

December 2010 Half Year Results

1 March 2011 (**Perth, WA**)

Metals X Limited ("**Metals X**") is please to announce its December 2010 Half Yearly Results which include a consolidated after tax profit of \$16.82M for the first half of the 2010/11 Financial Year.

Metals X remains in a strong financial position with cash and working capital of \$55.3M at 31 December 2010 and no corporate debt.

Subsequent to the end of the half-year Metals X sold 58M shares in Jabiru Metals Limited ("**Jabiru**") for \$48M in cash and has entered into a pre-bid agreement with Independence Group NL to acquire Metals X's remaining holding in Jabiru of 52.47M shares. The completed transaction will recognise approximately \$92M in value for the original investment of \$38.4M.

Highlights:

- Consolidated after tax profit of \$16.82M.
- Cash and working capital of \$55.3M with no corporate debt as at 31 December 2010.
- Steady production from Renison tin mine (50% owned) of 2,827 tonnes of tin.
- Renison cash costs of production of \$12,230/t tin and total cost of sales after royalties and marketing of \$14,582/t tin.
- Improved tin prices during the half year reaching record highs above \$32,500 in recent days.
- A 53% increase in Mining Reserve Estimates at Renison to 2.53Mt @ 1.48% Sn containing 37,510t of tin. This follows a 61% increase during the previous half year.
- 19% increase in Total Identified Resource Estimate at Renison to 8.6Mt @1.64% Sn containing 140,814t of tin metal with continued high grade exploration success.
- Additional maiden resource outlined within the Central Musgrave Project at Claude Hills of 33.3Mt at 0.81% Ni & 0.07% Co containing 269,654t of nickel and 22,674t of cobalt.
- Mining agreement for Wingellina secured and environmental studies well advanced.

Managing Director Warren Hallam said:

"This is a solid result for the company as the board continues to crystallise value for its shareholders. Metals X is in a very strong financial position which will enable it to continue with its next phase of growth through securing additional opportunities and furthering the development of its current assets."

Enquiries

Warren Hallam
Managing Director

Scott Huffadine
Executive Director

End



METALS X LIMITED

ACN 110 150 055

**Half-Year Financial Report
31 December 2010**

CORPORATE DIRECTORY

This half-year report covers the consolidated entity comprising Metals X Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”). The Consolidated Entity’s functional and presentation currency is AUD (\$).

A description of the Consolidated Entity’s operations and its principal activities is included in the review of operations and activities in the directors’ report on page 2.

Directors

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

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Codes: MLX

Domicile and Country of Incorporation

Australia

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

DIRECTORS

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

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

REVIEW AND RESULTS OF OPERATIONS

Results of Operations

Tin sales revenue for the half-year was \$35,801,796 (2009: \$45,044,602). Tin sales were from the Renison Tin Project which is 50% owned by the Company. In the equivalent period in the 2009 year the Renison Tin Project was 100% owned by the Company. Based on the reduction in ownership of the Renison Project the tin sales for the current period represent a relative increase of 59% from the equivalent period in the 2009 year.

The consolidated net profit from continuing operations after income tax for the half-year was \$17,256,409 (2009: \$6,506,363 loss). The profit for the half-year was attributable to increased revenue and reduced operating costs at the Renison Tin Project and an income tax benefit associated with the increase in value of share investments.

The consolidated total profit (including discontinued operations) after income tax for the half-year was \$16,816,659 (2009: \$7,349,173 loss).

REVIEW OF OPERATIONS

The key activities of the Consolidated Entity are listed below:

TIN PROJECTS

The Company's tin projects are in two strategic areas with each project focused upon the production of tin concentrates. The projects are:

- 1. Tasmanian Tin Strategy**
 - a. Renison Tin Project (including Mt Bischoff Tin Project)
 - b. Renison Expansion Project (Rentails)
- 2. Far North Queensland Tin Strategy**
 - a. Collingwood Tin Project

REVIEW OF OPERATIONS (continued)

TASMANIAN TIN STRATEGY

Renison Tin Project

In the previous financial year the Company completed the sale of a 50% interest in its Renison Tin Project assets and established a new Joint Venture management company to manage the assets for and on behalf of the joint venture partners.

The Renison Tin Project is centred around ore production from the Renison underground mine and the 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.

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. Mining at the main pit was completed in July 2010. Stocks from the open pit operations will continue to be processed until early 2011. Exploration drilling has been undertaken on a series of targets within the Mt Bischoff lease and proximal to the current open pit. A significant low grade resource also remains within the main pit along with extensions to the higher grade ore at depth.

Renison Underground Mine

The Renison underground mine performed well during the period, however production declined in the second quarter due to lower grade areas being mined while higher grade areas are being accessed and developed. Continued rehabilitation of the northern area of the mine allowed access to the remnant stoping blocks in the North Renison decline (Huon & Zeehan areas). A review of the historic voids and proposed mining plan following drilling of pillars and subsequent geotechnical advice resulted in an updated access plan. The access plan requires the back-filling of existing voids with loose rock fill prior to commencement of production, resulting in a short delay prior to production from the area. The filling of existing voids is underway, and production from the area is anticipated from the middle of 2011.

