory ("NT") Government to obtain "Significant Project Status" for the road and gas infrastructure, which will result in further cooperation by the territory. The NT Major Projects Group sub-committee has recommended that the project be presented to NT Cabinet which is expected to be occur soon. Strong support from the other states and Commonwealth is ongoing.

Metals X continues to discuss development options using alternate technology and scales which have significantly changed the game in this lower nickel price environment.

Within the CMP, Total Mineral Resource Estimates (0.5% cut-off) of the nickeliferous limonite are 215.8Mt at 0.9% Ni, 0.07% Co and 44.29% Fe_2O_3, containing 2.0Mt nickel metal[+].

OTHER EXPLORATION ASSETS

Warumpi

Warumpi is a significant grass roots exploration play within the prolific basement rocks of the West-Arunta province in the Northern Territory. These rocks, which have recently been identified as being geologically, tectono-thermally and temporally similar to Proterozoic basins in Eastern Australia that host five of the world's ten largest stratabound Pb-Zn deposits (Broken Hill, Hilton-George Fisher, Mount Isa, MacArthur River and Century). Metals X is undertaking the first modern exploration program in this highly underexplored region.

In the previous period on ground reconnaissance discovered an outcropping gossan at the Huron Prospect with rock chip results at surface returning results up to 120g/t Ag, 9.89% Cu and 4.73% Zn (WR0343). Further reconnaissance revealed a cluster of gossanous outcrops with high anomalous base and precious metal results (silver, copper and zinc). Infill sampling surrounding this zone was completed with results returning up to 182g/t Ag (WR0381), 7.72%Cu (WR0373) and 8.55% Zn (WR0351) (announcement ASX:MLX 22 December 2014). Metals X has been negotiating access arrangements for further exploration.

In addition Metals X acquired all residual interests in the project during the period and now owns the prospects outright.

+ For further details on Total Mineral Resource and Reserve Estimates refer to ASX announcement dated 18 August 2016.

INVESTMENTS

Metals X's current investment holdings are:

- Mongolian Resource Corporation Limited (ASX:MUB) 14.76% (2015: 14.76%);
- Brainchip Holdings Limited (formerly Aziana Limited) (ASX:BRN) 7.10% (2015: 13.73%):
- RNI NL (ASX:RNI) 1.22% (2015: Nil): and
- Aditya Birla Minerals Limited (ASX:ABY) 32.60% (2015: Nil).

On 15 October 2015 the Company announced an off-market takeover bid to acquire 100% of the ordinary shares in Aditya Birla Minerals Limited ("Aditya Birla"). 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. On 16 February 2016 the Company waived all conditions under the takeover bid, freeing the bid of all defeating conditions. During the period the Company has issued 21,504,262 shares to Aditya Birla accepting shareholders representing a 32.60% interest Aditya Birla. On July 18 2016 the Company increased the Offer consideration to 1 Metals X shares for every 4.5 Aditya Birla shares, plus $0.08 in cash for every Aditya Birla share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased by 14% ($48,641,758) to $394,908,332 (2015: $346,266,574). The movement was largely a result of share issues to acquire Aditya Birla shares and to acquire assets (the Mt Henry and Fortnum Gold Projects) during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 18 July 2016 the Company announced that Aditya Birla's 51% major shareholder Hindalco Industries Limited had received regulatory approval from the Reserve Bank of India to accept the Metals X takeover offer. Accordingly, Metals X increased the Offer consideration to 1 Metals X shares for every 4.5 Aditya Birla share, plus $0.08 in cash for every Aditya Birla share.

On 20 July 2016 the Company announced it had obtained 85.18% acceptances under the Aditya Birla off-market takeover offer and that it had gained control of Aditya Birla.

On 21 July 2016 the Company drew down on a $25,000,000 cash advance facility with Citibank N.A. to pay the cash consideration to Aditya Birla shareholders.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE (CONTINUED)

On 22 July 2016 the Company announced it had obtained 90.06% acceptances under the Aditya Birla off-market takeover offer and that it would proceed to compulsorily acquire the remaining interests in Aditya Birla.

On 29 July 2016 the Aditya Birla off-market takeover offer closed with the Company obtaining 94.75% acceptances.

On 4 August 2016 the Company announced that it will be commencing the process to separate its gold division from the remainder of the diversified base metals assets by a potential demerger.

On 4 August 2016 the Company announced that it will be offering the opportunity to eligible shareholders to participate in a Share Purchase Plan ("SPP"). Under the SPP, eligible shareholders are invited to invest up to $15,000 at $1.48 per share subject to an overall cap on the SPP of $15,000,000. The SPP Offer closes on 1 September 2016.

On 9 August 2016 the Company announced that it had completed an institutional placement of $100,600,000 and issued 68,000,000 new fully paid ordinary shares in the Company at an issue price of $1.48 per share.

There are no other matters or circumstances that have arisen since 30 June 2016 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

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 and gold bullion in Australia, and will continue the development of its nickel and gold exploration projects. These are described in more detail in the Review of Operations above.

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.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options, refer to note 27(e).

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 no option conversions during the financial year refer to note 27(f) for further details.

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.

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:	17	2	1
No of meetings attended:			
PG Cook	17	-	-
PM Cmrlec	17	2	1
AC Ferguson	12	2	-
WS Hallam	17	-	-
SD Heggen	17	2	1
PJ Newton	16	2	1
X Penggen	-	-	-
Y Zhang (Alt Director)	15	-	-

All Directors were eligible to attend all meetings held except Mr Ferguson who resigned on 23 March 2016.

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
PM Cmrlec	PM Cmrlec
AC Ferguson	AC Ferguson

Notes:

* Designates the Chairman of the Committee.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Non-executive Director remuneration arrangements
4. Executive remuneration arrangements
5. Company performance and the link to remuneration
6. Executive contractual arrangements
7. Additional statutory disclosures

1. INTRODUCTION

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity.

For the purposes of this remuneration report, the term 'executive' includes the Chief Executive Officer ("CEO"), executive directors, senior executives, general managers and secretary of the Consolidated Entity.

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

Name	Position	Appointed	Resigned
(i) Non-Executive Directors ("NEDs")			
PJ Newton	Non-Executive Chairman	14 / 12 / 2012	-
PM Cmrlec	Non-Executive Director	23 / 07 / 2013	-
AC Ferguson	Non-Executive Director	10 / 05 / 2012	23 / 03 / 2016
SD Heggen	Non-Executive Director	25 / 10 / 2012	-
X Penggen	Non-Executive Director	09 / 02 / 2012	-
Y Zhang	Alternate for Mr Xie Penggen	03 / 10 / 2007	-
(ii) Executive Directors			
PG Cook	CEO & Executive Director	23 / 07 / 2004	-
WS Hallam	Executive Director	01 / 03 / 2005	-
(iii) Other Executives ("KMPs")			
AH King	General Manager - Tin Operations	24 / 02 / 2014	-
JG Brock	Chief Operating Officer - CMGP	21 / 03 / 2016	-
PD Hucker	Chief Operating Officer - SKO & HGO	17 / 10 / 2012	-
MR Poepjes	Chief Mining Engineer	08 / 08 / 2011	-
JW Russell	Chief Geologist	17 / 10 / 2012	-
FJ Van Maanen	CFO & Company Secretary	01 / 07 / 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.

2. REMUNERATION GOVERNANCE

Remuneration and Nomination Committee

The remuneration and nomination committee comprises three NEDs.

The remuneration and nomination committee is responsible for making recommendations to the Board on the remuneration arrangements for non-executive directors and executives.

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.

Remuneration approval process

The Board approves the remuneration arrangements of the CEO and executives and all awards made under the long-term incentive plan, following recommendations from the remuneration and nomination committee. The Board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

The remuneration and nomination committee approves, having regard to the recommendations made by the CEO, the level of the Consolidated Entity's short-term incentive pool.

Remuneration Strategy

The Company's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Consolidated Entity.

To this end, the company embodies the following principles in its remuneration framework:

- retention and motivation of key executives;
- attraction of quality management to the Consolidated Entity; and
- performance incentives which allow executives to share the rewards of the success of the Consolidated Entity.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

Remuneration report at FY15 AGM

The FY15 remuneration report received positive shareholder support at the FY15 AGM with a vote of 99.5% in favour.

3. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

Remuneration Policy

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors of comparable companies. The Board may consider advice from external consultants, however none were engaged during the year. The board also considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

REMUNERATION REPORT (AUDITED) (CONTINUED)

3. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS(CONTINUED)

The Company's constitution and the ASX listing rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. The last determination was at the annual general meeting held on 26 November 2014 when shareholders approved an aggregate fee pool of $600,000 per year.

Structure

The remuneration of non-executive directors consists of director's fees. Non-executives are entitled to receive retirement benefits and to participate in any incentive programs. There are currently no specific incentive programs.

The non-executive Chairman receives a base fee of $110,000 and each other non-executive director receives a base fee of $80,000 for being a director of the Consolidated Entity. There are no additional fees for serving on any board committees.

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.

The remuneration report for the non-executive directors for the year ending 30 June 2016 and 30 June 2015 is detailed in Table 1 and Table 2 respectively of this report.

4. EXECUTIVE REMUNERATION ARRANGEMENTS

Remuneration Policy

The Company's executive remuneration strategy is designed to attract, motivate and retain high performing individuals and align the interests of executives and shareholders.

Structure

In determining the level and make-up of executive remuneration, the remuneration and nomination committee engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation); and
- Variable remuneration (share options, performance rights and cash bonus).

The proportion of fixed remuneration and variable remuneration for each executive for the period ending 30 June 2016 and 30 June 2015 are set out in Table 1 and Table 2.

Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increase. Fixed remuneration is reviewed annually by the remuneration and nomination committee. The process consists of a review of the Company, individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component for executives for the period ending 30 June 2016 and 30 June 2015 are set out in Table 1 and Table 2.

Variable Remuneration

Short Term Incentive ("STI") – cash bonus

The objective of the STI is to link the increase in shareholder value over the year with the remuneration received by the executives charged with achieving that increase. Executives may from time-to-time receive a discretionary cash bonus approved by the Board as a retrospective reward for exceptional performance in a specific matter of importance. The total potential STI cash bonus available is set at a level so as to provide sufficient incentive to the executives to achieve the performance goals and such that the cost to the Consolidated Entity is reasonable in the circumstances.

Annual STI payments granted to each executive depends on their performance over the year and are based on recommendations from the CEO following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for executives across the Consolidated Entity is subject to the approval of the Board. The Board has no pre-determined performance criteria against which the amount of a STI is assessed and there are no pre-determined maximum possible values of award under the STI scheme. In assessing the value of an STI award to be granted the Board will give consideration to the contribution of the action being rewarded to the success of the Consolidated Entity. Based on the performance of the individuals and the Consolidated Entity, no discretionary STI cash bonuses were awarded in respect of the 2016 financial year and $330,898 STI cash bonuses were paid in respect of the 2015 financial year. No discretionary STI cash bonuses relating to the 2016 or 2015 financial years will become payable in future financial years.

Long Term Incentive ("LTI") – Share options and Performance Rights

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such LTI's are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Consolidated Entity's performance.

LTI awards to executives are made under the Metals X Limited Long Term Incentive Plan and are delivered in the form of options and performance rights over unissued ordinary shares of the Company. The number of options and performance rights issued are determined by the policy set by the remuneration and nomination committee and is based on each executive's role and position with the Consolidated Entity.

The performance rights vest over a period of three years subject to meeting performance measures, with no opportunity to retest. Where a participant ceases employment prior to the vesting of their performance rights, the performance rights are forfeited. The performance rights have the following performance hurdles:

- 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 over the service period of three years, 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. EXECUTIVE REMUNERATION ARRANGEMENTS (CONTINUED)

The comparator group of companies for FY15 Performance Rights comprises:

Evolution Mining Limited	Oceana Gold Corporation
Independence Gold Limited	Ramelius Resources Limited
Kingsgate Consolidated Limited	Regis Resources Limited
Kingsrose Mining Limited	Saracen Mineral Holdings Limited
Medusa Mining Limited	Silver Lake Resources Limited
Northern Star Resources Ltd	Norton Goldfields Limited

The comparator group of companies for FY16 Performance Rights comprises:

Oz Minerals Limited	CuDeco Limited
Northern Star Resources Ltd	Orocobre Limited
Independence Group NL	Saracen Mineral Holdings Limited
Sirius Resources NL	Resolute Mining Limited
Alacer Gold Corp	Beadell Resources Limited
Western Areas Limited	Perseus Mining Limited
Sandfire Resources NL	Medusa Mining Ltd
Oceana Gold Corporation	Kingsgate Consolidated Limited
Regis Resources Limited	Tiger Resources Limited
Evolution Mining Limited	Silver Lake Resources Limited

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 Absolute and Relative TSR's are monitored by an independent external advisor at 30 June each year, with the vesting outcomes ultimately determined at the end of the three year performance period.

The performance rights will vest after three years subject to achieving the performance hurdles or as determined by the Board of Directors. Where a participant ceases employment prior to the vesting of their performance rights, the performance rights are forfeited.

Table 3 and Table 4 provide details of LTI options and performance rights granted, exercised and lapsed during the year.

5. COMPANY PERFORMANCE AND THE LINK TO REMUNERATION

STI remuneration is linked to the performance of the Company. In the current financial year cash bonuses were awarded to executives based on the Company's performance in the preceding financial year.

LTI remuneration has been designed to motivate and incentivise executives to drive the Company's long term performance to deliver greater returns to shareholders. The granting of performance rights and/or share options is a performance incentive which allows executives to share in the rewards and success of the Company.

	30/06/2012	30/06/2013	30/06/2014	30/06/2015	30/06/2016
Closing share price	$0.58	$0.39	$1.04	$1.38	$1.40
Profit/(loss) per share (cents)	-13.24	2.24	9.06	9.87	-5.21
Net tangible assets per share	$0.62	$0.66	$0.75	$0.72	$0.82
Total Shareholder Return	-43%	-32%	165%	35%	4%
Dividend paid per shares (cents)	-	-	2.715	2.95 [1]	-

1. Paid on 25 September 2015.

6. EXECUTIVE CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Chief Executive Officer

The CEO, Mr Cook is employed under an annual salary employment contract. The current employment contract commenced on 1 January 2014. Under the terms of the present contract:

- Mr Cook receives a fixed remuneration of $635,100 (including superannuation) per annum.
- Mr Cook may resign from his position and thus terminate this contract by giving three months written notice. On resignation any unvested options and performance rights will be forfeited.
- The Company may terminate this employment agreement by providing three months written notice or providing payment in lieu of notice period (based on the fixed component of Mr Cook's remuneration). On termination on notice by the Company Mr Cook will still be entitled to any LTI options and performance rights that have vested or that will vest during the notice period. LTI options and performance rights that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company Mr Cook will still be entitled to any LTI options and performance rights that have vested. LTI options and performance rights that have not yet vested will be forfeited.

