



METALS X LIMITED
ANNUAL REPORT 2010

Company Profile

Metals X Limited is a diversified resource group with a considerable portfolio of growth assets. Metals X has a pipeline of projects from exploration through to production with exposure to tin, nickel, gold, copper, zinc, phosphate, uranium and lead.

Metals X is Australia's largest tin producer with its 50% owned Tasmanian Renison Tin assets producing approximately 2.5% of the global supply of tin.

Metals X owns 100% of the world class Wingellina Nickel Project which hosts a global resource of over 180Mt at 1% nickel including 167Mt of Mining Reserves. The first phase feasibility study was completed in mid 2008 and demonstrated a robust project for the construction of a nickel and cobalt operation to produce 40,000tpa of nickel and 3,000tpa of cobalt with an initial mine life of 40 years at an operating cost of US\$3.34 per pound of nickel after cobalt credits. In 2010 Metals X signed a Mining Agreement with the Traditional Owners enabling the project to be advanced and developed.

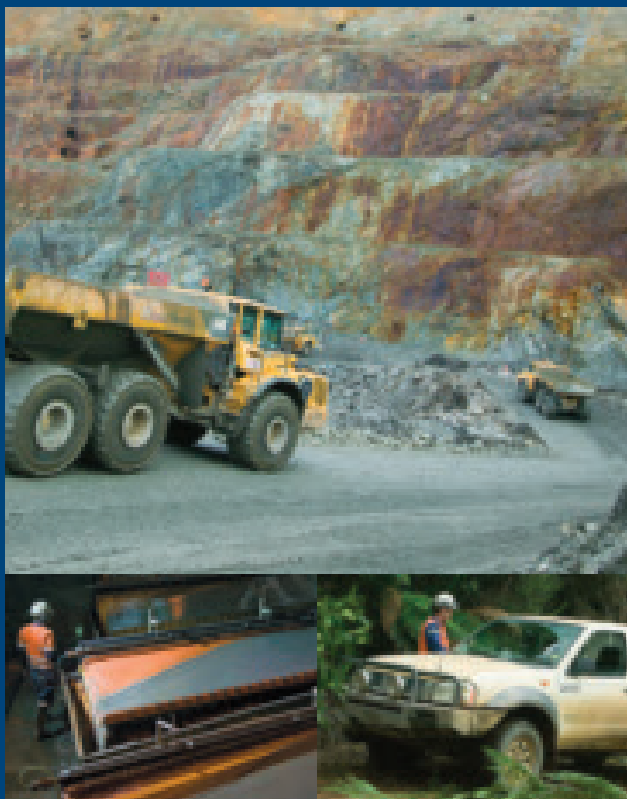
Metals X holds a number of strategic investments in the ASX Listed resource companies Jabiru Resources Limited, Westgold Resources Limited, Aragon Resources Limited and the unlisted Agaton Phosphate Pty Ltd.

Jabiru (19.99% direct interest) is one of the world's lowest cost zinc producers. Production from Jabiru's WA operations is approximately 30,000tpa of zinc and 10,000tpa of copper, while in Victoria it is evaluating the development of the Stockman project which hosts a resource of 12.4Mt @ 2.1% copper and 4.4% zinc.

Westgold (31.99% direct interest) released a maiden resource in 2010 of over 1Mozs gold equivalent and has commenced feasibility studies at its Rover 1 project which is part of the larger Rover goldfield. This goldfield is one of Australia's newest gold copper provinces in the Northern Territory, and shows similarities to the nearby Tennant Creek goldfield which has produced in excess of 5M ounces of gold and 0.5Mt of copper.

Aragon (8.72% direct and 28.47% voting interest) holds several gold and uranium exploration assets in Western Australia and phosphate projects in the Northern Territory. The large Central Murchison Goldfield Project includes a 1.76Moz gold resource within the mining areas of Big Bell, Cuddingwarra and Day Dawn which have historically produced over 5Mozs.

Agaton (75% direct interest) holds over 800Kms of exploration titles in the Dandaragan trough in Western Australia which host a large deposit of low grade phosphate which is being evaluated.



Clockwise from top: Mt Bischoff Pit, Environmental Monitoring, Concentrate Tables

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Chairman's Letter



Open pit shot crew at
Mt Bischoff Mine, Tasmania

Dear Shareholders

It is my pleasure to present to you the Metals X Limited Annual Report for the period ending 30 June 2010.

Metals X has continued to rebuild itself as a truly diversified explorer and developer of Australian resource projects during the year.

Our strategy to partially divest our Tasmanian Tin Assets and form a JV with a Chinese consortium headed by the world's largest and fully integrated tin miner, Yunnan Tin Group and the sale of the Mt Keith Royalty has significantly strengthened our balance sheet and secured our future growth.

Metals X closes the year having booked a modest profit, with a solid cash balance, no corporate debt, and strong cash flow from its remaining interests in the Tasmanian Tin Assets and is in a strong position as it enacts its forward strategy to create shareholder wealth.

The wholly owned and world-class Wingellina Nickel Project has continued to advance toward development during the year. This limonite or pure oxide nickel laterite deposit is unique in Australia, and despite being overshadowed by the poor performance history of HPAL processing of less suited nickel laterite ores in Australia, Wingellina and its potential is slowly being appreciated by those who understand. A major milestone was achieved with the recent signing of a Mining Agreement with the Traditional Owners and governing council of the Aboriginal Reserve in which the project sits providing a clear pathway to mine development.

We have continued to support and expand upon our major shareholding positions in Westgold and Aragon, both of whom have had significant success and progress during the year. We acquired a 19.99% shareholding in Jabiru Metals Limited, a small but focussed copper-zinc producer with excellent growth propositions and we consider all these investments as having substantial upside potential in the ensuing year.

The significant turn-around in our fortunes and the sound footing on which the Company now stands is a direct reflection of strong and committed leadership. The energy, drive and dedication of our executive team and their willingness to work together is paramount to our success. On behalf of all shareholders, I acknowledge and thank our staff.

On behalf of my Board I thank all shareholders, internal and external stakeholders for their continued support and belief in the Company during the year past.

Peter Cook
Chairman

Metals X closes the year
with strong cash flow from
its Tasmanian Tin Assets.



Underground development rig at Renison Mine, Tasmania

Managing Director's Report



Ball mill at the Renison Tin Concentrator, Tasmania

Strategic Review

Over the last 12 month Metals X has successfully advanced its projects, recapitalised its balance sheet and significantly added to its portfolio of production and near production assets by expanding its strategic investments.

The commissioning of the Renison project was completed towards the end of the last financial year and production has continued to improve throughout the year with the operations now generating strong cashflows for the group.

Metals X advanced its geological, mining, processing and environmental studies for its globally significant Wingellina Nickel project. Further and subsequent to year end Metals X signed a milestone mining agreement with the Traditional Land Owners of Wingellina which lays a foundation for the advancement and development of the project.

Metals X has increased its strategic investment in Westgold from 29.6% to 31.99%. In addition we added exposure to copper-zinc-lead-silver production by acquiring a 19.99% holding in Jabiru. Jabiru is one of the World's lowest cost zinc producers and has strong avenues for expansion.

Metals X finished the year in a strong financial position with cash and equivalents of \$53M with no corporate debt. The company returned to profitability during the year posting an after tax profit for the year of \$12.6M.

Commodity prices during the year rebounded strongly, as expected, especially nickel and tin which have seen increases of over 50% and 60% respectively since 1 July 2009. The fundamentals for both commodities remain strong - tin is confronted by a lack of supply as a result of limited discoveries and declining production whilst experiencing a strong increase in demand driven largely from the rebound in the electronics markets. Nickel is also confronted by a lack of any significant new discoveries and growing stainless steel demand which places Wingellina at the forefront of nickel development projects.

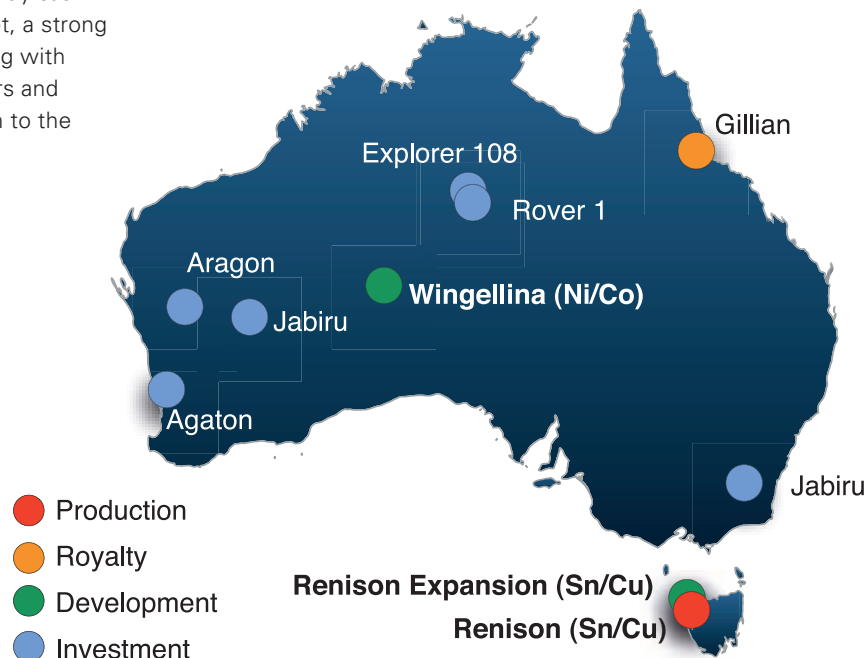
During the year Metals X fulfilled its strategy of crystallising the value of several of its assets through the sale of its royalties and the sale of 50% of its Renison tin operations, which enabled it to recapitalise its balance sheet and to bring forward cashflows. The company is now in a very strong position with exposure to a wide range of commodities and a portfolio which encapsulates the entire value chain from greenfields exploration through to production. The company can now move forward with certainty and confidence with its next phase of growth through securing additional opportunities and developing its current assets.

The momentum of growth in developing economies will continue to drive the global economy over the next decade resulting in increasing demand for our commodities. The sentiment and fundamentals have begun to return and the true underlying value of assets is starting to be recognised.

The sleeping giant in Metals X's current portfolio is the Wingellina Nickel Project. A phase 1 feasibility study completed in 2008 valued the project at A\$3.4 billion from production of 40,000t of Nickel and 3,000t cobalt per annum for over 40 years. Over A\$40 billion of revenue will be generated over the life the project. Since the signing of a mining agreement with the Traditional Owners, the project has now advanced to a stage where Metals X is seeking joint venture partners for financing and development. It is the intention of the company to crystallise some of value of this project in the short term by selling down a percentage of Wingellina while maintaining a significant holding to remain exposed to the significant future cashflows that will be generated.

With our producing assets now significantly cash flow positive, a very strong balance sheet, a strong portfolio of assets and investments, along with the continued support of our shareholders and stakeholders we look forward once again to the year ahead.

Warren Hallam
Managing Director



Nickel Division



Exploration drilling at Wingellina, WA

Metals X's nickel strategy is built around the Central Musgrave Project and includes the globally significant Wingellina Nickel Project. The project is located in the central Musgrave ranges near the triple-point of the WA/NT/SA borders.

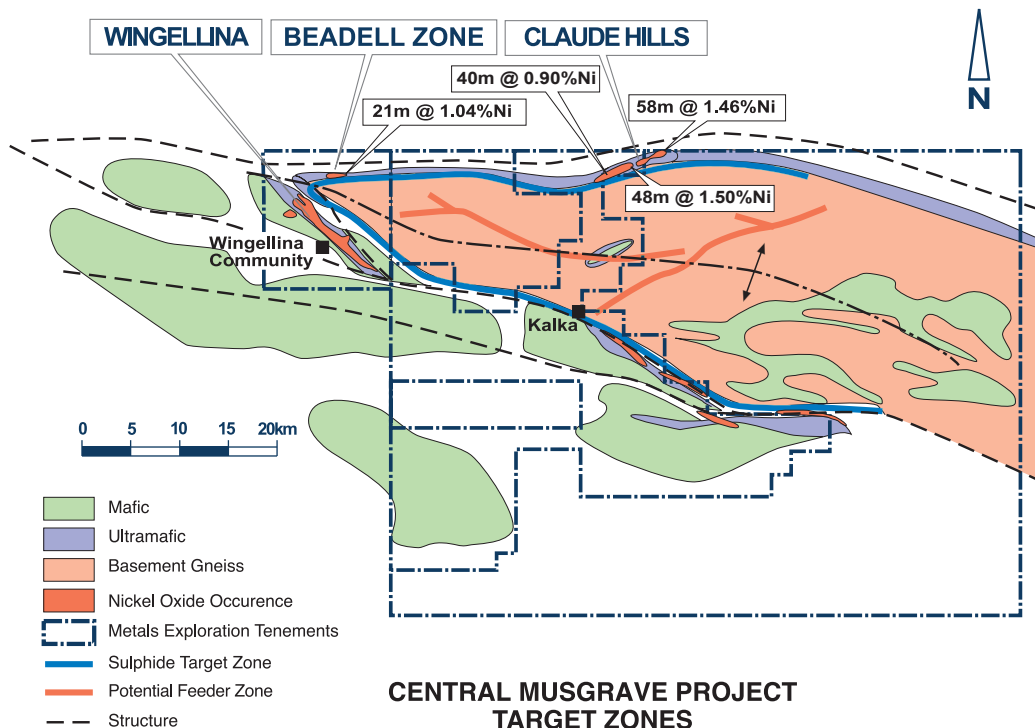
Central Musgrave Project

The Central Musgrave Project ("CMP") consists of exploration titles held in both Western Australia and South Australia which cover the Giles complex intrusives of the Musgrave block in central Australia. The key geological units are Giles Complex ultramafic and mafic layered intrusives, which are known to host nickel and copper sulphide mineralisation, and importantly, nickel and cobalt rich

limonite ores. These ores are the product of deep weathering of the ultramafic lithologies within the project area.

Work at the Central Musgrave Project during the year focused on three key areas:

- Completing a mining agreement with the Native Title Holders in order to establish the Company's right to develop and mine the Wingellina project;
- Initiating the statutory environmental approvals process, and undertaking additional field work necessary to complete these approvals; and
- Expanding the resource base within the Company's South Australian tenements.



Wingellina Deposit

Wingellina, part of the CMP, is a major project and exists as one of the largest undeveloped nickeliferous 'Pure Oxide' limonite accumulations in the world. Wingellina contains over 180Mt of ore at 1% Nickel of which 167Mt is categorised as Probable Mining Reserves.

Metals X has been undertaking detailed investigations at Wingellina since early 2005 when it entered into an earn-in agreement with Acclaim Exploration NL. Metals X subsequently acquired 100% ownership of the project in 2006.

Metals X completed a phase one feasibility study in mid 2008 and confirmed a robust project concept for the construction of a nickel and cobalt operation producing approximately 40,000tpa of nickel and 3,000tpa of Cobalt. The initial mine life is 40 years with an operating costs of US\$3.34 per pound of nickel after cobalt credits. The estimated after tax

NPV based on a Nickel price of US\$20,000, Cobalt price of \$45,000 and a US\$ exchange rate of 0.85 was A\$3.4 Billion.

The major highlight for the project during the year was the completion of a land use agreement with the Ngaanyatjarra People, and their representative bodies which provides the right to develop and mine the Wingellina deposit. The landmark agreement is the first allowing mining in the Ngaanyatjarra Lands. By securing a mining agreement, Metals X has overcome one of the main impediments to project development.

Metals X has undertaken a significant amount of resource definition drilling and evaluation. The Identified Mineral Resource estimate defines an ore body containing nearly 1.8Mt of nickel metal, 139,000t of Cobalt metal and 60.3Mt of Iron. Significantly, over 91% of the resource is defined as a Probable Mining Reserve in accordance with the JORC code, and resource confidence is high.

Total Identified Mineral Resource Estimate as at 30 June 2010 0.5% Ni (cut-off)

Class	Tonnes (Kt)	Ni	Co	Fe ₂ O ₃
Measured	68,847	1.00	0.08	48.71
Indicated	98,623	0.97	0.08	46.39
Inferred	15,727	0.97	0.07	42.73
Total	183,197	0.98	0.08	46.95

Mining Reserve Estimate as at 30 June 2010

Class	Tonnes (Kt)	Ni	Co	Fe ₂ O ₃
Proven	—	—	—	—
Probable	167,470	0.98	0.08	47.34
Total	167,470	0.98	0.08	47.34



Exploration drilling at Wingellina, WA

The mineralogy of the Wingellina ore is a major strength of the project. Wingellina is a “Nickel Limonite”, or “Pure Oxide Tropical Laterite (POTL)” ore. Unlike most Australian nickel laterite projects, Wingellina ore has characteristics perfectly suited to High Pressure Acid Leaching (“HPAL”), with high iron grades (average 47% Fe_2O_3) and a very low concentration of magnesium (average 1.6% Mg). High iron and low magnesium content results in low acid consumption, limiting the major contributor to operating costs and providing significant economic advantages. There are many examples of high iron, low magnesium lateritic nickel deposits which have successfully and profitably produced nickel and cobalt in metal or concentrate from around the world. The characteristics of the Wingellina ore are similar to that of Moa Bay in Cuba, which began production using HPAL in 1959, and is still operating today.

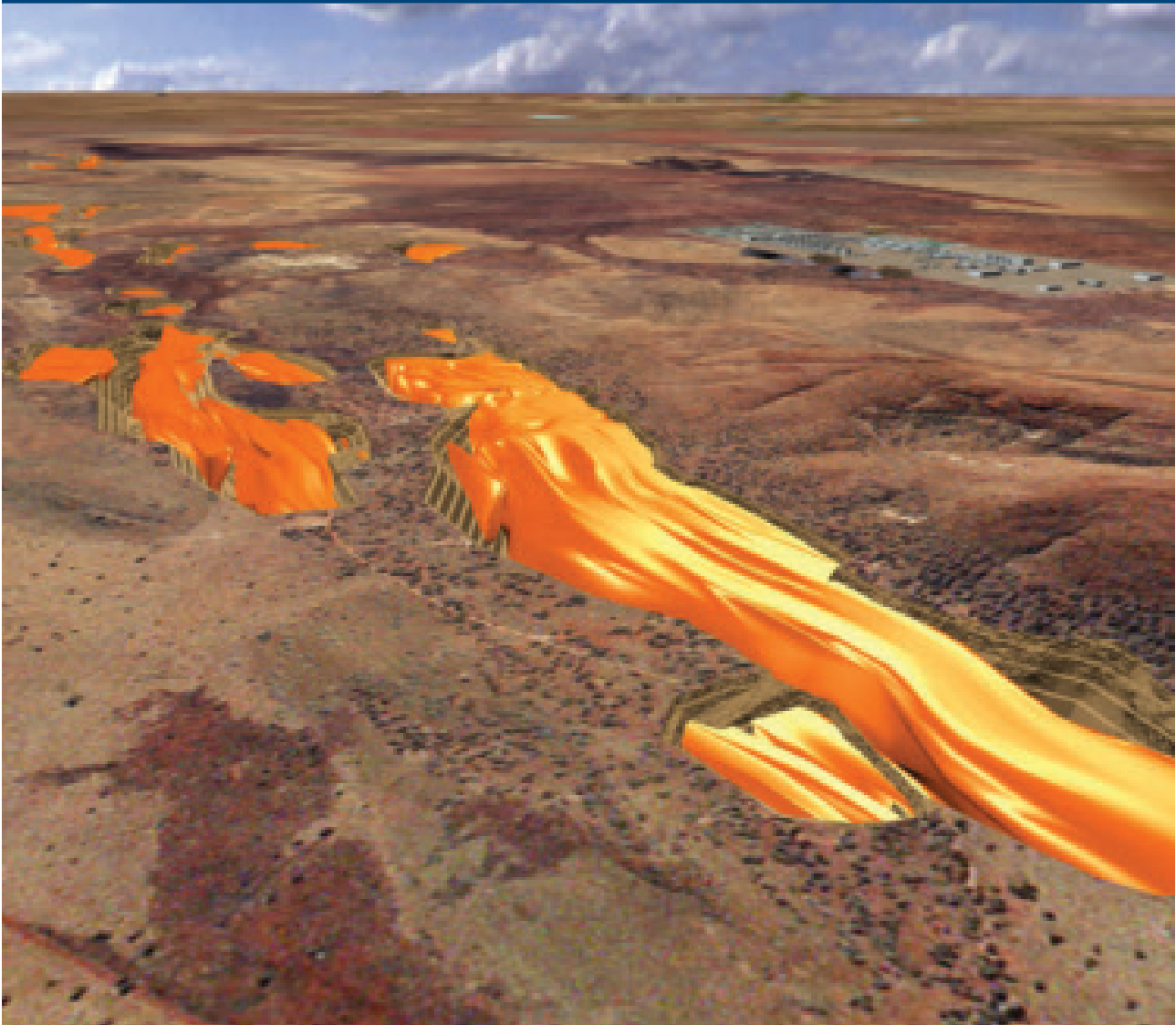
Another advantage of the Wingellina deposit is the low mining cost. The Wingellina ore deposit is exposed at the surface, has a very low stripping ratio and allows for excavation without blasting. The Waste:Ore stripping ratio is only 0.5:1 for the first 20 years, and 1.1:1 for the life of the operation. The Wingellina deposit is made up of a number of zones over a strike length of around 10km. The geometry of the deposit allows a mining strategy to process higher grade ores early in the project life to maximise early cash flow. Simple payback for the operation is projected to be achieved during the fifth year of production, allowing for a three year ramp up to full production.

The feasibility study demonstrated the ability to profitably operate a mine in the Central Musgrave Region notwithstanding the previously perceived issues of location and isolation. The project is capital intensive with an estimated construction cost of \$2.2 billion (plus EPCM and contingency). Operating costs will be maintained as low as possible through the use of piped natural gas for power supply, locally sourced calcrete for neutralisation and local sourcing of good quality process water.

Importantly, the estimated NPV of Wingellina still remained significantly positive at the low nickel spot prices and exchange rates which prevailed during the global financial crisis of 2008/2009, demonstrating the robustness of the project and ability to continue to operate profitably through most financial circumstances and cycles.

Metals X has completed extensive environmental baseline studies for Wingellina including flora, fauna, meteorological and dust analysis. To date, no areas of concern from an environmental perspective have been identified. Metals X is continuing with baseline studies at Wingellina, and formally submitted an Environmental Referral and Scoping Document to the EPA in February 2010. The EPA has set the level of assessment for the project at Public Environmental Review (PER), with a review period of 8 weeks. The level of review is consistent with a project of such a scale, and Metals X is now finalising field works prior to submitting the PER documentation. Timelines now set by the EPA should see the finalisation of environmental approvals by September 2011.

Unlike most Australian nickel
laterite projects, Wingellina ore
is perfectly suited to HPAL.



Wingellina feasibility study render showing open cut pits and HPAL processing plant

Wingellina Mining Agreement

Metals X announced that a mining agreement had been signed with the Traditional Owners and granted Native Title Holders of the Wingellina Project area through their representative bodies being the Yarnangu Ngaanyatjarraku Parna Aboriginal Corporation, the Ngaanyatjarra Land Council (Aboriginal Corporation), and the Ngaanyatjarra Council (Aboriginal Corporation) in July 2010.

The agreement provides consent for the grant of a mining lease, and subsequent mining operations over the project which subject to other regulatory approvals, allows the Wingellina Project to be developed.

The landmark agreement, was the first, and remains the only mining agreement to be successfully negotiated in the Ngaanyatjarra Lands and the associated Aboriginal Reserves. Whilst the detail of the agreement remains confidential, the agreement includes cash payments as project milestones are met, a gross royalty interest in line with current Western Australian and national industry standards, and employment and training initiatives for the local people.

The finalisation of the agreement is a major milestone in the development of Wingellina and an important focus for financial and social development within the Ngaanyatjarra lands. The agreement reflects a willingness by the Ngaanyatjarra People to work together with mining companies in the development of resource projects providing commercial and financial benefits to all stakeholders, whilst maintaining the respect of cultures, beliefs and traditions of the Traditional Owners.

EL 3932 Mt Davies License (South Australia)

Metals X through its wholly owned subsidiary Austral Nickel Pty Ltd ("Austral") entered into a farm-in agreement with Rio Tinto Exploration Pty Ltd ("Rio Tinto") to earn an initial 51% interest in the South Australian exploration license E3932 (Mt Davies). This tenement is encapsulated within Metals X's 100% owned tenement E3555, which is adjacent to the Wingellina deposit and hosts part of the Claude Hills deposit. Austral can increase its interest to 70% ownership by sole funding exploration and development expenditure to the completion of a pre-feasibility study. Rio Tinto can elect to contribute following the earn-in phase to retain a 49% interest and can elect to earn-back up to 70% ownership within 60 business days after the delivery by Austral of the pre-feasibility study, through the sole funding of a feasibility study.

To date only a small percentage of the mineralisation system has been tested and there are numerous other limonite occurrences known to exist within the Mt Davies license. In addition there is also significant potential for the discovery of nickel and copper sulphides within the area. Metals X has received access clearances for a number of the prospective areas within E3555 and E3932, and has completed additional drilling at Claude Hills during the year (see below). The ensuing year will see Metals X undertake new airborne geophysical surveys for sulphide mineralisation, grass roots mapping and sampling of areas prospective for both limonite and sulphide mineralisation, and if appropriate, drill testing of prospects identified during those campaigns.

E3932 will be the subject of the majority of exploration activity in the CMP in 2010/2011.

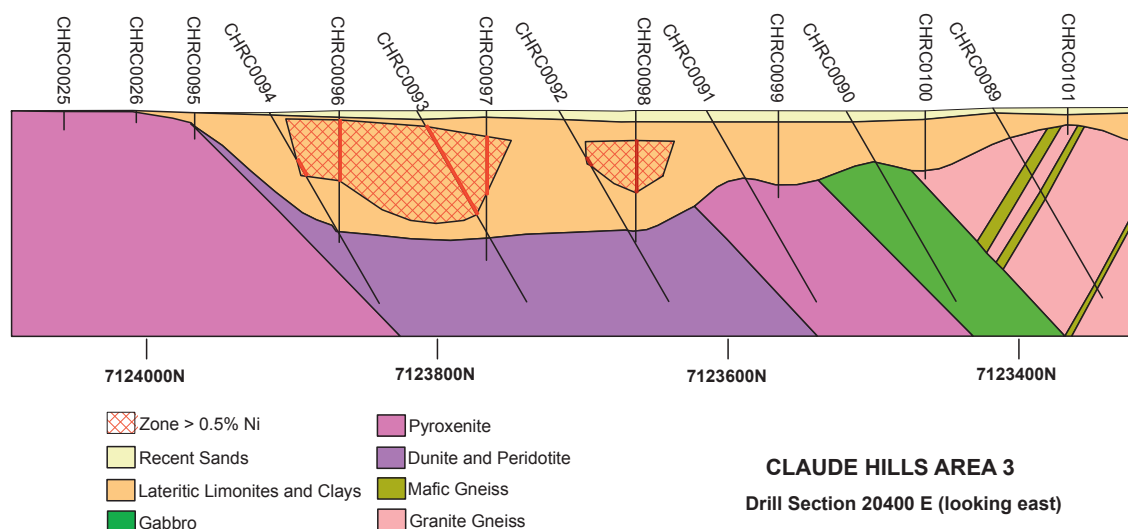
Claude Hills Prospect

Metals X has recently undertaken a significant drilling campaign at the Claude Hills deposit to complement the drilling campaign carried out in late 2008. Claude Hills is located approximately 30Kms to the East of Wingellina. A total of 264 holes (16,514m) have been drilled to date by Metals X over a strike length of approximately 11.5km. This has outlined a second substantial deposit within the area, and Metals X is confident that additional resources will be added to the company's inventory. Known mineralisation, including that identified from drilling completed in 2008, extends over a 5km strike length, open to the west. Results have only been received to date for holes in the eastern half of the drilled area which shows mineralised widths varying from 50 metres to 250 metres and ore thickness varying between 12 and 60 metres, under 5 to 20 metres of remobilised cover.

The grades obtained are similar to Wingellina for nickel, cobalt and magnesium, but the aluminium content is considerably lower. It is anticipated that the metallurgical behaviour of the ore will be as favourable as that of Wingellina as a result of the low magnesium and alumina grades. Assay results for the western half of the drilled area are currently pending.

Metals X anticipates that the Claude Hills area will add a significant amount of additional resources to the feed-stock of Wingellina.

The delineation of the Claude Hills deposit is an exciting development in the understanding of the Giles Complex, and the Company is continuing to seek access to additional areas, both within and outside of its existing leases. The likelihood of further developing additional resources outside of the Wingellina deposit is considered to be high.



Metals X anticipates that
Claude Hills will add a significant
amount of feedstock to Wingellina.



Wingellina landscape looking towards South Australia

Community Involvement

The CMP is located in a relatively remote part of Australia, where mutual respect, assistance, and understanding are key factors in successfully achieving our goals. Our Western Australian leases lie within Aboriginal Reserve 17614, an area that is subject to a 99 year lease to the Ngaanyatjarra Land Council. Our South Australian lease lies on a freehold aboriginal land granted to the Anangu Pitjantjatjara Yankunytjatjara ("APY").