An aggressive exploration program has been undertaken over the last year and has resulted in a number of production areas at the mine. Work is currently underway to accelerate access to the high grade areas of the mine to ensure that high grade ore is available.

Two underground diamond rigs continue to be engaged in upgrading and extending the Resources and Reserves of the Renison underground mine. The drilling continues to demonstrate the potential for a significant increase in grades and a significant increase in resource volume and overall tin metal. This current drilling program will be completed in the coming months after which the drill rig will be deployed to other areas of the mine. The mine hosts a number of additional priority targets, and it is intended to continue drilling with two rigs for the foreseeable future.

Renison Tin Concentrator

Plant recoveries continued to improve over the period as a result of specific process optimisation projects. A dam wall lift was completed in July 2010 on the main tails storage facility which creates a further 1.5 years capacity. The Copper circuit was commissioned in December 2010 and is anticipated to produce approximately 600t of copper in concentrates for the calendar year 2011 increasing to approximately 1,200t to 1,500t in 2012 as ores with higher coincidental copper are processed. Silver is also expected to contribute a significant co-product credit. Marketing has commenced and once the circuit is stabilised, concentrate sale contracts will be finalised. Based on the anticipated production levels it is anticipated that the copper and silver production will result in a reduction in costs of approximately \$500 to \$1,000/t of tin.

REVIEW OF OPERATIONS (continued)

The net operating profit before income tax for the Renison Project for the financial period was \$5,584,497 compared to a loss of \$10,298,459 for the previous period. The operating profit for the current financial period is due to an increase in revenue resulting from increases in the tin price coupled with a reduction in operating costs compared to the previous period.

Revenue from tin concentrate sales from the Renison Project for the current financial period was \$35,801,796 compared to revenue of \$45,044,602 for the previous period.

The Consolidated Entity's interest in the performance of the Renison Tin Project for the period to 31 December 2010 is summarised below:

Renison Underground Mine	2010 (50% ownership)	2009 (100% ownership)
Ore Hoisted	121,964 tonnes	186,520 tonnes
Grade	1.56% Sn	1.59% Sn
Mt Bischoff Open Pit		
Total Mined	18,638 BCM	322,463 BCM
Ore Mined	3,345 tonnes	137,659 tonnes
Grade	0.76% Sn	1.28% Sn
Tin Concentration		
Tonnes Processed	142,891 tonnes	294,990 tonnes
Grade	1.50% Sn	1.47% Sn
Tin Metal Produced	1,413 tonnes	2,831 tonnes
Tin Concentrate Grade	55.8% Sn	54.6% Sn
Tin Concentrate Produced	2,532 tonnes	5,188 tonnes

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 was completed on the project in 2008, which concluded 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 is believed can reduce the capital and operating costs compared to this benchmark feasibility study.

REVIEW OF OPERATIONS (continued)

Tin Division

Identified Mineral Resource – Consolidated as at 31 December 2010

PROJECT	TIN			COPPER		
	Tonnes (Kilo-tonnes)	Grade (%Sn)	Sn Metal (t)	Tonnes (Kilo-tonnes)	Grade (%Cu)	Cu Metal (t)
Measured						
Renison Bell	930	2.07	19,277	466	0.24	1,118
Mt Bischoff						
Rentails	19,331	0.44	85,738	19,331	0.21	40,930
Collingwood						
Sub-total	20,261	0.52	105,015	19,797	0.21	42,047
Indicated						
Renison Bell	4,524	1.52	68,554	3,388	0.36	12,105
Mt Bischoff	982	0.58	5,721			
Rentails	-	-	-			
Collingwood	652	1.29	8,436			
Sub-total	6,158	1.34	82,711	3,388	0.36	12,105
Inferred						
Renison Bell	3,144	1.69	53,983	1,216	0.32	3,936
Mt Bischoff	699	0.47	3,301			
Rentails	-	-	-			
Collingwood	51	1.12	570			
Sub-total	3,894	1.46	56,853	1,216	0.32	3,936
TOTALS						
Renison Bell	8,598	1.64	140,814	5,070	0.34	17,159
Mt Bischoff	1,681	0.54	9,022			
Rentails	19,331	0.44	85,738	19,331	0.21	40,930
Collingwood	702	1.28	9,006			
Total I.M.R.	30,312	0.81	244,580	24,402	0.24	58,089