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. EXECUTIVE CONTRACTUAL ARRANGEMENTS (CONTINUED)

Other executive directors

Mr Hallam is employed under an annual salary employment contract and receives a fixed remuneration of $503,700 (including superannuation) per annum.

The other terms of Executive Director's employment contracts are:

- Executive Directors may resign from their position and thus terminate their contract by giving three months written notice. On resignation any unvested options and performance rights will be forfeited.
- The Company may terminate the employment agreement by providing three months written notice or providing payment in lieu of notice period (based on the fixed component of the executive director's remuneration). On termination on notice by the Company Mr Hallam will still be entitled to any LTI options and performance rights that have vested or that will vest during the notice period. LTI options and performance rights that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Executive Director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company Mr Hallam will still be entitled to any LTI options and performance rights that have vested. LTI options and performance rights that have not yet vested will be forfeited.

Other KMP

All other executives have standard employment contracts. The other terms of the employment contracts are:

- Executives may resign from their position and thus terminate their contract by giving one to three months written notice. On resignation any unvested options and performance rights will be forfeited.
- The Company may terminate the employment agreement by providing one to three months written notice or providing payment in lieu of notice period (based on the fixed component of the executive's remuneration). On termination on notice by the Company other KMP will still be entitled to any LTI options and performance rights that have vested or that will vest during the notice period. LTI options and performance rights that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company other KMP will still be entitled to any LTI options and performance rights that have vested. LTI options and performance rights that have not yet vested will be forfeited.

6. EXECUTIVE CONTRACTUAL ARRANGEMENTS (CONTINUED)

Remuneration of key management personnel of the Consolidated Entity

Table 1: Remuneration for the year ended 30 June 2016

	Short Term			Post employment	Long term benefits	Share based Payment	Total	% Performance related	% of remuneration that consists of performance rights
	Salary and Fees	Cash Bonus	Non monetary benefits	Super annuation	Long service leave	Performance Rights			
Non-executive Directors									
PJ Newton	110,000	-	-	10,450	-	-	120,450	-	-
PM Cmrlec	80,000	-	-	7,600	-	-	87,600	-	-
AC Ferguson *	60,000	-	-	-	-	-	60,000	-	-
SD Heggen	80,000	-	-	7,600	-	-	87,600	-	-
X Penggen	-	-	-	-	-	-	-	-	-
Y Zhang (Alt Director)	-	-	-	-	-	-	-	-	-
	330,000	**-**	**-**	**25,650**	**-**	**-**	**355,650**		
Executive Directors									
PG Cook **	599,803	-	5,536	29,941	23,939	124,842	784,061	16	16
WS Hallam	468,701	-	6,265	34,999	14,990	88,772	613,727	14	14
Other key management personnel									
PD Hucker	319,635	-	6,099	30,365	12,914	51,557	420,570	12	12
JG Brock ***	108,000	-	-	-	-	-	108,000	-	-
AH King	160,000	-	-	15,200	9,392	-	184,592	-	-
MR Poepjes	235,000	-	5,502	22,325	9,796	33,072	305,695	11	11
JW Russell	225,000	-	6,464	21,375	9,287	32,288	294,414	11	11
FJ Van Maanen	287,139	-	7,557	27,278	10,423	60,605	393,002	15	15
	2,403,278	**-**	**37,423**	**181,483**	**90,741**	**391,136**	**3,104,061**		
Totals	**2,733,278**	**-**	**37,423**	**207,133**	**90,741**	**391,136**	**3,459,711**		

* AC Ferguson resigned on 23 March 2016.

** PG Cook was a Director of Brainchip during the period until 10 September 2015 and Metals X was paid $5,356 for director's fees in relation to Brainchip director duties. These amounts represent the net employment expense to Metals X.

*** JG Brock was appointed on 21 March 2016.

6. EXECUTIVE CONTRACTUAL ARRANGEMENTS (CONTINUED)

Remuneration of key management personnel of the Consolidated Entity

Table 2: Remuneration for the year ended 30 June 2015

	Short Term			Post employment	Long term benefits	Share-based Payment	Total	% Perfor-mance related	% of remuneration that consists of perfor-mance rights
	Salary and Fees	Cash Bonus	Non monetary benefits	Superannuation	Long service leave	Performance Rights			
Non-executive Directors									
PJ Newton	110,000	-	-	10,450	-	-	120,450	-	-
PM Cmrlec	80,000	-	-	7,600	-	-	87,600	-	-
AC Ferguson	80,000	-	-	-	-	-	80,000	-	-
SD Heggen	80,000	-	-	7,600	-	-	87,600	-	-
X Penggen	-	-	-	-	-	-	-	-	-
Y Zhang (Alt Director)	-	-	-	-	-	-	-	-	-
	350,000	**-**	**-**	**25,650**	**-**	**-**	**375,650**		
Executive Directors									
PG Cook *	580,948	93,575	4,721	21,959	22,400	52,051	775,654	19	7
WS Hallam	468,653	72,770	4,878	35,047	14,876	38,258	634,482	17	6
Other key management personnel									
PD Hucker	320,047	49,775	5,508	30,000	10,069	21,471	436,870	16	5
AH King	160,000	3,778	-	15,539	-	-	179,317	2	-
MR Poepjes	230,500	35,000	4,941	25,223	6,894	14,639	317,197	16	5
JW Russell	225,000	30,500	5,508	27,072	8,089	14,639	310,808	15	5
FJ Van Maanen	256,215	45,500	7,082	29,663	22,886	25,505	386,851	18	7
	2,241,363	**330,898**	**32,638**	**184,503**	**85,214**	**166,563**	**3,041,179**		
Totals	**2,591,363**	**330,898**	**32,638**	**210,153**	**85,214**	**166,563**	**3,416,829**		

* PG Cook was a Director of Brainchip during the period and Metals X was paid $34,219 for director's fees in relation to Brainchip director duties. These amounts represent the net employment expense to Metals X.

7. ADDITIONAL STATUTORY DISCLOSURES

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

Options

There were no options on issue at the beginning of the period. No options were granted or vested during the year. No options were exercised during the year.

Performance Rights

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

30 June 2016	Year	Perfor-mance rights granted during the year (No.)	Grant date	Value of perfor-mance rights at grant date $	Vesting date	Expiry date	Performance rights vesting during the period	Perfor-mance rights lapsed during the year
PG Cook *	2016	324,476	23/11/2015	218,372	01/07/2018	01/07/2018	-	-
PG Cook **	2015	384,616	26/11/2014	156,154	01/07/2017	01/07/2017	-	-
WS Hallam *	2016	225,175	23/11/15	151,543	01/07/2018	01/07/2018	-	-
WS Hallam **	2015	282,692	26/11/2014	114,733	01/07/2017	01/07/2017	-	-
PD Hucker	2016	134,113	23/11/2015	90,258	01/07/2018	01/07/2018	-	-
PD Hucker	2015	158,654	26/11/2014	64,414	01/07/2017	01/07/2017	-	-
MR Poepjes	2016	82,168	23/11/2015	55,299	01/07/2018	01/07/2018	-	-
MR Poepjes	2015	108,173	26/11/2014	43,918	01/07/2017	01/07/2017	-	-
JW Russell	2016	78,761	23/11/2015	52,946	01/07/2018	01/07/2018	-	-
JW Russell	2015	108,173	26/11/1204	43,918	01/07/2017	01/07/2017	-	-
FJ Van Maanen	2016	156,465	23/11/2015	105,301	01/07/2018	01/07/2018	-	-
FJ Van Maanen	2015	188,462	26/11/2014	76,516	01/07/2017	01/07/2017	-	-

* Grant of performance rights was subject to shareholder approval at the Annual General Meeting, which occurred on 23 November 2015.

** Grant of performance rights was subject to shareholder approval at the Annual General Meeting, which occurred on 26 November 2014.

For details on vesting conditions and valuation of the performance rights, 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.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

7. ADDITIONAL STATUTORY DISCLOSURES (CONTINUED)

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

30 June 2016	Balance held at 1 July 2015	Granted as remuneration	On exercise of options	Net change other ^	Balance held at 30 June 2016
Directors					
PJ Newton	13,525,000	-	-	349,697	13,874,697
PG Cook	18,034,250	-	-	326,987	18,361,237
WS Hallam	1,587,500	-	-	-	1,587,500
AC Ferguson	-	-	-	-	-
PM Cmrlec	89,463	-	-	2,058	91,521
AC Ferguson	-	-	-	-	-
SD Heggen	5,000	-	-	-	5,000
X Penggen	44,000,000	-	-	-	44,000,000
Y Zhang (Alternate Director)	-	-	-	-	-
Executives					
PD Hucker	19,375	-	-	-	19,375
GJ Brock	-	-	-	-	-
AH King	41,250	-	-	12,863	54,113
MP Poepjes	-	-	-	-	-
JW Russell	37,674	-	-	975	38,649
FJ Van Maanen	517,500	-	-	-	517,500
Total	**77,857,012**	**-**	**-**	**692,580**	**78,549,592**

^ Represents acquisitions and disposals of shares on market and shares issued under the dividend reinvestment plan.

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

30 June 2016	Options balance at beginning of period 1 July 2015	Performance rights balance at beginning of period 1 July 2015	Perfor-mance rights granted as remuneration	Options balance at end of period 30 June 2016	Perfor-mance rights balance at end of period 30 June 2016	Perfor-mance rights not vested and not exercisable	Vested and exercisable
Directors							
PJ Newton	-	-	-	-	-	-	-
PG Cook	-	384,616	324,476	-	709,092	709,092	-
WS Hallam	-	282,692	225,175	-	507,867	507,867	-
PM Cmrlec	-	-	-	-	-	-	-
AC Ferguson	-	-	-	-	-	-	-
SD Heggen	-	-	-	-	-	-	-
X Penggen	-	-	-	-	-	-	-
Y Zhang (Alternate Director)	-	-	-	-	-	-	-
Executives							
PD Hucker	-	158,654	134,113	-	292,767	292,767	-
JG Brock	-	-	-	-	-	-	-
AH King	-	-	-	-	-	-	-
MP Poepjes	-	108,173	82,168	-	190,341	190,341	-
JW Russell	-	108,173	78,761	-	186,934	186,934	-
FJ Van Maanen	-	188,462	156,465	-	344,927	344,927	-
Total	**-**	**1,230,770**	**1,001,158**	**-**	**2,231,928**	**2,231,928**	**-**

^ Options lapsed during the period and forfeited.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

7. ADDITIONAL STATUTORY DISCLOSURES (CONTINUED)

Other transactions and balances with Key Management Personnel

Pantoro Limited ("Pantoro")

PG Cook and Paul Cmrlec are Directors of Pantoro. The Consolidated Entity provides accounting, secretarial and administrative services at cost to Pantoro. In the current period $289,927 has been charged to Pantoro for these services (2015: $145,842).

At 30 June 2016 there was an outstanding balance of nil (2015: $24,919) for Pantoro.

End of Audited Remuneration Report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR INDEPENDENCE

The Directors' received the Independence Declaration, as set out on page 49, 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	142,990

Signed in accordance with a resolution of the Directors.

PG Cook
CEO & Executive Director
Perth, 26 August 2016

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Building a better working world

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 2016, 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

D S Lewsen
Partner
26 August 2016

DL:RH:METALSX:087

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Metals X Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Metals X Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Metals X Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

For further information on corporate governance policies adopted by the Company, refer to the corporate governance section of our website: www.metalsx.com.au.

The table below summaries the Company's compliance with the Corporate Governance Council's Principles and Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	2(a)	Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	2(b), 3(b)	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	3(b)	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	2(f)	Yes
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	6(c)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	2(i), 3(b)	Yes
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	3(b), Remuneration Report	Yes
Principle 2	**Structure the Board to add value**		
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	3(b)	Yes
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	2(b), 2(c)	Yes
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 (which appears on page 16 of the ASX Recommendations and is entitled "Factors relevant to assessing the independence of a director") but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	2(c), 2(e)	Yes
2.4	A majority of the board of a listed entity should be independent directors.	2(e)	No
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	2(c), 2(d), 2(e)	Yes
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	3(b)	Yes
Principle 3	**Act ethically and responsibly**		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	6(a)	Yes

CORPORATE GOVERNANCE STATEMENT

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 4	**Safeguard integrity in corporate reporting**		
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	3(a)	Yes
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	5(c)	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	4(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	4(b)	Yes
Principle 6	**Respect the rights of security holders**		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	4(a), 4(b)	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	4(a), 4(b)	Yes
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	4(a), 4(b)	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	4(a), 4(b)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 7	**Recognise and manage risk**		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	3(a)	Yes
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	5(a), 5(b), 5(d)	Yes
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	3(a)	No
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	5(a)	Yes
Principle 8	**Remunerate fairly and responsibly**		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	3(b)	Yes
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	3(b), Remuneration Report	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	6(b), Remuneration Report	Yes

CORPORATE GOVERNANCE STATEMENT

2. THE BOARD OF DIRECTORS

2(A) ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately;
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the CEO and senior management.

2(B) BOARD COMPOSITION

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three directors;
- the roles of the Chairman of the Board and of the CEO should be exercised by different individuals;
- the majority of the Board should comprise directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Company's constitution requires one-third of the directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The directors to retire at each AGM are those who have been longest in office since their last election. Where directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring directors may offer themselves for re-election.

A director appointed as an additional or casual director by the Board will hold office until the next AGM when they may be re-elected. The CEO is subject to retirement by rotation. Any director appointed as an additional or casual director, is not to be taken into account in determining the number of directors required to retire by rotation.

2(C) BOARD MEMBERSHIP

The Board is currently comprised of four non-executive directors and two executive directors. Details of the Board member's experience, expertise and qualifications are set out in the Directors' Report of the Annual Report under the heading "Directors".

Name	**Position**	**Date Appointed**
PJ Newton (Chairman)	Chairman & independent non-executive director	14 / 12 / 2012
P G Cook	CEO & executive director	23 / 07 / 2004
W S Hallam	Executive director	01 / 03 / 2005
SD Heggen	Independent non-executive director	25 / 10 / 2012
PM Cmrlec	Independent non-executive director	23 / 07 / 2013
X Penggen	Non-executive director	09 / 02 / 2012
Y Zhang	Alternate non-executive director to X Penggen	03 / 10 / 2007

2(D) CHAIRMAN AND CEO

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The CEO is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Consolidated Entity's business activities.

The Board specifies that the roles of the Chairman and the CEO are separate roles to be undertaken by separate people.

2. THE BOARD OF DIRECTORS (CONTINUED)

2(E) INDEPENDENT DIRECTORS

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Metals X Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a director.
- has been a director of the entity for such a period that his or her independence may have been compromised.