Metals X has been welcomed in the region by members of the various communities. The Community support that the Company attains on the Aboriginal lands has been born out of the open and mutually beneficial relationship that has been developed since 2005.

Metals X has directly employed many local people in all on ground exploration and feasibility activities undertaken in the area. Metals X sees the training of local people as a critical factor in the future development of the Wingellina operation.

Metals X has frequently made its exploration camp available to accommodate service personnel working in the local communities, and continues to support local community development initiatives.

Nickel Royalty Portfolio

Total royalty payments from the Kambalda and Mt Keith royalties for the financial year were \$0.6 million (\$3.7M 2008/09).

The Kambalda royalty expired on 31 August 2009, and Metals X agreed to sell its Mt Keith and Kingston Royalties for A\$20M (A\$19.75M after costs) to Franco-Nevada on 29 October 2009. The written down value of the Mt Keith and Kingston Royalty was \$14.4M realising a profit on the sale of the royalties of \$5.4M.



Mr Thomas and Mr Foster execute the Wingellina Mining Agreement

Tin Division



Haulage operations in the Mt Bischoff Mine

On 19 March 2010 Metals X completed the sale of a 50% interest in its Renison Tin Project assets to YT Parksong Australia Holding Pty Ltd ("YTPAH"). Metals X and YTPAH established a new Joint Venture management company, Bluestone Mines Tasmania Joint Venture Pty Ltd ("BMTJV") to manage the assets for and on behalf of the joint venture partners.

The key assets of BMTJV are the cornerstone of Tasmania's and Australia's hard-rock tin history and are today still Australia's most significant tin assets. Collectively called the Renison Tin Project, the assets include:

1. The World Class Renison Bell Mine;
2. The Renison Tin Concentrator;
3. The Mt Bischoff Tin Project, and
4. The Renison Expansion Project (Rentails).

Renison Tin Project

The decision to sell down part of the company's holdings in the Renison Tin assets was based on a strategy to bring forward cash flow and to benefit from the significant operational experience of the world's largest tin producer, Yunnan Tin Group (Holding) Company Limited ("YTG"). Metals X believes that this major investment by YTG will enable us to extract significantly more value and unlock the full future potential of the assets. The Joint Venture provides security and growth through access to smelters for future off-take sales and valuable technology and experience to improve the current performance, efficiency and future development of both the Renison and the Rentails projects.

The Renison Tin Project is located approximately 15km NE of Zeehan on Tasmania's west. The Project consists of the Renison Underground Mine and the Renison Tin Concentrator. The Mt Bischoff open pit mine is located approximately 80km north of the Renison Tin Project.

The Renison Tin Project was commissioned late last year and has continued to grow successfully, generating significant cash flows for the group. The current operating costs of approximately A\$12,500 per tonne compare favourably to the current tin price of approximately A\$26,500. Overall costs are expected to further improve as full ore production is increasingly sourced from the Renison Underground Mine.

Development in the South Renison Decline during the year has opened up multiple areas of the mine to production, while de-watering of the North Renison decline has successfully enabled access to additional ore bodies including the large Area 4. Exploration drilling in Area 4 commenced in July 2010 and has already returned significant intercepts, many of which are extensions to the currently Identified Resource.

Since commissioning, ore from Mt Bischoff has been complementing the Renison underground mine feed to the Renison Tin Concentrator. Although a significant resource at the Mt Bischoff open pit remains, the last of the ore from the current open pit design was mined in July 2010 and the remaining Mt Bischoff ore stockpiles will be depleted by the end of 2010. Expanded production from the Renison underground mine will allow a single source to provide the entire feed for the Renison Tin Concentrator.

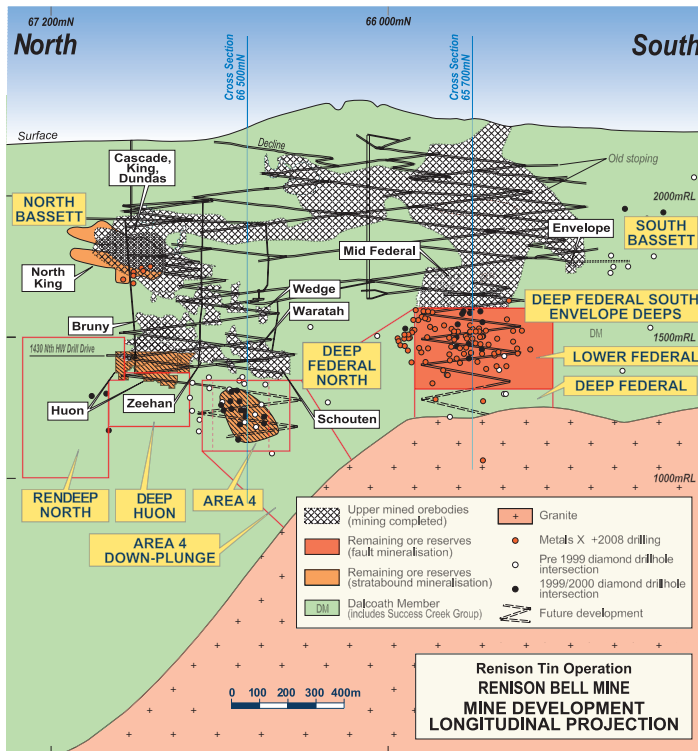
The transition to a single source of ore will result in a reduction in overall operating costs and the higher grade underground ore will lead to increased tin production and earnings. The full effect of this is expected to be observed from October 2010.

The key tin assets of Metals X are the
cornerstone of Tasmania's and
Australia's hard-rock tin industry.



Ore stock piling at the Renison Tin Concentrator, Tasmania

Over 23,000m of
diamond drilling was
completed during the year.



Renison Bell Mine

Production from the Renison underground mine continued to increase during the year towards the long term objectives of a combined steady state production rate of approximately 60,000t per month from the North Renison and South Renison declines. Underground mine development further advanced with a total of 4,412m of development, an additional 75m of vertical development in the South and 1,614m of rehabilitation in the North.

Mine grades from the Renison underground mine reconciled well with the ore reserve grades. Mining grades in the lower areas of the mine have also continued to show the anticipated increase at depth. The Company is targeting annualised production rates over 8,000t of tin metal as the increases in grade in the South Renison Decline and North Renison Decline are achieved.

BMTJV has actively explored for additional ore, and to upgrade resource categorisation during the year with over 23,000m of diamond drilling completed. The Estimated Mining Resource as of 30 June 2010 was 7.25Mt @ 1.77% for 128,391t of tin. The Mining Reserve as of 30 June 2010 increased by 61% after mining depletion, to 1.66Mt at 1.81% compared to 1.28Mt @ 1.78% as of 30 June 2009. Tonnes of tin metal in reserve increased from 22,688t to 30,180t. Future drilling programs have been planned to further delineate and upgrade the extensive resource base in current areas including Area 4 and Rendeep North zones.

During the year a review to recover copper from the Renison ore was undertaken and an updated copper resource model is being developed. Once finalised and subject to mine scheduling it is anticipated that a circuit to recover copper as a co-product will be commissioned. Once commissioned the circuit has the ability to produce at an annualised 1,000 -1,500t of copper in concentrate.

During the year exploration continued to confirm and extend the known ore systems in the underground mine. Infill drilling of the Lower Federal Orebody at depth towards the granite contact further highlighted the increase in copper mineralisation, which is coincident with the tin mineralisation in the main fault.

Drilling in the Federal zone discovered a significant new zone of mineralisation in the hangingwall of the Federal fault system which is open to the north and at depth. The best intercept to date has been 11.5m @ 2.52% Sn in hole UD4185.

Step-out drilling was conducted below the Dundas and King Resource areas in the north of the mine. To date a number of results have been returned from the newly defined Mawsons Lode which lies in the footwall of the existing Lower King Resource including 13.54m @ 1.77% Sn and 0.47% Cu. Drilling has commenced on the upgrade and extension of the Area 4 Resource. New exploration drilling outside of the defined identified resources in Area 4 has returned bonanza grade intercepts from the first 2,300m of the proposed 12,000m program as follows:

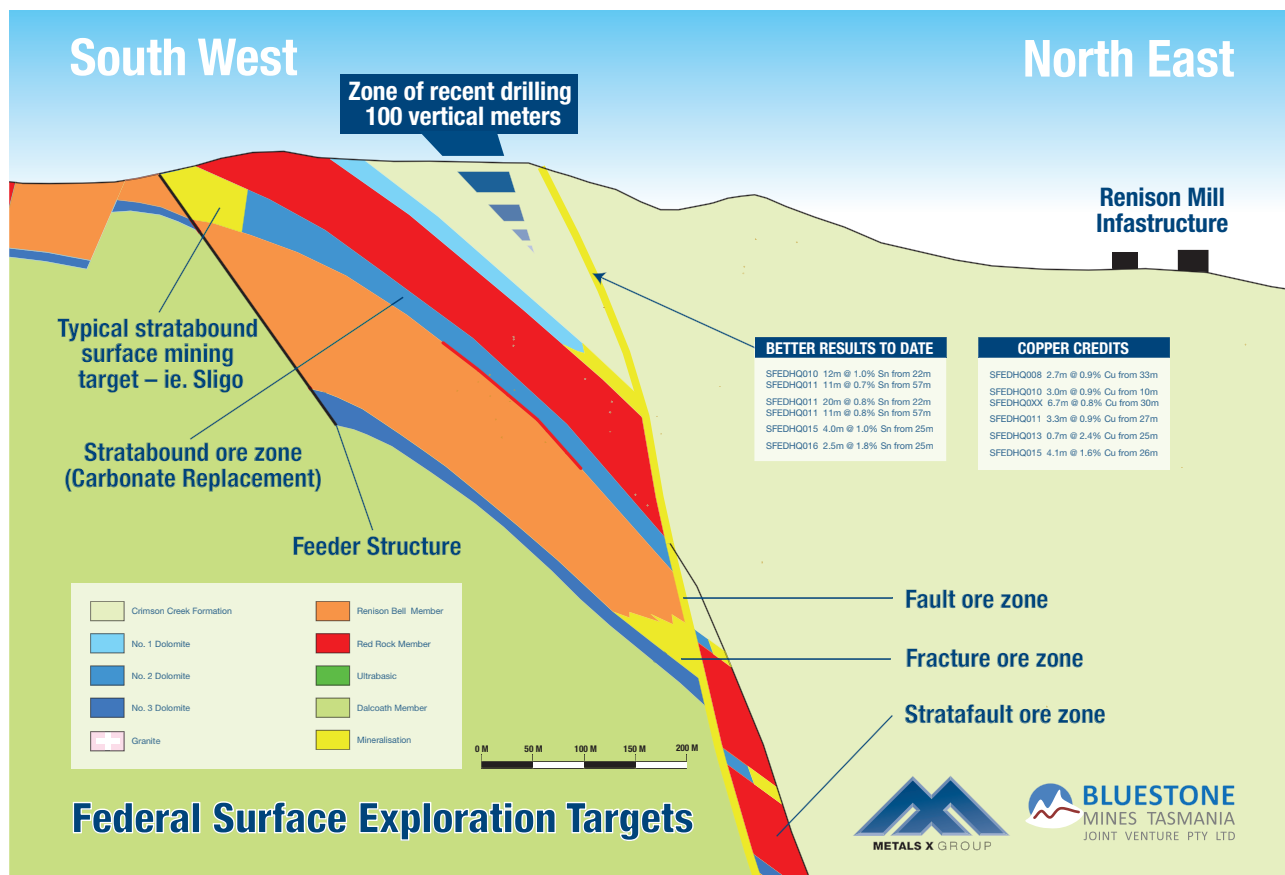
Hole	Northing	Easting	Intercept
U4251	66,473	44,632	14.0m @ 8.11% Sn & 0.14% Cu from 171.9m
U4252	66,473	44,632	14.4m @ 2.43% Sn & 0.30% Cu from 162.6m, and 14.3m @ 4.80% Sn & 0.24% Cu from 193.1m
U4226	66,473	44,632	4.5m @ 3.16% Sn & 0.23% Cu from 193.1m

These exceptional grades confirm the potential for a substantial upgrade and addition to resources within the Area 4 orebody in the North side of the Renison underground mine.

As a comparison, based on current commodity prices 8.11% Sn represents approximately 45 g/t gold (or 1.5 oz per tonne) on a gold equivalent basis.



Underground diamond drilling at the Renison Mine



Surface Exploration Renison

A drilling program to assess the potential of open pit mining of historical near surface areas at the Renison site was conducted during the year. Drilling focused on the main Federal Fault structure and surface expressions of the strata bound units previously mined from underground. The results of this drilling are currently being interpreted, after which open pit optimisations will be undertaken. The work undertaken to date has shown that considerable scope exists for the viable mining of open pit ore from within a 2km radius of the Renison Tin Concentrator.

Renison Tin Concentrator

The Renison Tin Concentrator has continued to perform well and overall recoveries have continued to improve throughout the year. The installation of an additional two ultra fine gravity recovery units in the low grade tin circuit has resulted in significant additional control and stability to the processing circuit. Further minor modifications and additions are being undertaken to the plant on a continuous improvement basis to improve process efficiencies and to optimise the flow sheet.

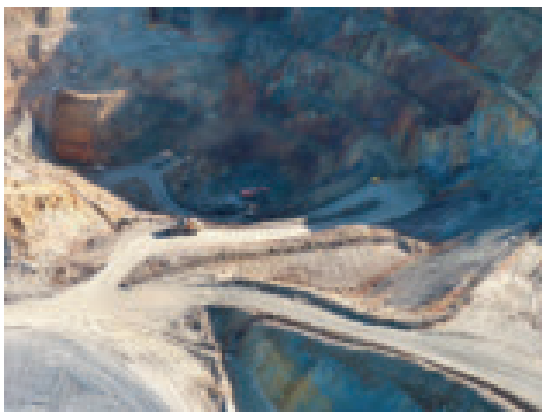
A dam wall lift was completed in July 2010 on the main tails storage facility which created an additional 1.5 years of storage capacity.

Mt Bischoff

Mt Bischoff is a significant deposit in its own right having produced in excess of 55,000t of tin metal since the late 1800's. The total footprint of historical production exceeds the open pit operations and the project has significant upside potential for additional tin mineralisation. The company continues to explore for further open pit and possible underground targets beyond the current planned phase of mining. Exploration drilling was undertaken in the latter half of the year on a series of targets within the Mt Bischoff lease and close to the current open pit. The results are currently being evaluated and further work programs are being planned. A high grade resource along with a significant low grade resource remains below the main pit.

During the year all targets including ore grade, tonnes, total movement and tin produced from the Mt Bischoff open pit mines exceeded expectations. Mining of two small satellite pits was completed and mining at the main pit was completed during July 2010. Stocks from the pit operations will continue to be processed until late in 2010.

A preliminary step out exploration program was conducted at Mt Bischoff to test for the down dip continuity of a number of fissure fill lodes below the old workings at Stanhope, Queens and Thompsons lodes. Results indicated the continuation of a number of the lode systems with significant intersections tabulated below:



Lode	Hole	N	E	Intercept	From
Stanhope	SBMBD0112	2,246	1,359	1.0m @ 1.39% Sn	27.00
Queen's	SBMBD0141	2,371	1,138	1.8m @ 1.34% Sn	117.20
Queen's	SBMBD0144B	2,373	1,246	2.0m @ 1.21% Sn	68.00
Thompson's	SBMBD0122	1,820	853	1.4m @ 1.05% Sn	21.18
Thompson's	SBMBD0123	1,804	822	3.8m @ 5.68% Sn	51.00
Thompson's	SBMBD0164	1,755	834	1.2m @ 1.43% Sn	109.21

The current strategy for the Mount Bischoff project is for it to remain on care and maintenance in the short term whilst options for further underground and open pit mining are evaluated in conjunction with a tenement scale geophysical review to generate further exploration targets.

Renison Expansion Project (Rentails)

The Renison Expansion Project ("Rentails") has a resource of over 83,000t of tin and 40,000t of copper. The project's objective is to reprocess and recover tin and copper from an estimated 18.95 Mt of tailings at an average grade of 0.44% tin and 0.20% copper that have been generated by historical operations at the Renison Bell mine.

The Rentails Project concept and flowsheet comprises the reclaiming or mining of tailings from the dams at a rate of 2Mt per annum to produce approximately 5,300t of tin and 2,000t of copper contained in concentrates per annum. The tailings ore is finely ground to increase the liberation of the tin bearing minerals before removing the gangue sulphides by flotation. The sulphide flotation tails containing the fine tin is then processed through classification, gravity recovery and tin flotation circuits to produce a 10% tin concentrate that will be smelted to produce a tin fume product assaying in excess of 68% tin. A by-product from the fuming process will be a saleable copper matte assaying 70% copper.

The project process uses proven technology providing a robust method for the recovery of both tin and copper. The project also allows for the treatment of other tin sulphide (stannite) ore bodies within the region which are not currently viable under conventional tin processing methods.

Metals X completed a Definitive Feasibility Study for the Expansion Project in 2009. Financial outcomes estimated an average total cash cost of production of \$11,875 per tonne of tin after copper credits, assuming a copper price of A\$6,250 (current copper price A\$8,250) with capital costs in the order of AUD\$ 194 million +/- 15%. The study outcomes demonstrate that it remains exponentially exposed to upside from tin and copper prices.

Metals X and its new joint venture partners are actively investigating various options including alternative scales of operation and new development concepts which we believe can improve the capital and operating costs. Metals X remains encouraged by the potential opportunities for the Rentails Project.

Collingwood Tin Project

The Company's Collingwood Tin Project is located in Far North Queensland approximately 30km south of Cooktown. The Project remains under care and maintenance whilst the Company reviews options for the sale of the assets.

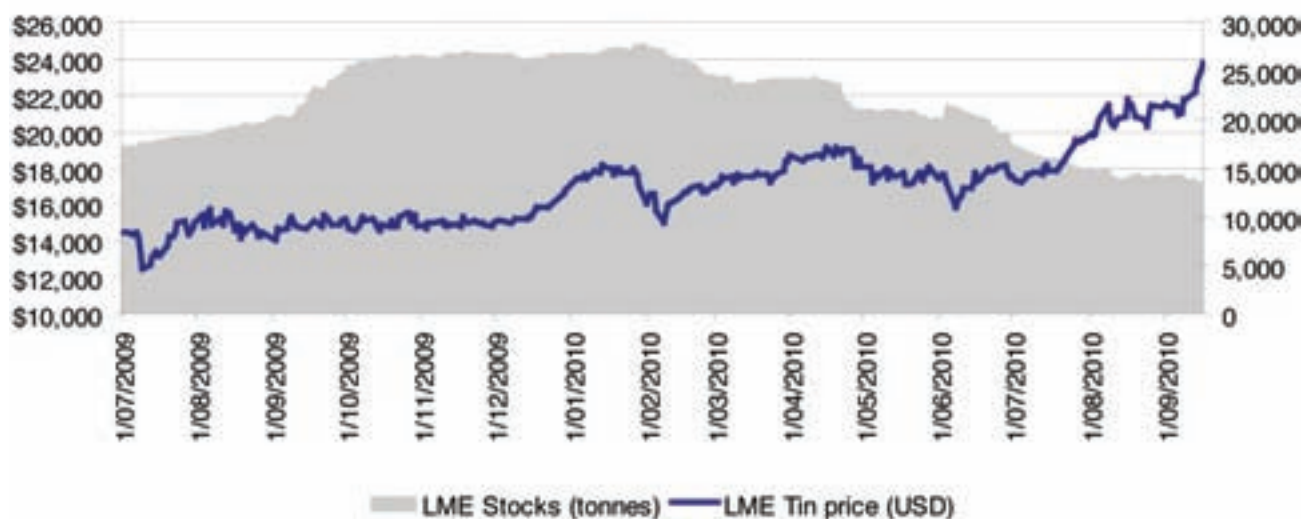
Tin Market

The LME Australian dollar tin price has continued to recover from the lows observed in late December 2008 as a result of the financial crisis. The LME tin price reached a low of A\$14,400 (US\$10,000) and is now trading at historical highs above A\$27,000 (US\$26,200).

During the year tin demand has continued to recover driven largely by the global growth in electronics. Demand has increased from an estimated 290,000t of tin metal in 2008/09 to approximately 340,000t in 2009/10, eroding any surplus that may have been observed in 2009. It is now estimated that over 60% of tin is consumed within solders. A large percentage of this consumption is in consumer goods such as mobile phones, touch screens, computers and developments within the automotive industry.

The supply of tin remains extremely tight as production from China, Indonesia and Peru (together supplying 75% of global tin-in-concentrate production) continue to show signs of declining production. Limited additional global production capacity is also available in the short to medium term. An estimated 17,000t deficit in tin supply is anticipated for the calendar year of 2010 and a much greater deficit is estimated in 2011. The LME stockpiles have also seen a rapid retraction, halving from a peak of 27,905t at the end of January 2010 to the current level of around 12,500t. The current level of LME stocks is equivalent to less than two weeks of global supply.

USD LME Tin Vs Stocks



Identified Mineral Resources

as at 30 June 2010

Project	Tonnes (Kt)	Tin Grade (% Sn)	Metal (t)	Tonnes (Kt)	Copper Grade (% Cu)	Metal (t)
Measured						
Renison Bell	1,023	2.12	21,639	544	0.18	992
Mt Bischoff	41	1.17	481			
Rentails	18,957	0.44	83,715	18,957	0.21	40,256
Collingwood	28	1.39	385			
Sub-total	20,049	0.53	106,220	19,500	0.21	41,248
Indicated						
Renison Bell	3,183	1.68	50,193	331	0.19	636
Mt Bischoff	999	0.59	5,909			
Rentails	–	–	–			
Collingwood	269	1.34	3,617			
Sub-total	4,449	1.41	62,859	331	0.19	636
Inferred						
Renison Bell	3,047	1.75	53,387	1,064	0.48	5,120
Mt Bischoff	699	0.47	3,301			
Rentails	–	–	–			
Collingwood	346	1.06	3,680			
Sub-total	4,093	1.47	60,367	1,064	0.48	5,120
Totals						
Renison Bell	7,253	1.77	128,391	1,939	0.35	6,748
Mt Bischoff	1,740	0.56	9,691			
Rentails	18,957	0.44	83,715	18,957	0.21	40,256
Collingwood	643	1.19	7,681			
Total	28,591	0.80	229,446	20,896	0.22	47,004

Note: Cut-off grades – 0% Sn for Rentails, above 0.3% Sn for Mt Bischoff, 0.7% Sn for Renison Bell and 0.5% Sn for Collingwood

Mining Reserve Estimate – Consolidated

as at 30 June 2010

Project	Cut-off (%)	Tin Tonnes (Kt)	Grade (% Sn)	Metal (t)	Tonnes (Kt)	Copper Grade (% Cu)	Metal (t)
Proved Reserves							
Renison Bell	0.80%	444	1.71	7,589			
Mt Bischoff	0.50%	41	1.17	481			
Rentails	0.00%	–	–	–			
Collingwood	0.70%	–	–	–			
Sub-total	–	485	1.66	8,071			
Probable Reserves							
Renison Bell	0.80%	1,220	1.85	22,591			
Mt Bischoff	0.50%	52	0.88	460			
Rentails	0.00%	18,116	0.44	79,673	18,116	0.21	38,312
Collingwood	0.70%	–	–	–	–	–	–
Sub-total	–	19,388	0.53	102,724	18,116	0.21	38,312
Total Mining Reserves							
Renison Bell	0.80%	1,664	1.81	30,180			
Mt Bischoff	0.50%	94	1.01	941			
Rentails	0.00%	18,116	0.44	79,673	18,116	0.21	38,312
Collingwood	0.70%	–	–	–	–	–	–
Sub-total	–	19,873	0.56	110,795	18,116	0.21	38,312

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based upon information compiled by Mr Scott Huffadine B.Sc(Hons), MAusIMM. Mr Huffadine is a full-time employee of the company. Mr Huffadine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Investments

Metals X has built a diverse portfolio of metal and industrial mineral interests over the last few years. When attractive opportunities emerge our strategy is to invest directly in the entity which owns the assets. Metals X looks to take significant shareholdings and Board representation. We consider this provides us with the flexibility to fund and finance exploration and development activities without potential capital competition from our operations.

Metals X currently has significant strategic investments in:

1. Westgold Resources Limited (31.99%);
2. Jabiru Metals Limited (19.99%);
3. Aragon Resources Limited (8.72% direct and 28.47% of voting rights);and
4. Agaton Phosphate Pty Ltd (75%);

Westgold Resources Limited

Westgold owns a large portfolio of highly prospective tenements in the Tennant Creek region of the Northern Territory which it refers to as the Rover Project. The Rover Project contains a number of coincident magnetic and gravity anomalies which are interpreted to signify iron oxide copper gold ("IOCG") bodies under varying thicknesses (60m-250m) of unconforming transported cover. Westgold has focussed most of its attention to date on two of these targets which have resulted in the discovery of two significant ore bodies. The two prospects are referred to as Rover 1 and Explorer 108.

As the major shareholder and an active participant in the corporate and strategic direction of Westgold, Metals X is confident that this investment will ultimately bring additional mines into the group and will add substantial shareholder value.

Metals X has increased its representation on the Westgold board from one to three members to strengthen Westgold's project development and operational experience which it believes is central to the further development of Westgold's projects.

Rover 1 – IOCG

Westgold is targeting high grade gold and copper deposits similar to the historical mines of the Tennant Creek Goldfield which has produced over 5M ozs of gold and around 0.5Mt of copper metal between the 1930's to late 1990's.

Rover 1 is located approximately 80km south-west of Tennant Creek. Drilling at Rover 1 commenced in March 2008 and in June the first drill result of 65m @ 11g/t Au was received. Since then, drilling has continued to produce further exciting high grade gold and copper intercepts and it has now identified four high grade gold copper zones – Jupiter, Western Zone, Southern Zone and Morning Star. The scale of this large "Tennant Creek Style" system with strong Copper-Gold-Cobalt Bismuth mineralisation is now emerging over a defined strike length of 600m within an 800m long magnetic and gravity anomaly.



Westgold Resources Core Farm for the Rover Operations

During the year Westgold announced a maiden JORC Resource of more than 1M ozs equivalent of 5.3Mt at 6.1g/t gold equiv and has announced it is proceeding with a prefeasibility study for the development of Rover 1.

Within the Rover field there are several other exciting targets which have very similar magnetic and gravity signatures of similar size. It is anticipated that several of these targets will be drilled over the proceeding year which will add significantly to the economics of the high quality Rover 1 discovery and to the development of a new Australian gold field.

Metals X has been highly encouraged by the success and potential of Rover 1 and of the broader potential of Westgold's Rover field.

Explorer 108

Explorer 108 is a large alteration system, mineralised throughout with broad (100m+) intervals grading 2 to 5% Zn + Pb, but importantly contains a number of high grade lenses up to 60m thick containing grades over 7% Zn + Pb. The most significant of these discovered to date occurs in the base of dolomite sequence directly above the contact with the underlying acid volcanic sequence.

Westgold announced a maiden identified mineral resource estimate for Explorer 108 in 2008 as follows:

8.7Mt @ 5.7% (Zn + Pb) using a 2.5% Zn+Pb lower cut-off

or

4.0Mt @ 8.2% (Zn + Pb) using a 5.0% Zn + Pb lower cut-off

Jabiru Metals Limited

During the year the Company acquired a 19.99% interest in Jabiru Metals Limited. Jabiru is an established producer targeting production of 30,000t of zinc and 10,000t of copper per annum from its Jaguar operations in WA.

The Jaguar deposit and recently discovered Bentley deposits are high grade VMS deposits and the Jaguar operation is one of the world's lowest cost zinc producers.

The current Reserve for the Jaguar project is 3.23Mt @ 1.8%Cu, 7.9%Zn, 99 g/t Ag and 0.4 g/t Au including reserves from both Jaguar and Bentley. The current Reserve is equivalent to eight years of production at current processing rates. Jabiru recently commenced the development of the new Bentley Underground Mine to supplement mine feed from the Jaguar Mine.

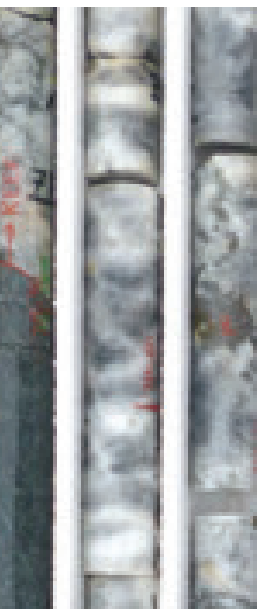
Jabiru is currently conducting a feasibility on the Stockman Project located in North East Victoria with the aim of bringing the large copper-zinc-lead-silver-gold rich sulphide deposits into production. The Stockman Project is comprised of the Currawong (9.2Mt at 2% Cu, 4.2% Zn and 1.1g/t Au) and Wilga (3.3 Mt at 2.4% Cu and 4.9% Zn) deposits.