Mining Reserve Estimate – Consolidated as at 31 December 2010

PROJECT	TIN				COPPER		
	Cut-off %	Tonnes (Kilo-tonnes)	Grade (%Sn)	Sn Metal (t)	Tonnes (Kilo-tonnes)	Grade (%Cu)	Cu Metal (t)
Proved Reserves							
Renison Bell	0.80%	30	1.01	303	14	0.56	78
Mt Bischoff	0.50%						
Rentails	0.00%	-	-	-			
Collingwood	0.70%	-	-	-			
Sub-total		30	1.01	303	14	0.56	78
Probable Reserves							
Renison Bell	0.80%	2,498	1.49	37,207	1,418	0.23	3,289
Mt Bischoff	0.50%						
Rentails	0.00%	18,490	0.44	81,697	18,490	0.21	38,986
Collingwood	0.70%	-	-	-			
Sub-total		20,988	0.57	118,904	19,908	0.21	42,275
Total Mining Reserves							
Renison Bell	0.80%	2,529	1.48	37,510	1,432	0.24	3,367
Mt Bischoff	0.50%						
Rentails	0.00%	18,490	0.44	81,697	18,490	0.21	38,986
Collingwood	0.70%	-	-	-			
Total		21,019	0.57	119,207	19,922	0.21	42,353

REVIEW OF OPERATIONS (continued)

FAR NORTH QUEENSLAND TIN STRATEGY

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.

The board of directors has 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. 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 17).

There was no production from the project for the reporting period. The net operating loss before income tax for the Collingwood Project for the financial year was \$439,750 (2009: \$842,810). In the current period there was no impairment of property, plant and equipment (2009: 500,000). There was no revenue from tin concentrate sales for the period or the previous period.

NICKEL PROJECTS

The Company's key nickel assets are:

1. **The Wingellina Project**
2. **The Central Musgrave Project**

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 demonstrating the advanced geological knowledge of the deposit.

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\$3.34 per pound of nickel after cobalt credits and refining cost. 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.

Identified Mineral Resources and Reserves as at 31 December 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%	152,552	0.07%	10,852
Total	183.2	0.98%	1,797,665	0.08%	138,520

Mining Reserve Estimate as at 31 December 2010

0.5% Ni cut-off	Million Tonnes	Ni (%)	Ni Metal (t)	Co (%)	Co Metal (t)
Proven	-	-	-	-	-
Probable	167.5	0.98%	1,645,113	0.08%	127,668
Total	167.5	0.98%	1,645,113	0.08%	127,668

REVIEW OF OPERATIONS (continued)

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 10kms 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") method 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.

The Company is continuing negotiations for a Mining Agreement for the Wingellina 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. To facilitate the process of obtaining a Mining Agreement as provided for in the existing Access Agreement signed in July 2001. In October 2007 the Company signed a Memorandum of Understanding to address procedural issues and to allow for the establishment of a coordination committee to represent traditional owners, native title holders and community members in this process.

The Company is proceeding with obtaining environmental and statutory approvals while seeking funding opportunities for the development of the Wingellina Project.

The Central Musgrave Project

The Claude Hills prospect is located approximately 30kms to the East of Wingellina. A drilling campaign at the Claude Hills deposit was undertaken from June to August 2010 to follow up on previous work completed in late 2008. This has outlined a second substantial deposit within the area. A geological block model for the deposit was completed during the period and a maiden resource was defined which equates to an additional 270,000 tonnes of nickel and 23,000 tonnes of cobalt.

Identified Mineral Resources and Reserves at 31 December 2010

0.5% Ni cut-off	Million Tonnes	Ni (%)	Ni Metal (t)	Co (%)	Co Metal (t)
Inferred	33.3	0.81%	269,654	0.07%	22,674
Total	33.3	0.81%	269,654	0.07%	22,674

The Claude Hills resource straddles the wholly owned tenement EL3555, and EL3932 which is the subject of a Farm-in and Joint Venture agreement with Rio Tinto. The Company can earn a 51% interest in EL3932 by funding \$2,000,000 of exploration expenditure and a 70% interest by completing a pre-feasibility study subject to claw-back rights. The current defined resource at Claude Hills is located approximately 48% within the Company's wholly owned tenement and 52% within the Joint Venture tenement.

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

The Company has five key investments:

1. Alamar Resources Limited;
2. Jabiru Metals Limited;
3. Westgold Resources Limited;
4. Aragon Resources Limited;
5. Agaton Phosphate Pty Ltd.

REVIEW OF OPERATIONS (continued)

Alamar Resources Limited

The Company has a 3.86% (31 December 2009: nil) interest in Alamar Resources Limited ("Alamar"), which is involved in the exploration for base metals in Australia. Alamar (ASX: ALG) is listed on the Australian Securities Exchange.

During the period Alamar announced that it had entered into an agreement to acquire 100% of Mongolian Resource Company ("MRC"). MRC is a Mongolian based diversified resource company engaged in the acquisition, development and operation of resources properties in Mongolia.

For detailed information refer to ASX announcements by Alamar.

Jabiru Metals Limited

The Company has a 19.99% (31 December 2009: nil) interest in Jabiru Metals Limited ("Jabiru"), which is involved in the mining and exploration of base metals in Australia. Jabiru (ASX: JML) is listed on the Australian Securities Exchange.

Jabiru is an established low-cost base metal producer targeting annual production of 30,000t of Zinc and 10,000t of copper production from its Jaguar operations in Western Australia.