The Board notes that the mere fact that a director has served on a Board for a substantial period does not mean that he or she has become too close to management to be considered not independent. The Board will regularly assess the independence of all and any director who serves on the Board.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.

The Company does not comply with ASX Recommendation 2.4, there is a majority of non-executive directors but there is not a majority of independent directors on the Board. In accordance with the definition of independence above, only three of the directors of the Company are considered to be independent.

The Board believes that the Company is not of sufficient size to warrant the inclusion of more independent non-executive directors in order to meet the ASX recommendation of maintaining a majority of independent non-executive directors. The Company maintains a mix of directors from different backgrounds with complementary skills and experience.

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman is a non-executive director.

2(F) COMPANY SECRETARY

The appointment, performance, review, and where appropriate, the removal of the Company Secretary is a key responsibility of the Board. All directors have access to the Company Secretary who is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

2(G) AVOIDANCE OF CONFLICTS OF INTEREST BY A DIRECTOR

In order to ensure that any interests of a director in a particular matter to be considered by the Board are known by each director, each director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(H) BOARD ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors are able to access members of the management team at any time to request relevant information. There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(I) REVIEW OF BOARD PERFORMANCE

The performance of the board and each of its committees is reviewed at least annually by the Chairman. Performance evaluations are conducted annually which involve an assessment of each board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Metals X Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

The performance of each committee is against the requirements of their respective charters.

3. BOARD COMMITTEES

The Board has the ability under the Company's constitution to delegate its powers and responsibilities to committees of the Board.

To assist the Board in fulfilling its duties and responsibilities, it has established the following committees:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

3(A) AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee comprising three non-executive directors the majority of whom are independent directors. The Audit and Risk Committee is governed by its charter, as approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in financial report.

CORPORATE GOVERNANCE STATEMENT

3. BOARD COMMITTEES (CONTINUED)

3(A) AUDIT AND RISK COMMITTEE (CONTINUED)

The Audit and Risk Committee's main responsibilities include reviewing and monitoring:

- financial reporting;
- internal control framework;
- external audit;
- internal audit;
- risk management;
- compliance with the Corporations Act, ASX Listing Rules and Corporate Governance Principles and Recommendations; and
- any other matters referred to it by the Board.

The Audit and Risk Committee is comprised of:

Name	Position
SD Heggen (Chairman)	Independent Non-executive Director
P J Newton	Independent Non-executive Director
PM Cmrlec	Independent Non-executive Director

The qualifications of the committee are set out in the Directors' Report of the Annual Report under the heading "Directors".

The number of times the Audit and Risk Committee has formerly met and the number of meetings attended by directors during the financial year are reported in Directors' Report of the Annual Report under the heading "Directors' Meetings".

External Auditor

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

The external auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Internal Audit

The Company does not currently have a formal internal audit function however the Audit and Risk Committee and the Board oversee the effectiveness of risk management and internal control.

The Board works closely with management to identify and manage operational, financial and compliance risks which could prevent the Company from achieving its objectives. The Audit and Risk Committee actively encourages the External Auditor to raise internal control issues, and oversees management's timely remediation thereof.

3(B) REMUNERATION AND NOMINATION COMMITTEE

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the CEO and executive team. The Board is also responsible for the selection and appointment of directors. The Board has established a Remuneration and Nomination Committee, comprising three non-executive directors the majority of whom are independent directors. The Remuneration and Nomination Committee is governed by its charter, as approved by the Board.

The Remuneration and Nomination Committee is comprised of:

Name	**Position**
PJ Newton (Chairman)	Chairman & Independent Non-executive Director
SD Heggen	Independent Non-executive Director
PM Cmrlec	Independent Non-executive Director

The main functions of the Remuneration and Nomination Committee are:

- Evaluating the necessary and desirable competencies for members of the Board.
- Assessing skills, experience and expertise and making recommendations to the Board on candidates for appointment and re-appointment as directors on the Board.
- Reviewing and making recommendations on processes for evaluating the performance of members of the Board and its Committees and for assessing and enhancing director competencies.
- Reviewing and monitoring progress of succession plans and making recommendations to the Board.
- Reviewing and making recommendations annually to the Board on the remuneration of the CEO.
- Reviewing and making recommendations annually to the Board, on advice from the CEO, on remuneration of senior executives of the Company (other than the CEO) and in respect or remuneration matters generally.
- Evaluating and making recommendations to the Board on the Company's recruitment, retention and termination policies and procedures.
- Assessing and making recommendations to the Board on remuneration policies and practices including superannuation arrangements, incentive schemes and performance target for senior executive and other employees of the Company.
- Reviewing and assessing annually the performance of the Committee and the adequacy of its charter.

The number of times the Remuneration and Nominations Committee has formerly met and the number of meetings attended by directors during the financial year are reported in the Directors' Report of the Annual Report under the heading "Directors' Meetings".

Remuneration

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

The Company seeks to attract and retain directors and executives with the appropriate expertise and ability to create value for shareholders.

CORPORATE GOVERNANCE STATEMENT

3. BOARD COMMITTEES (CONTINUED)

3(B) REMUNERATION AND NOMINATION COMMITTEE (CONTINUED)

The remuneration structure for non-executive directors is not related to performance. Non-executive directors receive fees which reflect their skills, responsibilities and the time commitments required to discharge their duties. The Company does not pay retirement benefits to non-executive directors (other than superannuation contributions in accordance with its statutory superannuation obligations).

The remuneration structure for executive directors and other executives reflects the Company's performance culture: there is a direct correlation between the executive's reward and individual and Company performance so as to seek to ensure that the Company's remuneration policy is aligned with its long term business objectives and the interests of shareholders and other stakeholders.

Nomination

A profile of each director is included within the Directors' Report of the Annual Report under the heading "Directors".

The Company has a written agreement in place with each director setting out the terms of their appointment.

The committee and the Board consider the composition of the Board at least annually, when assessing the Board's performance and when considering director election and re-election.

In considering whether the Board will support the election or re-election of incumbent directors, the committee considers the skills, experience, expertise, diversity and contribution made to the Board by the director and the contribution that the director is likely to make if elected or re-elected.

When considering appointing new directors, the committee assesses the range of skills, experience, expertise, diversity and other attributes from which the Board would benefit and to the extent to which current directors possess such attributes. This assessment allows the committee to provide the Board with a recommendation concerning the attributes for a new director, such that they balance those of existing directors.

All material information that is relevant to the decision as to whether or not to elect or re-elect a director is provided to shareholders in the explanatory notes accompanying the notice of meeting for the Annual General Meeting at which the election or re-election is to be considered.

4. TIMELY AND BALANCED DISCLOSURE

4(A) SHAREHOLDER COMMUNICATION

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance.

The Board aims to ensure that shareholders are informed of all material information relating to the Company by communicating to shareholders through:

- continuous disclosure reporting to the ASX;
- its annual reports; and
- media releases and other investor relations publications on the Company's website.

The Company provides other information about itself and its governance via its website.

Two-way Communication

The Board is also mindful of the importance of not only providing information, but also enabling two-way communication between the Company and its shareholders.

The Company encourages direct electronic contact from shareholders – the Company's website has a "Contact Us" section which allows shareholders to submit questions or comments. The Company's website also allows shareholders to register to receive information updates electronically from the Company.

The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them. Shareholders may also communicate via electronic means with the Company's Share Registry and may register to access personal shareholding information and receive electronic information.

General Meetings

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or CEO are disclosed to the market and posted on the Company's website.

At the meeting the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate.

The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

4(B) CONTINUOUS DISCLOSURE POLICY

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company.

The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

The Company's "ASX Disclosure Policy" reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

CORPORATE GOVERNANCE STATEMENT

5. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. Considerable importance is placed on maintaining a strong control environment.

The Company has exposure to the following risks:

- Currency: The Company is exposed to fluctuations in the Australian dollar gold price which can impact on revenue streams from operations. To mitigate downside fluctuations in the gold price, the Board has instigated a modest hedging program to assist in offsetting variations in the Australian dollar gold price. The Board reviews the level of hedging at each Board meeting to ensure it fits within the Company's hedging policy framework and is deemed appropriate.
- Government Charges: The gold mining industry is the subject to a number of taxes, royalties and charges levied by various Government departments. Changes to rates of taxes, royalties and charges can impact on the profitability of the Company. The Company maintains communications with relevant parties to mitigate potential increases.
- Environmental: The Company is subject to, and responsible for, existing environmental liabilities associated with its tenements as well as potential new liabilities through continuation of mining activities. The Company will continually monitor its ongoing environmental obligations and risks, and implement rehabilitation and corrective actions as appropriate to remain compliant. These risks may be impacted by change in Government policy.

5(A) BOARD OVERSIGHT OF THE RISK MANAGEMENT SYSTEM

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

5(B) RISK MANAGEMENT ROLES AND RESPONSIBILITIES

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Senior management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board and Audit and Risk Committee are responsible for ensuring that management has developed and implemented a sound system of risk management and internal control.

5(C) CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

The Chief Executive Officer and Chief Financial Officer provide to the Board written certification that in all material respects:

- the Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- the Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

6. ETHICAL AND RESPONSIBLE DECISION MAKING

6(A) CODE OF ETHICS AND CONDUCT

The Board endeavours to ensure that the directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

6(B) POLICY CONCERNING TRADING IN COMPANY SECURITIES

The Company's "Securities Trading Policy" applies to all directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

CORPORATE GOVERNANCE STATEMENT

6. ETHICAL AND RESPONSIBLE DECISION MAKING (CONTINUED)

6(B) POLICY CONCERNING TRADING IN COMPANY SECURITIES (CONTINUED)

As a matter of practice, Company shares may only be dealt with by directors and officers of the Company under the following guidelines:

- no trading is permitted in the period of one month prior to the announcement to the ASX of the Company's quarterly, half year and full year results;
- guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.
- Senior management are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity-based remuneration scheme.

6(C) POLICY CONCERNING DIVERSITY

The Company encourages diversity in employment throughout the Company and in the composition of the Board, as a mechanism to ensure that the Company is able to draw on a variety of skill, talent and previous experiences in order to maximise the Company's performance.

The Company's "Diversity Policy" has been implemented to ensure the Company has the benefit of a diverse range of employees with different skills, experience, age, gender, race and cultural backgrounds. The Company reports its results on an annual basis in the Annual Report in achieving measurable targets which are set by the Board as part of implementation of the Diversity Policy.

The table below outlines the diversity objectives established by the Board, the steps taken during the year to achieve these objectives, and the outcomes.

Objectives	Steps Taken/Outcome
Increase the number of women in the workforce, including management and at board level.	Key senior female appointments during the year include: • Metals X appointed 1 female in a managerial role. • As at 30 June 2016, women represented 15% in the Consolidated Entity's workforce (2015: 18%), 2% in senior executive positions (2015: 2%) and Nil at board level (2015: Nil). Senior executive means employees or contractors reporting directly to the CEO.
Review gender pay gaps on an annual basis and implement actions to address any variances.	As a part of the annual remuneration review, the Board assesses the performance and salaries of all key management personnel and executive directors. Any gender pay disparities are addressed.
Provide flexible workplace arrangements.	During the year Metals X employed 7 employees on flexible work arrangements (2015: 11).
Provide career development opportunities for every employee, irrespective of any cultural, gender and other differences.	Whilst Metals X places special focus on gender diversity, career development opportunities are equal for all employees. Employees are encouraged to attend professional development courses/workshops throughout the year.
Promote an inclusive culture that treats the workforce with fairness and respect.	Metals X has set a zero tolerance policy against discrimination of employees at all levels. The Company provides avenues to employees to voice their concerns or report any discrimination. No cases of discrimination were reported during the year (2015: Nil).
Be compliant with all mandatory diversity reporting requirements.	In accordance with the Australian *Workplace Gender Equality Act 2012*, the Consolidated Entity has submitted a Workplace Gender Equality Report for the 2015/2016 reporting period which is available on the Company's website.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
Revenue	5	352,281,354	315,250,223
Cost of sales	7(a)	(339,726,697)	(254,907,936)
Gross profit		**12,554,657**	**60,342,287**
Other income	6	3,441,525	2,248,740
Other expenses	7(b)	(16,254,935)	(10,437,397)
Fair value change in financial assets	7(c)	364,853	1,244,795
Impairment loss on receivables	12	-	(1,500,000)
Impairment loss on available-for-sale financial assets	16	(105,000)	-
Impairment loss on mine properties and development	18	-	(4,717,594)
Exploration and evaluation expenditure written off	19	(26,816,554)	(6,110,660)
(Loss)/profit before income tax and finance costs		**(26,815,454)**	**41,070,171**
Finance costs	7(d)	(1,093,797)	(120,970)
(Loss)/profit before income tax		**(27,909,251)**	**40,949,201**
Income tax benefit	8	4,285,058	-
Net (loss)/profit after tax		**(23,624,193)**	**40,949,201**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Net fair value changes in available-for-sale financial asset	29	9,745,369	3,223,335
Other comprehensive profit for the period, net of tax		9,745,369	3,223,335
Total comprehensive (loss)/profit for the period		**(13,878,824)**	**44,172,536**
Earnings per share for profit attributable to the ordinary equity holders of the company			
- basic (loss)/profit for the year (cents)	9	(5.21)	9.87
- diluted (loss)/profit for the year (cents)	9	(5.21)	9.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016	2015
CURRENT ASSETS			
Cash and cash equivalents	11	39,184,787	99,037,845
Trade and other receivables	12	15,799,458	16,107,764
Inventories	13	52,173,412	36,521,582
Prepayments	14	528,564	819,215
Other financial assets	15	5,802,625	5,600,977
Total current assets		**113,488,846**	**158,087,383**
NON-CURRENT ASSETS			
Available-for-sale financial assets	16	43,238,834	3,783,915
Property, plant and equipment	17	79,343,202	64,117,187
Mine properties and development costs	18	197,832,376	161,306,883
Exploration and evaluation expenditure	19	165,083,986	100,042,283
Total non-current assets		**485,498,398**	**329,250,268**
TOTAL ASSETS		**598,987,244**	**487,337,651**
CURRENT LIABILITIES			
Trade and other payables	20	68,289,529	36,911,968
Provisions	21	5,347,668	4,433,329
Interest bearing loans and borrowings	23	5,201,279	1,657,552
Unearned income	25	22,493,125	20,222,500
Total current liabilities		**101,331,601**	**63,225,349**
NON-CURRENT LIABILITIES			
Provisions	22	86,692,744	69,524,576
Interest bearing loans and borrowings	24	10,242,066	3,265,527
Unearned income	26	5,812,500	5,055,625
Total non-current liabilities		**102,747,310**	**77,845,728**
TOTAL LIABILITIES		**204,078,911**	**141,071,077**
NET ASSETS		**394,908,333**	**346,266,574**
EQUITY			
Issued capital	27	407,029,190	332,851,798
Accumulated losses	28	(45,666,070)	(9,769,564)
Share based payments reserve	29	20,576,509	19,961,005
Fair value reserve	29	12,968,704	3,223,335
TOTAL EQUITY		**394,908,333**	**346,266,574**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
OPERATING ACTIVITIES			
Receipts from customers		333,778,610	297,820,029
Interest received		1,368,321	2,822,419
Other income		1,918,640	1,803,200
Payments to suppliers and employees		(274,723,364)	(219,622,450)
Interest paid		(302,045)	(10,032)
Net cash flows from operating activities	11	**62,040,162**	**82,813,166**
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(15,688,911)	(8,005,660)
Payments for mine properties and development		(86,476,897)	(43,637,593)
Payments for exploration and evaluation		(26,405,423)	(22,044,782)
Proceeds from sale of property, plant and equipment		409,903	20,226
Payments for available-for-sale financial assets		(2,574,234)	-
Proceeds from sales of available-for-sale financial assets		299,400	157,591
Advances in relation to interest bearing receivables		(1,591,484)	(840,765)
Net cash flows used in investing activities		**(132,027,646)**	**(74,350,983)**
FINANCING ACTIVITIES			
Payment of finance lease liabilities		(2,890,872)	(738,404)
Payments for dividends		(10,057,734)	(9,546,275)
Proceeds from share issue		-	88,000
Payments for share issue costs		(116,968)	(7,403)
Proceeds from gold prepayment		23,250,000	40,445,000
Payments for performance bond facility		(50,000)	-
Proceeds from performance bond facility		-	3,225,873
Net cash flows from financing activities		**10,134,426**	**33,466,791**
Net (decrease)/increase in cash and cash equivalents		(59,853,058)	41,928,974
Cash and cash equivalents at the beginning of the financial period		99,037,845	57,108,871
Cash and cash equivalents at the end of the period	11	**39,184,787**	**99,037,845**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital	Accumulated losses	Share based payments reserve	Fair value reserves	Total Equity
2015					
At 1 July 2014	**331,399,336**	**(39,479,827)**	**19,739,664**	**-**	**311,659,173**
Profit for the year	-	40,949,201	-	-	40,949,201
Other comprehensive income, net of tax	-	-	-	3,223,335	3,223,335
Total comprehensive (loss)/profit for the year net of tax	-	40,949,201	-	3,223,335	44,172,536
Transactions with owners in their capacity as owners					
Dividends paid	-	(11,238,938)	-	-	(11,238,938)
Share based payments	-	-	221,341	-	221,341
Exercise of options	88,000	-	-	-	88,000
Issue of share capital	1,371,865	-	-	-	1,371,865
Share issue costs	(7,403)	-	-	-	(7,403)
At 30 June 2015	**332,851,798**	**(9,769,564)**	**19,961,005**	**3,223,335**	**346,266,574**
2016					
At 1 July 2015	**332,851,798**	**(9,769,564)**	**19,961,005**	**3,223,335**	**346,266,574**
Loss for the year	-	(23,624,193)	-	-	(23,624,193)
Other comprehensive income, net of tax	-	-	-	9,745,369	9,745,369
Total comprehensive (loss)/profit for the year net of tax	-	(23,624,193)	-	9,745,369	(13,878,824)
Transactions with owners in their capacity as owners					
Dividends paid	-	(12,272,313)	-	-	(12,272,313)
Share based payments	-	-	615,504	-	615,504
Issue of share capital	74,294,360	-	-	-	74,294,360
Share issue costs	(116,968)	-	-	-	(116,968)
At 30 June 2016	**407,029,190**	**(45,666,070)**	**20,576,509**	**12,968,704**	**394,908,333**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 17 August 2016.