Metals X believes that Jabiru has a solid growth profile as a highly profitable copper-zinc miner.

Aragon Resources Limited

Aragon holds a portfolio of gold, nickel, phosphate, tungsten and uranium assets in Australia.

During the year Aragon acquired the highly prospective Central Murchison Gold Project located in Western Australia. The Central Murchison Gold Project includes the historical and highly prospective areas of Big Bell, Cuddingwarra and Day Dawn which have produced over 5M ozs of gold and which currently host a total identified Mineral Resource Estimate of 1.756M ozs.



Core samples from
Aragon's Central Murchison
Gold Project

Aragon is continuing to explore and advance its Central Murchison Gold Project towards development and production. The exploration program has so far confirmed the high grade mineralisation beneath the Black Swan south pit, the high-grade Day Dawn and Big Bell mining centres as well as over an area of significant mineralisation called North Fender considered analogous to the Big Bell style mineralisation.

Several mining studies are currently underway to evaluate the potential to restart underground mining and of remnant open pit resources within both the Big Bell and Cuddingwarra mining centre.

Aragon also owns Territory Phosphate Pty Ltd which holds a significant portfolio of prospective Phosphate tenure in the Georgina and West Wiso Basins in central Northern Territory. On 1 July 2010 Aragon entered into an agreement with Rum Jungle Uranium Limited ("Rum Jungle") whereby Rum Jungle is entitled to earn up to a 70% interest in the Ammaroo phosphate/potash project in the Northern territory by meeting certain conditions and spending \$5,000,000 over seven years.

Agaton Phosphate Pty Ltd

Agaton holds a phosphate sands project, located between the towns of Moora and the Cooljaroo 120km north of Perth. The project consists of phosphate sands occurring as nodules and precipitates within sedimentation phases within the Dandaragan Trough. The phosphate mineralisation is considered to have formed by precipitation during the mixing of cold phosphate rich waters with warm continental shelf waters, as has occurred in the giant phosphate deposits of Florida.

A shallow seismic survey conducted in 2009 within the 800km² of Agaton's exploration titles defined three large areas of shallow, flat-lying, unconsolidated, medium grade Phosphate mineralisation prospects within the Poison Hill Greensands ("PHG") of the Cretaceous Dandaragan Embayment. These three prospect areas are referred to as the Dambadgee, Attunga and Maximus. Drilling has demonstrated that the PHG unit within these prospects has an average thickness of approximately 20m and an average grade of approximately 4.5% P₂O₅.

Phosphate-mineralised PHG is continuous within the three prospect areas consisting of a total surface area around 5.25km², defined by 37 drillholes (average drill centres: 291m). The three prospects define the margins of Phosphate prospective PHG terrain measuring 70km N-S and 20km E-W, within Agaton's five Dandaragan Exploration Licenses covering around 1500km².

Agaton has devised and conducted laboratory scale tests on a novel "PHG Process" for use on these ores. Assay results received from that test work demonstrate that the PHG Process is able to solubilise a high proportion of contained Phosphate, Potassium, Magnesium and other valuable compounds for subsequent extraction from the leach liquor. Agaton has lodged an Australian Provisional Patent Application over the process.

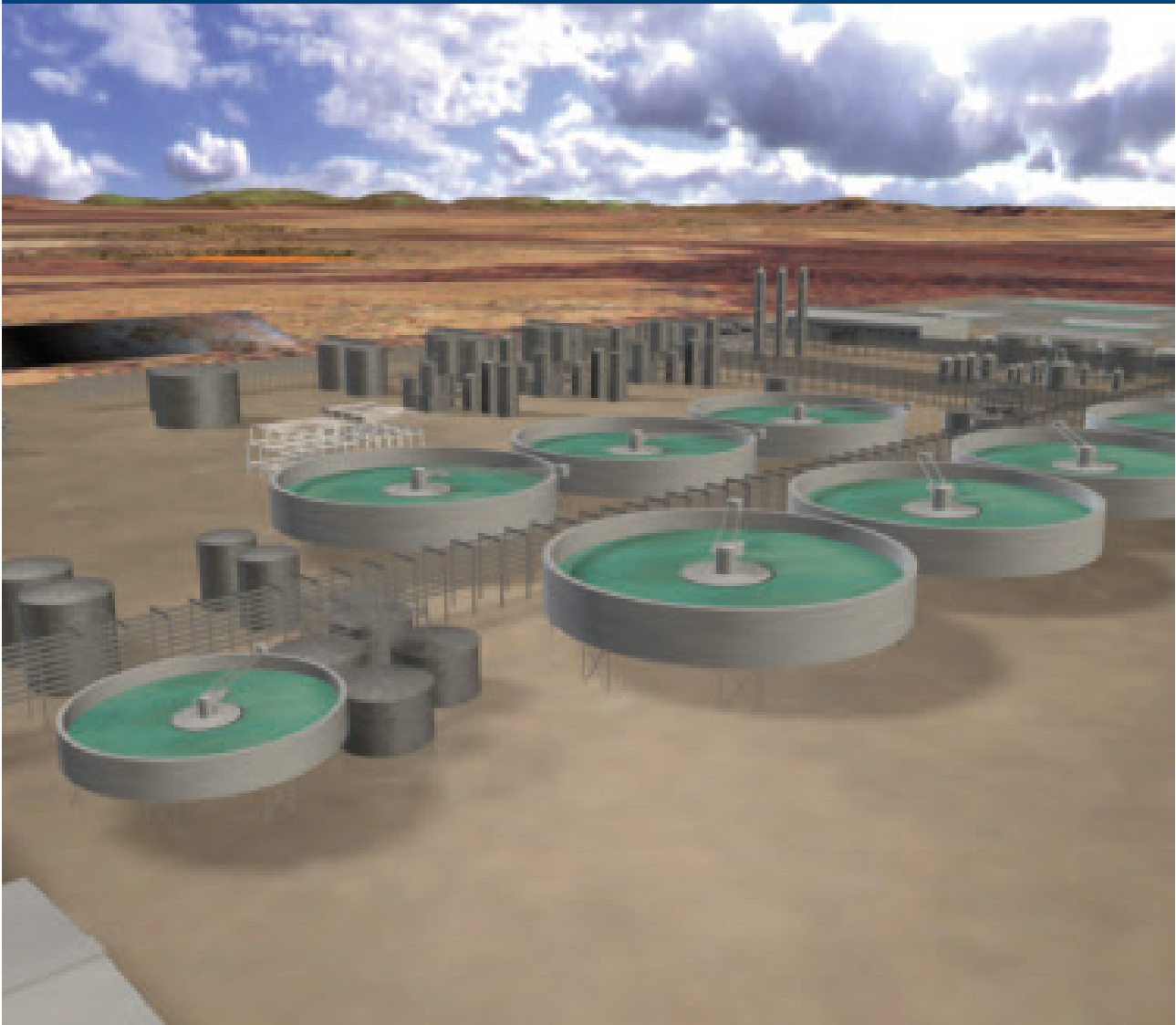
The PHG Process IP adds considerable value to Agaton's large holding of mineralised PHG. Conceptual studies suggest that a significantly lower cost processing technique applied to phosphatic sands could lead to the establishment of a significant market share in Western Australia as an interim. Agaton is currently seeking investment from established fertiliser industry players to advance the technology and the large resource towards production.

We believe strong community relations can deliver significant and lasting benefits.



Mt Bischoff Operations and Warratah Township, Tasmania

The characteristics of the Wingellina ore
result in low acid consumption
and reduced operating costs.



Feasibility render of Wingellina HPAL processing plant

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Director's 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 2010.

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 Gerard Cook – Non-Executive Chairman

Mr Cook is a Geologist (BSc (Applied Geology)) and a Mineral Economist (MSc (Min. Econ), MAusIMM). In recent years he has been the Managing Director of Hill 50 Limited, the Chief Executive Officer of Harmony Gold Australia Pty Ltd, Managing Director of Abelle Limited and Chairman of Metals Exploration Limited. He has considerable experience in the fields of exploration and project and corporate management of mining companies. He is also a director of Westgold Resources Limited and the Chairman of both Aragon Resources Limited and Pacific Niugini Limited. Mr Cook also serves on the Company's Audit and Remuneration Committees.

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

- Westgold Resources Limited* (Appointed 19 March 2007);
- Aragon Resources Limited* (Appointed 18 May 2007); and
- Pacific Niugini Limited* (Appointed 31 August 2009).

Warren Shaye Hallam – Managing Director

Mr Hallam is a Metallurgist (B. App Sci (Metallurgy)) and a Mineral Economist (MSc (Min. Econ)) and holds a Graduate Diploma in finance. He has considerable technical and commercial experience within the resources industry. In recent times he was the Managing Director of Metals Exploration.

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

- Westgold Resources Limited* (Appointed 18 March 2010).

Scott James Huffadine – Executive Director

Mr Huffadine is a Geologist (BSc (Hons)) with broad experience in the resources industry, specifically in geology and mining project management. Mr Huffadine was the Chief Operating Officer of the Company for the two years prior to his appointment as a Director. Prior to joining the Company Mr Huffadine was employed by Harmony Gold Australia Pty Ltd as the General Manager of the Hill 50 Gold Project for 4 years. His previous roles include Chief Geologist for both Harmony and Hill 50 Gold (Mt Magnet Project). He has also held Underground, Open Pit and Exploration Geology positions with WMC Resources at Mt Magnet WA, Dominion Mining at Mt Morgan's WA and Werrie Gold NSW.

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

Peter John Newton – Non-Executive Director (Resigned 24 November 2009)

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 recent 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 Committee.

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

Michael Leslie Jefferies – Non-Executive Director

Mr Jefferies has been an executive of Guinness Peat Group (“GPG”) for the past 18 years and has extensive experience in finance and investment. He is a chartered accountant and holds a B. Comm. Mr Jefferies also serves on the Company’s Audit and Remuneration Committees.

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

- Australian Wealth Management Limited
(Appointed 29 October 2004 – Resigned 24 April 2007);
- Ozgrowth Limited*
(Appointed 31 October 2007);
- Tower Australia Group Limited
(Appointed 8 August 2006 – Resigned 8 August 2008);
- Tower Limited*
(Appointed 14 December 2006);
- Clearview Wealth Limited*
(Appointed 4 November 2008); and
- Capral Limited*
(Appointed 6 November 2008).

Sanlin Zhang – Non-Executive Director
(Appointed 9 November 2009)

Mr Zhang is a Vice President of Jinchuan Group Limited and is responsible for international investments, legal council and community infrastructure.

Mr Zhang has held no other Australian 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 Sanlin Zhang. 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 companies:

- Allegiance Mining NL
(Appointed 7 November 2007 – Resigned 2 June 2008); and
- Albidon Limited*
(Appointed 9 September 2009).

Wang Wei – Non-Executive Director
(Resigned 9 November 2009)

Mr Wang is a professor classed engineer specialising in non-ferrous metallurgy and he brings to the Company substantial experience and knowledge of metallurgical nickel processing techniques, in particular high pressure acid leach technology and operation.

Mr Wei has held no other Australian public company directorships in the past three years.

* Denotes current directorship.

INTERESTS IN THE SHARES OF THE COMPANY

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

Director	Fully Paid Ordinary Shares	Options expiring on 30 November 2010 exercisable at \$0.46	Options expiring on 30 June 2011 exercisable at \$0.40	Options expiring on 30 November 2012 exercisable at \$0.14
P G Cook	68,440,200	2,000,000	–	–
W S Hallam	6,350,000	1,000,000	–	1,500,000
S J Huffadine	–	–	1,000,000	1,000,000
M L Jefferies	2,700,000	–	–	–
S Zhang ⁽¹⁾	176,000,000	–	–	–
Y Zhang (Alt Director)	–	–	–	–
Total	253,490,200	3,000,000	1,000,000	2,500,000

(1) Mr Zhang is a director of Jinchuan Group Limited which holds 176,000,000 fully paid ordinary shares in the Company.

COMPANY SECRETARY

Fiona Van Maanen – Company Secretary

Mrs Van Maanen is a CPA, holds a Bachelor of Business (Accounting) degree and a Graduate Diploma in Company Secretarial Practice. She has 18 years of accounting and financial management experience in the mining and resources industry and has been with the Company since incorporation.

DIVIDENDS

No dividends have been paid or declared by the Company during the financial period or up to the date of this report.

Refer to note 8 for available franking credits.

PRINCIPAL ACTIVITIES

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

- exploration for and the mining, processing, production and marketing of tin concentrate in Australia;
- exploration for nickel in Australia;
- exploration for phosphate in Australia;
- development of nickel projects; and
- exploration and mining for precious and base metals through significant shareholdings in Westgold Resources Limited, Aragon Resources Limited and Jabiru Metals Limited.

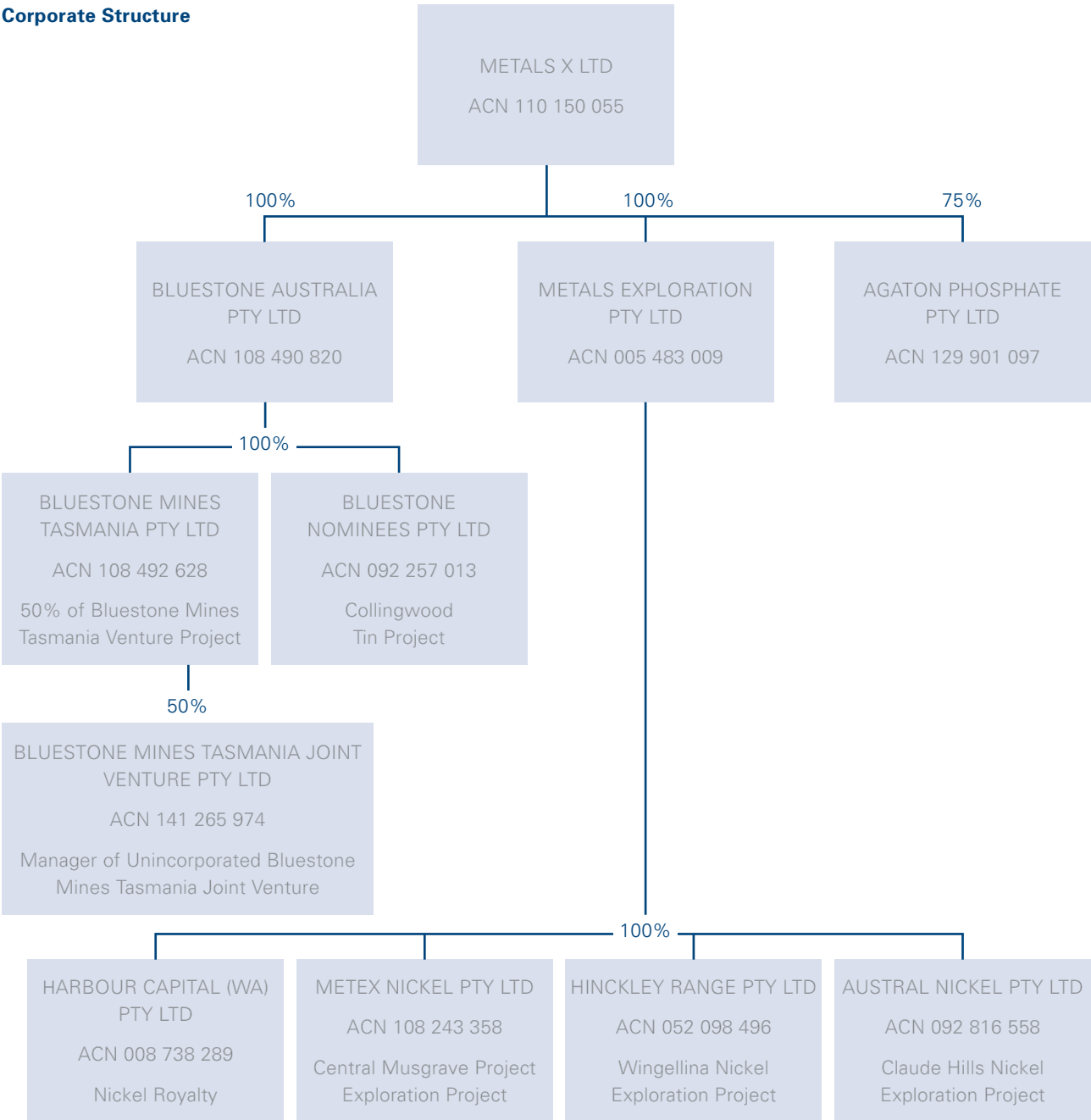
Other than the sale of the nickel mining royalty rights in October 2009 and the formation of the Tasmanian Tin Joint Venture through the sale of 50% of the assets of Bluestone Mines Tasmania Pty Ltd, there have been no significant changes in the nature of these activities during the year.

EMPLOYEES

The Consolidated Entity employed 81 employees at 30 June 2010 (2009: 230).

CORPORATE INFORMATION

Corporate Structure



OPERATING AND FINANCIAL REVIEW

Group Overview

Metals X is a diversified producer, explorer and developer of minerals and metals. The Company has a pipeline of assets at all stages of development from exploration through to production with exposure to tin, nickel, gold, copper, zinc, phosphate, uranium, lead and tungsten. Metals X is Australia's largest tin producer with production from its 50% owned Renison tin operations in Tasmania being approximately 2.5% of the global supply of tin. Metals X owns 100% of the world class Wingellina Nickel Project which hosts a global resource of over 180Mt at 1% Nickel which includes 167Mt of reserves. The first phase feasibility study completed in mid 2008 showed a robust project for the construction of a nickel and cobalt operation to produce 40,000tpa of nickel and 3,000tpa of cobalt with an initial mine life of 40 years at an operating cost of less than US\$3.34 per pound of Nickel after cobalt credits.

During the year the Company completed the sale of a 50% interest in its Renison Tin Project assets to YT Parksong Australia Holding Pty Ltd and established a new Joint Venture management company to manage the assets for and on behalf of the joint venture partners.

Metals X also holds a number of strategic investments from exploration through to production.

The Company holds a 31.99% (2009: 29.62%) interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base metals in a newly discovered mineral field in the Northern Territory near Tenant Creek, which produced in excess of 5 million ounces of gold and 0.5 million tonnes of copper. Westgold announced during the year a maiden resource of over 1 million ounces of gold equivalent. Westgold is listed on the ASX.

The Company holds an 8.72% (2009: 11.35%) direct interest in Aragon Resources Limited ("Aragon"), which is involved in the exploration for base and precious metals in Western Australia and phosphate in the Northern Territory. Aragon has a significant lease holding in the Murchison Goldfields in WA which contains a defined resource of over 1.5 million ounces. Aragon is listed on the ASX. Westgold also holds a 19.75% (2009: 37.02%) interest in Aragon.

The Company holds a 19.99% (2009: 0.0%) interest in Jabiru Metals Limited ("Jabiru"). Jabiru is an emerging low cost zinc and copper producer, targeting the production of 30,000t of zinc and 10,000t of copper per annum from its Jaguar operations in WA. Jabiru also holds and is exploring other base metals projects in Australia including the Stockman project in Victoria which contains a resource of 12.4 million tonnes at 2.1% copper and 4.4% zinc. Jabiru is listed on the ASX.

The Company holds a 4.76% (2009: 6.90%) interest in Icon Resources Limited ("Icon") which is involved in the exploration for Tungsten, Gold and other base metals. Icon is listed on the ASX.

The Company holds a 75% interest in Agaton Phosphate Pty Ltd. Agaton Phosphate Pty Ltd owns a large tonnage, low grade phosphate sands exploration prospects in the Dandaragan area of Western Australia.

The Company has significantly expanded and diversified its resource assets during the year along with completing the commissioning of the Tasmania Tin assets.

Review of Financial Position

Share issues during the year

Share Placements

The Company allotted and issued 178,000,000 shares at 9 cents each on 3 December 2009 pursuant to a placement to raise an amount of \$16,020,000 and contributed equity increased by \$15,986,833 after costs of capital raising of \$33,167.

Option Conversions

No options were converted during the financial year.

Liquidity and Capital Resources

The consolidated statement of cash flows illustrates that there was an increase in cash and cash equivalents in the year ended 30 June 2010 of \$22,547,138 (2009: \$46,849,329 cash outflow). The increase in cash inflow in comparison with the prior year was due to the factors detailed below.

There has also been an increase in the amount of cash generated from operating activities of \$4,437,180 (2009: \$14,340,049 cash outflow), which is largely due to an increase in revenue and a decrease in operating costs at the Renison Tin Project.

There has been an increase in the amount of cash generated from investing activities to \$8,665,319 (2009: \$39,637,371 cash outflow), which was mainly attributable to the sale of the nickel royalty assets for \$19,750,000 (after selling costs) and sale of 50% of the Renison Tin Project assets for \$51,091,067. This increase in cash flows was partly offset by the acquisition of shares in Jabiru Metals Limited, Westgold Resources Limited and Aragon Resources Limited for a total of \$47,974,914.

Financing activities generated \$9,444,639 (2009: \$7,128,091) of net cash inflows. This increase in comparison to 30 June 2009 is largely due to the placement of 178,000,000 shares to APAC Resources Limited for a total of \$15,986,833 after capital raising costs.

The Consolidated Entity's debt has decreased by \$7,219,019 (2009: increase of \$4,466,131) over the last year mainly due to the sale of 50% of the Renison Tin Project assets and the repayment of finance leases secured by mobile plant and equipment at the Renison Tin Project. Of the Consolidated Entity's debt, 76% (\$2,153,380) is repayable within one year of 30 June 2010, compared to 44% (\$4,422,880) in the previous year.

Capital Expenditure

There has been a decrease in cash used on capital expenditure for 30 June 2010 to \$8,665,319 from \$39,637,371 in the year ended 30 June 2009 due primarily to the re-start of the Renison Tin Project in the previous financial year. Further capital commitments of \$223,868 existed at the reporting date, principally relating to the purchase of maintenance plant and equipment and a tailings dam lift for the Renison Tin Project.

Operating Results

The net profit from continuing operations after income tax of the Consolidated Entity for the period was \$12,601,084 (2009: \$55,361,558 loss), an improvement of 123% as compared to the previous year. This result reflects an increase in operating profits from the Renison Tin Project, profit on sale of the nickel royalty assets (\$5,266,685) and from the sale of 50% of the Renison Tin Project assets (\$13,766,542).

The Consolidated Entity's net profit after income tax for the year was \$11,780,984 (2009: \$57,259,536 loss), an improvement of 121% as compared to the previous financial year.

REVIEW OF OPERATIONS

The key activities of the Consolidated Entity are listed below:

TIN PROJECTS

Renison Tin Project

On 19 March 2010 Bluestone Mines Tasmania Pty Ltd ("BMT") completed the sale of a 50% interest in its Renison Tin Project assets to YT Parksong Australia Holding Pty Ltd ("YTPAH"). BMT and YTPAH established a new Joint Venture management company Bluestone Mines Tasmania Joint Venture Pty Ltd to manage the assets for and on behalf of the joint venture partners.

The Renison Tin Project is centered around ore production from the Renison underground and Mt Bischoff open pit mines supplying a blended feedstock to be processed through the Renison Tin Concentrator.

The Project is located approximately 15km NE of Zeehan on Tasmania's west coast consisting of the Renison underground mine and the Renison Tin Concentrator. The Mt Bischoff open pit mine is located approximately 80km north of the Renison Tin Project. Mt Bischoff contains a moderately sized open pit resource.

REVIEW OF OPERATIONS (CONTINUED)

Renison Tin Project (continued)

Mt Bischoff Mine

Mt Bischoff ore is mined by open-cast techniques and hauled by road-train to the Concentrator where it is blended with feedstock from the Renison underground mine. During the year all targets including ore grade, tonnes, total movement and tin produced from the Mt Bischoff open pit mines exceeded expectations. Mining of two small satellite pits was completed during the period with mining at the main pit was completed during July 2010. Stocks from the pit operations will continue to be processed until late in 2010. Exploration drilling was undertaken on a series of targets within the Mt Bischoff lease and proximal to the current open pit.

The results are currently being evaluated in conjunction with planning for further work programs. A significant low grade resource also remains within the main pit along with extensions to the higher grade ore at depth.

Renison Underground Mine

Production from the Renison underground mine continued to improve during the year with the change from owner miner to contract mining being implemented in March 2010. Development also improved, particularly in the South Renison Decline opening up multiple areas of the mine to production, thereby reducing the site's risk profile. Underground mining has transitioned back to up-hole benching with less ore coming from flatbacking which will be phased out during the first quarter of the new financial year.

Significant progress with the dewatering of North side of the underground mine was also achieved during the period. This was achieved through the installation of pumping infrastructure which is critical to the implementation of the core strategy of dewatering and rehabilitating the previously flooded North Renison Decline to access additional ore from the Area 4 orebodies. The exploration drill platform for Area 4 was accessed and drilling commenced in July 2010.

Renison Tin Concentrator

Plant recoveries continued to improve over the year with specific optimisation projects continuing to improve tailings grades. The installation of a further two ultra fine gravity recovery units in the low grade tin circuit has resulted in significant additional control and stability to the tin concentrator circuit. The production of a saleable low grade tin concentrate utilizing a third ultrafine gravity recovery unit has continued during the period. A dam wall lift was completed in July 2010 on the main tails storage facility which creates a further 1.5 years capacity.

The net operating profit after income tax for the Renison Tin Project for the financial year was \$5,054,230 compared to an operating loss after income tax of \$45,088,553 for the previous year. The first half of the financial year reported a before tax operating loss of \$10,298,459 compared to a before tax operating profit during the second half of the year of \$20,189,620, which was due to completion of the Renison Tin Project re-start and to the profit on the sale of 50% of the assets of \$13,766,542. Operating losses in the previous financial period were due to re-start and ramp up to full production which resulted in higher than expected operating costs.

Revenue from tin concentrate sales from the Renison Tin Project for the financial year was \$95,686,783 (2009: \$60,207,915). The increase in revenue is mainly due to an increase in production compared to the previous year.

The Consolidated Entity's interest in the performance of the Renison Tin Project is summarised below:

Mining	2010	2009
Renison Underground		
Ore Hoisted	333,441 tonnes	283,189 tonnes
Grade	1.70 %Sn	1.53 %Sn
Mt Bischoff Open Pit		
Ore Mined	186,639 tonnes	219,826 tonnes
Grade	1.31 %Sn	1.24 %Sn
Tin Concentration		
Tonnes Processed	535,239 tonnes	468,655 tonnes
Grade	1.56 %Sn	1.38 %Sn
Recovery	67%	60%
Concentrate Grade	55 %Sn	54 %Sn
Sn Metal Produced	5,340 tonnes Sn metal	3,880 tonnes Sn metal
Sn Metal Sales	5,129 tonnes Sn metal	3,414 tonnes Sn metal

Renison Expansion Project (Rentails)

The Renison Expansion Project contains a resource of over 80,000 tonnes of tin and 39,000 tonnes of copper and is aimed at the re-processing and recovery of tin from an estimated 18.95 million tonnes of tailings (or residues) that remain at the site from the historic processing of tin ores from the Renison Bell Mine. The residues contain an average grade of 0.44% Tin and 0.21% Copper. The JORC compliant resource is classified as 100% measured.

A feasibility study has been completed on the project, which concluded that at recent commodity prices and exchange rates that the project is cash positive with capital costs in the order of AU\$194 million +/- 15%. The principle of the process is to generate a low grade tin concentrate by reprocessing of the tailings and then upgrading the concentrate with a tin fumer to generate a saleable high grade tin product.

The generalised process flow sheet consists of five key stages:

1. Grinding;
2. Sulphide Flotation;
3. High-G Gravity separation;
4. Tin (cassiterite) Flotation; and
5. Fuming.

The process uses proven technology and a robust process route has been developed for the recovery of both tin and copper. In addition the project allows for the treatment of other tin sulphide (stannite) ore bodies within the region, which are not currently viable under conventional tin processing routes.

The Joint Venture is continuing to investigate alternative scales and development concepts which it believes can reduce the capital and operating costs compared to this benchmark feasibility study.

Collingwood Tin Project

The Company's Collingwood Tin Project is located in Far North Queensland approximately 30km south of Cooktown. The operation was put on care and maintenance in May 2008.

During the previous financial year the board of directors decided to dispose of Bluestone Nominees Pty Ltd, the company that owns the Collingwood Tin Project. The Company publicly announced this decision in February 2009 to sell the assets, however the acquirer failed to meet certain Condition Precedents. The Company is still currently looking for a suitable acquirer for the operation and is actively marketing the project. In the mean time the project will remain on care and maintenance as a review of all options is undertaken (refer to note 9).

There was no production from the project for the reporting period. The net operating loss after income tax for the Collingwood Project for the financial year was \$820,100 (2009: \$1,897,978), which includes an impairment of property, plant and equipment of \$500,000 (2009: \$2,093,068). There was no revenue from tin concentrate sales for the year compared to \$168,557 sales in the previous year.