During the period Jabiru announced:

- An upgrade to the reserves at its Jaguar project increasing the current project life to over 8 years.
- It acquired significant additional tenements that double the strike length of the prospective VMS host within the Jaguar project to approximately 50kms.
- The completion of a definitive feasibility study to construct a 50tph Heavy Media plant at the Jaguar project to expand production rates from 365Ktpa to 450Ktpa with additional expansion options.
- Development of the Bentley deposit which will be a further ore source supply to the Jaguar concentrator is ahead of schedule with first ore production forecast for early in the 2012 financial year.
- A further resource upgrade (Stage 3) at Bentley has defined an Inferred resource that will be incorporated into the project Reserve calculation once further in-fill drilling and modelling is completed.
- The signing of a Native Title Agreement and consent for the granting of a mining licence for its Stockman Project in NE Victoria.
- A positive Scoping study outcome for the Stockman Project and an immediate approval to commence a Definitive Feasibility Study to be completed in the June quarter in 2012. The scoping study contemplates a 7-8 year mine life producing 126,000t of copper, 4.2 million ounces of silver, 96,000 ounces of gold and 206,000 tonnes of zinc.

On 9 February 2011 the Company announced that it sold 58,000,000 shares of its shareholding in Jabiru to Independence Group NL ("Independence") for a cash consideration of \$48,089,540. Metals X also advised that it had entered into a Pre-bid Acceptance Agreement with Independence to sell all of its remaining 52,468,574 shares in Jabiru. The sale is conditional upon Independence:

- announcing within two business days, that it intends to make a takeover bid for all the ordinary shares in Jabiru by way of a scrip offer of one fully paid ordinary share in Independence for every 8 fully paid ordinary shares in Jabiru; and
- then proceeding, within 2 months, with the takeover bid.

The Pre-bid Acceptance Agreement also provides that if Independence acquires Metals X's remaining Jabiru shares and Independence then sells or disposes of such shares within 6 months of acquisition, then Independence will pay to Metals X the profit on such sale less any tax payable.

For detailed information refer to ASX announcements by Jabiru.

REVIEW OF OPERATIONS (continued)

Westgold Resources Limited

The Company has a 31.99% (2009: 29.36%) interest in Westgold Resources Limited ("Westgold"), which is involved in the exploration for base and precious metals in the Northern Territory. Westgold ("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 positive outcome from its Rover 1 scoping study on its maiden resource of 1M gold equivalent ounces and has advised that it has commenced feasibility studies for the development of the Rover 1 Project, located approximately 80kms south-west of Tennant Creek.

Westgold continued with its drilling program during the period focusing on the continued upgrading and expansion of mineralisation at the Rover 1 Project and drilling of the nearby Explorer 142 copper-gold target.

Explorer 142 is just one of several other known targets within Westgold's Rover field which are similar to Rover 1. Drilling results have confirmed intersections of similar mineralisation to Rover 1 and to date mineralisation has been defined over 200m of the strike length contained within the 1.5km long geophysically defined target.

Drilling at Rover 1 continued to deliver additional bonanza results outside the current defined resource. An updated resource is anticipated to be completed in early 2011.

Also during the period Anglo Gold Ashanti Australia Limited formally advised Westgold that it had elected not to exercise its clawback rights over Rover 1, giving Westgold an unencumbered 100% interest in the Rover 1 Project as currently defined.

Westgold is the largest shareholder of Aragon Resources Limited holding an interest of 20.13%. On 7 February 2011 Westgold notified Aragon of its intention to make a takeover bid for all of the issued shares and options in Aragon that Westgold does not already own. The consideration offered by Westgold is one (1) Westgold share for each one (1) Aragon share and one (1) Westgold option (to acquire a Westgold share) for each Aragon option (to acquire an Aragon share) at equivalent exercise dates and exercise prices. If the takeover is successful Metals X will hold an interest of 22.51% of the new Westgold group.

For detailed information refer to ASX announcements by Westgold.

Aragon Resources Limited

The Company has an 8.72% (2009: 9.88%) direct and 20.13% (2009: 32.25%) indirect interest in Aragon Resources Limited ("Aragon"), which is involved in the exploration for base and precious metals in Western Australia and the Northern Territory. Aragon ("AAG") is listed on the Australian Securities Exchange.

Aragon owns the 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 5 million ounces of gold and which currently host a total identified Mineral Resource Estimate of 2.0 million ounces.

During the period Aragon completed a positive underground mine study. The study envisages a 700,000tpa processing plant which will produce approximately 100,000 ounces of gold per annum at an average mining cost of AU\$400/oz. Aragon is now completing the next steps of the definitive feasibility which includes the establishment of processing costs, design and operating parameters as well as completing its open pit studies.

During the period Aragon completed a capital raising of \$7,290,000. The funds will be used to continue with its exploration, mine development and feasibility studies at the Central Murchison Gold Project.

REVIEW OF OPERATIONS (continued)

Aragon Resources Limited (continued)

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 8 February 2011 Aragon completed the sale of its wholly owned subsidiary, Territory Phosphate Pty Ltd to Rum Jungle Resources Limited (ASX:RUM) for a total consideration of \$1M in cash and 16 million shares in Rum Jungle. The transaction resulted in Aragon becoming Rum Jungle's largest shareholder with an interest of 11.2% and provides Aragon with additional exposure to phosphate, potash, uranium and base metals.