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 3, 18 – 32 Parliament Place, West Perth, WA 6005.

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 authorative pronouncements of the Australian Accounting Standards Board.

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

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 revised 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 2015.

The Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2015, adopted include the following. Adoption of these Standards and Interpretations did not have any effect on the financial position or the performance of the Consolidated Entity.

Reference	Title	Application date of standard*	Application date for the Consolidated Entity*
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.	1 January 2015	1 July 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality* The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

Designates the beginning of the applicable annual reporting period unless otherwise stated.

The following standards and interpretations have been issued but are not yet effective for the year ending 30 June 2016. The standards that are effective from 1 July 2016 for the Consolidated Entity are not expected to materially impact the Consolidated Entity. Standards impacting the Consolidated Entity in future periods are still currently being assessed.

Reference	Title	Summary	Application date of standard*	Application date for Consolidated Entity*
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. Financial assets (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for Consolidated Entity*
		Financial liabilities Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations This Standard also makes an editorial correction to AASB 11.	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard*	Application date for Consolidated Entity*
AASB 15	Revenue from Contracts with Customers	AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).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 the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.	1 January 2018	1 July 2018
AASB 1057	Application of Australian Accounting Standards	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard*	Application date for Consolidated Entity*
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard*	Application date for Consolidated Entity*
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016
AASB 16	Leases	The key features of AASB 16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.	1 January 2019	1 July 2019

Reference	Title	Summary	Application date of standard*	Application date for Consolidated Entity*
		AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.		
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017
IFRS 2 (Amend-ments)	Classification and Measurement of Share-based Payment Trans-actions [Amendments to IFRS 2]	This standard amends to IFRS 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 • 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	1 January 2018	1 July 2018

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

(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);

(D) BASIS OF CONSOLIDATION (CONTINUED)

- 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".

(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

Trade and other receivables, which generally have 30-60 day terms, 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 trade and other receivables 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.

(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.

(O) BUSINESS COMBINATIONS (CONTINUED)

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 or useful life. Useful life ranges from 2 to 10 years.
- Buildings – the shorter of life of mine or 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.

(P) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 the profit or loss in the period when the new information becomes available.

(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.

(T) IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

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.

(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.

(X) LEASES (CONTINUED)

(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) 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.

(Z) 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:

Tin sales

Revenue from tin production is recognised when the significant risks and rewards of ownership have passed to the buyer.

Copper sales

Revenue from copper production is recognised when the significant risks and rewards of ownership have passed to the buyer.

Gold sales

Revenue from gold production is recognised when the significant risks and rewards of ownership have passed to the buyer.

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.

(AA) 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.

(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.

(AB) SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

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) EMPLOYEE BENEFITS

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave 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 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.

(AD) 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 present value of the expected net cost of continuing with the lease.

(AE) 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.

(AE) OTHER TAXES (CONTINUED)

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.

(AF) INCOME TAX

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

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.

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.

(AF) INCOME TAX (CONTINUED)

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.

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.

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.

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.

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.

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.

(II) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

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) (ie 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 capital expenditure; 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 is determined utilising a pre-tax discount rate.

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.

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 18 for discussion on change in estimate in current year.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation, using the assumptions as discussed in note 30. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise receivables, payables, unsecured loans, 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.

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 23 and 24. 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 instruments.

At 30 June 2016, if interest rates had moved by a reasonably possible 0.5%, 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)	
	2016	**2015**	**2016**	**2015**
Judgements of reasonably possible movements:				
+ 0.5% (50 basis points)	135,983	132,196	-	-
- 0.5% (50 basis points)	(135,983)	(132,196)	-	-

A sensitivity of +%0.5 or -0.5% 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 higher in 2016 than 2015 due to an increase in the balance of cash and cash equivalents held in variable interest rate accounts in 2016.

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.

2016	**Floating interest rate**	**Fixed interest**	**Non-Interest bearing**	**Total carrying amount**
Financial Assets				
Cash and cash equivalents	38,852,221	332,566	-	39,184,787
Trade and other receivables	-	-	15,799,458	15,799,458
Other financial assets	-	5,802,625	-	5,802,625
	38,852,221	**6,135,191**	**15,799,458**	**60,786,870**
Financial Liabilities				
Trade and other payables	-	-	(68,289,529)	(68,289,529)
Interest bearing liabilities	-	(15,443,345)	-	(15,443,345)
	-	**(15,443,345)**	**(68,289,529)**	**(83,732,874)**
Net financial assets/(liabilities)				**(22,946,004)**

2015	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
Financial Assets				
Cash and cash equivalents	37,770,168	61,267,677	-	99,037,845
Trade and other receivables	-	-	16,107,764	16,107,764
Other financial assets	-	4,162,397	-	4,162,397
	37,770,168	**65,430,074**	**16,107,764**	**119,308,006**
Financial Liabilities				
Trade and other payables	-	-	(36,911,968)	(36,911,968)
Interest bearing liabilities	-	(4,923,079)	-	(4,923,079)
	-	**(4,923,079)**	**(36,911,968)**	**(41,835,047)**
Net financial assets/(liabilities)				**77,472,959**

(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) as well as $3,305,319 (2015: $4,162,397) in relation to loans and receivables (refer to note 15).

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.

(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 2016, 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)	
	2016	**2015**	**2016**	**2015**
Judgements of reasonably possible movements:				
Price + 20%	-	-	6,053,437	529,748
Price - 20%	-	(529,748)*	(6,053,437)	-

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(C) PRICE RISK (CONTINUED)

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(l)). The overall sensitivity for post-tax profits and equity in 2016 is higher due to increases in the market value of the underlying securities during the financial year (refer to note 16).

(D) FOREIGN CURRENCY RISK

As a result of tin 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. The Consolidated Entity's exposure to foreign currency is however not considered to be significant. At 30 June 2016 foreign currency denominated receivables amounted to $2,901,113 (2015: $3,774,070) (refer to note 12).

(E) COMMODITY PRICE RISK

The Consolidated Entity's revenues are exposed to commodity price fluctuations. Periodically the Consolidated Entity enters into sales contracts to manage commodity price risk. At the end of the financial period the Consolidated Entity had sales contracts for 187,750 ounces at an average price of $1,652.13 per ounce ending in September 2018, which the Consolidated Entity will deliver physical gold to settle.

(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 2016. 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:

	2016	2015
6 months or less	(70,779,811)	(37,791,047)
6 - 12 months	(2,910,280)	(845,107)
1 - 5 years	(10,634,483)	(3,396,800)
Over 5 years	-	-
	(84,324,574)	**(42,032,954)**

(F) LIQUIDITY RISK (CONTINUED)

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.

2016	<6 months	6-12 months	1-5 years	>5 years	Total
Financial assets					
Cash and equivalents	40,344,106	-	-	-	40,344,106
Trade and other receivables	15,799,458	-	-	-	15,799,458
Other financial assets	6,147,331	-	-	-	6,147,331
	62,290,895	-	-	-	62,290,895
Financial liabilities					
Trade and other payables	(68,289,529)	-	-	-	(68,289,529)
Interest bearing loans	(2,490,282)	(2,910,280)	(10,634,483)	-	(16,035,045)
	(70,779,811)	(2,910,280)	(10,634,483)	-	(84,324,574)
Net inflow/(outflow)	**(8,488,916)**	**(2,910,280)**	**(10,634,483)**	**-**	**(22,033,679)**

2015	<6 months	6-12 months	1-5 years	>5 years	Total
Financial assets					
Cash and equivalents	101,569,699	-	-	-	101,569,699
Trade and other receivables	16,107,764	-	-	-	16,107,764
Other financial assets	4,351,945	-	-	-	4,351,945
	122,029,408	-	-	-	122,029,408
Financial liabilities					
Trade and other payables	(36,911,968)	-	-	-	(36,911,968)
Interest bearing loans	(879,079)	(845,107)	(3,396,800)	-	(5,120,986)
	(37,791,047)	(845,107)	(3,396,800)	-	(42,032,954)
Net inflow/(outflow)	**84,238,361**	**(845,107)**	**(3,396,800)**	**-**	**79,996,454**

(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 (CONTINUED)

(G) FAIR VALUES (CONTINUED)

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.

2016	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]	43,238,834	-	-	**43,238,834**
Derivatives [2]	-	-	-	**-**
	43,238,834	**-**	**-**	**43,238,834**

2015	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]	3,783,915	-	-	**3,783,915**
Derivatives [2]	-	1,438,580	-	**-**
	3,783,915	**1,438,580**	**-**	**3,783,915**

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 derivative relates to the convertible loan issued by Brainchip in the previous the year. The fair value is determined using a Black & Scholes model, which takes into account factors including the exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying shares at grant date and the expected life of the loan (refer to note 15(d)). Below are the inputs used to value the derivative:

Expected Volatility (%)	130%
Risk-free interest rate (%)	2.00%
Expected life of options (yrs)	0.2
Options exercise price ($)	$0.02
Share price at grant date ($)	$0.14

The derivative was valued at $193,785 on inception (17 March 2015) and at 30 June 2015 was re-measured to $1,438,580 through the profit and loss (refer to note 7(c)) the derivative was exercised in the current year.

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.