REVIEW OF OPERATIONS (CONTINUED)

NICKEL PROJECTS

The Company's key nickel assets during the financial year consisted of:

1. **Nickel Royalty Portfolio**
2. **The Wingellina Project**
3. **The Central Musgrave Project**

Nickel Royalty Portfolio

On 29 October 2009 the Company completed the sale of its Nickel Royalty Portfolio (Mt Keith and Kingston Royalties) to Franco-Nevada Australia Pty Ltd for \$19,750,000 (after selling costs). The details of the royalties are listed below.

Mt Keith Royalty – sold 29 October 2009

The Mt Keith Royalty is a 0.375% production royalty over all production from BHP Billiton Limited's Mt Keith nickel project. There is no expiry date on this royalty.

Kingston Royalty – sold 29 October 2009

The Kingston Royalty is a 0.375% production royalty covering approximately 100 square kilometres of mining tenure and 40 lineal kilometres of the komatiite sequence rocks between Mount Keith and Honeymoon Well. These tenements are not currently in production.

Kambalda Royalty – expired 31 August 2009

The Kambalda or East Location 48 Royalty is a 1.35% nickel production royalty payable by Independence Group NL and Goldfields Mine Management Pty Ltd (a subsidiary of Mincor Resources NL) over several mining operations, which includes part of the Long and all of the Otter/Juan mines.

Royalty project performance is summarised below:

Royalty	2010	2009
Mt Keith	454,679	1,705,412
Kambalda	145,180	2,003,742
Kingston	–	–
Total	599,859	3,709,154

The net operating profit after tax for the Royalty Portfolio for the financial year was \$9,762,102 compared to a net operating loss of \$7,908,690 for the previous year. Revenue was lower for the current financial period due to the sale of the royalties during the period. Net operating profits are higher in the current period due to the sale of the royalties for \$19,750,000 (after selling costs). The net operating loss for the previous comparative period relates mainly to an impairment of the nickel royalty assets of \$11,686,575 resulting from a significant decline in the nickel price in that period.

The Wingellina Nickel Project

The Wingellina Nickel Project contains one of the largest undeveloped nickeliferous limonite accumulations in the world consisting of 180 million tonnes of ore at 1% Nickel and 0.08% Cobalt. The JORC compliant resource is 38% measured and 53% indicated with the remaining 9% being classified as inferred. A probable reserve of 167 million tonnes has been defined demonstrating the advanced geological knowledge of the deposit.

Nickel Division – Identified Mineral Resources and Reserves as at 30 June 2010

0.5% Ni cut-off	Million Tonnes	Ni (%)	Ni Metal (t)	Co (%)	Co Metal (t)
Measured	68.8	1.00%	688,470	0.08%	53,701
Indicated	98.6	0.97%	956,643	0.08%	73,967
Inferred	15.7	0.97%	152,551	0.07%	10,852
Total	183.1	0.98%	1,797,664	0.08%	138,520

	Million Tonnes	Ni (%)	Ni Metal (t)	Co (%)	Co Metal (t)
Proven	–	–	–	–	–
Probable	167.4	0.98%	1,645,113	0.08%	127,668
Total	167.4	0.98%	1,645,113	0.08%	127,668

The Company completed the first phase of the feasibility study in 2008 and confirmed a project concept for the construction of a nickel and cobalt operation producing approximately 40,000tpa of nickel and 3,000tpa of Cobalt with an initial mine life of 40 years at an operating cost of less than US\$3.50 per pound of nickel after cobalt credits. The estimated after tax net present value based on a Nickel price of US\$20,000 per tonne, Cobalt price of \$45,000 per tonne and a US\$ exchange rate of 0.85 is \$3.4 billion.

Wingellina will be a simple mining operation with essentially free-dig limonite ore existing in a number of pits over a strike length of approximately 10 kms and widths of up to 500m. Average waste: ore strip ratios over the mine life are 1.1:1 and 0.50:1 for the first 20 years. It is expected mining in early years will use a high grading approach with a likely feed grade in the first 20 years being approximately 1.1% Ni and 0.09% Co.

Ore processing is planned to be by High Pressure Acid Leach ("HPAL") with an annualized rate anticipated at 4.3 million tonnes of ore per annum. Product is planned to be a mixed nickel-cobalt hydroxide concentrate of 32%-38% which is planned to be sold as a concentrate and shipped for refining.

During the period the Company continued its negotiations for a Mining Agreement for the Wingellina Nickel Project with the Ngaanyatjarra Land Council who are the holders of a 99 year lease granted in November 1998 following the award of Native Title. The Mining Agreement was signed on 15 July 2010. The agreement provides the right to mine and develop infrastructure within the agreement area subject to regulatory approvals and for the grant of a mining lease over whole of the tenement EL69/535 which hosts the Wingellina deposit. In addition the agreement allows for the granting of additional project titles for water, pipelines, roads and other infrastructure over in excess of 19,000 square kms.

REVIEW OF OPERATIONS (CONTINUED)

The Wingellina Nickel Project (continued)

The Company continued with its baseline environmental studies and has received confirmation from the EPA that the environmental scoping document is acceptable with minor amendments. Those amendments were lodged with the EPA in July 2010. The EPA set the level of assessment for the Wingellina Nickel Project as a Public Environmental Review ("PER") with an eight week review period. Planning for additional environmental studies and the development of the PER document is well advanced and is anticipated to be completed by the end of March 2011.

The Company is continuing to seek funding opportunities for the development of the Wingellina Project.

The Central Musgrave Project

Drilling at the Claude Hills prospect (tenement E3555) in South Australia, approximately 30 km northeast of Wingellina has returned excellent intercepts of nickeliferous and cobalt rich limonite. The Company remains confident that Claude Hills will shape up into another significant limonite resource to supplement feed and add life to the proposed Wingellina Project.

During the period the Consolidated Entity entered into a Farm-in and Joint Venture Agreement ("the Agreement") with Rio Tinto Exploration over the Mt Davies tenement E3932 in the Central Musgrave region of South Australia. The tenement is juxtaposed with the wholly owned Wingellina deposit and is encapsulated within the wholly owned subsidiary Austral Nickel Pty Ltd's ("Austral") 100% owned Claude Hills along with several other areas of similar known mineralization including Mt Davies and Scarface.

INVESTMENTS

The Company has five key investments:

- Jabiru Metals Limited;
- Westgold Resources Limited;
- Aragon Resources Limited;
- Icon Resources Limited; and
- Agaton Phosphate Pty Ltd.

Jabiru Metals Limited

During the year the Company acquired a 19.99% interest in Jabiru Metals Limited ("Jabiru"), which is an emerging producer with targeted production of 30,000 tonnes of Zinc and 10,000 Copper per annum from its Jaguar operations in WA. Jabiru is also involved in the exploration for base metals in Australia including the Stockman prospect in Victoria. Jabiru (ASX: JML) is listed on the Australian Securities Exchange.

During the June 2010 quarter Jabiru announced the commencement of the development of the new Bentley Underground Mine to supplement mine feed from the Jaguar Mine. The box cut has now been completed and development has commenced. The Jaguar and Bentley deposits are high grade VMS deposits and the operation is one of the world's lowest cost zinc producers.

Jabiru also announced an upgrade to the Reserve for the Jaguar project to 2.05Mt @ 2.2%Cu, 10.6%Zn, 134 g/t Ag and 0.5 g/t Au which includes reserves from both Jaguar and Bentley and is equivalent to 5 years of production at current processing rates.

Jabiru has previously announced that they are aiming to bring the copper-zinc-lead-silver-gold rich massive sulphide deposits in NE Victoria at the Stockman Project into production. This is comprised of the Currawong (9.2Mt at 2% Cu, 4.2% Zn and 1.1g/t Au) and Wilga (3.3 Mt at 2.4% Cu and 4.9% Zn) deposits (refer to ASX announcements made by Jabiru for further details on the resource estimates).

Westgold Resources Limited

The Company has a 31.99% interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base and precious metals in the Northern Territory. Westgold (ASX: WGR) is listed on the Australian Securities Exchange.

Westgold is targeting high grade gold and copper deposits similar to the historical mines of the Tennant Creek Goldfield renowned for its exceptional high grade gold and copper mines which produced over 5 million ounces of gold and around 0.5 million tonnes of copper between the 1930's to the late 1990's. During the period Westgold announced a maiden resource of more than 1 million ounces gold equivalent at its Rover 1 prospect, approximately 80kms south-west of Tennant Creek.

During the year Westgold completed a capital raising of \$22,800,000. The funds are being used to continue with its drilling program at its Rover 1 and Explorer 108 Prospects. The Company participated in the placement of Westgold by acquiring 16,289,547 shares at \$0.40 per share for \$6,515,819. The Company also acquired 6,000,000 shares on-market for \$2,396,984.

Aragon Resources Limited

The Company has an 8.72% direct and a 6.32% indirect interest in Aragon Resources Limited ("Aragon"), which is involved in the exploration for base and precious metals in Western Australia. Aragon (ASX: AAG) is listed on the Australian Securities Exchange.

In January 2010 Aragon completed the acquisition of Fulcrum Resources Pty Ltd and Big Bell Gold Operations Pty Ltd ("BBGO") which own the highly prospective Cue Gold Project located in Western Australia. The Cue Gold Project includes the historical and highly prospective areas of Big Bell, Cuddingwarra and Day Dawn which have produced over 5 million ounces of gold and which currently host a total identified Mineral Resource Estimate of 1.494 million ounces.

During the period Aragon continued to explore and advance its Central Murchison Gold Project towards development and production. The exploration program has confirmed the high grade mineralization below the Black Swan south pit and at the high-grade Day Dawn Mining Centre (refer to ASX announcements made by Aragon for further details on exploration results and resource estimate).

To fund the acquisition of BBGO, on 7 January 2010 Aragon completed a placement of 90,000,000 shares at \$0.13 per share to raise \$11,700,000 before capital raising costs. The Company participated in the placement of Aragon by acquiring 10,000,000 shares at \$0.13 per share for \$1,300,000.

Aragon owns Territory Phosphate Pty Ltd which has a significant portfolio of prospective Phosphate tenure in the Georgina and West Wiso Basins in central Northern Territory. On 1 July 2010 Aragon entered into an agreement with Rum Jungle Uranium Limited ("Rum Jungle") whereby Rum Jungle is entitled to earn up to a 70% interest in the Ammaroo phosphate/potash project in the Northern territory by meeting certain conditions and spending \$5,000,000 over seven years.

Icon Resources Limited

The Company has a 4.76% interest in Icon Resources Limited ("Icon"), which is involved in the exploration for base metals in Queensland. Icon (ASX: ILL) is listed on the Australian Securities Exchange.

Icon has an extensive portfolio of multi-commodity mineral exploration projects throughout Eastern Australia. During the period Icon announced that it had commenced a Scoping Study to re-start the Mt Carbine Tungsten project in Far North Queensland. A drilling program at Icon's Peel Project in New South Wales has intercepted broad zones of highly anomalous gold grades (refer to ASX announcements made by Icon for further details on exploration results).

REVIEW OF OPERATIONS (CONTINUED)

INVESTMENTS (CONTINUED)

Agaton Phosphate Pty Ltd

The Company has a 75% interest in Agaton Phosphate Pty Ltd ("Agaton"). Agaton owns a 90% interest in the Agaton Phosphate Sands Project, with the original vendors owning a 10% free carried interest to completion of a bankable feasibility study.

The Agaton Phosphate Project is located between the town of Moora and the Cooljaroo Mineral Sands areas approximately 120km north of Perth. Agaton is a phosphate sands project, with phosphate occurring as nodules and precipitates within sedimentation phases within the Dandaragan Trough.

Initial testwork on a suite of relatively low grade samples with the objective of producing an industry standard concentrate of 30% by using traditional beneficiation processes such as gravity separation, magnetic separation and flotation were not successful. These physical minerals separation technologies failed due to the phosphate minerals and gangue minerals being finely grained and partly intergrown. A new patentable technology to process the ore, the PHG Process has been developed by Dr Carr, Agaton's Managing Director. Preliminary modelling and results from testing have shown that the process is able to solubilise a high proportion of the economic minerals. Further testwork is required.

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based upon information compiled by Mr Scott Huffadine B.Sc. (Hons), MAusIMM. Mr Huffadine is a full-time employee of the company. Mr Huffadine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Huffadine consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total consolidated equity increased to \$201,866,069 from \$176,440,709, an increase of \$25,425,360. The movement was largely as a result of the placement of 178,000,000 shares for \$16,020,000 (before capital raising costs), sale of nickel royalty assets and sale of 50% of the Renison Tin Project assets.

On 28 January 2010 the Company announced that it had completed all documentation with YT Parksong Australia Holding Pty Ltd ("YTPAH" or The Yunnan Tin Group partners) to allow the settlement of the partial sale of the assets of Bluestone Mines Tasmania Pty Ltd ("BMT") and the establishment of a Joint Venture over the Tasmanian Tin Operations. The settlement and commencement of the Joint Venture took place on 19 March 2010.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 15 July 2010 the Company signed a Mining Agreement for the Wingellina Nickel Project with the Traditional Owners of the Yarnangu Ngaanyatjarra Lands through their representative bodies. This is a major milestone for the development of the project. The agreement provides the right to mine and develop infrastructure within the agreement area subject to regulatory approvals and for the grant of a mining lease over whole of the tenement EL69/535 which hosts the Wingellina deposit. In addition the agreement allows for the granting of additional project titles for water, pipelines, roads and other infrastructure over an area in excess of 19,000 square kms.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

Further information regarding likely developments in the operations of the Consolidated Entity and the expected results from those operations in future financial years has not been included in this report because, in the opinion of your directors, its disclosure would prejudice the interests of the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's activities are subject to the relevant environmental protection legislation (Commonwealth and State legislation) at its projects. The Consolidated Entity believes that sound environmental practice is not only a management obligation but the responsibility of every employee and contractor.

During the period our achievements in the environmental area included:

- Continued focus on environmental management; and
- Continuous review and improvement of our environmental management systems across all projects.

No fines were imposed and no prosecutions were instituted by a regulatory body during the period.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 15,275,000 unissued ordinary shares under option (15,275,000 at reporting date), refer to note 29(e) for further details.

There are no participating rights or entitlements inherent in the options and option holders are not entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options.

Shares issued as a result of exercising options

No options were exercised during the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect to 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.

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	Remuneration
No of meetings held:	6	4	1
No of meetings attended:			
P G Cook	6	4	1
W S Hallam	6	–	–
S J Huffadine	5	–	–
M L Jefferies	5	4	1
P J Newton	4	–	–
W Wei	1	–	–
S Zhang	1	–	–
Y Zhang (Alt Director)	2	–	–

All Directors were eligible to attend all meetings held, except for Mr P Newton who was eligible to attend 4 meetings, Mr W Wei who was eligible to attend 3 meetings and Mr S Zhang who was eligible to attend 3 meetings.

Committee Membership

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

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

Audit	Remuneration
P G Cook *	P G Cook *
M L Jefferies	M L Jefferies
F J Van Maanen **	P J Newton ^

Notes:

* Designates the Chairman of the Committee.

** Mrs Van Maanen is the Company Secretary and is not a Director.

^ Mr Newton served on the Committee until his resignation on 24 November 2009.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2010 outlines the remuneration arrangements of the Company and 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 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 Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the Consolidated Entity receiving the highest remuneration.

For the purposes of this remuneration report, the term 'executive' includes the Managing Director, executive directors, senior executives, general managers and secretary of the parent and the Consolidated Entity.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Board oversight of remuneration
3. Non-executive Director remuneration arrangements
4. Executive remuneration arrangements
5. Company performance and the link to remuneration
6. Executive contractual arrangements
7. Equity instruments disclosures

1. Individual key management personnel disclosures

Details of KMP including the top five remunerated executives of the Parent and Consolidated Entity are set out below:

Key Management Personnel

Name	Position	Date of appointment	Date of resignation
Directors			
P G Cook	Non-Executive Chairman	23 Jul 2004	–
W S Hallam	Managing Director	1 Mar 2005	–
S J Huffadine	Executive Director	17 Jun 2009	–
M L Jefferies	Non-Executive Director	29 Dec 2006	–
P J Newton	Non-Executive Director	23 Jul 2004	24 Nov 2009
W Wei	Non-Executive Director	3 Oct 2007	9 Nov 2009
S Zhang	Non-Executive Director	9 Nov 2009	–
Y Zhang	Alternate Non-Executive Director for S Zhang	3 Oct 2007	–
Executives			
P M Cmrlec	General Manager – Central Musgrave Project	19 Nov 2007	–
R D Cook	General Manager – Renison	22 Apr 2010	–
D J Coutts	Chief Development Officer	27 Aug 2007	14 Aug 2009
T De Vries	General Manager – Renison	16 Feb 2009	22 Apr 2010
F J Van Maanen	Company Secretary	1 Jul 2005	–

REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Board oversight of remuneration

Remuneration Committee

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

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

The remuneration committee approves, having regard to the recommendations made by the Managing Director, 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 Company; and
- Performance incentives which allow executives to share the rewards of the success of the Company.

Remuneration Structure

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

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 considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

The Company's constitution and the ASX listing rules specify that 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 24 November 2009 when shareholders approved an aggregate fee pool of \$200,000 per year.

The board will not seek any increase for the non-executive director pool at the 2010 annual general meeting.

Structure

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

Each non-executive director receives a base fee of \$40,000 for being a director of the Consolidated Entity. There are no additional fees for serving on any board committees.

Mr Cook who is a non-executive director receives \$1,600 per day for each day worked on behalf of the company. These consultant fees are inclusive of non-executive directors fees.

Non-executive Directors have long been encouraged by the Board to hold shares in the Company. The shares are purchased at the prevailing market share price.

The remuneration report for the non-executive Directors for the year ending 30 June 2010 and 30 June 2009 is detailed in Table 1 and Table 2 respectively of this report.

4. Executive remuneration arrangements

Remuneration Policy

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The current remuneration policy adopted is that no element of any executive package be directly related to the Company's financial performance. Indeed there are no elements of any executive remuneration that are dependent upon the satisfaction of any specific condition. Remuneration is not linked to the performance of the Company but rather on the ability to attract and retain executives of the highest calibre. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

Structure

In determining the level and make-up of executive remuneration, the Remuneration 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).

The proportion of fixed remuneration and variable remuneration for each executive for the period ending 30 June 2010 and 30 June 2009 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 committee. The process consists of a review of the Company, business unit and 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 2010 and 30 June 2009 are set out in Table 1 and Table 2.

Variable Remuneration – Long Term Incentive (LTI)

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth.

LTI – Share options

Structure

LTI awards to executives are made under the Metals X Limited Employee Option Scheme and are delivered in the form of share options. The number of options issued is determined by the policy set by the remuneration committee and is based on each executive's role and position with the Consolidated Entity.

The share options will vest after one year or as determined by the Board of Directors and executives are able to exercise the share options for up to three years after vesting before the options lapse. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after six months of ceasing employment.

Table 3 provides details of LTI options granted and the value of options granted, exercised and lapsed during the year.

Hedging of equity awards

The Company does not have a policy to prohibit executives from entering into arrangements to protect the value of unvested LTI awards.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Company performance and the link to remuneration

Remuneration is not linked to the performance of the Company but rather on the ability to attract and retain executives of the highest calibre. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

The Metals X Limited Employee Option Scheme has no direct performance requirements but has specified time restrictions on the exercise of options. The granting of options is in substance a performance incentive which allows executives to share the rewards of the success of the Company.

The Consolidated Entity's performance is reflected in the following table:

	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010
Closing share price	\$0.21	\$0.39	\$0.41	\$0.11	\$0.10
Profit/(loss) per share (cents)	-6.69	-0.44	-0.76	-4.82	0.82
Net tangible assets per share	\$0.11	\$0.18	\$0.20	\$0.15	\$0.15
Total Shareholder Return	-68%	90%	4%	-73%	-13%

6. Executive contractual arrangements

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

Managing Director

The Managing Director, Mr Hallam is employed under an annual salary employment contract. The current employment contract commenced on 17 June 2009. Under the terms of the present contract:

- Mr Hallam receives a fixed remuneration of \$355,000 (including superannuation) per annum.
- Mr Hallam may resign from his position and thus terminate this contract by giving three months written notice. On resignation any unvested options 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 Hallam's remuneration). On termination on notice by the Company, any LTI options that have vested or that will vest during the notice period will be released.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing 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, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

6. Executive contractual arrangements (continued)

Other executive directors

Mr Huffadine is employed under an annual salary employment contract and receives a fixed remuneration of \$327,000 (including superannuation) per annum. The other terms of the 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 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, any LTI options that have vested or that will vest during the notice period will be released. LTI options 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, any LTI options that have vested will be released. LTI options 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 month written notice. On resignation any unvested options will be forfeited.
- The Company may terminate the employment agreement by providing one month 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, any LTI options that have vested or that will vest during the notice period will be released. LTI options 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, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

REMUNERATION REPORT (AUDITED) (CONTINUED)

6. Executive contractual arrangements (continued)

Remuneration of key management personnel and the five highest paid executives of the Company and the Consolidated Entity

Table 1: Remuneration for the year ended 30 June 2010

	Short Term	Post employment	Share-based Payment	Total	% Perfor- mance related	% of remuneration that consists of options
	Salary and Fees	Super- annuation	Options			
Non-executive Directors						
P G Cook	210,364	3,600	–	213,964	–	–
M L Jefferies	40,000	–	–	40,000	–	–
P J Newton	15,978	1,438	–	17,416	–	–
W Wei	–	–	–	–	–	–
S Zhang	–	–	–	–	–	–
Y Zhang (Alt Director)	–	–	–	–	–	–
	266,343	5,038	–	271,381		
Executive Directors						
W S Hallam	315,659	28,409	71,659	415,727	–	17.24
S J Huffadine	300,000	27,000	47,773	374,773	–	12.75
Other key management personnel						
R D Cook**	167,025	14,573	–	181,598	–	–
P M Cmrlec	224,971	20,247	37,398	282,616	–	13.23
D J Coutts *	99,963	3,288	–	103,251	–	–
T De Vries **	205,115	17,784	–	222,899	–	–
F J Van Maanen	112,828	10,155	24,932	147,915	–	16.86
	1,425,561	121,456	181,762	1,728,779		
Totals	1,691,904	126,494	181,762	2,000,160		

* DJ Coutts resigned on 14 August 2009.

** T DeVries resigned on 22 April 2010 and RD Cook was appointed on the same day.

Table 2: Remuneration for the year ended 30 June 2009

	Short Term	Post employment	Share-based Payment	Total	% Perfor- mance related	% of remuneration that consists of options
	Salary and Fees	Super- annuation	Options			
Non-executive Directors						
M L Jefferies	40,000	–	–	40,000	–	–
P J Newton	40,000	3,600	–	43,600	–	–
D M Okeby	295,535	–	–	295,535	–	–
W Wei	–	–	–	–	–	–
Y Zhang (Alt Director)	–	–	–	–	–	–
	375,535	3,600	–	379,135		
Executive Directors						
P G Cook	337,154	27,547	–	364,701	–	–
W S Hallam	362,844	32,656	–	395,500	–	–
S J Huffadine	300,000	27,000	–	327,000	–	–
Other key management personnel						
D W Bennett *	159,805	13,080	–	172,885	–	–
P M Cmrlec	235,000	21,150	–	256,150	–	–
D J Coutts	300,000	27,000	–	327,000	–	–
T De Vries	84,615	7,615	1,373	93,603	–	1.47
F J Van Maanen	121,611	10,945	–	132,556	–	–
	1,901,029	166,993	1,373	2,069,395		
Totals	2,276,564	170,593	1,373	2,448,530		

* DW Bennett resigned on 11 December 2008.

REMUNERATION REPORT (AUDITED) (CONTINUED)

7. Equity instruments

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

30 June 2010	Granted		Terms and conditions for each Grant					Vested	
	Granted options	Grant Date	Fair value per option at grant date ^	Exercise price per option	Expiry date	First exercise date	Last exercise date	Vested number of options	% of options vested
Executives									
W S Hallam	1,500,000	27 Nov 2009	\$0.048	\$0.14	30 Nov 2012	27 Nov 2009	30 Nov 2012	1,500,000	100%
S J Huffadine	1,000,000	27 Nov 2009	\$0.048	\$0.14	30 Nov 2012	27 Nov 2009	30 Nov 2012	1,000,000	100%
P M Cmrlec	750,000	27 Nov 2009	\$0.050	\$0.13	30 Nov 2013	6 Jul 2010	30 Nov 2013	—	—
F J Van Maanen	500,000	27 Nov 2009	\$0.050	\$0.13	30 Nov 2013	6 Jul 2010	30 Nov 2013	—	—
Total	3,750,000							2,500,000	

^ For details on valuation of the options, including models and assumptions used, please refer to note 33.

Table 4: Value of options awarded, exercised and lapsed during the year ^

	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Total value of options granted, exercised and lapsed during the year \$
Executives				
P M Cmrlec	37,398	—	—	37,398
D J Coutts *	—	—	—	—
T De Vries **	—	—	—	—
W S Hallam	71,659	—	—	71,659
S J Huffadine	47,773	—	—	47,773
F J Van Maanen***	24,932	—	—	24,932

Table 4: Value of options awarded, exercised and lapsed during the year ^ (continued)

- ^ For details on valuation of the options, including models and assumptions used, please refer to note 33.
- * During the period 1,000,000 options issued to Mr D Coutts lapsed unexercised and were subsequently forfeited. The value of the options at the date of forfeiture was nil as the exercise price of the options was greater than the market value of the underlying shares.
- ** During the period 500,000 options issued to Mr T De Vries lapsed upon his resignation as the options had not vested at that date and were subsequently forfeited. The value of the options at the date of forfeiture was nil as the options had not reached the first exercise date.
- *** During the period 350,000 options issued to Mrs F Van Maanen lapsed unexercised and were subsequently forfeited. The value of the options at the date of forfeiture was nil as the exercise price of the options was greater than the market value of the underlying shares.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

The maximum grant, which will be payable is equal to the number of options granted multiplied by the fair value at the grant date. The minimum grant payable if the options lapse is zero.

There were no shares issued on exercise of compensation options during the year.

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 54, from Ernst & Young.

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

Tax compliance services \$43,575

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.

Signed in accordance with a resolution of the Directors.

WS Hallam
Managing Director
Perth, 15 September 2010

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of Metals X Limited

In relation to our audit of the financial report of Metals X Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature of J.C. Palmer, written in black ink.

J.C. Palmer
Partner
Perth
15 September 2010

Liability limited by a scheme approved
under Professional Standards Legislation

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 Recommendations published by the ASX Corporate Governance Council (ASXCGC). 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 Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	Lay solid foundations for management and oversight		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	Structure the Board to add value		
2.1	A majority of the board should be independent directors.	2(e)	No
2.2	The chair should be an independent director.	2(c), 2(e)	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS (CONTINUED)

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 3	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct and disclose the code or a summary as to: - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	4(a)	Yes
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it: - consists only of non-executive directors; - consists of a majority of independent directors; - is chaired by an independent chair, who is not chair of the board; and - has at least three members.	3(a)	No
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 5	Make timely and balanced disclosure		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	Respect the rights of shareholders		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	Recognise and manage risk		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS (CONTINUED)

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 8	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	3(b)	Yes
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b)	Yes

2. THE BOARD OF DIRECTORS

(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 Managing Director ("MD") 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 Managing Director and Executive Management.

(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 Managing Director 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 Board is currently comprised of three non-executive Directors and two executive Directors. Details of the members of the Board, their experience, expertise, qualifications, terms of office and independent status are set out in the Directors' Report of the Annual Report under the heading "Directors".

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 Managing Director is not subject to retirement by rotation and, along with 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.

(c) Chairman and Managing Director

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 Board does not comply with the ASX Recommendation 2.2 in that the Chairman, whilst a non-executive, is not an independent Director due to his substantial interest in the Company (refer to 2(e) Independent Directors). The Board has considered this matter and decided that the non-compliance does not effect the operation of the Company.

The Managing Director 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 Managing Director are separate roles to be undertaken by separate people.

(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

2. THE BOARD OF DIRECTORS (CONTINUED)

(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.

The Company does not comply with ASX Recommendation 2.1, 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, none 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 must be a non-executive director.

(f) 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.

(g) 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.

(h) Review of Board performance

The performance of the board and each of its committees is reviewed regularly by the Chairman. The Chairman conducts performance evaluations 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

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

- Audit Committee; and
- Remuneration Committee.

(a) Audit Committee

The Board has established an Audit Committee that has three members, comprising two non-executive directors and the Company Secretary. The Audit 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 Committee.

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

The Audit Committee’s main responsibilities include:

- approval of the scope and plan for the external audit;
- review of the independence and performance of the external auditor;
- review of significant accounting policies and practices; and
- review and recommendation to the Board for the adoption of the Consolidated Entity’s half- year and annual financial statements.

The Audit Committee does not comply with ASX Recommendation 4.2 as only two of the three members are non-executive Directors and none are considered to be independent Directors (refer 2(e)). The Company believes that the committee has appropriate financial expertise, all members are financially literate and have an appropriate understanding of the Company’s activities. The Audit Committee is comprised of:

Name	Position
P G Cook (Chairman)	Non-executive Chairman
M L Jefferies	Non-executive Director
F J Van Maanen	Company Secretary

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 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”.