For detailed information refer to ASX announcements by Aragon.

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 ("Agaton") 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.

CORPORATE

On 1 December 2010 the Company issued 1,000,000 options to Consultants at an exercise price of \$0.32 expiring 30 November 2013.

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 30 of this report.

Signed in accordance with a resolution of the Directors.

Warren S Hallam
Managing Director

Perth, 1 March 2011

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2010

		31 December 2010 \$	31 December 2009 \$
Continuing operations			
Revenue	3(a)	36,799,953	45,893,693
Cost of sales	3(c)	(29,952,026)	(55,416,273)
Gross profit/(loss)		6,847,927	(9,522,580)
Other income	3(b)	1,679,756	5,546,988
Other expenses	3(d)	(2,880,607)	(1,788,383)
Fair value change in financial instruments	3(e)	(57,464)	-
Finance costs	3(f)	(194,722)	(534,978)
Share of loss of associates		(403,850)	(45,682)
Impairment loss on exploration and evaluation expenditure		(62,086)	(254,475)
Profit/(loss) from continuing operations before income tax		4,928,954	(6,599,110)
Income tax benefit/(expense)	5	12,327,455	92,747
Profit/(loss) from continuing operations after tax		17,256,409	(6,506,363)
Discontinued operations			
Loss from discontinued operations after income tax	17	(439,750)	(842,810)
Profit/(loss) for the period		16,816,659	(7,349,173)
Other comprehensive income for the period, net of tax			
Share of change in equity of associates reserves		62,104	77,969
Net gains on available-for-sale financial assets		28,664,240	81,842
Other comprehensive income for the period, net of tax		28,726,344	159,811
Total comprehensive profit/(loss) for the period		45,543,003	(7,189,362)
Profit/(loss) attributable to:			
Members of the parent		16,817,695	(7,285,910)
Non-controlling interest		(1,036)	(63,263)
		16,816,659	(7,349,173)
Total comprehensive profit/(loss) attributable to:			
Members of the parent		45,544,039	(7,126,099)
Non-controlling interest		(1,036)	(63,263)
		45,543,003	(7,189,362)

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2010 (Continued)

	31 December 2010 \$	31 December 2009 \$
Profit/(loss) per share for the profit/(loss) from continuing operations attributable to the ordinary equity holders of the parent (cents per share)		
basic profit/(loss) per share	1.26	(0.54)
diluted profit/(loss) per share	1.25	(0.54)
 Profit/(loss) per share for the profit/(loss) attributable to the ordinary equity holders of the parent (cents per share)		
basic profit/(loss) per share	1.23	(0.60)
diluted profit/(loss) per share	1.22	(0.60)

The accompanying notes form an integral part of this statement of comprehensive income.

Consolidated Statement of Financial Position as at 31 December 2010

		As at 31 December 2010 \$	As at 30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	4	33,402,863	29,496,627
Trade and other receivables		12,802,861	14,910,209
Inventories		14,085,597	14,821,577
Other assets		927,529	874,561
Other financial assets		2,570,730	5,005,260
		<u>63,789,580</u>	<u>65,108,234</u>
Assets of disposal group classified as held for sale	17	1,476,212	1,491,219
Total current assets		<u>65,265,792</u>	<u>66,599,453</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	16,405,340	18,651,376
Intangible assets		2,648,485	2,648,484
Mine properties and development costs	8	20,338,404	20,774,615
Exploration and evaluation expenditure	9	55,718,821	53,353,863
Derivative financial instruments		-	57,464
Available-for-sale financial assets	10	74,926,287	34,064,803
Investment in associates	11	23,872,331	22,525,913
Total non-current assets		<u>193,909,668</u>	<u>152,076,518</u>
TOTAL ASSETS		<u>259,175,460</u>	<u>218,675,971</u>
CURRENT LIABILITIES			
Trade and other payables		5,634,217	9,947,691
Interest bearing liabilities		1,926,019	2,153,380
Provisions		883,693	789,757
		<u>8,443,929</u>	<u>12,890,828</u>
Liabilities directly associated with the assets classified as held for sale	17	886,260	886,260
Total current liabilities		<u>9,330,189</u>	<u>13,777,088</u>
NON-CURRENT LIABILITIES			
Provisions		2,375,595	2,351,475
Interest bearing liabilities		-	681,339
Total non-current liabilities		<u>2,375,595</u>	<u>3,032,814</u>
TOTAL LIABILITIES		<u>11,705,784</u>	<u>16,809,902</u>
NET ASSETS		<u>247,469,676</u>	<u>201,866,069</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	12	290,099,006	290,141,787
Option premium reserve		18,326,178	18,222,793
Other reserves		26,223,004	(2,503,340)
Accumulated losses		(87,305,344)	(104,123,039)
Parent interests		<u>247,342,844</u>	<u>201,738,201</u>
Non-controlling interest	16	126,832	127,868
TOTAL EQUITY		<u>247,469,676</u>	<u>201,866,069</u>

The accompanying notes form an integral part of this statement of financial position.