5. REVENUE

	2016	2015
Revenue from sale of tin concentrate	69,394,562	78,334,875
Revenue from sale of copper concentrate	1,287,617	1,294,280
Revenue from sale of gold	280,317,331	232,776,237
Interest received - other corporations	1,281,844	2,844,831
Total revenue	**352,281,354**	**315,250,223**

6. OTHER INCOME

	2016	2015
Net (loss)/gain on sale of available-for-sale investment	(16,637)	122,591
Net profit from toll processing	1,848,433	1,533,234
Other income	1,609,729	592,915
Total other income	**3,441,525**	**2,248,740**

7. EXPENSES

(a) **Cost of sales**	2016	2015
Salaries, wages expense and other employee benefits	37,741,238	23,912,291
Superannuation expense	3,585,418	2,271,668
Other production costs	215,679,774	167,814,137
(Reversal of write-down)/write down in value of inventories to estimated net realisable value	(569,223)	1,778,139
Royalty expense	19,403,766	15,151,582
Depreciation and amortisation expense		
Depreciation of non-current assets		
Property, plant and equipment	9,331,773	9,609,600
Buildings	906,377	765,900
Amortisation of non-current assets		
Mine, properties and development costs	53,647,574	33,604,619
Total cost of sales	**339,726,697**	**254,907,936**

(b) **Other expenses**

Administration expenses

Employee benefits expense

Salaries and wages expense	3,018,754	3,465,006
Directors' fees and other benefits	330,000	350,000
Superannuation expense	318,132	334,163
Other employee benefits	66,986	87,039
Share-based payments	615,504	221,341
	4,349,376	4,457,549

7. EXPENSES (CONTINUED)

Other administration expenses	2016	2015
Consulting expenses	1,865,639	854,718
Travel and accommodation expenses	122,967	211,158
Operating lease costs	947,145	777,030
Stamp duty compliance costs	2,901,661	7,511
Administration costs	2,863,200	686,411
	8,700,612	2,536,828
Depreciation expense		
Depreciation of non-current assets		
Property plant and equipment	207,302	380,566
Total Administration expenses	**13,257,290**	**7,374,943**
Other expenses	**2,997,645**	**3,062,454**
Total other expenses	**16,254,935**	**10,437,397**

(c) Fair value change in financial instruments

Fair value change in derivatives gain (refer to note 15(a)).	(364,853)	(1,244,795)
Total fair value change in financial instruments	**(364,853)**	**(1,244,795)**

(d) Finance costs

Interest	353,228	97,626
Unwinding of rehabilitation provision discount	740,569	23,344
Total finance costs	**1,093,797**	**120,970**

8. INCOME TAX

(a) Major components of income tax expense:

	2016	2015
Income Statement		
Current income tax expense		
Current income tax (benefit)/expense	(18,384,388)	5,912,715
Adjustments in respect of current income tax of previous years	(4,064,917)	13,809,840
Deferred income tax		
Relating to origination and reversal of temporary differences in current year	10,188,700	7,768,545
Derecognoition/(recognition) of carry forward losses and other temporary differences	3,835,795	(10,772,048)
Adjustments in respect of current income tax of previous years	4,139,752	(16,719,052)
Income tax reported in the income statement	**(4,285,058)**	**-**

(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	4,285,058	-
Income tax reported in equity	**4,285,058**	**-**

8. INCOME TAX (CONTINUED)

(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:

	2016	2015
Total accounting profit before income tax	**(27,909,251)**	**40,949,201**
At statutory income tax rate of 30% (2015: 30%)	(8,372,775)	12,284,760
Assessable items	-	1,207,511
Non-deductible items		
Acquisition costs	167,762	-
Share-based payments	184,652	66,402
Sundry items	12,541	4,608
Deductible items	(187,868)	(332,021)
Derecognition of capital losses	-	450,000
Prior year tax benefits	74,835	(2,909,212)
Derecognition/(recognition) of tax losses	3,835,795	(10,772,048)
Income tax benefit reported in income the statement of comprehensive income	**(4,285,058)**	**-**

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

	Statement of financial position		Statement of comprehensive income	
	2016	**2015**	**2016**	**2015**
Deferred tax liabilities				
Exploration	(27,856,986)	(24,041,816)	3,815,168	1,478,225
Deferred mining	(31,593,813)	(24,644,419)	6,949,394	9,865,730
Mine site establishment and refurbishment	(12,330,032)	(8,118,628)	4,211,404	1,281,280
Derivative held for trading	-	(395,945)	(395,945)	395,945
Available-for-sale financial assets	(3,031,510)	-	3,031,510	-
Consumables	(3,514,098)	(2,918,502)	595,596	487,265
Prepayments	(123)	-	123	-
Diesel rebate	(261,398)	(194,622)	66,776	79,255
Gross deferred tax liabilities	**(78,587,960)**	**(60,313,932)**		
Deferred tax assets				
Property, plant and equipment	3,276,620	2,649,158	(627,462)	94,500
Available-for-sale financial assets	-	6,406,694	6,406,694	(6,071,242)
Inventories	1,076,962	1,170,794	93,832	(543,081)
Borrowing costs	16,829	35,128	18,299	25,070
Accrued expenses	60,837	70,350	9,513	9,900
Provision for employee entitlements	2,235,917	1,827,325	(408,592)	(138,087)
Provision for fringe benefits tax	4,246	(2,918)	(7,164)	3,562
Provision for rehabilitation	25,192,161	20,046,524	(5,145,637)	(15,918,829)
Recognised tax losses	46,724,388	28,110,877		
Gross deferred tax assets	**78,587,960**	**60,313,932**		
Net deferred tax liabilities	**-**	**-**		
Deferred tax income/(expense)			**18,613,509**	**(8,950,507)**

8. INCOME TAX (CONTINUED)

(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 2016, there are unrecognised losses of $154,786,053 for the Consolidated Entity which are subject to a restricted rate of utilisation (2015: $134,984,738).

9. EARNINGS PER SHARE

		2016	2015
	The following reflects the data used in the basic and diluted earnings per share computations.		
(a)	**Earnings used in calculating earnings per share**		
	For basic earnings per share:		
	Net (loss)/profit attributable to ordinary equity holders of the parent	(23,624,193)	40,949,201
	Net (loss)/profit attributable to ordinary equity holders of the parent	**(23,624,193)**	**40,949,201**
	Basic (loss)/earnings per share (cents)	*(5.21)*	*9.87*
	For diluted earnings per share:		
	Net (loss)/profit attributable to ordinary equity holders of the parent (from basic EPS)	(23,624,193)	40,949,201
	Net (loss)/profit attributable to ordinary equity holders of the parent	**(23,624,193)**	**40,949,201**
	Fully (loss)/diluted earnings per share (cents)	*(5.21)*	*9.87*
(b)	**Weighted average number of shares**		
	Weighted average number of ordinary shares for basic earnings per share	453,392,560	414,925,901
	Effect of Dilution:		
	Share Options	-	-
	Weighted average number of ordinary shares adjusted for the effect of dilution	**453,392,560**	**414,925,901**

At 30 June 2016 (2015: Nil) the Company did not have any share options on issue that are excluded from the calculation of diluted earnings per share for the current financial period.

At 30 June 2016 (2015: 1,637,020) the Company had 3,388,155 performance rights on issue that are excluded from the calculation of diluted earnings per share for the current financial period because they were anti-dilutive/contingently issuable.

On 9 August 2016 the Company completed an institutional placement of $100,600,000 and issued 68,000,000 new fully paid ordinary shares in the Company at an issue price of $1.48 per share.

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

	2016	2015
Dividends declared and paid during the financial year		
Partially franked dividend for 2016 $0.0295 (26% franked at 30 per cent) (2015: $0.02715 fully franked at 30 per cent)	12,272,313	11,238,938
Dividends proposed but not recognised as a liability		
Final dividend for 2016 nil (2015: $12,284,760)	-	12,284,760
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% (2015: 30%)	1,369,328	6,186,016
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
Franking credits that will arising from the acquisition of subsidiary entity during the financial year	-	-
Franking debits that will arise from the payment of dividends during the financial year	(1,367,486)	(4,816,688)
Franking credits that will arise from the receipt of dividends received during the financial year	-	-
The amount of franking credits available for future reporting years	**1,842**	**1,369,328**

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

	2016	2015
Cash at bank and in hand	38,852,221	37,770,168
Short-term deposits	332,566	61,267,677
Total	**39,184,787**	**99,037,845**

CASH FLOW RECONCILIATION

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	2016	2015
Cash at bank and in hand	38,852,221	37,770,168
Short-term deposits	332,566	61,267,677
	39,184,787	**99,037,845**
Reconciliation of net profit after income tax to net cash flows from operating activities		
Profit after income tax	**(23,624,193)**	**40,949,201**
Amortisation and depreciation	64,093,026	44,360,685
Gold prepayment physical deliveries	(22,493,125)	(15,166,875)
Impairment losses	-	6,217,594
Income tax expense	(4,285,058)	-
Share based payments	615,504	221,341
Unwinding of rehabilitation provision discount	740,569	23,344
Fair value change in financial instruments	(259,853)	(1,244,795)
Exploration and evaluation expenditure written off	26,816,554	6,110,660
Profit on disposal of available-for-sale financial assets	16,637	(122,591)
Loss on disposal of property, plant and equipment	215,101	302,724
	41,835,162	**81,651,288**

11. CASH AND CASH EQUIVALENTS (CONTINUED)

	2016	2015
Changes in assets and liabilities		
Decrease/(increase) in inventories	(15,651,830)	(3,272,889)
Decrease/(increase) in trade and other receivables and prepayments	600,215	1,422,652
(Decrease)/increase in trade and other creditors	33,910,109	3,526,693
(Decrease)/increase in provisions	1,346,506	(514,578)
Net cash flows from operating activities	**62,040,162**	**82,813,166**

12. TRADE AND OTHER RECEIVABLES (CURRENT)

	2016	2015
Trade receivables (a)	2,901,113	3,774,070
Other debtors (b)	12,898,345	13,833,694
Provision for doubtful debt (c)	-	(1,500,000)
	15,799,458	**16,107,764**

(a) Trade receivables are non-interest bearing and are generally on 30 - 90 day terms.

(b) Other debtors primarily relate to cash calls advanced to the Bluestone Mines Tasmania Joint Venture Pty Ltd. Other debtors are non-interest bearing and are generally on 30 - 90 day terms.

(c) Collectibility of trade and other receivables is reviewed on an ongoing basis at an operating unit level. 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. At the end of the prior year there was an allowance of $1,500,000 made for doubtful debts. This was due to the uncertainty of the recoverability of the deferred consideration on the sale of the Collingwood Tin Project in 2014. During the period this was written off to nil.

The carrying amounts disclosed above approximate the fair value.

13. INVENTORIES (CURRENT)

	2016	2015
Ore stocks at net realisable value	11,881,422	5,885,061
Gold in circuit at cost	13,504,552	7,883,128
Gold metal at cost	-	2,328,351
Tin in circuit at cost	42,684	61,794
Tin concentrate at cost	13,994,929	12,623,566
Copper concentrate at cost	3,843,256	37,973
Stores and spares at cost	11,713,659	9,728,340
Provision for obsolete stores and spares	(2,807,090)	(2,026,631)
Total inventories at lower of cost and net realisable value	**52,173,412**	**36,521,582**

During the year there were reversal of write-downs of $569,223 (2015: $1,778,139 write-downs) for the Consolidated Entity. This is included in cost of sales refer to note 7(a).

14. PREPAYMENTS (CURRENT)

	2016	2015
Prepayments	**528,564**	**819,215**

15. OTHER FINANCIAL ASSETS (CURRENT)

	2016	2015
Financial instruments at fair value through profit and loss		
Convertible note derivative (a)	-	1,438,580
Total financial instruments at fair value through profit and loss	**-**	**1,438,580**
Loans and receivables		
Cash on deposit - performance bond facility (b)	3,305,319	3,255,319
Loan to Southern Gold Limited (c)	2,104,548	532,438
Loan to Brainchip Holdings Limited (d)	-	139,949
Loan to Mongolian Resource Corporation Limited (e)	392,758	234,691
Total loans and receivables	**5,802,625**	**4,162,397**
Total other financial assets	**5,802,625**	**5,600,977**

(a) In the previous period the Consolidated Entity entered into a convertible loan with Brainchip. The embedded derivative was valued on grant date and was separated out from the loan (refer to note 15(d)). The embedded derivative was at fair value through profit and loss (refer to note 7(c)). In the current period the loan was converted into Brainchip shares (refer to note 16).

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

(c) The loan to Southern Gold Limited is secured, interest bearing at 8% per annum and matures in 2017.

(d) The loan to Brainchip was secured, interest bearing at 12% per annum and matured in September 2015. The loan was convert into shares in Brainchip.

(e) The loan to Mongolian Resource Corporation Limited is secured and interest bearing at 20% per annum and repayable on demand.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (NON-CURRENT)

	2016	2015
Shares - Australian listed	**43,238,834**	**3,783,915**

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 14.76% (2015: 14.76%) interest in Mongolian Resource Corporation Limited ("MRC"), which is involved in the mining and exploration of base metals in Australia and Mongolia. MRC is listed on the Australian Securities Exchange, in 2014 period due to the prolonged period of suspension from trading the fair value of the Company's investment was written down to nil. At 30 June 2016 MRC has not recommenced trading.

(b) The Company has a 7.10% (2015: 13.73%) interest in Brainchip, which is involved in the development of artificial intelligence. Brainchip is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company's investment was $7,292,444 (2015: $3,783,915) which is based on Brainchip's quoted share price.

(c) The Company has a 32.60% (2015: nil) interest in Aditya Birla Minerals Limited ("Aditya Birla"), which is involved in the mining and exploration of base metals in Australia. Aditya Birla is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company's investment was $35,751,390 (2015: nil) which is based on Aditya Birla's quoted share price. The Consolidated Entity did not have significant influence as it did not have the power to participate in the financial and operating policies of Aditya Birla. This is due to the Consolidated Entity having no board representation and Aditya Birla having another shareholder with a 51% interest.

(d) The Company has a 1.22% (2015: nil) interest in RNI NL ("RNI"), which is involved in the mining and exploration of base metals in Australia. RNI is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company's investment was $195,000 (2015: nil) which is based on RNI'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 $105,000 (2015: nil).

17. PROPERTY, PLANT & EQUIPMENT (NON-CURRENT)

	2016	2015
Plant and equipment		
At cost	134,531,738	116,979,443
Accumulated depreciation	(77,803,384)	(68,565,786)
Net carrying amount	56,728,354	48,413,657
Land and buildings		
At cost	33,664,192	28,136,662
Accumulated depreciation	(17,631,026)	(16,724,647)
Net carrying amount	16,033,166	11,412,015
Capital work in progress at cost	6,581,682	4,291,515
Total property, plant and equipment	**79,343,202**	**64,117,187**
Movement in property, plant and equipment		
Plant and equipment		
At 1 July net of accumulated depreciation	48,413,657	49,550,563
Additions	18,478,774	9,335,859
Disposals	(625,005)	(322,949)
Acquisition of subsidiary	-	(159,650)
Depreciation charge for the year	(9,539,072)	(9,990,166)
At 30 June net of accumulated depreciation	**56,728,354**	**48,413,657**
Land and buildings		
At 1 July net of accumulated depreciation	11,412,015	12,031,853
Additions	5,527,531	146,061
Disposals	-	-
Depreciation charge for the year	(906,380)	(765,899)
At 30 June net of accumulated depreciation	**16,033,166**	**11,412,015**
Capital work in progress		
At 1 July net of accumulated depreciation	4,291,515	1,845,878
Additions	29,932,645	13,014,655
Transfer to mine properties & development	(3,636,168)	(1,087,098)
Transfer to plant and equipment	(18,478,779)	(9,335,859)
Transfer to land and buildings	(5,527,531)	(146,061)
At 30 June	**6,581,682**	**4,291,515**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2016 is $16,554,150 (2015: $5,150,727). Value of plant and equipment leased under finance leases and acquired through hire purchase contracts during the 30 June 2016 financial year is $12,931,643 (2015: $5,019,500).

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 23 and 24).