3. BOARD COMMITTEES (CONTINUED)

(a) Audit Committee (continued)

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Ernst & Young's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

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 preparation and content of the audit report.

The directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are satisfied that the provision of the non-audit services did not compromise the auditor's independence requirements of the Corporations Act because the services were provided by persons who were not involved in the audit and the decision as to whether or not to accept the tax planning advice was made by management.

(b) Remuneration Committee

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Managing Director and executive team. The Board has established a Remuneration Committee, comprising two non-executives. The Remuneration Committee is governed by its charter, as approved by the Board. Members of the Remuneration Committee are:

Name	Position
P G Cook (Chairman)	Non-executive Chairman
M L Jefferies	Non-executive Director

The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, senior executives and non-executive directors. Executive remuneration and other terms of employment are reviewed annually by the Committee having regard to personal and corporate performance contribution to long-term growth, relevant comparative information and independent expert advice. Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights and responsibilities. As well as base salary, remuneration packages may include superannuation and retirement and termination entitlements. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

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 number of times the Remuneration Committee has formally 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".

4. ETHICAL AND RESPONSIBLE DECISION MAKING

(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.

(b) Policy concerning trading in Company securities

The Company’s “Dealings in Company Shares and Options 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.

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 21 days prior to the announcement to the ASX of the Company’s full year and half 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.

5. TIMELY AND BALANCED DISCLOSURE

(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 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.

5. TIMELY AND BALANCED DISCLOSURE (CONTINUED)

(a) Shareholder communication (continued)

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

(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" described in 5(a) 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.

6. 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. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

(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.

The Board is also responsible for identifying and monitoring areas of significant business risk. 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.

(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive 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 is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

(c) Managing Director and Chief Financial Officer Certification

The Managing Director and Chief Financial Officer (or equivalent) 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 implement the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	Consolidated Entity		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
Continuing operations					
Revenue	5(a)	97,413,807	65,188,639	763,897	1,026,058
Cost of sales	5(c)	(99,783,417)	(103,013,376)	–	–
Gross (loss)/profit		(2,369,610)	(37,824,737)	763,897	1,026,058
Other income	5(b)	21,052,629	744,534	34,035	–
Other expenses	5(d)	(3,050,362)	(5,362,678)	(9,349)	(1,027,105)
Fair value change in financial instruments	5(e)	(57,464)	6,075,122	(57,464)	6,102,585
Share of loss of associate	19	(127,475)	(1,202,199)	–	–
Exploration and evaluation expenditure written off	23	(254,475)	(4,348,106)	–	–
Impairment loss on intangible assets	22	–	(11,686,575)	–	–
Impairment loss on investment in associates	19	–	(271,370)	–	–
Impairment reversal/(loss) on loan to controlled entity	15	–	–	10,796,939	(54,983,627)
Profit/(loss) from continuing operations before income tax and finance costs		15,193,243	(53,876,009)	11,528,058	(48,882,089)
Finance costs	5(f)	(1,145,058)	(992,919)	(231,850)	(32,100)
Profit/(loss) from continuing operations before income tax		14,048,185	(54,868,928)	11,296,208	(48,914,189)
Income tax expense	6	(1,447,101)	(492,630)	(137,972)	(1,635,280)
Profit/(loss) from continuing operations after income tax		12,601,084	(55,361,558)	11,158,236	(50,549,469)
Discontinued operations					
Loss from discontinued operations after income tax	9	(820,100)	(1,897,978)	–	–
Net profit/(loss) after tax		11,780,984	(57,259,536)	11,158,236	(50,549,469)

	Notes	Consolidated Entity		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
Other comprehensive income					
Share of change in equity of associate		316,512	133,742	–	–
Net fair value gains on available-for-sale financial assets		(4,069,739)	150,000	(2,727,939)	(9,241,178)
Income tax on items of other comprehensive income		1,220,922	(45,000)	818,382	2,772,353
Other comprehensive income for the period, net of tax		(2,532,305)	238,742	(1,909,557)	(6,468,825)
Total comprehensive income for the period		9,248,679	(57,020,794)	9,248,679	(57,018,294)
Profit/(loss) for the period is attributable to:					
Owners of the parent		11,840,734	(57,259,481)		
Non-controlling interest		(59,750)	(55)		
		11,780,984	(57,259,536)		
Total comprehensive income/(loss) for the period is attributable to:					
Owners of the parent		9,308,429	(57,020,739)		
Non-controlling interest		(59,750)	(55)		
		9,248,679	(57,020,794)		
Earnings/loss per share for profit from continuing operations attributable to the ordinary equity holders of the company					
– basic for profit/(loss) for the year (cents)	7	0.98	(4.66)		
– diluted for profit/(loss) for the year (cents)	7	0.97	(4.66)		
Earnings/loss per share for profit attributable to the ordinary equity holders of the company					
– basic for profit/(loss) for the year (cents)	7	0.92	(4.82)		
– diluted for profit/(loss) for the year (cents)	7	0.91	(4.82)		

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2010

	Notes	Consolidated Entity		Parent Entity	
		2010 \$	2009 \$	2010 \$	209 \$
CURRENT ASSETS					
Cash and cash equivalents	10	29,496,627	6,949,489	27,429,855	4,710,059
Trade and other receivables	11	14,910,209	3,733,658	68,327	243
Inventories	12	14,821,577	15,984,563	–	–
Other assets	13	874,561	124,508	48,123	7,037
Other financial assets	14	5,005,260	4,255,260	–	–
		65,108,234	31,047,478	27,546,305	4,717,339
Assets of disposal group classified as held for sale	9	1,491,219	2,000,000	–	–
Total current assets		66,599,453	33,047,478	27,546,305	4,717,339
NON-CURRENT ASSETS					
Trade and other receivables	15	–	–	3,711,586	35,880,327
Investment in subsidiaries	16	–	–	92,414,235	92,414,235
Available-for-sale financial assets	17	34,064,803	400,000	59,295,247	14,075,841
Derivative financial instruments	18	57,464	114,928	57,464	114,928
Investment in associates	19	22,525,913	10,916,297	–	–
Property, plant and equipment	20	18,651,376	40,623,083	–	–
Mine properties and development costs	21	20,774,615	51,065,551	–	–
Intangible assets	22	2,648,484	20,109,104	–	–
Exploration and evaluation expenditure	23	53,353,863	51,567,468	–	–
Deferred tax assets	6	–	–	19,104,564	29,504,062
Total non-current assets		152,076,518	174,796,431	174,583,096	171,989,393
TOTAL ASSETS		218,675,971	207,843,909	202,129,401	176,706,732

		Consolidated Entity		Parent Entity	
	Notes	2010 \$	2009 \$	2010 \$	2009 \$
CURRENT LIABILITIES					
Trade and other payables	24	9,947,691	14,437,589	263,332	266,023
Interest bearing loans and borrowings	25	2,153,380	4,422,880	–	–
Provisions	26	789,757	1,463,213	–	–
		12,890,828	20,323,682	263,332	266,023
Liabilities directly associated with the assets classified as held for sale	9	886,260	886,260	–	–
Total current liabilities		13,777,088	21,209,942	263,332	266,023
NON-CURRENT LIABILITIES					
Provisions	27	2,351,475	4,562,400	–	–
Interest bearing loans and borrowings	28	681,339	5,630,858	–	–
Total non-current liabilities		3,032,814	10,193,258	–	–
TOTAL LIABILITIES		16,809,902	31,403,200	263,332	266,023
NET ASSETS					
		201,866,069	176,440,709	201,866,069	176,440,709
EQUITY					
Issued capital	29	290,141,787	274,280,247	299,421,787	283,560,247
Accumulated losses	30	(104,123,039)	(115,963,773)	(112,621,608)	(123,779,844)
Option premium reserve	31	18,222,793	17,907,652	18,222,793	17,907,652
Other reserves	31	(2,503,340)	28,965	(3,156,903)	(1,247,346)
Parent interests		201,738,201	176,253,091	201,866,069	176,440,709
Minority interests	32	127,868	187,618	–	–
TOTAL EQUITY		201,866,069	176,440,709	201,866,069	176,440,709

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	Consolidated Entity		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
CASH FLOWS USED IN OPERATING ACTIVITIES					
Receipts from customers		94,334,494	70,889,874	744,320	7,242,893
Interest received		1,081,219	2,712,762	722,673	2,463,811
Other income		709,283	859,210	–	–
Payments to suppliers and employees		(90,687,810)	(87,924,036)	(509,165)	(1,012,724)
Interest paid		(1,000,006)	(877,859)	(231,850)	(32,100)
Net cash flows from/(used in) operating activities	10(i)	4,437,180	(14,340,049)	725,978	8,661,880
CASH FLOWS USED IN INVESTING ACTIVITIES					
Payments for property, plant and equipment		(2,700,248)	(15,937,497)	–	–
Payments for mine properties and development		(8,264,256)	(16,307,992)	–	–
Payments for exploration and evaluation		(3,384,694)	(4,030,064)	–	–
Payments for research and development		(56,149)	(2,484,697)	–	–
Proceeds from sale of property, plant and equipment					
– Tasmanian tin assets	38(c)	51,091,067	–	–	–
– Other		142,908	1,266,383	–	–
Proceeds from sale of intangible assets		19,750,000	–	–	–
Payments for available-for-sale financial assets		(37,762,112)	(250,000)	(47,974,914)	(2,912,494)
Proceeds from sales of available-for-sale financial assets		61,605	–	61,605	–
Payments for investment in associates		(10,212,802)	(1,893,504)	–	(749,980)
Payment for derivatives held for trading		–	–	–	(119,010)
Net cash flows from/(used in) investing activities		8,665,319	(39,637,371)	(47,913,309)	(3,781,484)

Notes	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from the issue of shares	16,020,000	80	16,020,000	80
Payment of share issue costs	(33,167)	(4,849)	(33,167)	(4,849)
Proceeds from the issue of shares – minority interest	–	2,500	–	–
Proceeds from borrowings	20,000,000	8,470,024	20,000,000	–
Repayment of borrowings	(20,000,000)	–	(20,000,000)	–
Advance from customers	(2,644,230)	2,644,230	–	–
Payment of finance lease liabilities	(3,897,964)	(4,003,894)	–	(56,707)
Loans from/(to) controlled entities	–	–	53,920,294	(53,369,306)
Proceeds from/(Payment) for performance bond facility	–	20,000	–	–
Net cash flows from/(used in) financing activities	9,444,639	7,128,091	69,907,127	(53,430,782)
Net increase/(decrease) in cash and cash equivalents	22,547,138	(46,849,329)	22,719,796	(48,550,386)
Cash and cash equivalents at the beginning of the financial period	6,949,489	53,798,818	4,710,059	53,260,445
Cash and cash equivalents at the end of the period	29,496,627	6,949,489	27,429,855	4,710,059

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The above statement of cash flow should be read in conjunction with the accompanying notes.

Statement of Changes In Equity

for the year ended 30 June 2010

CONSOLIDATED	Issued capital \$	Accum- ulated losses \$	Option premium reserve \$	Net unrealised gains reserve \$	Owners of the parent \$	Non- controlling interest \$	Total equity \$
2010							
At 1 July 2009	274,280,247	(115,963,773)	17,907,652	28,965	176,253,091	187,618	176,440,709
Loss for the year	–	11,840,734	–	–	11,840,734	(59,750)	11,780,984
Other comprehensive income, net of tax	–	–	–	(2,532,305)	(2,532,305)	–	(2,532,305)
Total comprehensive income and expense for the year net of tax	–	11,840,734	–	(2,532,305)	9,308,429	(59,750)	9,248,679
Transactions with owners in their capacity as owners							
Issue share capital							
– on exercise of options	16,020,000	–	–	–	16,020,000	–	16,020,000
Share-based payment	–	–	315,141	–	315,141	–	315,141
Share issue costs	(33,167)	–	–	–	(33,167)	–	(33,167)
Tax effect of share issue costs	(125,293)	–	–	–	(125,293)	–	(125,293)
Non-controlling interest equity contributions	–	–	–	–	–	–	–
Decrease in parent's ownership interest in controlled entity	–	–	–	–	–	–	–
Non-controlling interest's share of net assets in controlled entity	–	–	–	–	–	–	–
At 30 June 2010	290,141,787	(104,123,039)	18,222,793	(2,503,340)	201,738,201	127,868	201,866,069

CONSOLIDATED	Issued capital \$	Accum- ulated losses \$	Option premium reserve \$	Net unrealised gains reserve \$	Owners of the parent \$	Non- controlling interest \$	Total equity \$
2009							
At 1 July 2008	274,560,356	(58,704,292)	17,601,395	(24,604)	233,432,855	–	233,432,855
Loss for the year	–	(57,259,481)	–	–	(57,259,481)	(55)	(57,259,536)
Other comprehensive income, net of tax	–	–	–	238,742	238,742	–	238,742
Total comprehensive income and expense for the year net of tax	–	(57,259,481)	–	238,742	(57,020,739)	(55)	(57,020,794)
Transactions with owners in their capacity as owners							
Issue share capital							
– on exercise of options	80	–	–	–	80	–	80
Share-based payment	–	–	306,257	–	306,257	–	306,257
Share issue costs	(4,849)	–	–	–	(4,849)	–	(4,849)
Tax effect of share issue costs	(275,340)	–	–	–	(275,340)	–	(275,340)
Non-controlling interest equity contributions	–	–	–	–	–	2,500	2,500
Decrease in parent's ownership interest in controlled entity	–	–	–	(185,173)	(185,173)	–	(185,173)
Non-controlling interest's share of net assets in controlled entity	–	–	–	–	–	185,173	185,173
At 30 June 2009	274,280,247	(115,963,773)	17,907,652	28,965	176,253,091	187,618	176,440,709

Statement of Changes In Equity (Continued)

for the year ended 30 June 2010

PARENT	Issued capital \$	Accumulated losses \$	Option premium reserve \$	Net unrealised gains reserves \$	Total equity \$
2010					
At 1 July 2009	283,560,247	(123,779,844)	17,907,652	(1,247,346)	176,440,709
Loss for the year	–	11,158,236	–	–	11,158,236
Other comprehensive income, net of tax	–	–	–	(1,909,557)	(1,909,557)
Total comprehensive income and expense for the year net of tax	–	11,158,236	–	(1,909,557)	9,248,679
Transactions with owners in their capacity as owners					
Issue share capital					
– on exercise of options	16,020,000	–	–	–	16,020,000
Share-based payment	–	–	315,141	–	315,141
Share issue costs	(33,167)	–	–	–	(33,167)
Tax effect of share issue costs	(125,293)	–	–	–	(125,293)
At 30 June 2010	299,421,787	(112,621,608)	18,222,793	(3,156,903)	201,866,069
2009					
At 1 July 2008	283,840,356	(73,230,375)	17,601,395	5,221,479	233,432,855
Loss for the year	–	(50,549,469)	–	–	(50,549,469)
Other comprehensive income, net of tax	–	–	–	(6,468,825)	(6,468,825)
Total comprehensive income and expense for the year net of tax	–	–	–	(6,468,825)	(57,018,294)
Transactions with owners in their capacity as owners					
Issue share capital					
– on exercise of options	80	–	–	–	80
Share-based payment	–	–	306,257	–	306,257
Share issue costs	(4,849)	–	–	–	(4,849)
Tax effect of share issue costs	(275,340)	–	–	–	(275,340)
At 30 June 2009	283,560,247	(123,779,844)	17,907,652	(1,247,346)	176,440,709

Notes to the Financial Statements

for the year ended 30 June 2010

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 15 September 2010.

Metals X Limited ("the Parent") is a 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 Hyatt Centre, 123 Adelaide Terrace, East Perth, WA 6004.

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 authoritative pronouncements of the Australian Accounting Standards Board.

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

The financial report is presented in Australian dollars.

The Consolidated Entity has adopted ASIC Class Order 10/654 and provided parent entity information.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and, 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 2009. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)

The Consolidated Entity elected to early adopt the revised Standards from 1 January 2009 (instead of 1 July 2009). AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the annual reporting period ending 30 June 2010. A full assessment has not yet been completed of the impact of all the new or amended Accounting Standards and interpretations issued but not effective. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.	1 January 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2009-5 (con't)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: • has primary responsibility for providing the goods or service; • has inventory risk; • has discretion in establishing prices; bears the credit risk. The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2009-9	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> .	The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. Specifically, the amendments: • exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets • exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 Determining whether an Arrangement contains a Lease when the application of their national accounting requirements produced the same result.	1 January 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 9 & AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	1 July 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard	Application date for Company
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	1 July 2011
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This amendment to AASB 1 allows a first-time adopter may apply the transitional provisions in Interpretation 19 as identified in AASB 1048.	1 July 2010	1 July 2010

(c) Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in previous years.

(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.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a consolidated entity controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

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

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Changes in ownership interest of a subsidiary (without a change in control) is accounted for as a transaction with owners in their capacity as owners.

(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 statement of comprehensive income.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Operating segments (continued)

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 with an original maturity of three months or less 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.

Collectibility 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) Interest in jointly controlled assets

The Consolidated Entity recognises its share of the assets, classified as property, plant and equipment, mine properties and development, intangible assets and exploration and evaluation expenditure. In addition, the Consolidated Entity recognises its share of assets, liabilities, expenses and income from the use and output of the jointly controlled assets.

(l) 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 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 the statement of comprehensive income.

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.

(m) Investments in associates

The Consolidated Entity's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at fair value in accordance with AASB 139 in the parent. The associates are entities over which the Consolidated Entity has significant influence and that are neither subsidiaries nor joint ventures.

The Consolidated Entity generally deems it has significant influence if it has over 20% of the voting rights.

Under the equity method, investments in the associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any impairment loss with respect to the Consolidated Entity's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Consolidated Entity are identical and the associates' accounting policies conform to those used by the Consolidated Entity for like transactions and events in similar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Business combinations

Subsequent to 1 July 2009

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.

Prior to 1 July 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable

to the acquisition formed part of the acquisition costs.

The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree acquired did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the

terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

(o) 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.
- Mine Buildings – the shorter of life of mine or useful life. Useful life ranges from 5 to 10 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.

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 statement of comprehensive income in the period the item is derecognised.

(p) 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;

- 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;

- exploration and evaluation activities are continuing in an area of interest but at balance 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 statement of comprehensive income or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

(q) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Mine properties and development (continued)

The recoverable amount of capitalised mine properties and development expenditure is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

(r) 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.

(s) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits or losses in the year the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not

amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. An asset arising from development expenditure on an internal project is recognised only when the Consolidated Entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, or its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of policies applied to the Consolidated Entity's intangible assets is as follows:

Royalty Assets

Useful lives

Finite

Amortisation method used

Amortised over the period of expected future benefit from the related project on a unit of production basis.

Internally generated or acquired

Acquired

Impairment testing

Annually and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial period end.

Development Costs

Useful lives

Finite

Amortisation method used

Amortised over the period of expected future benefit from the related project on a straight-line basis.

Internally generated or acquired

Internally generated

Impairment testing

Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial period end.

(t) Rehabilitation costs

The Group 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Rehabilitation costs (continued)

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.

(u) Recoverable amount of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment, mine properties and development and exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of

the asset is increased to its recoverable amount. That increased amount cannot 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 revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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 the statement of comprehensive income on a straight-line basis over the lease term.

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

(ii) Finance Leases

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

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

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.

(aa) Issued capital

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

(ab) 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 in the product has passed to the buyer pursuant to a sales contract. For tin concentrate sales, the sales price is determined on a provisional basis at the date of delivery. Adjustments to the sale price occur based on movements in the metal price up to the date of final pricing. Final pricing is determined within 45 days of delivery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Revenue (continued)

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.

Nickel royalty revenue

Revenue from nickel royalties is recognised on an accruals basis in accordance with the substance of the relevant agreement.

(ac) 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 Employee Share Option Plan ("ESOP") which provides benefits to all employees including Directors. The scheme has no direct performance requirements but has specified time restrictions on the exercise of options. The share options will vest after one year or as determined by the Board of Directors and employees and Directors are able to exercise the share options for up to three years after vesting before the options lapse. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after six months of ceasing employment. The Company does not have a policy to prohibit executives from entering into arrangements to protect the value of unvested LTI awards.

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 33.

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

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 the statement of comprehensive income 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 the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

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 earnings per share.

(ad) 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 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

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

(ae) Income tax

The Consolidated Entity entered into a tax consolidated group 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:

- when the deferred income tax liability 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
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) Income tax (continued)

- 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
- when 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 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 statement of comprehensive income.

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 entity and the same taxation authority.

Tax consolidation legislation

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

(af) Other taxes

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

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

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

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

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

(ag) 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 as expenses; 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.

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, estimates and assumptions are made. 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.

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

(i) *Significant accounting judgments*

- **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. Metals X Limited estimates its mineral resource and reserves in accordance with the Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (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.

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

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

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

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

(i) *Significant accounting judgments (continued)*

- **Impairment of available-for-sale-investments (continued)**

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.

- **Classification of assets and liabilities as held for sale**

The Consolidated Entity classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Consolidated Entity must be committed to selling the assets either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

(ii) *Significant accounting estimates and assumptions*

- **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(t). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology and changes in interest rates. When these factors change or become known in the future, such difference will impact the mine rehabilitation provision in the period in which they change or become known.

- **Classification of and valuation of investments**

The Consolidated Entity has decided to classify investments in listed securities as "available-for-sale" investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations on an active market.

- **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 lease 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.

- **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 of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mine development 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.

- **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 are based on:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices; and
- future cash costs of production and capital expenditure.

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.

- **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 resources 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. During the year there was a decrease in the available reserves, which has had an impact on assets being amortised using the unit of production amortisation method resulting in an increase in the amortisation expense for the period.

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

(iii) *Significant accounting estimates and assumptions (continued)*

- **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 a Black & Scholes model, using the assumptions as discussed in note 33. 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 and the Parent Entity's principal financial instruments comprise receivables, payables, unsecured loans, finance lease and hire purchase contracts, cash and short-term deposits and derivatives.

Risk exposures and responses

The Consolidated Entity and the Parent Entity manages its exposure to key financial risks, including interest rate risk and currency risk in accordance with the Consolidated Entity's and the Parent Entity's financial risk management policy. The objective of the policy is to support the delivery of the Consolidated Entity's and the Parent Entity's financial targets while protecting future financial security.

The Consolidated Entity and the Parent 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 and the Parent 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 and the Parent Entity's financial instruments are interest rate risk, foreign currency risk, commodity risk, credit risk, equity price risk and liquidity risk. The Consolidated Entity and the Parent Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

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

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

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

The Consolidated and Parent Entity's principal financial instruments include investments in cash, equities, payables, interest bearing liabilities and derivatives. The accounting classification of each category of financial instruments as defined in note 2, and their carrying amounts, are set out below:

CONSOLIDATED ENTITY	Note	Cash and cash equivalents	Loans and receivables	Financial assets held for trading	Financial liabilities at amortised cost	Available-for-sale financial assets	Total carrying amount
2010							
Financial assets							
Cash and cash equivalents	10	29,496,627	–	–	–	–	29,496,627
Trade and other receivables (current)	11	–	14,910,209	–	–	–	14,910,209
Other financial assets	14	–	5,005,260	–	–	–	5,005,260
Available-for-sale financial assets (non-current)	17	–	–	–	–	34,064,803	34,064,803
Derivatives (non-current)	18	–	–	57,464	–	–	57,464
		29,496,627	19,915,469	57,464	–	34,064,803	83,534,363
Financial liabilities							
Trade and other payables (current)	24	–	–	–	(9,947,691)	–	(9,947,691)
Interest bearing loans (current)	25	–	–	–	(2,153,380)	–	(2,153,380)
Interest bearing loans (non-current)	28	–	–	–	(681,339)	–	(681,339)
		–	–	–	(12,782,410)	–	(12,782,410)
Net maturity		29,496,627	19,915,469	57,464	(12,782,410)	34,064,803	70,751,953
2009							
Financial assets							
Cash and cash equivalents	10	6,949,489	–	–	–	–	6,949,489
Trade and other receivables (current)	11	–	3,733,658	–	–	–	3,733,658
Other financial assets	14	–	4,255,260	–	–	–	4,255,260
Available-for-sale financial assets (non-current)	17	–	–	–	–	400,000	400,000
Derivatives (non-current)	18	–	–	114,928	–	–	114,928
		6,949,489	7,988,918	114,928	–	400,000	15,453,335
Financial liabilities							
Trade and other payables (current)	24	–	–	–	(14,437,589)	–	(14,437,589)
Interest bearing loans (current)	25	–	–	–	(4,422,880)	–	(4,422,880)
Interest bearing loans (non-current)	28	–	–	–	(5,630,858)	–	(5,630,858)
		–	–	–	(24,491,327)	–	(24,491,327)
Net maturity		6,949,489	7,988,918	114,928	(24,491,327)	400,000	(9,037,992)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

PARENT	Note	Cash and cash equivalents	Loans and receivables	Financial assets held for trading	Financial liabilities at amortised cost	Available-for-sale financial assets	Total carrying amount
2010							
Financial assets							
Cash and cash equivalents	10	27,429,855	–	–	–	–	27,429,855
Trade and other receivables (current)	11	–	68,327	–	–	–	68,327
Trade and other receivables (non-current)	15	–	3,711,586	–	–	–	3,711,586
Available-for-sale financial assets (non-current)	17	–	–	–	–	59,295,247	59,295,247
Derivatives (non-current)	18	–	–	57,464	–	–	57,464
		27,429,855	3,779,913	57,464	–	59,295,247	90,562,479
Financial liabilities							
Trade and other payables (current)	24	–	–	–	(263,332)	–	(263,332)
		–	–	–	(263,332)	–	(263,332)
Net maturity		27,429,855	3,779,913	57,464	(263,332)	59,295,247	90,299,147
2009							
Financial assets							
Cash and cash equivalents	10	4,710,059	–	–	–	–	4,710,059
Trade and other receivables (current)	11	–	243	–	–	–	243
Trade and other receivables (non-current)	15	–	35,880,327	–	–	–	35,880,327
Available-for-sale financial assets (non-current)	17	–	–	–	–	14,075,841	14,075,841
Derivatives (non-current)	18	–	–	114,928	–	–	114,928
		4,710,059	35,880,570	114,928	–	14,075,841	54,781,398
Financial liabilities							
Trade and other payables (current)	24	–	–	–	(266,023)	–	(266,023)
		–	–	–	(266,023)	–	(266,023)
Net maturity		4,710,059	35,880,570	114,928	(266,023)	14,075,841	54,515,375

(a) Interest rate risk

The Consolidated Entity's and the Parent Entity's exposure to risks of changes in market interest rate relates primarily to the Consolidated Entity's and the Parent Entity's long term debt obligations and cash balances. The level of debt is disclosed in notes 25 and 28. The Consolidated Entity's and the Parent Entity's policy is to manage its interest cost using fixed rate debt. Therefore the Consolidated Entity and the Parent Entity does not have any interest rate risk on its debt. The Consolidated Entity and the Parent Entity constantly analyses its interest rate exposure. Within this analysis consideration is give 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 based on the variable position.

At 30 June 2010, if interest rates had moved by a reasonably possible 1%, as illustrated in the table below, with all other variables held constant, post tax losses and equity would have been affected as follows:

	Post tax loss Higher/(lower)		Equity Higher/(lower)	
	2010 \$	2009 \$	2010 \$	2009 \$
Judgements of reasonably possible movements:				
Consolidated				
+ 1.0% (100 basis points)	70,261	70,808	70,261	70,808
– 1.0% (100 basis points)	(70,261)	(70,808)	(70,261)	(70,808)
Parent				
+ 1.0% (100 basis points)	33,601	32,970	33,601	32,970
– 1.0% (100 basis points)	(33,601)	(32,970)	(33,601)	(32,970)

A sensitivity of +%1 or –1% 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 losses are due to possible higher or lower interest income from variable rate cash balances. The sensitivity is higher in 2010 than 2009 because of the increase in cash balances following capital raised from placements and asset sales in the 2010 financial year.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk exposure (continued)

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

CONSOLIDATED ENTITY	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
2010				
Financial Assets				
Cash and cash equivalents	5,782,053	23,714,574	–	29,496,627
Trade and other receivables	–	–	14,910,209	14,910,209
Other financial assets	4,255,260	–	750,000	5,005,260
	10,037,313	23,714,574	15,660,209	49,412,096
Financial Liabilities				
Trade and other payables	–	–	(9,947,691)	(9,947,691)
Interest bearing liabilities	–	(2,834,719)	–	(2,834,719)
	–	(2,834,719)	(9,947,691)	(12,782,410)
Net financial assets/(liabilities)				36,629,686
2009				
Financial Assets				
Cash and cash equivalents	5,860,238	1,089,251	–	6,949,489
Trade and other receivables	–	–	3,733,658	3,733,658
Other financial assets	4,255,260	–	–	4,255,260
	10,115,498	1,089,251	3,733,658	14,938,407
Financial Liabilities				
Trade and other payables	–	–	(14,437,589)	(14,437,589)
Interest bearing liabilities	–	(10,053,738)	–	(10,053,738)
	–	(10,053,738)	(14,437,589)	(24,491,327)
Net financial assets/(liabilities)				(9,552,920)

PARENT ENTITY	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
2010				
Financial Assets				
Cash and cash equivalents	4,800,156	22,629,699	–	27,429,855
Trade and other receivables	–	–	3,779,913	3,779,913
	4,800,156	22,629,699	3,779,913	31,209,768
Financial Liabilities				
Trade and other payables	–	–	(263,332)	(263,332)
	–	–	(263,332)	(263,332)
Net financial assets/(liabilities)				30,946,436
2009				
Financial Assets				
Cash and cash equivalents	4,710,059	–	–	4,710,059
Trade and other receivables	–	–	35,880,570	35,880,570
	4,710,059	–	35,880,570	40,590,629
Financial Liabilities				
Trade and other payables	–	–	(266,023)	(266,023)
	–	–	(266,023)	(266,023)
Net financial assets/(liabilities)				40,324,606

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

Credit risk arises from the financial assets of the Consolidated Entity and the Parent Entity, which comprises cash and cash equivalents, trade and other receivables, available-for-sale financial assets, other financial assets held as security and derivative instruments. 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 and the Parent 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 \$5,005,260 (2009: \$4,255,260) in relation to financial guarantees granted and security deposits (refer to note 14).