Consolidated Statement of Cash Flow for the Half-Year ended 31 December 2010

	31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities		
Receipts from customers	36,848,492	46,462,173
Interest received	920,725	183,698
Other receipts	367,051	232,079
Payments to suppliers and employees	(26,766,391)	(44,888,617)
Interest paid	(180,317)	(472,671)
Net cash flows from/(used in) operating activities	11,189,560	1,516,662
Cash flows from investing activities		
Proceeds from sale of intangible assets	-	19,750,000
Proceeds from sale of plant and equipment	196,864	42,932
Payments for plant and equipment	(1,233,335)	(1,715,333)
Payments for mine properties and development	(4,274,171)	(4,069,225)
Payments for exploration and evaluation	(2,462,483)	(1,327,637)
Payments for research and development	-	(56,726)
Payments for investment in associates	(626,400)	(6,515,819)
Advance payments for investment in associates	-	(1,300,000)
Payments for available-for-sale financial assets	(150,000)	-
Proceeds from sale of available-for-sale financial assets	490,371	61,605
Net cash flows (used in)/from investing activities	(8,059,154)	4,869,797
Cash flows from financing activities		
Proceeds from performance bond facility	1,684,530	-
Advances from customers	-	(1,464,072)
Proceeds from the issue of shares	-	16,020,000
Repayment of borrowings	(908,700)	(2,202,340)
Payment of share issue costs	-	(33,167)
Net cash flows from financing activities	775,830	12,320,421
Net increase/(decrease) in cash and cash equivalents	3,906,236	18,706,880
Cash at the beginning of the financial period	29,496,627	6,949,489
Cash and cash equivalents at the end of the period	33,402,863	25,656,369

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The accompanying notes form an integral part of this statement of cash flow.

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2010

	Issued capital \$	Accumulated losses \$	Option premium reserve \$	Net unrealised gains reserves \$	Owners of the parent \$	Non-controlling interest \$	Total Equity \$
At 1 July 2010	290,141,787	(104,123,039)	18,222,793	(2,503,340)	201,738,201	127,868	201,866,069
Loss for the period	-	16,817,695	-	-	16,817,695	(1,036)	16,816,659
Other comprehensive income, net of tax	-	-	-	28,726,344	28,726,344	-	28,726,344
Total comprehensive income and expense for the half-year net of tax	-	16,817,695	-	28,726,344	45,544,039	(1,036)	45,543,003
Transactions with owners in their capacity as owners							
Tax effect of share issue costs	(42,781)	-	-	-	(42,781)	-	(42,781)
Share-based payment	-	-	103,385	-	103,385	-	103,385
At 31 December 2010	290,099,006	(87,305,344)	18,326,178	26,223,004	247,342,844	126,832	247,469,676

The accompanying notes form an integral part of this statement of changes in equity.

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2010 (Continued)

	Issued capital \$	Accumulated losses \$	Option premium reserve \$	Net unrealised gains reserves \$	Owners of the parent \$	Non-controlling interest \$	Total Equity \$
At 1 July 2009	274,280,247	(115,963,772)	17,907,652	28,964	176,253,091	187,618	176,440,709
Loss for the period	-	(7,285,910)	-	-	(7,285,910)	(63,263)	(7,349,173)
Other comprehensive income, net of tax	-	-	-	159,811	159,811	-	159,811
Total comprehensive income and expense for the half-year net of tax	-	(7,285,910)	-	159,811	(7,126,099)	(63,263)	(7,189,362)
Transactions with owners in their capacity as owners							
Issue share capital – placement	16,020,000	-	-	-	16,020,000	-	16,020,000
Share issue costs	(33,167)	-	-	-	(33,167)	-	(33,167)
Tax effect of share issue costs	(57,672)	-	-	-	(57,672)	-	(57,672)
Share-based payment	-	-	194,395	-	194,395	-	194,395
At 31 December 2009	290,209,408	(123,249,682)	18,102,047	188,775	185,250,548	124,355	185,374,903

The accompanying notes form an integral part of this statement of changes in equity.

Notes to the Financial Statements for the Half-Year ended 31 December 2010

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 1 March 2011.

Metals X Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are the exploration for and the mining, treatment and marketing of tin concentrate and nickel in Australia; exploration for phosphate in Australia; the development and construction of tin mine projects and exploration for precious and base metals through significant shareholdings in Westgold Resources Limited, Aragon Resources Limited and Jabiru Metals Limited.

The address of the registered office is Level 3 Hyatt Centre, 123 Adelaide Terrace, East Perth, WA 6004.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This condensed general purpose financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report of Metals X Limited for the year ended 30 June 2010 and considered together with any public announcements made by Metals X Limited and its controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Metals X Limited and its controlled entities ('the Consolidated Entity').

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

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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

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

Investments in controlled entities are carried in the balance sheet of the Company at cost less any impairment losses, if any.

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

Non-controlling interests not held by the Consolidated Entity are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholder's equity.