18. MINE PROPERTY AND DEVELOPMENT (NON-CURRENT)

	2016	2015
Development areas at cost		
Mine site establishment	72,639,349	75,453,011
Net carrying amount	72,639,349	75,453,011
Mine properties		
Mine site establishment	48,025,820	29,211,936
Accumulated amortisation	(28,583,186)	(25,956,992)
Net carrying amount	19,442,634	3,254,944
Mine capital development	296,765,046	222,592,201
Accumulated amortisation	(191,014,653)	(139,993,273)
Net carrying amount	105,750,393	82,598,928
Total mine properties and development	**197,832,376**	**161,306,883**
Movement in mine properties and development		
Development areas at cost		
At 1 July	75,453,011	71,215,821
Additions	13,537,355	4,237,190
Transfer to mine site establishment	(16,351,017)	-
At 30 June	**72,639,349**	**75,453,011**
Mine site establishment		
At 1 July net of accumulated amortisation	3,254,944	3,224,978
Additions	-	-
Transfer from capital work in progress (refer to note 17)	2,402,864	1,087,098
Transfer from development areas	16,351,017	
(Decrease)/increase in rehabilitation provision	60,004	(170,790)
Amortisation charge for the year	(2,626,195)	(838,600)
Impairment	-	(47,742)
At 30 June net of accumulated amortisation	**19,442,634**	**3,254,944**
Mine capital development		
At 1 July net of accumulated amortisation	82,598,928	80,634,398
Additions	72,939,540	39,400,401
Transfer from capital work in progress (refer to note 17)	1,233,304	-
Amortisation charge for the year	(51,021,379)	(32,766,019)
Impairment	-	(4,669,852)
At 30 June net of accumulated amortisation	**105,750,393**	**82,598,928**

In 2015 the Chalice underground mine at the Higginsville Gold Operation was closed due to the depletion of all economic ore following a seismic event. The value of the Chalice underground mine was written down to nil and an impairment loss of $4,717,594 was recognised in profit or loss.

During the current period, the Consolidated Entity re-estimated key assumptions supporting amortisation calculations, to ensure that the expense profile reflected the pattern in which the assets' future economic benefits are expected to be consumed. This resulted in the amortisation rate of mine development assets increasing. The impact of the increase in amortisation was approximately $7,300,000 in the current period amortisation expense. Future periods profit or loss is expected to be impacted by increased amortisation.

19. EXPLORATION EXPENDITURE (NON-CURRENT)

	2016	2015
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Pre-production areas		
At Cost	165,083,986	100,042,283
Accumulated impairment	-	-
Net carrying amount	**165,083,986**	**100,042,283**
Movement in deferred exploration and evaluation expenditure		
At 1 July net of accumulated impairment	100,042,283	95,114,871
Additions	87,103,241	22,044,783
Acquisition of subsidiary	-	159,650
Adjustment to rehabilitation liability (refer to note 22)	4,755,016	(11,166,361)
Expenditure written off	(26,816,554)	(6,110,660)
At 30 June net of accumulated impairment	**165,083,986**	**100,042,283**

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 it was determined that 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 $26,816,554 (2015: $6,110,660) was written off to the profit and loss. The amount predominantly relates to tenements within the gold projects which were written down to nil.

20. TRADE AND OTHER PAYABLES (CURRENT)

	2016	2015
Trade creditors (a)	35,431,298	15,571,842
Sundry creditors and accruals (b)	32,858,231	21,340,126
	68,289,529	**36,911,968**

(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.

21. PROVISIONS (CURRENT)

	2016	2015
Provision for annual leave (a)	3,993,898	3,103,439
Provision for long service leave (a)	860,122	860,122
Provision for fringe benefits tax payable (a)	14,152	(9,728)
Provision for onerous lease (b)	479,496	479,496
	5,347,668	**4,433,329**

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

(b) The nature of the provisions are described below in note 22.

22. PROVISIONS (NON-CURRENT)

	2016	2015
Provision for long service leave (a)	2,598,999	2,103,461
Provision for onerous operating lease (b)	119,874	599,369
Provision for rehabilitation (c)	83,973,871	66,821,746
	86,692,744	**69,524,576**

(a) Provision for long service leave

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

(b) Provision for onerous lease

On the acquisition of Alacer in 2014, a provision was recognised for the fact that the lease rentals or payments on the operating lease were significantly higher than the market rate at acquisition. The provision has been calculated based on the difference between the market rate and the rate paid. The operating lease has a life of four years.

(c) 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.

(d)

Current and non-current movements in provisions	Onerous operating lease	Rehabilitation	Total
At 1 July 2014	**1,558,361**	**79,290,472**	**80,848,833**
Arising during the year	-	(170,790)	(170,790)
Utilised	(581,382)	-	(581,382)
Adjustment due to revised conditions	-	(11,166,360)	(11,166,360)
Rehabilitation expenditure	-	(1,154,920)	(1,154,920)
Unwind of discount	101,886	23,344	125,230
At 30 June 2015	**1,078,865**	**66,821,746**	**67,900,611**
At 1 July 2015	**1,078,865**	**66,821,746**	**67,900,611**
Arising during the year	-	11,780,223	11,780,223
Utilised	(581,381)	-	(581,381)
Adjustment due to revised conditions	-	4,694,704	4,694,704
Rehabilitation expenditure	-	(63,371)	(63,371)
Unwind of discount	101,886	740,569	842,455
At 30 June 2016	**599,370**	**83,973,871**	**84,573,241**

23. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

	2016	2015
Lease liability	**5,201,279**	**1,657,552**

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

24. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)

	2016	2015
Lease liability	**10,242,066**	**3,265,527**

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 4.02% per annum.

Financing facilities available
At reporting date, the following financing facilities were available:

	2016	2015
Total facilities		
- finance lease facility	15,443,345	4,923,079
- cash advance facility	25,000,000	-
	40,443,345	**4,923,079**
Facilities used at reporting date		
- finance lease facility	**15,443,345**	**4,923,079**

Cash Advance Facility
The Consolidated Entity had an undrawn cash advance facility of $25,000,000 with Citibank N.A. at the reporting date.

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

	2016	2015
Non-current		
Finance lease		
Plant and equipment	12,931,643	5,150,727
Total non-current assets pledged as security	**12,931,643**	**5,150,727**

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

25. UNEARNED INCOME (CURRENT)

	2016	2015
Gold prepayment (refer to note 26)	22,493,125	20,222,500
	22,493,125	**20,222,500**

26. UNEARNED INCOME (NON-CURRENT)

	2016	2015
Gold prepayment	5,812,500	5,055,625
	5,812,500	**5,055,625**

In September 2014, Metals X drew down on a newly established $40,445,000 gold pre-pay facility with Citibank N.A ("Citi"). In January 2016 Metals X extended the gold pre-pay facility with Citi for 12 months for $23,250,000. The loan is repayable in gold ounces in equal instalments of 1,250 ounces per month between October 2014 and September 2017 inclusive. During the period 15,000 ounces were delivered to Citi.

27. ISSUED CAPITAL

		2016	2015
(a)	**Ordinary Shares**		
	Issued and fully paid	**407,029,190**	**332,851,798**

		Number	$
(b)	**Movements in ordinary shares on issue**		
	At 1 July 2014	413,846,528	331,399,336
	Issue share capital	110,658	88,000
	Issue share capital under dividend reinvestment plan	2,053,753	1,371,865
	Share issue costs	-	(7,403)
	At 30 June 2015	**416,010,939**	**332,851,798**
	Issue share capital	61,504,262	71,817,861
	Issue share capital under dividend reinvestment plan	2,170,099	2,476,499
	Share issue costs	-	(116,968)
	At 30 June 2016	**479,685,300**	**407,029,190**

Share Consolidation

Metals X completed its one for four share consolidation in December 2014 following approval by shareholders in November 2014. The share consolidation involved the conversion of every four fully paid ordinary shares on issue into one fully paid ordinary share. Where the share consolidation resulted in a shareholder having a fractional entitlement to a share, the entitlement was rounded up to the next whole number of shares. Upon the completion of the share consolidation in December 2014, the number of Metals X shares on issue reduced from 1,655,826,110 shares to 413,957,186 shares as at that date.

Dividend Reinvestment Plan

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

2015

The Company recorded an inaugural fully franked dividend of 2.715 cents per share with a record date of 16 December 2014 and paid on 7 January 2015. The Company offered a DRP at a 5% discount to the 5 day VWAP. Under the offer 2,053,753 shares were issued at $0.6678 per share on 7 January 2015.

2016

The Company paid a partially (26%) franked dividend of 2.95 cents per share with a record date of 2 September 2015 and paid on 25 September 2015. The Company offered a DRP at a 5% discount to the 5 day VWAP. Under the offer 2,170,099 shares were issued at $1.14095 per share on 25 January 2016.

(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.

(e) Options on issue

There we no shares of the Company under option as the date of this report

(f) Option conversions

There were no option conversions during the financial year (2015: Nil).

28. ACCUMULATED LOSSES

	2016	2015
At 1 July	(9,769,564)	(39,479,827)
Net profit in current period attributable to members of the parent entity	(23,624,193)	40,949,201
Dividends paid	(12,272,313)	(11,238,938)
At 30 June	**(45,666,070)**	**(9,769,564)**

29. RESERVES

	Share based payments reserve $	Fair value reserve $	Total $
At 30 June 2014	**19,739,664**	**-**	**19,739,664**
Share based payments	221,341	-	221,341
Fair value change in available-for-sale financial assets	-	3,223,335	3,223,335
At 30 June 2015	**19,961,005**	**3,223,335**	**23,184,340**
Share based payments	615,504	-	615,504
Fair value change in available-for-sale financial assets	-	9,745,369	9,745,369
At 30 June 2016	**20,576,509**	**12,968,704**	**33,545,213**

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

		2016	2015
(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	**615,504**	**221,341**

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2016 and 2015.

(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 are delivered in the form of share options or performance rights which vest over a period of three years subject to meeting performance measures, with no opportunity to retest.

(i) Share options

Share options are issued for nil consideration. The exercise price of the share options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 20 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.

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at the beginning of the year	-	-	1,187,500	1.20
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed/cancelled during the year	-	-	(1,187,500)	(1.20)
Outstanding at the year end	**-**	**-**	**-**	**-**
Exercisable at the year end	**-**	**-**	**-**	**-**

There were no share options outstanding at the end of the reporting period.

Weighted average remaining contractual life of share options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is nil (2015: nil).

Range of exercise price of share options

The exercise price for options outstanding at the end of the year is nil (2015: nil).

Weighted average fair value of share options

The weighted average fair value of options granted during the year was nil (2015: nil).

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.

(ii) 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.

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.

	2016 Number	2015 Number
Outstanding at the beginning of the year	1,637,020	-
Granted during the year	1,751,135	1,637,020
Vested during the year	-	-
Lapsed/cancelled during the year	-	-
Forfeited during the year	-	-
Outstanding at the year end	**3,388,155**	**1,637,020**
Exercisable at the year end	**-**	**-**

Exercise price of performance rights

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

30. SHARE-BASED PAYMENTS (CONTINUED)

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 $0.673 (2015: $0.406).

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.

2015 - Performance rights

Details	Absolute TSR Performance Rights	Relative TSR Performance Rights
Grant date	26 / 11 / 2014	26 / 11 / 2014
Share price at grant date ($)	$0.772	$0.772
Performance right exercise price ($)	Nil	Nil
Share price barrier ($)	$1.572	-
Vesting conditions	1.15^3 times 20 day VWAP	-
Test date	01 / 07 / 2017	01 / 07 / 2017
Expected life of performance rights (yrs)	3 years	3 years
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	2.45%	2.45%
Stock dividend yield per annum (%)	3.52%	3.52%
Fair value at grant date ($)	$0.292	$0.52

2016 - Performance rights

Details	Absolute TSR Performance Rights	Relative TSR Performance Rights
Grant date	23 / 11 / 2015	23 / 11 / 2015
Share price at grant date ($)	$1.260	$1.260
Performance right exercise price ($)	Nil	Nil
Share price barrier ($)	$2.170	-
Vesting conditions	1.15^3 times 20 day VWAP	-
Measurement date	01 / 07 / 2017	01 / 07 / 2017
Expected life of performance rights (yrs)	3 years	3 years
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	2.17%	2.17%
Stock dividend yield per annum (%)	2.34%	2.34%
Fair value at grant date ($)	$0.554	$0.79

31. COMMITMENTS

(a) Capital commitments

Commitments relating to jointly controlled assets

At 30 June 2016 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:

	2016	2015
- Within one year	**2,688,982**	**2,383,726**

(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 between six months and 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 34.

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

	2016	2015
(i) Property leases as lessee:		
- Within one year	1,518,782	1,458,838
- After one year but not more than five years	383,592	1,901,442
	1,902,374	**3,360,280**
(ii) Equipment leases:		
- Within one year	46,680	41,197
- After one year but not more than five years	23,789	40,732
	70,469	**81,929**
(iii) Mineral tenement leases:		
- Within one year	5,763,238	5,106,336
- After one year but not more than five years	21,405,977	17,407,855
- After more than five years	62,054,198	48,031,862
	89,223,413	**70,546,053**

(c) Operating lease commitments - Company as lessor

The Company has entered into a commercial sub-lease on the above mentioned office space.

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

(i) Property leases as lessor:	**2016**	**2015**
- Within one year	5,838	8,334
- After one year but not more than five years	-	-
	5,838	8,334

31. COMMITMENTS (CONTINUED)

(d) 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:

	2016	
	Minimum lease payments	Present value of lease payments
Within one year	5,757,588	5,201,279
After one year but not more than five years	10,716,217	10,242,066
Total minimum lease payments	16,473,805	15,443,345
Less amounts representing finance charges	(1,030,460)	-
Present value of minimum lease payments	**15,443,345**	**15,443,345**

	2015	
	Minimum lease payments	Present value of lease payments
Within one year	1,823,428	1,657,552
After one year but not more than five years	3,398,454	3,265,527
Total minimum lease payments	5,221,882	4,923,079
Less amounts representing finance charges	(298,803)	-
Present value of minimum lease payments	**4,923,079**	**4,923,079**

	2016	2015
Included in the financial statements as:		
Current interest-bearing loans and borrowings (note 23)	5,201,279	1,657,552
Non-current interest-bearing loans and borrowings (note 24)	10,242,066	3,265,527
Total included in interest-bearing loans and borrowings	**15,443,345**	**4,923,079**

The weighted average interest rate of leases for the Company is 3.83% (2015: 4.02%).

(e) Other commitments

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

32. CONTINGENT ASSETS AND LIABILITIES

(i) 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 $3,305,319 (2015: $3,255,319). These bank guarantees are fully secured by performance bonds (refer to note 15).

(ii) Clawback agreement

AngloGold Ashanti holds the right to earn back a 75% interest in any individual resource defined within the tenements acquired from AngloGold by Westgold (with the exception of Rover 1 and Explorer 108), under specific terms, conditions, specified payments and performance hurdles.