The Consolidated Entity and the Parent Entity do not hold any credit derivatives to offset its credit exposure.

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

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

There are no significant concentrations of credit risk within the Consolidated Entity or the Parent Entity.

(c) Price risk

Commodity Price Risk

The Consolidated Entity's and the Parent Entity's revenues are exposed to commodity price fluctuations, in particular tin prices. Periodically the Consolidated Entity and the Parent Entity enter into derivatives contracts to manage commodity price exposure. In the 2010 financial year the Consolidated Entity and the Parent Entity did not enter into any contracts. In the 2009 financial year the Consolidated Entity and the Parent Entity utilised derivatives to manage commodity price exposure however, these contracts were minor and there were no contracts outstanding at the year end.

A summary of the Consolidated Entity's assets subject to commodity risk is set out below:

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Current assets				
Trade receivables	4,930,361	2,978,213	—	—

At 30 June 2010, if commodity prices had moved by a reasonably possible 5%, as illustrated in the table below, with all other variables held constant, post tax losses and equity would have been affected as follows:

	Post tax profit/(loss) Higher/(lower)		Equity Higher/(lower)	
	2010 \$	2009 \$	2010 \$	2009 \$
Judgements of reasonably possible movements:				
Consolidated				
Price + 5%	172,563	208,475	172,563	208,475
Price – 5%	(172,563)	(208,475)	(172,563)	(208,475)
Parent				
Price + 5%	–	–	–	–
Price – 5%	–	–	–	–

A sensitivity of +5% or –5% has been selected as this is considered reasonable given recent fluctuations in tin commodity prices and management's expectations of future movements. The movements in commodity prices are due to possible higher or lower commodity prices from tin sales that are classified as trade receivables (refer to note 2(h)). The sensitivity in 2010 is higher due to a higher trade receivables balance at 30 June 2010 due to an increase in production from the Renison Tin Project during the financial year and an increase in the tin price at 30 June 2010 compared to 30 June 2009.

Equity Security Price Risk

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

At 30 June 2010, if equity security prices had moved by a reasonably possible 10%, as illustrated in the table below, with all other variables held constant, post tax losses and equity would have been affected as follows:

	Post tax profit/(loss) Higher/(lower)		Equity Higher/(lower)	
	2010 \$	2009 \$	2010 \$	2009 \$
Judgements of reasonably possible movements:				
Consolidated				
Price + 10%	30,055	8,045	2,358,504	28,000
Price – 10%	(30,055)	(8,045)	(2,358,504)	(28,000)
Parent				
Price + 10%	30,055	8,045	4,124,635	985,309
Price – 10%	(30,055)	(8,045)	(4,124,635)	(985,309)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Price risk (continued)

Equity Security Price Risk (continued)

A sensitivity of +10% or –10% has been selected as this is considered reasonable given recent fluctuations in equity prices and management's expectations of future movements. The movements in equity 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 sensitivity in 2010 is higher due to increases in the market value of the underlying securities during the financial year and the increase equity investments in Jabiru, Aragon and Westgold (refer to notes 17 and 19).

(d) Foreign currency risk exposure

As a result of sales receipts being denominated in Malaysian Ringgit and US dollars, the Consolidated Entity's cash flows can be affected by movements in the Malaysian Ringgit/Australian dollar and US dollar /Australian dollar exchange rates. The Consolidated Entity's exposure to foreign currency is however not considered to be significant.

(e) Liquidity risk

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

The Consolidated Entity's and the Parent 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 pay-offs and receivables for settlement, repayment and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2010. 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 and Parent Entity's financial liabilities are:

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
6 months or less	11,014,823	17,030,210	263,332	266,023
6 – 12 months	1,361,401	2,592,621	–	–
1 – 5 years	697,478	6,207,783	–	–
Over 5 years	–	–	–	–
	13,073,702	25,830,614	263,332	266,023

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 and Parent Entity's expected settlement of financial assets and liabilities on an ongoing basis.

CONSOLIDATED ENTITY	<6 months	6–12 months	1–5 years	>5 years	Total
2010					
Financial assets					
Cash and equivalents	5,977,616	24,516,659	–	–	30,494,275
Trade and other receivables	14,910,209	–	–	–	14,910,209
Available-for-sale financial assets	–	–	–	34,064,803	34,064,803
Derivatives-held for trading	57,464	–	–	–	57,464
Other financial assets	5,005,260	–	–	–	5,005,260
	25,950,549	24,516,659	–	34,064,803	84,532,011
Financial liabilities					
Trade and other payables	(9,947,691)	–	–	–	(9,947,691)
Interest bearing loans	(1,067,132)	(1,361,401)	(697,478)	–	(3,126,011)
	(11,014,823)	(1,361,401)	(697,478)	–	(13,073,702)
Net inflow/(outflow)	14,935,726	23,155,258	(697,478)	34,064,803	71,458,309
2009					
Financial assets					
Cash and equivalents	6,085,553	1,131,131	–	–	7,216,684
Trade and other receivables	3,733,658	–	–	–	3,733,658
Available-for-sale financial assets	–	–	–	400,000	400,000
Derivatives-held for trading	114,928	–	–	–	114,928
Other financial assets	4,255,260	–	–	–	4,255,260
	14,189,399	1,131,131	–	400,000	15,720,530
Financial liabilities					
Trade and other payables	(14,437,589)	–	–	–	(14,437,589)
Interest bearing loans	(2,592,621)	(2,592,621)	(6,207,783)	–	(11,393,025)
	(17,030,210)	(2,592,621)	(6,207,783)	–	(25,830,614)
Net inflow/(outflow)	(2,840,811)	(1,461,490)	(6,207,783)	400,000	(10,110,084)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Liquidity risk (continued)

PARENT	<6 months	6–12 months	1–5 years	>5 years	Total
2010					
Financial assets					
Cash and equivalents	4,961,260	23,389,202	–	–	28,350,462
Trade and other receivables	3,779,913	–	–	–	3,779,913
Available-for-sale financial assets	–	–	–	59,295,247	59,295,247
Derivatives-held for trading	57,464	–	–	–	57,464
Other financial assets	–	–	–	–	–
	8,798,637	23,389,202	–	59,295,247	91,483,086
Financial liabilities					
Trade and other payables	(263,332)	–	–	–	(263,332)
Interest bearing loans	–	–	–	–	–
	(263,332)	–	–	–	(263,332)
Net inflow/(outflow)	8,535,305	23,389,202	–	59,295,247	91,219,754
2009					
Financial assets					
Cash and equivalents	4,905,589	–	–	–	4,905,589
Trade and other receivables	35,880,570	–	–	–	35,880,570
Available-for-sale financial assets	–	–	–	14,075,841	14,075,841
Derivatives-held for trading	114,928	–	–	–	114,928
	40,901,087	–	–	14,075,841	54,976,928
Financial liabilities					
Trade and other payables	(266,023)	–	–	–	(266,023)
Interest bearing loans	–	–	–	–	–
	(266,023)	–	–	–	(266,023)
Net inflow/(outflow)	40,635,065	–	–	14,075,841	54,710,905

(f) Fair values

All financial assets and liabilities recognised in the statement of financial position, due to their short term nature, 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:

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.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
	Quoted market price (Level 1)	Quoted market price (Level 1)	Quoted market price (Level 1)	Quoted market price (Level 1)
Financial Assets				
Available-for-sale financial assets				
Listed investments	34,064,803	400,000	59,295,247	14,075,841
Derivatives				
Listed investments	57,464	114,928	57,464	114,928
	34,122,267	514,928	59,352,711	14,190,769

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.

For financial instruments not quoted in active markets, the Consolidated Entity uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

The fair value of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk (e.g., CDS spreads) are not observable, the derivative would be classified as based on non observable market inputs (Level 3). Certain long dated forward commodity contracts where there are no observable forward prices in the market are classified as Level 2 as the unobservable inputs are not considered significant to the overall value of the contract.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
5. REVENUE AND EXPENSES				
(a) Revenue				
Revenue from sale of tin concentrate	95,686,783	60,207,915	—	—
Revenue from nickel royalties	599,859	3,709,154	—	—
Interest received – other corporations	1,127,165	1,271,570	763,897	1,026,058
Total revenue	97,413,807	65,188,639	763,897	1,026,058
(b) Other income				
Net gain/(loss) on sale of assets	19,101,536	—	—	—
Net gain/(loss) on share investments	34,035	—	34,035	—
Gain on deemed disposal of associate	1,207,775	—	—	—
Other income	709,283	744,534	—	—
Total other income	21,052,629	744,534	34,035	—
(c) Cost of sales				
Salaries, wages expense and other employee benefits	17,434,493	21,744,863	—	—
Other cash costs	55,042,363	39,603,711	—	—
Write-down in value of inventories to estimated net realisable value	(2,967,314)	5,694,056	—	—
Royalty	1,900,994	876,554	—	—
Depreciation and amortisation expense				
<i>Depreciation of non-current assets</i>				
Property, plant and equipment	6,299,690	5,592,201	—	—
Buildings	392,789	389,813	—	—
<i>Amortisation of non-current assets</i>				
Mine, properties and development costs	21,295,433	25,803,303	—	—
Intangible assets	384,969	3,308,875	—	—
Total cost of sales	99,783,417	103,013,376	—	—

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(d) Other expenses				
Administration expenses				
Employee benefits expense				
Salaries and wages expense	1,638,753	2,716,757	—	436,198
Directors' fees and other benefits	101,895	80,000	101,895	80,000
Superannuation expense	178,818	295,541	—	39,761
Other employee benefits	16,321	20,290	—	—
Share-based payments	315,141	306,257	315,141	306,257
	2,250,928	3,418,845	417,036	862,216
Other administration expenses				
Consulting expenses	397,123	458,968	—	—
Travel and accommodation expenses	199,688	294,743	—	—
Administration costs	688,090	1,105,350	336,633	512,081
Operating lease costs	39,525	166,982	—	—
	1,324,426	2,026,043	336,633	512,081
Depreciation expense				
Depreciation of non-current assets				
Property plant and equipment	219,328	264,982	—	—
Total Administration expenses	3,794,682	5,709,870	753,669	1,374,297
Other expenses				
Care and maintenance costs	—	—	—	—
Foreign exchange loss/(profit)	(744,320)	(347,192)	(744,320)	(347,192)
	(744,320)	(347,192)	(744,320)	(347,192)
Total other expenses	3,050,362	5,362,678	9,349	1,027,105

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
5. REVENUE AND EXPENSES (CONTINUED)				
(e) Fair value change in financial instruments				
Fair value change in derivatives	(57,464)	(191,546)	(57,464)	(164,083)
Gain on derivatives	–	6,266,668	–	6,266,668
Total fair value change in financial instruments	(57,464)	6,075,122	(57,464)	6,102,585
(f) Finance costs				
Interest	1,000,006	873,169	231,850	32,100
Unwinding of rehabilitation provision discount	145,052	119,750	–	–
Total finance costs	1,145,058	992,919	231,850	32,100
6. INCOME TAX				
(a) Major components of income tax expense:				
Income Statement				
<i>Current income tax expense</i>				
Current income tax benefit	–	(10,047,657)	(95,609)	2,296,692
Derecognition of carry forward losses and other temporary differences	3,484,319	17,142,430	–	–
Adjustments in respect of current income tax of previous years	(435,558)	(499,583)	220,110	(435,136)
<i>Deferred income tax</i>				
Relating to recoupment of carry forward tax losses in current year	9,251,277	–	–	–
Relating to origination and reversal of temporary differences in current year	(11,397,637)	(6,915,530)	13,471	(226,276)
Adjustments in respect of current income tax of previous years	193,228	–	–	–
Income tax expense/(benefit) reported in the statement of comprehensive income	1,095,629	(320,340)	137,972	1,635,280

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(b) Amounts charged or credited directly to equity				
<i>Deferred income tax related to items charged or credited directly to equity</i>				
Unrealised loss/(gain) on available-for-sale investments	1,220,922	(45,000)	818,382	2,772,354
Share issue costs	(125,293)	(275,340)	(125,293)	(275,340)
Income tax expense/(benefit) reported in equity	1,095,629	(320,340)	693,089	2,497,014
(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:				
Accounting profit/(loss) before tax	12,876,613	(57,579,876)	11,296,208	(48,914,189)
At statutory income tax rate of 30% (2009: 30%)	3,862,984	(17,273,963)	3,388,862	(14,674,257)
Non-assessable items	(5,925,000)	(111,114)	(3,239,082)	16,586,965
Non-deductible items	97,471	–	94,542	–
Deductible items	(181,815)	(276,504)	(135,243)	(276,504)
Prior year tax benefits	(242,330)	(2,632,930)	28,893	(925)
Unrecognised tax losses and other temporary differences	3,484,319	19,974,171	–	–
Income tax expense/(benefit) reported in income the statement of comprehensive income	1,095,629	(320,340)	137,972	1,635,279
Effective income tax rate	8.5%	0.6%	1.2%	(3.3%)

	Statement of Financial Position		Statement of Comprehensive Income	
	2010 \$	2009 \$	2010 \$	2009 \$
6. INCOME TAX (CONTINUED)				
(d) Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Intangible assets	–	(7,208,313)	7,208,313	3,505,973
Exploration	(15,983,715)	(15,389,537)	(594,178)	391,056
Deferred mining	(3,513,503)	(7,259,518)	3,746,015	491,943
Mine site establishment and refurbishment	(2,694,073)	(7,719,835)	5,025,762	1,605,459
Research and development	(794,545)	(1,572,246)	777,701	(745,409)
Investment in associates	256,843	598,873	(342,030)	479,689
Derivative financial instruments	–	–	–	188,710
Interest receivable	(13,784)	–	(13,784)	–
Inventories	(668,750)	(1,622,196)	953,446	(690,007)
Diesel rebate	(927)	(14,720)	13,793	(9,429)
Gross deferred tax liabilities	(23,412,454)	(40,187,492)		
Deferred tax assets				
Accelerated depreciation for tax purposes	3,713,210	4,645,412	(932,202)	(1,268,715)
Accelerated amortisation for tax purposes	–	2,747,828	(2,747,828)	992,663
Derivative held for trading	146,878	129,639	17,239	64,846
Inventories	664,178	1,708,217	(1,044,039)	1,708,217
Borrowing costs	13,288	15,086	(1,798)	(19,239)
Equity raising costs	123,336	248,630	–	–
Accrued expenses	35,955	37,500	(1,545)	900
Provision for employee entitlements	279,329	501,047	(221,718)	217,342
Provision for fringe benefits tax	3,343	706	2,637	(3,245)
Provision for rehabilitation	930,688	1,572,063	(641,375)	4,776
Recognised tax losses	17,502,249	28,581,364		
Gross deferred tax assets	23,412,454	40,187,492		
Net deferred tax liabilities	–	–		
Deferred tax income benefit			11,204,409	6,915,530

	Statement of Financial Position		Statement of Comprehensive Income	
	2010 \$	2009 \$	2010 \$	2009 \$
PARENT				
Deferred tax liabilities				
Derivative financial instruments	–	–	–	188,710
Interest receivable	(12,367)	–	(12,367)	–
Gross deferred tax liabilities	(12,367)	–		
Deferred tax assets				
Available-for-sale financial assets	1,352,959	534,577	–	–
Derivatives held for trading	104,144	86,905	17,239	49,225
Borrowing costs	13,288	15,086	(1,798)	(19,159)
Equity raising costs	123,336	248,630	–	–
Accrued expenses	20,955	37,500	(16,545)	7,500
Recognised tax losses	17,502,249	28,581,364		
Gross deferred tax assets	19,116,931	29,504,062		
Net deferred tax assets	19,104,564	29,504,062		
Deferred tax income (expense)/benefit			(13,471)	226,276

(e) Tax Consolidation

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.

6. INCOME TAX (CONTINUED)

(g) Unrecognised losses

At 30 June 2010, there are unrecognised losses of \$22,237,568 for the Consolidated Entity (2009: \$19,974,171). At 30 June 2010, there are no unrecognised losses for the Parent Entity (2009: Nil).

7. EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Consolidated Entity	
	2010	2009
	\$	\$
(a) Earnings/(losses) used in calculating earnings/(losses) per share		
<i>For basic earnings/(loss) per share:</i>		
Net profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	12,660,834	(55,361,503)
Loss attributable to discontinued operations	(820,100)	(1,897,978)
Net profit/(loss) attributable to ordinary equity holders of the parent	11,840,734	(57,259,481)
<i>Basic earnings/(loss) per share (cents)</i>	0.92	(4.82)
<i>For diluted earnings/(loss) per share:</i>		
Net profit/(loss) from continuing operations attributable to ordinary equity holders of the parent (from basic EPS)	12,660,834	(55,361,503)
Loss attributable to discontinued operations	(820,100)	(1,897,978)
Net profit/(loss) attributable to ordinary equity holders of the parent	11,840,734	(57,259,481)
<i>Fully diluted earnings/(loss) per share (cents)</i>	0.91	(4.82)
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	1,290,072,741	1,187,661,764
Effect of Dilution:		
Share Options	15,275,000	–
Weighted average number of ordinary shares adjusted for the effect of dilution	1,305,347,741	1,187,661,764

The Company had on issue 15,275,000 share options included in the calculation of diluted profit per share at balance date. In 2009 the Company had 19,850,000 share options on issue that are excluded from the calculation of diluted loss per share because they were anti-dilutive as their inclusion reduced the loss per share.

On 27 November 2009 the Company issued 3,100,000 employee options pursuant to the Employee Option Scheme at an exercise price of \$0.13 expiring 30 November 2013.

On 27 November 2009 the Company issued 2,500,000 options to Directors at an exercise price of \$0.14 expiring 30 November 2010.

There have been no other 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.

		Parent Entity	
		2010	2009
		\$	\$
8. DIVIDENDS PAID AND PROPOSED			
No dividends have been paid or declared by the Company during the financial period or up to the date of this report.			
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% (2009: 30%)		5,930,931	5,930,931
franking credits that will arise from the payment of income tax payable as at the end of the financial year		—	—
The amount of franking credits available for future reporting years		5,930,931	5,930,931

The franking credits were transferred to the Consolidated Entity on the acquisition of the Metals Exploration Limited Group.

9. DISCONTINUED OPERATIONS

(a) Details of operations held for sale

In 2009 the board of directors decided to dispose of Bluestone Nominees Pty Ltd, the company that owns the Collingwood Tin Project. The Company publicly announced this decision in February 2009.

9. DISCONTINUED OPERATIONS (CONTINUED)

(b) Financial performance of operations held for sale

The results of the discontinued operations for the year are presented below:

	Consolidated Entity	
	2010	2009
	\$	\$
Revenue	–	171,996
Expenses	(639,446)	(999,274)
Gross loss	(639,446)	(827,278)
Other income	9,219	244,889
Finance costs	–	(4,690)
Impairment loss on property, plant and equipment	(500,000)	(2,093,068)
Write-down in value of inventories to estimated net realisable value	–	–
Exploration and evaluation expenditure written off	(41,345)	30,801)
Loss before tax from discontinued operations	(1,171,572)	(2,710,948)
Income tax benefit:		
– related to pre-tax profit/(loss)	351,472	812,970
Loss for the year from discontinued operations	(820,100)	(1,897,978)

Impairment testing was undertaken at 30 June 2010 and the impairment loss in discontinued operations of \$500,000 represents the write-down of the Collingwood Tin project (Bluestone Nominees Pty Ltd) plant and equipment, following an assessment of the recoverable amount within that project. The recoverable amount was based on fair value less costs to sell and was determined at the cash-generating unit level, being the Collingwood Tin Project assets.

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of Bluestone Nominees Pty Ltd at 30 June 2010 are as follows:

Assets

Property, plant and equipment

1,491,219 2,000,000

Liabilities

Provisions

(886,260) (886,260)

(886,260) (886,260)

Net assets attributable to discontinued operations

604,959 1,113,740

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(d) Cash flow information – held for sale operations				
Operating activities	84,436	(1,906,939)	–	–
Investing activities	(23,345)	1,997,442	–	–
Net cash flow	61,091	90,503	–	–
10. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	5,782,053	5,860,238	4,800,156	4,710,059
Short-term deposits	23,714,574	1,089,251	22,629,699	–
Total	29,496,627	6,949,489	27,429,855	4,710,059
Reconciliation to statement of cash flows				
For the purposes of the cash flows, cash and cash equivalents comprise the following at 30 June:				
Cash at bank and in hand	5,782,053	5,860,238	4,800,156	4,710,059
Short-term deposits	23,714,574	1,089,251	22,629,699	–
	29,496,627	6,949,489	27,429,855	4,710,059

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
10. CASH AND CASH EQUIVALENTS (CONTINUED)				
STATEMENT OF CASH FLOWS RECONCILIATION				
(i) Reconciliation of net profit/(loss) after income tax to net cash flows from operating activities				
Net profit/(loss) after income tax	11,780,984	(57,259,536)	11,158,236	(50,549,469)
Income tax expense/(benefit)	1,095,629	(320,340)	137,972	1,635,280
Amortisation and depreciation	28,592,210	35,349,234	–	–
Impairment losses	500,000	14,051,013	–	–
Gain on deemed disposal of associate	(1,207,775)	–	–	–
Share based payments	315,141	306,257	315,141	306,257
Unwinding of rehabilitation provision discount	145,052	119,750	–	–
Fair value change in financial instruments	57,464	820,577	57,464	793,118
Exploration and evaluation expenditure written off	295,820	4,378,907	–	–
Profit on disposal of available-for-sale financial assets	(34,035)	–	(34,035)	–
Profit on disposal of intangible assets	(5,266,690)	–	–	–
Profit on disposal of property, plant and equipment	(13,844,070)	(130,212)	–	–
Non-recovery of loan to controlled entity	–	–	(10,796,941)	54,983,627
Share of associates' net losses	127,475	1,202,199	–	–
	22,557,205	(1,482,151)	837,837	7,168,813
Changes in assets and liabilities				
(Increase)/decrease in inventories	(2,522,463)	(12,329,033)	–	–
(Increase)/decrease in trade and other debtors	(13,395,022)	3,005,042	(109,168)	1,441,044
Increase/(decrease) in trade and other creditors	(1,845,667)	(4,338,760)	(2,691)	52,023
Increase/(decrease) in employee entitlements	(356,873)	804,853	–	–
Net cash from/(used in) operating activities	4,437,180	(14,340,049)	725,978	8,661,880
(ii) Non-cash financing and investing activities				
Acquisition of assets by means of finance lease (note 20)	–	8,470,024	–	–
Share-based payments (note 33)	315,141	306,257	315,141	306,257
	315,141	8,776,281	315,141	306,257

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
11. TRADE AND OTHER RECEIVABLES (current)				
Trade receivables (a)	4,930,361	2,978,213	–	–
Other debtors (b)	9,979,848	755,445	68,327	243
	14,910,209	3,733,658	68,327	243

- (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. Other debtors are non-interest bearing and are generally on 30 – 90 day terms.
- (c) The carrying amounts disclosed above represents the fair value.

Collectibility of trade 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 provision 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.

12. INVENTORIES (current)

Ore stocks at net realisable value	823,380	2,242,017	–	–
Tin in circuit at net realisable value	207,420	691,360	–	–
Tin concentrate at net realisable value	11,806,514	7,643,867	–	–
Stores and spares at cost	2,229,166	5,407,319	–	–
Provision for obsolete stores and spares	(244,903)	–	–	–
Total inventories at lower of cost and net realisable value	14,821,577	15,984,563	–	–

During the year due to an increase in the Tin metal price there was a reversal of inventory write-downs of \$2,967,314 (2009: write-down \$5,694,056) for the Consolidated Entity. This expense is included in cost of sales refer to note 5(c).

13. OTHER ASSETS (current)

Prepayments	874,561	124,508	48,123	7,037
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	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
14. OTHER FINANCIAL ASSETS (current)				
Other financial asset (a)	750,000	–	–	–
Other receivables – cash on deposit – performance bond facility (b)	4,255,260	4,255,260	–	–
	5,005,260	4,255,260	–	–

(a) Other financial assets are used by way of security for the mining contractor at the Bluestone Mines Tasmania Joint Venture.

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

15. TRADE AND OTHER RECEIVABLES (non-current)				
Loans to controlled entities	–	–	135,212,505	178,178,185
Allowance for impairment	–	–	(131,500,919)	(142,297,858)
	–	–	3,711,586	35,880,327

Loans to wholly-owned subsidiaries are non-interest bearing.

16. INVESTMENTS IN SUBSIDIARIES (non-current)				
Investment in controlled entities at cost	–	–	92,414,235	92,414,235
17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (non-current)				
Shares – Australian listed	34,064,803	400,000	59,295,247	14,075,841

Listed shares

Consolidated Entity

- (i) The Consolidated Entity and Parent has a 4.76% (2009: 6.85%) ownership interest in Icon Resources Limited, which is a listed exploration company. The Consolidated Entity and Parent has a 19.99% (2009: nil) ownership interest in Jabiru Metals Limited, which is a listed resources company.

Parent Entity

- (ii) The Parent has a 8.72% direct ownership interest in Aragon Resources Limited (2009: 11.35%), which is a listed exploration company. The Parent has a 31.99% ownership interest in Westgold Resources Limited (2009: 29.62%), which is a listed exploration company. The fair value of the available-for-sale investment, for 30 June 2010 has been determined directly by reference to published price quotations in an active market.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
18. DERIVATIVE FINANCIAL INSTRUMENTS (non-current)				
Derivatives – held for trading	57,464	114,928	57,464	114,928

Derivatives – held for trading

The Consolidated Entity holds 3,830,929 options in Aragon Resources Limited. These options were acquired for nil cost on 30 July 2007 as part of the IPO of Aragon Resources Limited. On acquisition the options were valued using the binomial method. The fair value of the options for 30 June 2010 has been determined directly by reference to published price quotations in an active market.

(a) Instruments used by the Consolidated Entity

The Consolidated Entity is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in commodity prices in accordance with the Consolidated Entity's financial risk management policies (refer to note 4).

19. INVESTMENT IN ASSOCIATES (non-current)

(a) Investment details

Listed

Westgold Resources Limited	19,170,160	10,150,112	–	–
Aragon Resources Limited	3,355,753	766,185	–	–
	22,525,913	10,916,297	–	–

	Consolidated Entity	
	2010 \$	2009 \$
19. INVESTMENT IN ASSOCIATES (non-current) (CONTINUED)		
(b) Movements in carrying value of the Consolidated Entity's investment in associates		
<i>Westgold Resources Limited</i>		
At 1 July	10,150,112	9,237,591
Additions	8,912,803	1,893,505
Share of profits/(losses) after income tax	97,503	(1,000,606)
Share of change in reserves	9,742	19,622
At 30 June	19,170,160	10,150,112
<i>Aragon Resources Limited</i>		
At 1 July	766,185	1,125,028
Additions	1,300,000	–
Impairment	–	(271,370)
Share of profits/(losses) after income tax	(224,978)	(201,593)
Gain on deemed disposal of associate	1,207,775	–
Share of change in reserves	306,771	114,120
At 30 June	3,355,753	766,185

(c) Fair Value of investment in listed entities

Based on the quoted share price the fair value of the Consolidated Entity's share investment in Westgold Resources Limited at balance date is \$21,874,691 (2009: \$12,909,656).

Based on the quoted share price the fair value of the Consolidated Entity's share investment in Aragon Resources Limited at balance date is \$3,355,753 (2009: \$766,185).