(c) Significant accounting policies

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policies

From 1 July 2010, the Consolidated Entity has adopted the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

3. REVENUE AND EXPENSES

Loss before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Consolidated Entity.

	CONSOLIDATED	
	31 December 2010	31 December 2009
	\$	\$
(a) Revenue		
Revenue from sale of tin concentrate	35,801,796	45,044,602
Revenue from nickel royalties	-	599,859
Interest received - other corporations	998,157	249,232
Total revenue	36,799,953	45,893,693
(b) Other Income		
Net gain on sale of intangible assets	-	5,266,685
Net gain on sale of plant and equipment	-	14,189
Net gain on sale of share investments	252,941	-
Gain on deemed disposal of associate	1,061,764	-
Other income	365,051	266,114
Total other income	1,679,756	5,546,988
(c) Cost of sales		
Salaries, wages expense and other employee benefits	(3,338,695)	(11,271,676)
Other cash costs	(19,838,840)	(28,099,419)
Royalties	(1,239,821)	(645,360)
Write-down in value of inventories to estimated net realisable value	1,917,756	1,479,203
Depreciation and amortisation expense		
Depreciation of non-current assets		
Property, plant and equipment	(1,864,762)	(3,642,087)
Buildings	(125,995)	(223,620)
Amortisation of non-current assets		
Mine properties and development costs	(5,461,669)	(12,628,345)
Intangible assets	-	(384,969)
Total cost of sales	(29,952,026)	(55,416,273)
(d) Other Expenses by function		
Administration Expenses		
Salaries, wages expense and other employee benefits	(988,614)	(764,455)
Directors fees and other benefits	(52,700)	(60,095)
Superannuation expense	(95,302)	(92,015)
Share-based payments	(103,385)	(194,395)
Consulting expenses	(214,418)	(185,946)
Travel & accommodation expenses	(90,236)	(65,205)
Administration costs	(280,180)	(360,135)
Operating leases	(65,236)	(19,762)
Depreciation expense		
Depreciation of non-current assets		
Property, plant and equipment	(109,215)	(109,210)
	(1,999,286)	(1,851,218)

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

3. REVENUE AND EXPENSES (continued)

	CONSOLIDATED	
	31 December 2010 \$	31 December 2009 \$
(d) Other Expenses by function (continued)		
Other Expenses		
Foreign exchange (gain)/loss	(505,658)	62,835
Net loss on sale of plant and equipment	(375,663)	-
	(881,321)	62,835
Total other expenses by function	(2,880,607)	(1,788,383)
(e) Fair value change in financial instruments		
Fair value change in derivatives	(57,464)	-
Total Fair value change in financial instruments	(57,464)	-
(f) Finance Costs		
Interest	(180,317)	(472,672)
Unwinding of rehabilitation provision discount	(14,405)	(62,306)
Total finance costs	(194,722)	(534,978)

4. CASH AND CASH EQUIVALENTS

For the purposes of the half-year statement of cash flow, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	33,402,863	29,496,627
	33,402,863	25,656,369

5. INCOME TAX

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

Profit/(loss) before income tax	4,928,954	(6,599,110)
At Consolidated Entity's statutory income tax rate of 30% (2009: 30%)	1,478,686	(1,979,733)
Expenditure not allowed for income tax purposes	32,262	6,571
Expenditure allowable for income tax purposes	(42,781)	(132,962)
Unrecognised tax losses brought to account	(13,795,622)	35,075
Unrecognised tax losses not brought to account	-	1,978,302
Income tax (benefit)/expense reported in the statement of comprehensive income	(12,327,455)	(92,747)

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

6. INVENTORIES

During the half-year ended 31 December 2010 due to an increase in the Tin metal price there was a reversal of inventory write-downs of \$1,917,756 (2009: reversal of write-down \$1,479,203) for the Consolidated Entity. This credit is included in the cost of sales line in the statement of comprehensive income. Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

7. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2010 the Consolidated Entity paid for assets with a cost of \$1,233,335 (2009: \$1,715,333).

Assets with a net book value of \$587,534 were disposed of by the Consolidated Entity during the half-year ended 31 December 2010 (2009: \$28,743) resulting in a loss on disposal of \$390,670 (2009: profit \$14,189).

8. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2010 the Consolidated Entity paid for \$4,274,171 (2009: \$4,069,225) in relation to mine properties and developments costs. Costs were higher in the current period due a tailings dam lift at the Renison Tin Project.

9. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2010 the Consolidated Entity paid for \$2,462,483 (2009: \$1,327,637) in relation to exploration and evaluation expenditure.

During the half-year a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty existed as to the future viability of certain areas, the value of that area of interest was written off to the statement of comprehensive income. In assessing the carrying value of the Agaton Phosphate Project and Collingwood Tin Project (Bluestone Nominees Pty Ltd) exploration for and evaluation of mineral resources in these specific areas have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to suspend such activities in these specific area. As a result exploration and evaluation expenditure of \$62,086 was written off to the statement of comprehensive income.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Company has a 19.99% (2009: nil) interest in Jabiru Metals Limited ("Jabiru"), which is involved in the mining and exploration of base metals in Australia. Jabiru is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company's investment was \$74,566,287 (2009: \$nil) which is based on Jabiru's quoted share price.