33. AUDITOR'S REMUNERATION

	2016	2015
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	398,055	344,356
Other services in relation to the entity and any other entity in the Consolidated Entity:		
- tax compliance	125,890	78,700
- stamp duty compliance	17,100	40,860
Amounts received or due and receivable by Ernst & Young (United Kingdom) for:		
An audit or review of financial reports of the entity and any other entity within the Consolidated Entity	-	36,969
Total auditor remuneration	**541,045**	**500,885**

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 its joint operator 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.

		2016	2015
	Commitments relating to the joint operation:		
	Share of capital commitments (refer to note 31(a))	**1,081,377**	**217,483**
	Share of operating lease commitments (refer to note 31(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	932	6,349
		932	**6,349**
(ii)	**Equipment leases:**		
	- Within one year	13,085	14,664
	- After one year but not more than five years	1,275	14,360
		14,360	**29,024**
(iii)	**Mineral tenement leases:**		
	- Within one year	56,658	180,780
	- After one year but not more than five years	-	-
	- After more than five years	-	-
		56,658	**180,780**

Impairment

During the year reversal of write-downs of inventory of $1,591,216 (2015: $1,638,724 write-downs) were recognised in the joint operation.

CANNON GOLD PROJECT

The Company has a mine financing and profit sharing agreement with Southern Gold Limited ("SAU") for the development of the Cannon Gold Project. Under the agreement, the Consolidated Entity operates and manages the mine. Ore is batch processed in parcels of approximately 40,000 tonnes through the SKO process plant. All proceeds from the sale of the Cannon production goes first to repay all costs incurred by the project and SKO has the right to a 50% share of all surplus profits. In line with the agreement the Company is liable for all mining associated costs as it is the operator of the joint arrangement. At 30 June 2016 there are no commitments relating to the joint operation.

Impairment

During the year inventory write-downs of $361,865 (2015: nil) 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:

- Renison Tin Project: Mining, treatment and marketing of tin concentrate.
- Wingellina Nickel Project: Exploration and development of nickel assets.
- Higginsville Gold Operations: Mining, treatment, exploration and development of gold assets.
- South Kalgoorlie Operations: Mining, treatment, exploration and development of gold assets.
- Central Murchison Gold Project: Mining, treatment, exploration and development of gold assets.
- Fortnum Gold Project: Exploration and development of gold assets.
- Northern Territory Projects: Exploration and development of gold 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. However, consolidated financing (including finance costs and finance income) and income taxes are managed on a consolidated basis and are not allocated to operating segments. Inters-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 2016 and 30 June 2015.

Year ended 30 June 2016	Renison Tin Project	Wingellina Nickel Project	Higginsville Gold Operations	South Kalgoorlie Operations	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Projects	Adjustments and eliminations	Total
Revenue									
External customers	70,682,179	-	151,350,329	72,484,117	56,482,885	-	-	-	350,999,510
Total revenue	**70,682,179**	**-**	**151,350,329**	**72,484,117**	**56,482,885**	**-**	**-**	**-**	**350,999,510**
Results									
Depreciation and amortisation	(8,129,119)	(73,872)	(34,029,491)	(13,896,094)	(7,700,893)	(21,758)	(34,497)	-	(63,885,724)
Exploration and evaluation expenditure written off	(4,468)	(1,979,741)	(1,798,344)	(3,807,396)	(10,060,284)	(439,383)	(8,726,938)	-	(26,816,554)
Impairment of assets	-	-	-	-	-		-	-	-
Segment profit	**8,255,007**	**(2,053,620)**	**(9,069,989)**	**1,333,422**	**(6,493,882)**	**(901,480)**	**(8,761,435)**	**120,327**	**(17,571,650)**
Total assets	**82,733,985**	**72,682,323**	**75,473,457**	**48,966,587**	**176,474,827**	**36,584,238**	**17,424,394**	**-**	**510,339,811**
Total liabilities	**(16,259,471)**	**(174,209)**	**(45,883,925)**	**(39,060,748)**	**(58,685,165)**	**(11,873,268)**	**(1,428)**	**-**	**(171,938,214)**
Other disclosures									
Capital expenditure	(17,861,736)	(1,781,439)	(45,622,735)	(29,169,224)	(75,104,400)	(36,874,869)	(1,538,964)	-	(207,953,367)

35. SEGMENTS (CONTINUED)

Year ended 30 June 2015	Renison Tin Project	Wingellina Nickel Project	Higginsville Gold Operations	South Kalgoorlie Operations	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Projects	Adjustments and eliminations	Total
Revenue									
External customers	79,629,155	-	195,812,444	36,963,792	-	-	-	-	312,405,391
Total segment revenue	**79,629,155**	**-**	**195,812,444**	**36,963,792**	**-**	**-**	**-**	**-**	**312,405,391**
Results									
Depreciation and amortisation	(6,668,392)	(77,180)	(31,421,409)	(4,446,557)	(1,271,006)	-	(95,575)	-	(43,980,119)
Exploration and evaluation expenditure written off	(5,541)	(130,577)	(418,824)	(728,993)	(2,003,483)	-	(2,823,242)	-	(6,110,660)
Impairment of assets	-	-	(4,717,594)	-	-	-	-	-	(4,717,594)
Segment profit	**9,866,712**	**(207,757)**	**42,136,886**	**2,594,213**	**(4,540,452)**	**-**	**(2,918,817)**	**(1,609,049)**	**45,321,736**
Total assets	**74,954,796**	**72,964,308**	**70,775,565**	**28,166,499**	**111,823,944**	**-**	**24,705,338**	**-**	**383,390,450**
Total liabilities	**(8,312,130)**	**(102,595)**	**(65,396,232)**	**(32,010,425)**	**(31,201,205)**	**-**	**(115,465)**	**-**	**(137,138,052)**
Other disclosures									
Capital expenditure	(4,303,545)	(2,874,665)	(22,594,584)	(20,882,269)	(20,617,506)	-	(2,227,024)	-	(73,499,593)

Adjustments and eliminations

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 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 (CONTINUED)

(a) Reconciliation of profit/(loss)	2016	2015
Segment profit	**(17,571,650)**	**45,321,736**
Corporate administration expenses	(13,257,290)	(7,374,943)
Corporate interest income	1,281,844	2,844,831
Corporate other income	1,609,730	592,915
Fair value gain on financial instruments	364,853	1,244,795
Impairment loss on receivables	-	(1,500,000)
Impairment loss on available-for-sale financial assets	(105,000)	-
Net gains on disposal of available-for-sale investments	(16,637)	122,591
Net gain on disposal of assets	(215,101)	(302,724)
Total consolidated profit/(loss) before income tax	**(27,909,251)**	**40,949,201**

(b) Reconciliation of assets		
Segment operating assets	**510,339,811**	**383,390,450**
Unallocated corporate assets		
Cash and cash equivalents	41,985,917	96,538,393
Trade and other receivables	2,736,458	1,210,437
Prepayments	112,779	303,943
Other financial assets	-	1,438,580
Available-for-sale financial assets	43,238,833	3,783,915
Property, plant and equipment	573,446	671,933
Total consolidated assets	**598,987,244**	**487,337,651**

(c) Reconciliation of liabilities		
Segment operating liabilities	**171,938,214**	**137,138,052**
Unallocated corporate liabilities		
Trade and other payables	23,893,871	1,283,338
Provision for employee benefits	1,810,935	1,557,991
Interest bearing loans and borrowings	6,435,891	1,091,696
Total consolidated liabilities	**204,078,911**	**141,071,077**

(d) Segment revenue from external customers		
Segment revenue	**350,999,510**	**312,405,391**
Interest revenue	1,281,844	2,844,832
Total revenue	**352,281,354**	**315,250,223**

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.

Australia	281,604,948	234,070,516
South east asia	69,394,562	78,334,875
Total revenue	**350,999,510**	**312,405,391**

The Consolidated Entity has two customers to which it provides tin, copper and gold. The Consolidated Entity sends its tin and copper concentrates to one South East Asian customer that accounts for 20% of external revenue (2015: 25%). The Consolidated Entity sells its gold to one Australian customer that accounts for 80% of external revenue (2015: 75%).

(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 / 12 / 2012	-
	PM Cmrlec	Non-Executive Director	23 / 07 / 2013	-
	AC Ferguson	Non-Executive Director	10 / 05 / 2012	23 / 03 / 2016
	SD Heggen	Non-Executive Director	25 / 10 / 2012	-
	X Penggen	Non-Executive Director	09 / 02 / 2012	-
	Y Zhang	Alternate for Mr Xie Penggen	03 / 10 / 2007	-
(ii)	**Executive Directors**			
	PG Cook	CEO & Executive Director	23 / 07 / 2004	-
	WS Hallam	Executive Director	01 / 03 / 2005	-
(iii)	**Other Executives ("KMPs")**			
	AH King	General Manager - Tin Operations	24 / 02 / 2014	-
	JG Brock	Chief Operating Officer - CMGP	21 / 03 / 2016	-
	PD Hucker	Chief Operating Officer - SKO & HGO	17 / 10 / 2012	-
	MP Poepjes	Chief Mining Engineer	08 / 08 / 2011	-
	JW Russell	Chief Geologist	17 / 10 / 2012	-
	FJ Van Maanen	CFO & Company Secretary	01 / 07 / 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

	2016	2015
Short-term employee benefits	2,770,701	2,954,899
Post employment benefits	207,133	210,153
Other long-term benefits	90,741	85,214
Share-based payment	391,136	166,563
	3,459,711	**3,416,829**

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) Other transactions and balances with Key Management Personnel

Pantoro Limited ("Pantoro")

PG Cook and Paul Cmrlec are Directors of Pantoro. The Consolidated Entity provides accounting, secretarial and administrative services at cost to Pantoro. In the current period $289,927 has been charged to Pantoro for these services (2015: $145,842).

At 30 June 2016 there was an outstanding balance of nil (2015: $24,919) for Pantoro.

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

Performance rights held by key management personnel under the long term incentive plan:

Grant date	Test Date	Exercise price $	2016	2015
26 / 11 / 2014	01 / 07 / 2017	Nil	1,230,770	1,230,770
23 / 11 / 2015	01 / 07 / 2018	Nil	1,001,158	-
Total			**2,231,928**	**1,230,770**

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 2016	Ownership interest 2015
Bluestone Australia Pty Ltd	Australia	100%	100%
Metals Exploration Pty Ltd	Australia	100%	100%
Westgold Resources 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 Bluestone Australia Pty Ltd			
Bluestone Mines Tasmania Pty Ltd	Australia	100%	100%
Subsidiary companies of Westgold Resources Pty Ltd			
Castile Resources Pty Ltd	Australia	100%	100%
Aragon Resources Pty Ltd	Australia	100%	100%
Big Bell Gold Operations Pty Ltd	Australia	100%	100%
Hill 51 Pty Ltd	Australia	100%	100%
Avoca Resources Pty Ltd	Australia	100%	100%
Avoca Mining Pty Ltd	Australia	100%	100%
HBJ Minerals Pty Ltd	Australia	100%	100%
Dioro Exploration Pty Ltd	Australia	100%	100%
Hampton Gold Mining Areas Limited	United Kingdom	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	2016	2015
(i) Jointly controlled operations		
Amounts charged by Bluestone Australia Pty Ltd to the joint operation of Bluestone Mines Tasmania Joint Venture Pty Ltd for services provided *	139,880	165,335
(ii) Related parties		
Amounts charged by Bluestone Australia Pty Ltd to Pantoro for services provided **	289,927	145,842

* 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 are directors of Pantoro.

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

	2016	2015
Current assets	40,304,185	56,448,126
Total assets	273,922,057	224,716,670
Current Liabilities	656,206	20,969,991
Total Liabilities	656,206	26,025,616
Issued capital	416,309,191	342,131,798
Accumulated losses	(176,588,553)	(166,625,084)
Option premium reserve	20,576,509	19,961,005
Other reserves	12,968,704	3,223,335
Total Equity	**273,265,851**	**198,691,054**
Profit/(loss) of the parent entity	2,308,844	(34,438,414)
Total comprehensive profit/(loss) of the parent entity	12,054,213	(31,215,079)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Pursuant to Class Order 98/1418, 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 materially 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. EVENTS AFTER THE BALANCE SHEET DATE

Corporate Transactions

On 4 August 2016 the Company announced that it will be commencing the process to separate its gold division from the remainder of the diversified base metals assets by a potential demerger.

On 4 August 2016 the Company announced that it will be offering the opportunity to eligible shareholders to participate in a Share Purchase Plan ("SPP"). Under the SPP, eligible shareholders are invited to invest up to $15,000 at $1.48 per share subject to an overall cap on the SPP of $15,000,000. The SPP Offer closes on 1 September.

On 9 August 2016 the Company announced that it had completed an institutional placement of $100,600,000 and issued 68,000,000 new fully paid ordinary shares in the Company at an issue price of $1.48 per share.

Aditya Birla Minerals Limited Takeover

On 18 July 2016 the Company announced that Aditya Birla's 51% major shareholder Hindalco Industries Limited had received regulatory approval from the Reserve Bank of India to accept the Metals X takeover offer. Accordingly, Metals X increased the Offer consideration to 1 Metals X shares for every 4.5 Aditya Birla share, plus $0.08 in cash for every Aditya Birla share.

On 19 July 2016 the Company announced it had obtained 85.18% acceptances under the Aditya Birla off-market takeover offer and that I had gained control of Aditya Birla.

On 21 July 2016 the Company drew down on a $25,000,000 cash advance facility with Citibank N.A. to pay the cash consideration to Aditya Birla shareholders.

On 22 July 2016 the Company announced it had obtained 90.06% acceptances under the Aditya Birla off-market takeover offer and that it would proceed to compulsorily acquire the remaining interests in Aditya Birla.

On 29 July 2016 the Aditya Birla off-market takeover offer closed with the Company obtaining 94.75% acceptances.

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.

39. EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

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. At the date of this report the Company had a 94.75% interest in Aditya Birla. The compulsory acquisition process is due to be completed on 28 August 2016 the Company will complete the 100% acquisition of Aditya Birla. The consideration for the acquisition was $16,898,058 and 68,443,187 Metals X shares with a fair value of $119,024,415. 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 will be expensed in the profit and loss in the 2017 financial year at the same time that the deferred gain of $22,455,274 relating to the 32.6% previously held interest in Aditya Birla, will be recycled from Other Comprehensive Income to the profit and loss. The acquisition will be accounted for using the acquisition method.