(d) Summarised financial information

The following table illustrates summarised financial information relating to the Consolidated Entity's associates:

	Consolidated Entity	
	2010	2009
	\$	\$
Extracts from the associates' statements of financial position:		
Current assets	26,931,526	8,873,587
Non-current assets	54,971,362	25,909,830
	81,902,888	34,783,417
Current liabilities	2,776,859	1,135,931
Non-current liabilities	3,808,141	39,000
	6,585,000	1,174,931
Net assets	75,317,888	33,608,486
Share of associates' net assets	17,847,442	8,354,617
Extracts from the associates' statements of comprehensive income:		
Revenue	1,992,216	452,150
Net loss	(245,477)	(5,746,827)

The Company has a 31.99% (2009: 29.62%) interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base metals in the Northern Territory. Westgold is listed on the Australian Securities Exchange. At the end of the period the Company's investment was \$19,170,160 (2009: \$10,150,112) which represents cost plus post-acquisition changes in the Company's share of net assets of Westgold.

The Consolidated Entity has an 8.72% (2009: 11.35%) interest in Aragon Resources Limited ("Aragon"), which is involved in the exploration for base and precious metals in Western Australia. Aragon is listed on the Australian Securities Exchange. Westgold has a 19.8% interest in Aragon. The Consolidated Entity's direct and indirect interests in Aragon and board representation by Mr Cook as a Director of Aragon gives rise to a significant influence in Aragon. At the end of the period the carrying value of the Company's investment was \$3,355,753 (2009: \$766,185) which represents cost plus post-acquisition changes in the Company's share of net assets of Aragon. As the market value is lower than the carrying value, the Company has recognised an impairment of \$166,576 (2009: \$271,370). This loss has been included in the net gain on deemed disposal of associate during the period (refer to note 5(b)).

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
20. PROPERTY, PLANT & EQUIPMENT (non-current)				
Plant and equipment				
At cost	21,671,323	39,588,771	–	–
Accumulated depreciation	(8,528,076)	(8,382,197)	–	–
Impairment	–	–	–	–
Net carrying amount	13,143,247	31,206,574	–	–
Land and buildings				
At cost	5,112,001	9,516,272	–	–
Accumulated depreciation	(481,803)	(402,815)	–	–
Net carrying amount	4,630,198	9,113,457	–	–
Capital work in progress at cost	877,931	303,052	–	–
Total property, plant and equipment	18,651,376	40,623,083	–	–
Movement in property, plant and equipment				
Plant and equipment				
At 1 July net of accumulated depreciation	31,206,574	22,227,625	–	–
Additions	1,519,203	19,939,693	–	–
Disposals – other	(56,603)	(1,136,171)	–	–
Disposals (refer to note 38)	(13,006,909)	–	–	–
Assets included in discontinued operations (refer to note 9)	–	(1,874,322)	–	–
Depreciation charge for the year	(6,519,018)	(5,857,183)	–	–
Impairment	–	(2,093,068)	–	–
At 30 June net of accumulated depreciation	13,143,247	31,206,574	–	–

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Land and buildings				
At 1 July net of accumulated depreciation	9,113,457	500,552	–	–
Additions	134,314	9,128,396	–	–
Disposals (refer to note 38)	(4,224,784)	–	–	–
Assets included in discontinued operations (refer to note 9)	–	(125,678)	–	–
Depreciation charge for the year	(392,789)	(389,813)	–	–
At 30 June net of accumulated depreciation	4,630,198	9,113,457	–	–
Capital work in progress				
At 1 July net of accumulated depreciation	303,052	14,634,061	–	–
Additions	2,700,248	15,937,497	–	–
Disposals (refer to note 38)	(342,524)	–	–	–
Transfer to mine properties & development	(129,328)	(1,200,417)	–	–
Transfer to plant and equipment	(1,519,203)	(19,939,693)	–	–
Transfer to land and buildings	(134,314)	(9,128,396)	–	–
At 30 June	877,931	303,052	–	–

The impairment loss in 2009 of \$2,093,068 represents the write-down of the Collingwood (Bluestone Nominees Pty Ltd) plant and equipment, following an assessment of the recoverable amount within that project. The recoverable amount was based on fair value less costs to sell and was determined at the cash-generating unit level, being the Collingwood Tin Project assets.

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2010 is \$4,485,166 (2009: \$11,573,042). Value of plant and equipment purchased under finance leases and hire purchase contracts for 30 June 2010 financial year is nil (2009: \$8,470,504).

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase lease liabilities (refer to notes 25 and 28).

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
21. MINE PROPERTY AND DEVELOPMENT (non-current)				
Development areas at cost				
Mine site establishment	4,304,400	3,623,412	–	–
Net carrying amount	4,304,400	3,623,412	–	–
Mine site establishment				
Mine site establishment	30,539,938	51,757,843	–	–
Accumulated amortisation	(21,822,320)	(24,826,179)	–	–
Impairment	(4,322,330)	(4,322,330)	–	–
Net carrying amount	4,395,288	22,609,334	–	–
Mine capital development				
Accumulated amortisation	(16,641,491)	(17,688,944)	–	–
Impairment	(7,166,041)	(7,166,041)	–	–
Net carrying amount	12,074,927	24,832,805	–	–
Total mine properties and development	20,774,615	51,065,551	–	–
Movement in mine properties and development				
Development areas at cost				
At 1 July	3,623,412	1,917,374	–	–
Additions	680,988	1,706,038	–	–
At 30 June	4,304,400	3,623,412	–	–
Mine site establishment				
At 1 July net of accumulated amortisation	22,609,334	30,611,007	–	–
Additions	–	5,418,562	–	–
Disposals (refer to note 38)	(6,211,677)	–	–	–
Transfer from capital work in progress (refer to note 20)	129,328	1,200,417	–	–
Increase/(decrease) in rehabilitation provision	(44,580)	(103,824)	–	–
Amortisation charge for the year	(12,087,117)	(14,516,828)	–	–
At 30 June net of accumulated amortisation	4,395,288	22,609,334	–	–

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Mine capital development				
At 1 July net of accumulated amortisation	24,832,805	26,049,310	–	–
Additions	7,583,268	9,183,392	–	–
Disposals (refer to note 38)	(12,062,735)	–	–	–
Transfer from development areas (refer to note 23)	929,905	876,638	–	–
Amortisation charge for the year	(9,208,316)	(11,276,535)	–	–
At 30 June net of accumulated amortisation	12,074,927	24,832,805	–	–
22. INTANGIBLE ASSETS (non-current)				
Development projects at cost				
At cost	2,648,484	5,240,820	–	–
Net carrying amount	2,648,484	5,240,820	–	–
Nickel royalties				
At acquisition value	7,142,857	35,714,286	–	–
Accumulated amortisation	(6,450,976)	(9,159,427)	–	–
Accumulated Impairment	(691,881)	(11,686,575)	–	–
Net carrying amount	–	14,868,284	–	–
Total intangible assets	2,648,484	20,109,104	–	–
Movement in intangible assets				
Development projects at cost				
At 1 July net of accumulated amortisation	5,240,820	2,756,123	–	–
Additions	56,149	2,484,697	–	–
Disposals (refer to note 38)	(2,648,485)	–	–	–
At 30 June net of accumulated amortisation	2,648,484	5,240,820	–	–
Nickel royalties				
At 1 July net of accumulated amortisation	14,868,284	29,863,734	–	–
Additions	–	–	–	–
Disposals	(14,483,315)	–	–	–
Amortisation charge for the year	(384,969)	(3,308,875)	–	–
Impairment	–	(11,686,575)	–	–
At 30 June net of accumulated amortisation	–	14,868,284	–	–

22. INTANGIBLE ASSETS (non-current) (CONTINUED)

The impairment loss of \$11,686,575 in 2009 represents the write-down of the nickel royalty assets, following an assessment of the recoverable amount of those assets. This assessment was undertaken due to a decline in nickel prices, a trigger for impairment. The recoverable amount was based on value in use and was determined at the cash-generating unit level, being the nickel royalty assets. In determining the value in use for the cash-generating unit, the cash flows were discounted at a real rate of 10% on a pre-tax basis.

Description of the Consolidated Entity's intangible assets

Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset is still in the development stage. It has been assessed as having a finite life and is amortised using the straight line method over the life of the project. This intangible asset relates to the Rentails Development Project.

Nickel royalties

Nickel royalties are carried at cost less accumulated amortisation and accumulated impairment losses. These intangible assets have been assessed as having a finite life and are amortised using the units of production method over the life of the assets. The amortisation has been recognised in the income statement in the line "cost of sales". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Intangible assets (nickel royalties) with a net book value of \$14,483,315 were disposed of by the Consolidated Entity during the year (2009: Nil) resulting in a profit on disposal of \$5,266,685 (2009: Nil).

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
23. EXPLORATION EXPENDITURE (non-current)				
Exploration and evaluation costs carried forward in respect of mining areas of interest				
Pre-production areas				
At Cost	53,353,863	51,567,468	—	—
Accumulated impairment	—	—	—	—
Net carrying amount	53,353,863	51,567,468	—	—
Movement in deferred exploration and evaluation expenditure				
At 1 July net of accumulated impairment	51,567,468	52,792,949	—	—
Additions	3,343,349	3,999,263	—	—
Disposals (refer to note 38)	(372,574)	—	—	—
Transferred to mine capital development (refer to note 21)	(929,905)	(876,638)	—	—
Expenditure written off	(254,475)	(4,348,106)	—	—
Impairment	—	—	—	—
At 30 June net of accumulated impairment	53,353,863	51,567,468	—	—

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 of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration and evaluation expenditure of \$295,820 (2009: \$4,378,907) was written off to the income statement, \$41,345 (2009: \$30,801) of this expense is attributable to exploration and evaluation expenditure written off in relation to the Collingwood Tin Project (refer to note 9). The major expenditure written off in the current financial year relates to the Agaton Phosphate Project. The major expenditure written off in the previous financial year related to the Wingellina and Claude Hills Projects. Management decided to abandon future exploration of these areas due to low potential from samples collected in the areas.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
24. TRADE AND OTHER PAYABLES (current)				
Trade creditors (a)	5,480,419	10,987,896	68,253	2,451
Sundry creditors and accruals (b)	4,467,272	3,449,693	195,079	263,572
	9,947,691	14,437,589	263,332	266,023

(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.

25. INTEREST BEARING LOANS AND BORROWINGS (current)

Lease liability

2,153,380	4,422,880	–	–
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Represents finance leases which have repayment terms of 36 months.

The responsibility for the lease liability was transferred to the Bluestone Mines Tasmania Joint Venture upon the sale of the assets subject to the finance leases. The value of the current lease liability disposed was \$1,813,489 (refer to note 38).

26. PROVISIONS (current)

Provision for annual leave

Provision for fringe benefits tax payable

778,612	1,460,965	–	–
11,145	2,248	–	–
789,757	1,463,213	–	–

The nature of the provisions is described in note 2(ad).

The responsibility for the annual leave liability of Bluestone Mines Tasmania Pty Ltd employees was transferred to the Bluestone Mines Tasmania Joint Venture upon the sale of 50% of Renison Tin Project assets. The value of the annual leave provision disposed was \$389,585 (refer to note 38).

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
27. PROVISIONS (non-current)				
Provision for long service leave (a)	135,443	208,446	–	–
Provision for Rehabilitation (b)	2,216,032	4,353,954	–	–
	2,351,475	4,562,400	–	–

(a) The nature of this provisions is described in note 2(ad).

(b) Provision for rehabilitation.

Environmental obligations associated with the retirement or disposal and/or of exploration properties 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 Income Statement and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

(c) Movements in provision for rehabilitation

At 1 July	4,353,954	5,224,288	–	–
Arising/(reversing) during the year	–	(9,940)	–	–
Adjustment due to revised conditions	(44,580)	(93,884)	–	–
Unwind of discount	145,052	119,750	–	–
Disposal (refer to note 38)	(2,238,394)	–	–	–
Provisions included in discontinued operations (refer to note 9)	–	(886,260)	–	–
At 30 June	2,216,032	4,353,954	–	–

The responsibility for rehabilitation was transferred to the Bluestone Mines Tasmania Joint Venture upon the sale of 50% of Renison Tin Project assets. The value of the rehabilitation provision disposed was \$2,238,394.

	Consolidated Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
28. INTEREST BEARING LOAN AND BORROWINGS (non-current)				
Lease liability	681,339	5,630,858	—	—

Represents finance leases which have repayment terms of 36 months.

The carrying amount of the Consolidated Entity's non-current loans and borrowings approximate their fair value. The difference between the carrying amount and fair value is immaterial.

The responsibility for the lease liability was transferred to the Bluestone Mines Tasmania Joint Venture upon the sale of the assets subject to the finance leases. The value of the non-current lease liability disposed was \$1,507,556 (refer to note 38).

Financing facilities available

At reporting date, the following financing facilities were available

Total facilities

– finance lease facility

2,834,719	10,053,738	—	—
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Facilities used at reporting date

– finance lease facility

2,834,719	10,053,738	—	—
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Assets pledged as security:

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

Non-current

Finance lease

Plant and equipment

4,485,166	11,573,042	—	—
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Total non-current assets pledged as security

4,485,166	11,573,042	—	—
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Plant and equipment assets are pledged against lease liabilities for the term of the lease period.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
29. ISSUED CAPITAL				
(a) Ordinary Shares				
Issued and fully paid	290,141,787	274,280,247	299,421,787	283,560,247
	Number	\$	Number	\$
(b) Movements in ordinary shares on issue				
At 1 July 2008	1,187,661,382	274,560,356	1,187,661,382	283,840,356
Issued for cash on exercise of options	400	80	400	80
Deferred tax asset recognised on equity transactions	–	(275,340)	–	(275,340)
Share issue costs	–	(4,849)	–	(4,849)
At 30 June 2009	1,187,661,782	274,280,247	1,187,661,782	283,560,247
Issued on 3 December 2009 for cash pursuant to placement	178,000,000	16,020,000	178,000,000	16,020,000
Deferred tax asset recognised on equity transactions	–	(125,293)	–	(125,293)
Share issue costs	–	(33,167)	–	(33,167)
At 30 June 2010	1,365,661,782	290,141,787	1,365,661,782	299,421,787

(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.

29. ISSUED CAPITAL (CONTINUED)

(e) Options on issue

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

Type	Expiry Date	Exercise Price	Number of options
Unlisted*	30 November 2010	46 cents	4,000,000
Unlisted*	30 November 2010	46 cents	1,000,000
Unlisted**	30 June 2011	40 cents	2,800,000
Unlisted**	31 August 2011	35 cents	700,000
Unlisted**	31 March 2012	36 cents	425,000
Unlisted**	31 July 2012	45 cents	1,000,000
Unlisted**	30 November 2013	13 cents	2,850,000
Unlisted*	30 November 2012	14 cents	2,500,000
Total			15,275,000

* The above options are exercisable at any time on or before the expiry date.

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

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

(f) Option conversions

There were no option conversions during the financial year.

(g) Capital management

Capital managed by the Board includes shareholder equity, which was \$290,141,787 at 30 June 2010 (2009: \$274,280,247). When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Managed capital is disclosed on the face of the statement of financial position and comprises shareholder equity, accumulated losses and reserves.

Management may adjust the capital structure to take advantage of favourable costs of capital or higher returns on assets. As the market is constantly changing, management may issue new shares or sell assets to raise cash, change the amount of dividends to be paid to shareholders (if at all) or return capital to shareholders.

During the financial year ending 30 June 2010, management did not pay a dividend and does not expect to pay a dividend in the foreseeable future.

The Consolidated Entity monitors the adequacy of capital by analysing cash flow forecasts for each of its projects. To a lesser extent, gearing ratios are also used to monitor capital. Appropriate capital levels are maintained to ensure that all approved expenditure programs are adequately funded. This funding is derived from an appropriate combination of debt and equity.

The gearing ratio is calculated as net debt divided by total capital. Net debt is defined as interest bearing liabilities and total capital is calculated as 'equity as shown in the statement of financial position (including minority interest).

During the year ended 30 June 2010, interest bearing liabilities decreased as a result of the Consolidated Entity making repayments and selling 50% of its finance lease facility to finance property, plant and equipment at its Renison Tin Project (refer to note 38). The net effect was a decrease in the gearing ratio.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
Gearing ratio	1%	6%	0%	0%

The entity is not subject to any externally imposed capital requirements.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
30. ACCUMULATED LOSSES				
At 1 July	(115,963,773)	(58,704,292)	(123,779,844)	(73,230,375)
Net profit/(loss) in current period attributable to members of the parent entity	11,840,734	(57,259,481)	11,158,236	(50,549,469)
At 30 June	(104,123,039)	(115,963,773)	(112,621,608)	(123,779,844)

	Option premium reserve \$	Net unrealised gains reserve \$	Total \$
31. RESERVES			
CONSOLIDATED ENTITY			
At 1 July 2008	17,601,395	(24,604)	17,576,791
Share based payments	306,257	–	306,257
Share of change in equity of associate	–	133,742	133,742
Fair value on available–for–sale financial assets	–	150,000	150,000
Tax effect on gain on available–for–sale financial assets	–	(45,000)	(45,000)
Decrease in parent’s ownership interest in controlled entity	–	(185,173)	(185,173)
At 30 June 2009	17,907,652	28,965	17,936,617
Share based payments	315,141	–	315,141
Share of change in equity of associate	–	316,512	316,512
Fair value on available–for–sale financial assets	–	(4,069,739)	(4,069,739)
Tax effect on gain on available–for–sale financial assets	–	1,220,922	1,220,922
Decrease in parent’s ownership interest in controlled entity	–	–	–
At 30 June 2010	18,222,793	(2,503,340)	15,719,453

	Option premium reserve \$	Net unrealised gains reserve \$	Total \$
PARENT			
At 1 July 2008	17,601,395	5,221,479	22,822,874
Share based payments	306,257	–	306,257
Fair value available–for–sale financial assets	–	(9,241,178)	(9,241,178)
Tax effect on gain on available–for–sale financial assets	–	2,772,353	2,772,353
At 30 June 2009	17,907,652	(1,247,346)	16,660,306
Share based payments	315,141	–	315,141
Fair value available–for–sale financial assets	–	(2,727,939)	(2,727,939)
Tax effect on gain on available–for–sale financial assets	–	818,382	818,382
At 30 June 2010	18,222,793	(3,156,903)	15,065,890

Nature and purpose of reserves

Net unrealised gains reserve

This reserve records the movements in the fair value of available–for–sale investments and the share of changes in equity of associates.

Option premium reserve

This reserve is used to record the value of options issued.

31. RESERVES (CONTINUED)

The option premium reserve relates to the issue of:

Details of issue	Number of options	Fair value per option (\$)	Value
Rights issue – capital raising cost	110,540,000	0.057	6,312,054
Employee option scheme	1,890,000	0.102	191,880
Employee option scheme	400,000	0.414	165,524
Employee option scheme	2,200,000	0.114	250,300
Employee option scheme	400,000	0.168	67,272
Employee option scheme	3,900,000	0.122	475,134
Employee option scheme	1,700,000	0.084	142,260
Employee option scheme	825,000	0.119	98,434
Employee option scheme	1,000,000	0.150	150,421
Employee option scheme	2,850,000	0.050	142,111
Share-based payment – director	4,000,000	0.174	694,563
Share-based payment – director	2,500,000	0.048	119,432
Share-based payment – contractor	400,000	0.168	67,272
Share-based payment – contractor	1,000,000	0.120	119,631
Placement fee – capital raising cost	2,000,000	0.049	97,288
Convertible notes conversion	67,500,000	0.111	7,463,700
Acquisition of a subsidiary	16,750,000	0.099	1,665,517
Total	219,855,000		18,222,793

The options have been valued using a Black & Scholes model, which takes account of 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 and the expected life of the option.

	Consolidated Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
32. MINORITY INTERESTS				
Contributed equity	2,500	2,500		
Accumulated losses	(59,805)	(55)		
Minority interest's share in net assets of controlled entity	185,173	185,173		
	127,868	187,618		

In February 2008 the Consolidated Entity entered into a Heads of Agreement with All Classic Enterprises Pty Ltd and Bishop Exploration Pty Ltd (the Vendors) to establish a 75% Metals X owned subsidiary company (Agaton Phosphate Pty Ltd) to acquire a 90% interest in the Agaton Phosphate Project.

In the previous financial year the transaction was finalised and the Vendors acquired 25% of Agaton Phosphate Pty Ltd. Metals X owns 75% of the Agaton Phosphate project.

33. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for employee services received during the year is shown in the table below:

Expense arising from equity-settled share-based payments	315,141	306,257	315,141	306,257
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The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2010 and 2009.

(b) Employee Share Option Plan

The Consolidated Entity has an Employee Option Scheme (EOS) for the granting of non-transferable options to senior executives and other staff members of the Consolidated Entity in accordance with guidelines established by the Board of the Company.

The options issued under the EOS will vest when the following conditions are met:

- The EOS has no direct performance requirements but has specified time restrictions on the exercise of options.
- The director or 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.

33. SHARE-BASED PAYMENTS (CONTINUED)

(b) Employee Share Option Plan (continued)

Other relevant terms and conditions applicable to the options granted under EOS include:

- (i) The options are issued for nil consideration;
- (ii) The options will not be quoted on the ASX;
- (iii) The exercise price of the options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 5 trading days immediately preceding the day on which the Board resolves to offer that Option;
- (iv) Options vest after one year or as determined by the Board of Directors;
- (v) Any options that are not exercised by the fourth anniversary of their grant date will lapse;
- (vi) The options will lapse after six months if a person ceases employment with the Consolidated Entity; and
- (vii) Upon exercise, these options will be settled in ordinary fully paid shares of the Company
- (viii) The Board of Directors may alter, delete or add to the terms and conditions of the EOS at any time.

(c) Summary of options granted under the Employee Option Scheme

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

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at the beginning of the year	8,550,000	0.333	9,625,000	0.333
Granted during the year	3,100,000	0.130	1,750,000	0.359
Exercised during the year	—	—	—	—
Lapsed/cancelled during the year	(3,875,000)	0.261	(2,825,000)	0.268
Outstanding at the year end	7,775,000	0.326	8,550,000	0.333
Exercisable at the year end	4,925,000	0.400	7,050,000	0.343

The outstanding balance as at 30 June 2010 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/ cancelled	Options exercised	Number of options at end of period	
							On issue	Vested
23 Aug 2004	23 Aug 2005	30 Jun 2008	30 cents	3,140,000	(2,560,000)	(580,000)	–	–
30 Jan 2006	30 Jan 2007	31 Jan 2010	28 cents	3,200,000	(2,000,000)	(1,200,000)	–	–
30 Apr 2006	30 Apr 2007	30 Apr 2010	34 cents	500,000	(500,000)	–	–	–
19 Dec 2006	19 Dec 2007	31 Jan 2010	22 cents	1,750,000	(1,275,000)	(475,000)	–	–
13 Jun 2007	13 Jun 2008	30 Jun 2011	40 cents	4,700,000	(1,900,000)	–	2,800,000	2,800,000
6 Sep 2007	6 Sep 2008	31 Aug 2011	35 cents	1,700,000	(1,000,000)	–	700,000	700,000
31 Mar 2008	31 Mar 2009	31 Mar 2012	36 cents	1,850,000	(1,425,000)	–	425,000	425,000
17 Jul 2008	17 Jul 2009	31 Jul 2012	45 cents	1,250,000	(250,000)	–	1,000,000	1,000,000
1 Jun 2009	1 Jun 2010	30 Jun 2013	13 cents	500,000	(500,000)	–	–	–
27 Nov 2009	6 Jul 2010	30 Nov 2013	13 cents	3,100,000	(250,000)	–	2,850,000	–
Total				21,690,000	(11,660,000)	(2,255,000)	7,775,000	4,925,000

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.08 years (2009: 2.07 years).

(e) Range of exercise price

The range of exercise prices for ESOP options outstanding at the end of the year was \$0.13 – \$0.45 (2009: \$0.13 – \$0.45).

As the range of prices is wide, refer to section (c) above for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

(f) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.13 (2009: \$0.12).

(g) Option pricing model

The fair value of the equity-settled share options granted under the EOS 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 and the expected life of the option.

33. SHARE-BASED PAYMENTS (CONTINUED)

(g) Option pricing model (Continued)

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

Grant date	2010	2009	
	27 Nov 2009	30 Jun 2009	31 Jul 2008
Expected Volatility (%)	85%	77%	77%
Risk-free interest rate (%)	4.80%	4.45%	6.40%
Expected life of options (yrs)	2.5	2.5	2.5
Options exercise price (\$)	\$0.13	\$13.00	\$0.45
Share price at grant date (\$)	\$0.11	\$12.00	\$35.00
Fair value at grant date (\$)	\$0.050	\$0.052	\$0.150

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

(h) Directors options

In addition to the EOS, the Company has issued options to Directors.

Other relevant terms and conditions applicable to the options granted to Directors include:

- (i) The options issued to Directors vest immediately;
- (ii) The option issue has no direct performance requirements;
- (iii) The options are issued for nil consideration;
- (iv) The options will not be quoted on the ASX;
- (v) The exercise price of the options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 5 trading days immediately preceding the day on which the members resolve to offer that Option;
- (vi) Any options that are not exercised by the third anniversary of their grant date will lapse; and
- (vii) Upon exercise, these options will be settled in ordinary fully paid shares of the Company.

(i) Summary of options granted to Directors

The following table illustrates the number and weighted average (WAEP) of, and movements in, share options issued to Directors:

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at the beginning of the year	4,000,000	0.460	4,000,000	0.460
Granted during the year	2,500,000	0.140	–	–
Exercised during the year	–	–	–	–
Lapsed/cancelled during the year	–	–	–	–
Outstanding at the year end	6,500,000	0.337	4,000,000	0.460
Exercisable at the end of the year	6,500,000	0.337	4,000,000	0.460

The outstanding balance as at 30 June 2010 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/cancelled	Options exercised	Number of options at end of period	
							On issue	Vested
30 Nov 2007	30 Nov 2007	30 Nov 2010	46 cents	4,000,000	–	–	4,000,000	4,000,000
27 Nov 2009	27 Nov 2009	30 Nov 2012	14 cents	2,500,000	–	–	2,500,000	2,500,000
Total				6,500,000	–	–	6,500,000	6,500,000

(j) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 1.19 years (2009: 1.42).

(k) Range of exercise price

The exercise price for options outstanding at the end of the year was \$0.14 – \$0.46 (2009: \$0.46).

(l) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.14 (2009: nil).

33. SHARE-BASED PAYMENTS (CONTINUED)

(m) Contractors options

In addition to the EOS, the Company has issued options to Contractors.

Other relevant terms and conditions applicable to the options granted to Contractors include:

- (i) The options issued to Contractors vest immediately;
- (ii) The option issue has no direct performance requirements;
- (iii) The options are issued for nil consideration;
- (iv) The options will not be quoted on the ASX;
- (v) The exercise price of the options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 5 trading days immediately preceding the day on which the members resolve to offer that Option;
- (vi) Any options that are not exercised by the expiry date as determined by the Directors at their grant date will lapse; and
- (vii) Upon exercise, these options will be settled in ordinary fully paid shares of the Company.

(n) Summary of options granted to Contractors

The following table illustrates the number and weighted average (WAEP) of, and movements in, share options issued to Contractors:

	2010 Number	2010 WAEP	2009 Number	2009 WAEP
Outstanding at the beginning of the year	1,400,000	0.426	400,000	0.340
Granted during the year	–	–	1,000,000	0.460
Exercised during the year	–	–	–	–
Lapsed/cancelled during the year	(400,000)	0.340	–	–
Outstanding at the year end	1,000,000	0.460	1,400,000	0.426
Exercisable at the end of the year	1,000,000	0.460	1,400,000	0.426

The outstanding balance as at 30 June 2010 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/ cancelled	Options exercised	Number of options at end of period	
							On issue	Vested
30 Apr 2006	30 Apr 2006	30 Apr 2010	34 cents	400,000	(400,000)	–	–	–
23 Jul 2008	23 Jul 2008	30 Nov 2010	46 cents	1,000,000	–	–	1,000,000	1,000,000
Total				1,400,000	(400,000)	–	1,000,000	1,000,000

(o) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 1.25 years (2009: 1.25).

(p) Range of exercise price

The exercise price for options outstanding at the end of the year was \$0.46 (2009: \$0.34 – \$0.46).

(q) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2009: \$0.12).

Consolidated Entity		Parent Entity	
2010	2009	2010	2009
\$	\$	\$	\$

34. COMMITMENTS

(a) Capital commitments

Commitments relating to jointly controlled assets

At 30 June 2010 the Consolidated Entity has capital commitments that relate principally to the purchase of maintenance plant and equipment and a tailings dam lift for the Bluestone Mines Tasmania Joint Venture.

Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not recognised as liabilities in respect of the Bluestone Mines Tasmania Joint Venture

– Within one year	223,868	25,761	–	–
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34. COMMITMENTS (CONTINUED)

(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 three 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 Venture commitments as disclosed in note 38.

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

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(i) Property leases as lessee:				
– Within one year	246,971	321,246	–	–
– After one year but not more than five years	1,026,768	1,024,229	–	–
– After more than five years	–	254,313	–	–
	1,273,739	1,599,788	–	–
(ii) Equipment leases:				
– Within one year	11,677	24,876	–	–
– After one year but not more than five years	550	24,453	–	–
	12,227	49,329	–	–
(iii) Mineral tenement leases:				
– Within one year	245,157	382,691	–	–
– After one year but not more than five years	807,441	1,327,419	–	–
– After more than five years	933,688	1,306,676	–	–
	1,986,286	3,016,786	–	–

(c) Operating lease commitments – Company as lessor

The Company has entered into a commercial sub-lease on the above mentioned office space which will expire in January 2011.

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

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(i) Property leases as lessor:				
– Within one year	57,943	–	–	–
– After one year but not more than five years	–	–	–	–
– After more than five years	–	–	–	–
	57,943	–	–	–

(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 purchase options and 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:

	2010		2009	
	Minimum lease payments \$	Present value of lease payments \$	Minimum lease payments \$	Present value of lease payments \$
CONSOLIDATED				
Within one year	2,428,534	2,153,380	5,185,242	4,422,880
After one year but not more than five years	697,478	681,339	6,207,783	5,630,858
Total minimum lease payments	3,126,012	2,834,719	11,393,025	10,053,738
Less amounts representing finance charges	(291,293)	–	(1,339,287)	–
Present value of minimum lease payments	2,834,719	2,834,719	10,053,738	10,053,738
PARENT				
Within one year	–	–	–	–
After one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	–	–
Less amounts representing finance charges	–	–	–	–
Present value of minimum lease payments	–	–	–	–

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
34. COMMITMENTS (CONTINUED)				
(d) Finance lease and hire purchase commitments (continued)				
Included in the financial statements as:				
Current interest-bearing loans and borrowings (note 25)	2,153,380	4,422,880	—	—
Non-current interest-bearing loans and borrowings (note 28)	681,339	5,630,858	—	—
Total included in interest-bearing loans and borrowings	2,834,719	10,053,738	—	—

The weighted average interest rate impact in the leases for both the Company and the Parent Entity is 9.70% (2009: 7.43%).

35. CONTINGENT ASSETS AND LIABILITIES

(a) Royalties

At the Bluestone Mines Tasmania Joint Venture Renison Tin Project the following royalties apply:

- Bluestone Mines Tasmania Pty Ltd has an obligation to pay a State Government Royalty on tin production at the rate of: 1.6% of Net sales + (profit x 0.4 x profit/net sales). This royalty is capped at 5% of Net Sales.

At the Collingwood Tin Project the following royalties apply (the project is currently under care and maintenance):

- Bluestone Nominees Pty Ltd has an obligation to pay a private royalty of 2% of the Net Smelter Return from the sale of ores, concentrates or other mineral products produced.
- A State Government royalty of 2% of the value of the mineral produced is applicable.

36. EVENTS AFTER THE BALANCE SHEET DATE

On 15 July 2010 the Company signed a Mining Agreement for the Wingellina Nickel Project with the Traditional Owners of the Yarnangu Ngaanyatjarra Lands through their representative bodies. This is a major milestone for the development of the project. The agreement provides the right to mine and develop infrastructure within the agreement area subject to regulatory approvals and for the grant of a mining lease over whole of the tenement EL69/535 which hosts the Wingellina deposit. In addition the agreement allows for the granting of additional project titles for water, pipelines, roads and other infrastructure over a much larger area than previously granted.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
37. AUDITOR'S REMUNERATION				
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	161,338	209,447	161,338	209,447
Other services in relation to the entity and any other entity in the Consolidated Entity:				
– tax compliance	43,575	28,300	43,575	28,300
Total auditor remuneration	204,913	237,747	204,913	237,747

38. INTEREST IN A JOINTLY CONTROLLED ASSET

During the year the subsidiary Bluestone Mines Tasmania Pty Ltd sold 50% of the assets at its Renison Tin Project and entered into an unincorporated joint venture ("the Joint Venture"). A newly incorporated company, 50% owned by Bluestone Mines Tasmania Pty Ltd was appointed manager of the Joint Venture. The Consolidated Entity is entitled to 50% of the unincorporated Joint Venture's production. The Consolidated Entity's interest in the assets and liabilities of the Joint Venture are included in the consolidated statement of financial position.

Each Joint Venture participant and the Joint Venture Manager have entered into a deed of cross charge secured by the jointly controlled assets for the purpose of securing the obligations of each party under the Joint Venture Agreements.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
38. INTEREST IN A JOINTLY CONTROLLED ASSET (CONTINUED)				
(a) Commitments relating to the jointly controlled assets				
Share of capital commitments (refer to note 34(a))	223,868	–	–	–
Share of operating lease commitments refer to note 34(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	7,230	–	–	–
	7,230	–	–	–
(ii) Equipment leases:				
– Within one year	11,677	–	–	–
– After one year but not more than five years	550	–	–	–
	12,227	–	–	–
(iii) Mineral tenement leases:				
– Within one year	126,863	–	–	–
– After one year but not more than five years	503,734	–	–	–
– After more than five years	134,251	–	–	–
	764,848	–	–	–

(b) Impairment

No assets employed in the jointly controlled operation were impaired during the year (2009: nil).

**As at
19 March 2010**

(c) Assets and liabilities sold to the Joint Venture partner

Current assets

Inventories	3,685,448
Trade and other receivables	25,026
Other assets	693,397
	<u>4,403,871</u>

Non-current assets

Property, plant and equipment (refer to note 20)	17,574,217
Mine properties and development costs (refer to note 21)	18,274,412
Intangible assets (refer to note 22)	2,648,485
Exploration and evaluation expenditure (refer to note 23)	372,574
	<u>38,869,688</u>

Total assets	<u>43,273,559</u>
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Current liabilities

Interest bearing loans and borrowings (refer to note 25)	(1,813,499)
Provisions (refer to note 26)	(389,585)
	<u>(2,203,084)</u>

Non-current liabilities

Interest bearing loans and borrowings (refer to note 28)	(1,507,556)
Provisions (refer to note 27)	(2,238,394)
	<u>(3,745,950)</u>

Total liabilities	<u>(5,949,034)</u>
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Net assets disposed	37,324,525
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Proceeds from sale of assets	<u>51,091,067</u>
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Profit on sale of assets	<u><u>13,766,542</u></u>
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39. OPERATING SEGMENTS

Identification of reportable segments

The Consolidated Entity has identified its operating segments based on internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which resources are allocated. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the mineral being mined or explored, as these are the sources of the Consolidated Entity's major risks and have the most effect on rates of return.

The Consolidated Entity comprises the following reportable segments:

- Tin Projects: Mining, treatment and marketing of tin concentrate.
- Nickel Projects: Nickel royalty income and exploration of nickel assets.
- Phosphate Projects: Phosphate exploration projects.

Accounting policies and inter-segment transactions

The accounting policies used by the Consolidated Entity in reporting segments internally is the same as those contained in note 2 to the financial report lodged with ASX/ASIC and in the prior period.

The Consolidated Entity does not have any inter-entity sales.

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

It's the Consolidated Entity's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are not allocated to segments. This is to avoid allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Fair value gains/losses on financial instruments.
- Net gains on disposal of available-for-sale investments.
- Share of loss of associates.
- Finance costs.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2010 and 30 June 2009.

Major customers

The Consolidated Entity only has a few customers to which it provides both products and services. The Consolidated Entity sends its tin concentrate to South East Asian customers that account for 98% of external revenue (2009: 92%).

Year ended 30 June 2010	Tin Projects	Nickel Projects	Phosphate Projects	Unallocated items	Total
Revenue					
Sales to external customers	95,686,783	–	–	–	95,686,783
Other revenue from external customers	–	599,859	–	–	599,859
Other revenue	–	–	–	1,127,165	1,127,165
Total segment revenue	95,686,783	599,859	–	1,127,165	97,413,807
Segment net operating profit/(loss) after tax	(12,661,910)	8,730,484	38,670	785,328	(3,107,428)
Other segment information					
Other income	14,008,372	5,266,685	–	1,777,572	21,052,629
Interest income	–	–	–	1,127,165	1,127,165
Interest expense	(738,137)	–	–	(261,869)	(1,000,006)
Depreciation and amortisation	(27,867,971)	(504,711)	(200)	(219,328)	(28,592,210)
Exploration and evaluation expenditure written off	–	(1,810)	(252,665)	–	(254,475)
Impairment losses	–	–	–	–	–
Share of loss of associate	–	–	–	(127,475)	(127,475)
Other non-cash expenses	(145,052)	–	–	(315,141)	(460,193)
Income tax expense	(4,836,931)	4,317,688	19,435	(947,293)	(1,447,101)
Discontinued operations after income tax	(820,100)	–	–	–	(820,100)
Segment assets	73,906,406	57,125,951	564,881	51,465,247	183,062,485
Investments in associates	–	–	–	22,525,913	22,525,913
Capital expenditure	38,822,803	17,778,284	(58,467)	(47,877,301)	8,665,319
Segment liabilities	(14,149,649)	(807,412)	(28,348)	(938,233)	(15,923,642)
Cash flow information					
Net cash flow from					
– operating activities	4,742,150	2,160,382	5,555	(2,470,907)	4,437,180
– investing activities	38,822,803	17,778,284	(58,467)	(47,877,301)	8,665,319
– financing activities	(43,757,076)	(19,971,989)	52,272	73,121,432	9,444,639

39. OPERATING SEGMENTS (CONTINUED)

Year ended 30 June 2009	Tin Projects	Nickel Projects	Phosphate Projects	Unallocated items	Total
Revenue					
Sales to external customers	60,207,915	–	–	–	60,207,915
Other revenue from external customers	–	3,709,154	–	–	3,709,154
Other revenue	–	–	–	1,271,570	1,271,570
Total segment revenue	60,207,915	3,709,154	–	1,271,570	65,188,639
Segment net operating profit/(loss) after tax	(49,272,655)	9,724,431	1,205	1,974,186	(37,572,833)
Other segment information					
Other income	–	–	–	744,534	744,534
Interest income	–	–	–	1,271,570	1,271,570
Interest expense	(811,011)	–	–	(62,158)	(873,169)
Depreciation and amortisation	(31,625,086)	(3,468,972)	(134)	(255,042)	(35,349,234)
Exploration and evaluation expenditure written off	–	(4,348,106)	–	–	(4,348,106)
Impairment losses	–	(11,686,575)	–	(271,370)	(11,957,945)
Share of loss of associate	–	–	–	(1,202,199)	(1,202,199)
Other non-cash expenses	(119,750)	–	–	(306,257)	(426,007)
Income tax benefit	(5,220,865)	3,538,122	517	1,189,596	(492,630)
Discontinued operations after income tax	(1,897,978)	–	–	–	(1,897,978)
Segment assets	116,250,935	71,232,704	760,356	17,084,986	205,328,981
Investments in associates	–	–	–	10,916,297	10,916,297
Capital expenditure	(34,535,605)	(4,332,660)	(565,525)	(203,581)	(39,637,371)
Segment liabilities	(28,923,956)	(306,047)	(17,661)	(1,269,276)	(30,516,940)
Cash flow information					
Net cash flow from					
– operating activities	(21,262,221)	3,803,115	(27,060)	5,053,056	(12,433,110)
– investing activities	(34,535,605)	(4,332,660)	(565,525)	(2,201,023)	(41,634,813)
– financing activities	56,930,192	624,602	553,963	(50,784,551)	7,324,206

	Consolidated Entity	
	2010 \$	2009 \$
(a) Segment revenue reconciliation to the statement of comprehensive income		
Total segment revenue	97,413,807	65,188,639
Other revenue from continuing operations	—	—
Total revenue	97,413,807	65,188,639
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	1,727,024	4,980,724
South East Asia	95,686,783	60,207,915
Total revenue	97,413,807	65,188,639
(b) Segment net operating profit/(loss) after tax reconciliation to the statement of comprehensive income		
Executive management meet on a regular basis to assess the performance of each segment by analysing the segment's net operating profit after tax. A segment's net operating profit after tax excludes non operating income and expense such as dividends received, fair value gains and losses, gains and losses on disposal of assets and impairment charges. Income tax expenses are calculated on the segment's net profit or loss.		
Reconciliation of segment net operating loss after tax to net profit/(loss) before tax :		
Segment net operating loss after tax	(3,107,428)	(37,572,833)
Income tax expense	1,447,101	492,630
Share of loss of associates	(127,475)	(1,202,199)
Finance costs	(1,145,058)	(992,919)
Corporate expenses	(3,050,362)	(5,362,678)
Impairment of assets	—	(11,957,945)
Gain on deemed disposal of associate	1,207,775	—
Exploration and evaluation expenditure written off	(254,475)	(4,348,106)
Fair value gain on financial instruments	(57,464)	6,075,122
Net gains on disposal of available-for-sale investments	34,035	—
Net gain on disposal of assets	19,101,536	—
Total net profit/(loss) before tax per statement of comprehensive income	14,048,185	(54,868,928)

39. OPERATING SEGMENTS (CONTINUED)

(c) Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a regular basis, executive management analyses the segment result as described above in relation to segment assets. Segment assets are those operating assets of the entity that management views as directly attributing to the performance of the segment. These assets include plant, equipment, receivables, inventory and intangibles and exclude available-for-sale assets, derivative assets, deferred tax assets and pension assets.

	Consolidated Entity	
	2010	2009
	\$	\$
Reconciliation of operating assets to total assets:		
Segment operating assets	183,062,485	205,328,981
Available-for-sale assets	34,064,803	400,000
Derivative assets	57,464	114,928
Assets of disposal group classified as held for sale	1,491,219	2,000,000
Total assets per the statement of financial position	218,675,971	207,843,909

(d) Segment liabilities reconciliation to the statement of financial position

Segment liabilities includes trade and other payables and debt. The Consolidated Entity has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations. Executive management reviews the level of debt for each segment on a regular basis.

Reconciliation of operating liabilities to total liabilities:

Segment operating liabilities	15,923,642	30,516,940
Liabilities of disposal group classified as held for sale	886,260	886,260
Total liabilities per the statement of financial position	16,809,902	31,403,200

40. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

		Appointed	Resigned
(i) Directors			
P G Cook	Non-Executive Chairman	23 Jul 2004	–
W S Hallam	Managing Director	1 Mar 2005	–
S J Huffadine	Executive Director	17 Jun 2009	–
M L Jefferies	Non-Executive Director	29 Dec 2006	–
P J Newton	Non-Executive Director	23 Jul 2004	24 Nov 2009
D M Okeby	Non-Executive Director	23 Jul 2004	17 Jun 2009
W Wei	Non-Executive Director	3 Oct 2007	9 Nov 2009
Sanlin Zhang	Non-Executive Director	9 Nov 2009	–
Y Zhang	Alternate for Mr Sanlin Zhang	3 Oct 2007	–
(ii) Executives			
R D Cook	General Manager – Renison	22 Apr 2010	–
P M Cmrlec	General Manager – Central Musgrave Project	19 Nov 2007	–
D J Coutts	Chief Developments Officer	27 Aug 2007	14 Aug 2009
T De Vries	General Manager – Renison	16 Feb 2009	22 Apr 2010
F J Van Maanen	Company Secretary	1 Jul 2005	–

Other than the resignations as shown above there are no other changes of the key management personnel after the reporting date and the date the financial report was authorised for issue.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(b) Compensation of Key Management Personnel				
Short-term employee benefits	1,691,904	2,276,564	–	201,611
Post employment benefits	126,494	170,593	–	14,545
Share-based payment	181,762	1,373	181,762	1,373
	2,000,160	2,448,530	181,762	217,529

40. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Option holdings of Key Management Personnel (Consolidated) (including nominees) (continued)

	Balance at beginning of period 1 July 2009	Granted as remun- eration	Net change other [^]	Options exercised	Balance at end of period 30 June 2010	Not vested and not exercisable	Vested and exercisable
30 June 2010							
Directors							
P G Cook	2,000,000	–	–	–	2,000,000	–	2,000,000
W S Hallam	1,000,000	1,500,000	–	–	2,500,000	–	2,500,000
S J Huffadine	1,000,000	1,000,000	–	–	2,000,000	–	2,000,000
M L Jefferies	–	–	–	–	–	–	–
P J Newton *	–	–	–	–	–	–	–
W Wei	–	–	–	–	–	–	–
S Zhang	–	–	–	–	–	–	–
Y Zhang (Alternate Director)	–	–	–	–	–	–	–
Executives							
P M Cmrlec	500,000	750,000	–	–	1,250,000	(750,000)	500,000
R D Cook **	400,000	–	–	–	400,000	–	400,000
D J Coutts	1,000,000	–	(1,000,000)	–	–	–	–
T De Vries	500,000	–	(500,000)	–	–	–	–
F J Van Maanen	550,000	500,000	(350,000)	–	700,000	(500,000)	200,000
Total	6,950,000	3,750,000	(1,850,000)	–	8,850,000	(1,250,000)	7,600,000

All options are exercisable once vested.

[^] Options lapsed during the period and forfeited.

* Mr P J Newton resigned on 24 November 2009 and is no longer a Director.

** R D Cook met the definition of key management personnel under AASB 124 for the 2010 financial year but not for the 2009 financial year.

	Balance at beginning of period 1 July 2008	Granted as remun- eration	Net change other	Options exercised	Balance at end of period 30 June 2009	Not vested and not exercisable	Vested and exercisable
30 June 2009							
Directors							
P G Cook	19,513,200	–	(17,513,200)	–	2,000,000	–	2,000,000
W S Hallam	2,325,000	–	(1,325,000)	–	1,000,000	–	1,000,000
S J Huffadine	1,000,000	–	–	–	1,000,000	–	1,000,000
M L Jefferies	–	–	–	–	–	–	–
P J Newton	17,796,501	–	(17,796,501)	–	–	–	–
D M Okeby *	12,742,500	–	(12,742,500)	–	–	–	–
W Wei	–	–	–	–	–	–	–
Y Zhang (Alternate Director)	–	–	–	–	–	–	–
Executives							
D W Bennett	600,000	–	(600,000)	–	–	–	–
P M Cmrlec	500,000	–	–	–	500,000	–	500,000
D J Coutts	1,000,000	–	–	–	1,000,000	–	1,000,000
T De Vries	–	500,000	–	–	500,000	500,000	–
F J Van Maanen	1,670,000	–	(1,120,000)	–	550,000	–	550,000
Total	57,147,201	500,000	(51,097,201)	–	6,550,000	500,000	6,050,000

All options are exercisable once vested.

* Mr D M Okeby resigned on 17 June 2009 and is no longer a Director.

40. KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Shareholdings of Key Management Personnel (Consolidated)

Ordinary shares held in Metals X Limited (number)

30 June 2010	Balance held at 1 July 2009	Granted as remuneration	On exercise of options	Net change other	Balance held at 30 June 2010
Directors					
P G Cook	67,296,200	—	—	1,144,000	68,440,200
W S Hallam	6,350,000	—	—	—	6,350,000
S J Huffadine	—	—	—	—	—
M L Jefferies	2,700,000	—	—	—	2,700,000
P J Newton *	66,219,002	—	—	(66,219,002)	—
W Wei **	176,000,000	—	—	(176,000,000)	—
S Zhang **	—	—	—	176,000,000	176,000,000
Y Zhang (Alternate Director)	—	—	—	—	—
Executives					
P M Cmrlec	—	—	—	—	—
R D Cook ***	—	—	—	—	—
D J Coutts	—	—	—	—	—
T De Vries	—	—	—	—	—
F J Van Maanen	2,070,000	—	—	—	2,070,000
Total	320,635,202	—	—	(65,075,002)	255,560,200
30 June 2009	Balance held at 1 July 2008	Granted as remuneration	On exercise of options	Net change other	Balance held at 30 June 2009
Directors					
P G Cook	67,296,200	—	—	—	67,296,200
W S Hallam	6,350,000	—	—	—	6,350,000
S J Huffadine	—	—	—	—	—
M L Jefferies	2,700,000	—	—	—	2,700,000
P J Newton	66,219,002	—	—	—	66,219,002
D M Okeby ****	49,756,601	—	—	(49,756,601)	—
W Wei	176,000,000	—	—	—	176,000,000
Y Zhang (Alternate Director)	—	—	—	—	—
Executives					
D W Bennett	—	—	—	—	—
C M Cmrlec	—	—	—	—	—
D J Coutts	—	—	—	—	—
T De Vries	—	—	—	—	—
F J Van Maanen	2,070,000	—	—	—	2,070,000
Total	370,391,803	—	—	(49,756,601)	320,635,202

- * Mr P J Newton resigned on 24 November 2009 and is no longer a Director.
- ** On 9 November 2009 Mr W Wei resigned and Mr S Zhang was appointed as a Director representing Jinchuan Group Limited who hold 176,000,000 shares in the Company.
- *** R D Cook met the definition of key management personnel under AASB 124 for the 2010 financial year but not for the 2009 financial year.
- **** Mr D M Okeby resigned on 17 June 2009 and is no longer a Director.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(e) Loans to Key Management Personnel

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

(f) Other transactions and balances with Key Management Personnel (Consolidated)

Mr PG Cook, Mr WS Hallam and Mr PM Cmrlec are Directors of Westgold Resources Limited ("Westgold") and its controlled entities. In the current period \$31,179 (2009: \$48,973) has been charged to Westgold for Directors fees.

Mr PG Cook is also a Director of Aragon Resources Limited ("Aragon"). Mrs FJ Van Maanen is the Company Secretary of Aragon. The Consolidated Entity provides accounting, secretarial and administrative services at cost to Aragon. In the current period \$116,193 (2009: \$122,612) has been charged to Aragon for these services and Directors fees.

41. RELATED PARTY DISCLOSURES

(a) Subsidiaries

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

Name	Country of incorporation	Ownership interest		Investment (\$)	
		2010	2009	2010	2009
Agaton Phosphate Pty Ltd	Australia	75%	75%	750,000	750,000
Bluestone Australia Pty Ltd	Australia	100%	100%	19,950,000	19,950,000
Metals Exploration Limited	Australia	100%	100%	71,714,235	71,714,235
				92,414,235	92,414,235
Subsidiary companies of Metals Exploration Limited					
Harbour Capital (WA) Pty Ltd	Australia	100%	100%	220,020	220,020
Metex Nickel Pty Ltd	Australia	100%	100%	1	1
Hinckley Range Pty Ltd	Australia	100%	100%	1,069,750	1,069,750
Austral Nickel Pty Ltd	Australia	100%	100%	9,058,896	9,058,896
Subsidiary companies of Bluestone Australia Pty Ltd					
Bluestone Mines Tasmania Pty Ltd	Australia	100%	100%	1	1
Bluestone Nominees Pty Ltd	Australia	100%	100%	1	1
Subsidiary companies of Bluestone Mines Tasmania Pty Ltd					
Bluestone Mines Tasmania Joint Venture Pty Ltd	Australia	50%	—	50	—

(b) Ultimate parent

Metals X Limited is the ultimate parent entity. There are no Class Orders in place at 30 June 2010.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 40.

	Consolidated Entity		Parent Entity	
	2010 \$	2009 \$	2010 \$	2009 \$
(d) Transactions with related parties				
(i) Amounts attributable to transactions with entities in the wholly-owned group				
Loans made by Metals X Limited to wholly-owned subsidiaries *	–	–	(42,965,680)	58,102,937
(ii) Jointly controlled assets				
Amounts charged by Bluestone Australia Pty Ltd to the unincorporated Bluestone Mines Tasmania Joint Venture for services provided **	282,397	–	–	–
(iii) Associates				
Amounts charged by Bluestone Australia Pty Ltd to Aragon Resources Ltd for services provided ***	116,193	122,612	–	–
Amounts charged by Bluestone Australia Pty Ltd to Westgold Resources Ltd for services provided ****	31,179	48,973	–	–

* Loans to wholly-owned subsidiaries are non-interest bearing and repayable on demand

** Subsidiary Bluestone Mines Tasmania Pty Ltd has a 50% joint venture interest in the unincorporated Bluestone Mines Tasmania Joint Venture

*** The Company has a 8.72% interest in Aragon Resources Limited (2009: 11.4%)

**** The Company has a 31.99% interest in Westgold Resources Limited (2009: 29.6%)

Director's 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 2010 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 2010.

On behalf of the Board.

WS Hallam
Managing Director

Perth, 15 September 2010

Independent Audit Report



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Independent audit report to members of Metals X Limited

Report on the Financial Report

We have audited the accompanying financial report of Metals X Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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 met 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. 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 financial position of Metals X Limited and the consolidated entity at 30 June 2010 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Metals X Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



Ernst & Young



J C Palmer

Partner

Perth

15 September 2010

Security Holder Information

as at 10 September 2010

(a) Top 20 Quoted Shareholders	%	Number of shares
Sun Hung Kai Investment Services Limited <Client A/C>	21.24	290,052,299
Jinchuan Group Limited	12.89	176,000,000
Sun Hung Kai Investment Services Limited <Client APAC Res Strat A/C>	10.18	139,000,000
Sabatica Pty Limited	6.57	89,742,210
Straits Mineral Investment Pty Ltd	4.68	63,912,247
All-States Finance Pty Ltd	4.62	63,075,002
Fitel Nominees Limited	3.61	49,341,746
Ajava Holdings Pty Ltd	2.90	39,610,000
Merrill Lynch Australia Nominees Pty Ltd <Berndale A/C>	2.64	36,036,382
Peter Gerard Cook	1.58	21,550,000
Robert Pittorino	1.46	20,000,000
Sun Hung Kai Investment Services Limited <Client Katong Assets>	1.11	15,209,157
HSBC Custody Nominees Australia Ltd	0.53	7,302,912
Western Bridge Pty Ltd <Harold K Hawkins F>	0.53	7,220,879
Joan Christine Cook	0.52	7,056,200
Oaksouth Pty Ltd	0.51	7,000,000
Robmar Investments Pty Ltd	0.49	6,640,000
ANZ Nominees Ltd <Cash Income A/C>	0.46	6,281,171
Western Bridge Pty Ltd <HK Hawkins S/F A/C>	0.44	6,072,063
Bell Potter Nominees Limited <BB Nominees <A/C>	0.44	6,039,859
Total	77.40	1,057,142,127

(b) Distribution of quoted ordinary shares		
Size of parcel	Number of share holders	Number of shares
1 to 1,000	72	27,906
1,001 to 5,000	800	2,565,119
5,001 to 10,000	763	6,309,850
10,001 to 100,000	1,864	69,968,050
100,001 to 25,000,000	429	1,286,790,857
Total	3,928	1,365,661,782

Security Holder Information (Continued)

as at 10 September 2010

	Number of share holders	Number of shares
(c) Number of holders with less than a marketable parcel of ordinary shares	392	663,384

(d) Substantial Shareholders	%	Number of shares
Apac Resources Limited	29.08	397,130,281
Jinchuan Group Limited	12.89	176,000,000
COL Capital Limited	7.35	100,376,141
Guinness Peat Group plc and its subsidiaries	6.57	89,742,210
Chong Sok Un	5.15	70,331,581
Mr Peter Gerard Cook	5.01	68,440,200
Straits Resources Limited	5.01	68,433,267

(e) Voting Rights

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

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each share held.

Options

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

(f) Unquoted Equity Securities

Number of Options	Exercise Price	Expiry Date	Number holders
4,000,000	46 cents	31/11/2010	3
2,800,000	40 cents	31/06/2011	9
700,000	35 cents	31/08/2011	2
425,000	36 cents	31/03/2012	4
1,000,000	45 cents	31/07/2012	1
1,000,000	46 cents	30/11/2010	1
2,500,000	14 cents	30/11/2012	2
2,850,000	13 cents	30/11/2013	10

Summary of Mining Tenements

BLUESTONE MINES TASMANIA PTY LTD

RENISON – 50%

ML 12M/1995

MOUNT BISCHOFF – 50%

ML 12M/2006

ML 2M/2008

MOUNT RAMSAY – 50%

EL 72/2007

BLUESTONE NOMINEES PTY LTD

COLLINGWOOD – 100%

ML 2796

ML 3065

ML 3066

ML 3067

ML 3068

ML 3069

ML 3070

MDL 111

MDL 112

EPM 14815

MOUNT GARNET – 100%

MDL 381

HINCKLEY RANGE PTY LTD

WINGELLINA – 100%

E 69/0535

E 69/2453

E 69/2458

E 69/0012

E 69/0013

MLA 69/0071

AUSTRAL NICKEL PTY LTD

CLAUDE HILLS – 100%

EL 3555

AGATON PHOSPHATE PTY LTD – 75%

E70/3291

E70/3351

E70/3352

E70/3412

E70/3414

Corporate Directory

DIRECTORS

Peter G Cook (Chairman)
Warren S Hallam (Managing Director)
Scott J Huffadine
Michael L Jefferies
Sanlin Zhang
Yimin Zhang (Alternate for Sanlin Zhang)

COMPANY SECRETARY

Fiona J Van Maanen

KEY MANAGEMENT

Paul M Cmrlec (GM – Central Musgrave Project)
Ross D Cook – (GM – Tasmanian Tin Operations)

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SECURITIES EXCHANGE

Listed on the Australian Stock Exchange
Code: MLX

DOMICILE AND COUNTRY OF INCORPORATION

Australia