Assets acquired and liabilities assumed

In accordance with the Accounting Standard AASB 3 'Business Combinations', the Company is able to provisionally determine the initial accounting for the acquisition. At the date of this report, the fair value of assets and liabilities have been provisionally determined based on the directors' best estimate of their likely fair value. These amounts may be amended when further information to support these values is obtained. The provisional fair values of the identifiable assets and liabilities as at the date of acquisition are:

Assets	**Fair value recognised on acquisition (Restated)**
Cash and cash equivalents	64,106,998
Trade and other receivables	20,106,538
Other assets	1,444,469
Derivative financial instruments	492,281
Inventories	28,338,924
Property, plant and equipment	24,474,940
Mine properties and development costs	54,647,701
Exploration and evaluation expenditure	2,000,000
	195,611,851
Liabilities	
Trade and other payables	17,532,772
Provisions	42,155,605
	59,688,377
Total identifiable net assets as fair value	**135,923,474**
Fair value of previously held investment in Aditya Birla at 30 June 2016 of 32.6% (21,504,262 Metals X shares).	43,923,135
Fair value of Metals X shares (46,938,925 ordinary shares).	75,102,280
Cash paid	16,898,058
Purchase consideration transferred	**135,923,473**
Analysis of cash flows on acquisition:	
Cash paid	(16,898,058)
Cash acquired with the subsidiary	64,106,998
Net cash flow	**47,208,940**

If the acquisition had occurred on 1 July 2015, consolidated revenue and consolidated net loss before tax for the period ended 30 June 2016 would have been $177,713,146 and $193,013,859 respectively.

The fair value of the trade receivables amounts to $20,106,538 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 $557,905 have been expensed and are included in the profit and loss.

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 2016 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 2016.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 38 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.

PG Cook
CEO & Executive Director
Perth, 26 August 2016

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

We have audited the accompanying financial report of Metals X Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

DL:RH:METALSX:086

INDEPENDENT AUDIT REPORT

Building a better working world

Opinion

In our opinion:

a. the financial report of Metals X Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Metals X Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
26 August 2016

DL:RH:METALSX:086

SECURITY HOLDER INFORMATION AS AT 22 SEPTEMBER 2016

(a) Top 20 quoted Shareholders

Shareholder	%	Number of Shares
NATIONAL NOMINEES LTD	20.05%	121,497,354
HSBC CUSTODY NOMINEES AUSTRALIA LTD	13.98%	84,726,239
JP MORGAN NOMINEES AUSTRALIA LTD	8.71%	52,777,769
JINCHUAN GROUP LTD	7.26%	44,000,000
SUN HUNG KAI INVESTMENTS SERVICES LTD	7.12%	43,157,571
SUN HUNG KAI INVESTMENTS SERVICES LTD	5.73%	34,750,000
CITICORP NOMINEES PTY LTD	3.99%	24,173,010
ALL-STATES FINANCE PTY LTD	2.29%	13,883,311
HSBC CUSTODY NOMINEES AUSTRALIA LTD	2.16%	13,102,777
AJAVA HOLDINGS PTY LTD	1.77%	10,713,596
FARLEIGH RICHARD	1.69%	10,228,517
HSBC CUSTODY NOMINEES AUSTRALIA LTD	0.99%	6,005,304
COOK PETER GERARD	0.89%	5,387,500
CS FOURTH NOMINEES PTY LTD	0.87%	5,259,276
BNP PARIBAS NOMINEES PTY LTD	0.86%	5,225,718
ADITYA BIRLA MINERALS LTD	0.57%	3,447,410
CITICORP NOMINEES PTY LTD	0.50%	3,031,262
WESTERN BRIDGE PTY LTD	0.45%	2,747,982
NATIONAL NOMINEES LTD	0.41%	2,460,221
DEBORTOLI WINES PTY LTD	0.38%	2,317,262
Total	**80.67%**	**488,892,079**

(b) Distribution of quoted ordinary shares

Size of Parcel	Number of Shareholders	Number of Shares
1 - 1,000	773	399,434
1,001 - 5,000	2,286	6,086,414
5,001 - 10,000	1,048	7,664,785
10,001 - 100,000	1,669	45,981,778
Over 100,000	183	545,820,337
Total	**5,959**	**605,952,748**

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

	Number of Share-holders	Number of Shares
1 – 100,000	**217**	**17,415**

SECURITY HOLDER INFORMATION AS AT 22 SEPTEMBER 2016 (CONTINUED)

(d) Substantial Shareholders

Shareholder	%	Number of shares
Apac Resources Limited	13.16	77,907,571
Blackrock Group	9.39	56,919,685
Jinchuan Group Limited	7.26	44,000,000

(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.

Performance rights
The holders of performance rights have no rights to vote at a general meeting of the company.

(f) Unquoted Equity Securities

Number of Performance Rights	Exercise Price	Expiry Date	Number holders
1,637,020	Nil	01/07/2017	9
1,751,135	Nil	01/07/2018	16

TABLES OF MINERAL RESOURCES & ORE RESERVES

TIN DIVISION

MINERAL RESOURCES ESTIMATES
CONSOLIDATED SUMMARY & ANNUAL COMPARISON

(Calculated as at 30 June 2016)

Project	Tin			Copper		
	Tonnes kt	Grade % Sn	Sn Metal Kt	Tonnes kt	Grade % Sn	Sn Metal Kt
30 June 2015						
Renison Bell	12,874	1.46	188	12,011	0.33	39
Mt Bischoff	1,667	0.54	9	-	-	-
Rentails	21,842	0.45	98	21,842	0.22	48
	36,383	**0.81**	**295**	**33,853**	**0.26**	**87**
Mining Depletion						
Renison Bell	(663)	1.46	(10)	(663)	0.42	(3)
Mt Bischoff	-	-	-	-	-	-
Rentails	-	-	-	-	-	-
	(663)	**1.46**	**(10)**	**(663)**	**0.42**	**(3)**
Resource Adjustments						
Renison Bell	(681)	1.82	(12)	(628)	0.58	(3)
Mt Bischoff	-	-	-	-	-	-
Rentails	661	0.40	2	661	0.37	4
	(20)	**0.50**	**(10)**	**33**	**0.45**	**1**
30 June 2016						
Renison Bell	11,530	1.44	166	10,720	0.31	34
Mt Bischoff	1,667	0.54	9	-	-	-
Rentails	22,503	0.45	100	22,503	0.22	51
	35,700	**0.77**	**275**	**33,223**	**0.25**	**85**

MINERAL RESERVES ESTIMATES
CONSOLIDATED SUMMARY & ANNUAL COMPARISON

Mining Reserves are a subset of the Mineral Resource Estimate

	Tin			Copper		
Project	Tonnes kt	Grade % Sn	Sn Metal Kt	Tonnes kt	Grade % Sn	Sn Metal Kt
30 June 2015						
Renison Bell	6,673	1.29	86	6,352	0.29	19
Rentails	20,965	0.45	94	20,965	0.22	46
	27,638	**0.65**	**180**	**27,317**	**0.24**	**65**
Mining Depletion						
Renison Bell	(663)	1.46	(10)	(663)	0.42	(3)
Rentails	-	-	-	-	-	-
	(663)	**1.46**	**(10)**	**(663)**	**0.42**	**(3)**
Reserve Adjustments						
Renison Bell	(319)	1.12	(3)	(293)	0.48	(1)
Rentails	663	0.40	4	663	0.36	3
	344	**0.29**	**1**	**370**	**0.54**	**2**
30 June 2016						
Renison Bell	5,691	1.28	74	5,396	0.28	15
Rentails	21,628	0.45	97	21,628	0.23	49
	27,319	**0.62**	**171**	**27,024**	**0.24**	**64**

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

GOLD DIVISION

MINERAL RESOURCES ESTIMATES
CONSOLIDATED SUMMARY & ANNUAL COMPARISON

(Calculated as at 30 June 2016)

Project	Tonnes kt	Grade % Sn	Au Metal Koz
30 June 2015			
CMGP	126,626	2.07	8,434
HGO	13,750	2.68	1,183
SKO	45,656	2.25	3,309
FGP	-	-	-
	186,032	**2.16**	**12,926**
Mining Depletion			
CMGP	(975)	1.03	(32)
HGO	(1,229)	2.83	(112)
SKO	(643)	2.25	(46)
FGP	-	-	-
	(2,847)	**2.08**	**(190)**
Resource Adjustments			
CMGP	(16,933)	1.20	(660)
HGO	21,080	1.60	1,133
SKO	5,871	2.41	452
FGP	29,695	1.81	1,754
	73,579	**1.13**	**2,679**
30 June 2016			
CMGP	108,719	2.21	7,741
HGO	33,601	2.04	2,204
SKO	50,884	2.27	3,715
FGP	29,695	1.81	1,754
	222,899	**2.15**	**15,414**

MINERAL RESERVES ESTIMATES
CONSOLIDATED SUMMARY & ANNUAL COMPARISON

Mining Reserves are a subset of the Mineral Resource Estimate

Project	Tonnes kt	Grade % Sn	Au Metal Koz
30 June 2015			
CMGP	20,466	2.58	1,700
HGO	3,571	2.95	339
SKO	1,162	1.88	70
FGP	-	-	-
	25,199	**2.60**	**2,109**
Mining Depletion			
CMGP	(975)	1.03	(32)
HGO	(1,229)	2.83	(112)
SKO	(643)	2.25	(46)
FGP	-	-	-
	(2,847)	**2.08**	**(190)**
Reserve Adjustments			
CMGP	3,317	3.04	260
HGO	5,227	0.76	206
SKO	1,775	3.35	168
FGP	5,391	1.95	339
	15,710	**1.93**	**973**
30 June 2016			
CMGP	22,808	2.63	1,929
HGO	7,569	1.78	433
SKO	2,294	2.60	192
FGP	5,391	1.95	339
	38,063	**2.36**	**2,893**

Notes: The geographic region for Gold Resources and Reserves is Australia.

NICKEL DIVISION

MINERAL RESOURCES ESTIMATES
CONSOLIDATED SUMMARY & ANNUAL COMPARISON

(Calculated as at 30 June 2016)

	Nickel			Cobalt			Fe_2O_3		
Project	Kt	Grade %	Metal Kt	Kt	Grade %	Met-al Kt	Kt	Grade %	Metal Kt
30 June 2015									
Wingellina	183,197	0.98	1,797	183,197	0.08	138	183,197	46.95	86,007
Claude Hills	33,277	0.81	270	33,277	0.07	23	33,277	38.73	12,889
	216,474	**0.95**	**2,067**	**216,474**	**0.07**	**161**	**216,474**	**45.68**	**98,896**
Mining Depletion									
Wingellina	-	-	-	-	-	-	-	-	-
Claude Hills	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Resource Adjustments									
Wingellina	(637)	17.9	(114)	(637)	1.06	(7)	(637)	519.23	(3,306)
Claude Hills	-	-	-				-	-	-
	(637)	**17.9**	**(114)**	**(637)**	**1.06**	**(7)**	**(637)**	**519.23**	**(3,306)**
30 June 2016									
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**

MINERAL RESERVES ESTIMATES
CONSOLIDATED SUMMARY & ANNUAL COMPARISON

Mining Reserves are a subset of the Mineral Resource Estimate

	Nickel			Cobalt			Fe_2O_3		
Project	**Kt**	**Grade %**	**Metal Kt**	**Kt**	**Grade %**	**Met-al Kt**	**Kt**	**Grade %**	**Metal Kt**
30 June 2015									
Wingellina	167,470	0.98	1,645	167,470	0.08	128	167,470	47.34	79,287
Claude Hills	-	-	-	-	-	-	-	-	-
	167,470	**0.98**	**1,645**	**167,470**	**0.08**	**128**	**167,470**	**47.34**	**79,287**
Mining Depletion									
Wingellina	-	-	-	-	-	-	-	-	-
Claude Hills	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Resource Adjustments									
Wingellina	952	8.79	(84)	952	0.53	(5)	952	253.89	(2,417)
Claude Hills	-	-	-				-	-	-
	952	**8.79**	**(84)**	**952**	**0.53**	**(5)**	**952**	**253.89**	**(2,417)**
30 June 2016									
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 Resources and Reserves is Australia.

TENNANT CREEK – ROVER POLYMETALLIC PROJECTS
MINERAL RESOURCES ESTIMATES – CONSOLIDATED SUMMARY & ANNUAL COMPARISON
(Calculated as at 30 June 2016)

Rover 1 Project	Gold			Copper			Bismuth			Silver			Cobalt		
	Kt	Grade %	Metal Koz	Kt	Grade %	Metal Kt	Kt	Grade %	Metal Kt	Kt	Grade %	Metal Koz	Kt	Grade %	Metal Kt
Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indicated	2,741	2.42	213	2,741	1.42	59	2,741	0.18	5	2,741	2.33	205	2,741	0.04	1
Inferred	4,073	1.27	168	4,073	1.06	52	4,073	0.11	4	4,073	1.90	249	4,073	0.08	3
	6,814	**1.73**	**381**	**6,814**	**1.20**	**112**	**6,814**	**0.14**	**9**	**6,814**	**2.07**	**454**	**6,814**	**0.06**	**4**

Explorer 108 Project	Zinc			Lead			Copper			Silver		
	Kt	Grade %	Metal Kt	Kt	Grade %	Metal Kt	Kt	Grade %	Metal Kt	Kt	Grade %	Metal Koz
Measured	-	-	-	-	-	-	-	-	-	-	-	-
Indicated	8,438	3.41	288	8,438	2.05	173	5,689	0.36	20	8,438	14.32	3,886
Inferred	3,429	2.81	96	3,429	1.88	64	-	-	-	3,429	3.32	366
	11,868	**3.24**	**384**	**11,868**	**2.00**	**237**	**5,689**	**0.36**	**20**	**11,868**	**11.14**	**4,252**

Explorer 142 Project	Gold			Copper		
	Kt	Grade %	Metal Koz	Kt	Grade %	Metal Kt
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Inferred	176	0.21	1	176	5.21	9
	176	**0.21**	**1**	**176**	**5.21**	**9**

Notes: 2.5% Pb + Zn cut-off

There were no additions or depletions during the year.

The geographic region for Polymetallic Resources and Reserves is Australia.

Refer to the Metals X Limited ASX announcement dated 18 August 2016 for detailed information relating to the Mineral Resources & Reserves Estimates.

FURTHER INFORMATION

Refer to the Metals X Limited ASX Announcement dated 18 August 2016 for detailed information relating to Mineral Resources & Ore Reserves Estimates.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Mineral Resources compiled by Metals X technical employees under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell 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 Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Russell is eligible to participate in short and long term incentive plans and holds performance rights in the Company as has been previously disclosed.

The information in this report that relate to Ore Reserves has been compiled by Metals X technical employees under the supervision of Mr Michael Poepjes BEng (Mining Engineering), MSc (Min. Econ) M.AusIMM. Mr Poepjes is 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. Mr Poepjes is eligible to participate in short and long term incentive plans and holds performance rights in the Company as has been previously disclosed.

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.

The Group Chief Geologist and Chief Mining Engineer of Metals X 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 Group Chief Geologist 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 three-level compliance process guides the control and assurance activities:

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

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

Metals X reports its mineral resources and ore reserves on an annual basis, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code) 2012 Edition.

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.