The Company has a 3.86% (2009: nil) interest in Alamar Resources Limited ("Alamar"), which is involved in the mining and exploration of base metals in Australia and Mongolia. Alamar is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company's investment was \$360,000 (2009: \$nil) which is based on Alamar's quoted share price.

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

13. 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 half-years ended 31 December 2010 and 31 December 2009.

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

13. OPERATING SEGMENTS (continued)

	Continuing Operations			
	Tin Projects	Nickel Projects	Phosphate Projects	Total Continuing Operations
Half-year ended 31 December 2010				
Revenue				
Sales to external customers	35,801,796	-	-	35,801,796
Other revenue from external customers	-	-	-	-
Total segment revenue	35,801,796	-	-	35,801,796
Unallocated revenue				998,157
Total revenue per statement of comprehensive income				36,799,953
Result				
Segment result	5,584,497	(131,688)	(4,143)	5,448,666
Share of loss of associates				(403,850)
Finance costs				(194,722)
Fair value change in financial instruments				(57,464)
Corporate expenses				136,324
Profit before income tax				4,928,954
Income tax benefit				12,327,455
Net profit for the half-year period after tax per the statement of comprehensive income				17,256,409
Total assets have increased by 19% since the last annual report. Segment assets for the half-year ended 31 December 2010 are as follows:				
Segment assets				
Segment operating assets	64,913,989	59,339,947	553,640	124,807,576
Unallocated assets				34,093,054
Available-for-sale financial assets				74,926,287
Investment in associates				23,872,331
Derivative assets				-
Total assets from continuing operations				257,699,248

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

13. OPERATING SEGMENTS (continued)

	Continuing Operations		
	Tin Projects	Nickel Projects	Phosphate Projects
			Total Continuing Operations
Half-year ended 31 December 2009			
Revenue			
Sales to external customers	45,044,602	-	-
Other revenue from external customers	-	599,859	-
Total segment revenue	45,044,602	599,859	-
Unallocated revenue			249,232
Total revenue per statement of comprehensive income			45,893,693
Result			
Segment result	(10,298,459)	5,416,033	(253,050)
Share of loss of associates			(45,682)
Finance costs			(534,978)
Corporate expenses			(882,974)
Loss before income tax			(6,599,110)
Income tax expense			92,747
Net loss for the half-year period after tax per the statement of comprehensive income			(6,506,363)

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

14. SHARE BASED PAYMENTS

On 1 December 2010, 1,000,000 share options were granted to Consultants. The options are exercisable immediately.

The fair value of the options granted is estimated using a Black & Scholes model, taking into account the terms and conditions upon which the options were granted.

Grant date	1 December 2010
	Consultant Options
Expected volatility (%)	80%
Risk-free interest rate (%)	4.98%
Expected life of options (yrs)	2.0
Options exercise price (\$)	\$0.32
Share price at grant date (\$)	\$0.26
Fair value at grant date (\$)	\$0.10

15. COMMITMENTS AND CONTINGENCIES

Capital commitments

Commitments relating to jointly controlled assets

At 31 December 2010 the Consolidated Entity had commitments of \$104,109 principally relating to plant and equipment upgrades and replacements for the Bluestone Mines Tasmania Joint Venture (30 June 2010: \$223,868).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Consolidated Entity.

16. NON-CONTROLLING INTEREST

	CONSOLIDATED	
	31 December 2010	30 June 2010
	\$	\$
Equity contribution	2,500	2,500
Accumulated losses	(60,841)	(59,805)
Non-controlling interest share of net assets in controlled entity	185,173	185,173
	126,832	127,868

The Company owns 75% of Agaton Phosphate Pty Ltd.

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

17. DISCONTINUED OPERATIONS

(a) Details of operations disposed and held for sale

The board of directors have decided to dispose of Bluestone Nominees Pty Ltd, the company that owns the Collingwood Tin Project. Metals X publicly announced this decision in February 2008. As at 31 December 2010, Bluestone Nominees Pty Ltd was classified as an operation held for sale, with the project still actively being marketed by Metals X.

(b) Financial performance of operations disposed and held for sale

The results of the discontinued operations for the period until disposal are presented below:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Revenue	-	-
Expenses	(426,744)	(342,812)
Gross loss	(426,744)	(342,812)
Other income	(13,006)	2
Finance costs	-	-
Impairment loss on properties, plant and equipment	-	(500,000)
Loss before tax	(439,750)	(842,810)
Income tax	-	-
Loss for the period from discontinued operations	(439,750)	(842,810)

The impairment loss in Discontinued Operations as at 31 December 2009 of \$500,000 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.

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of Bluestone Nominees Pty Ltd as at 31 December 2010 are as follows:

	<u>31 December 2010</u>	<u>30 June 2010</u>
<i>Assets</i>		
Property, plant and equipment	1,476,212	1,491,219
Assets classified as held for sale	1,476,212	1,491,219
<i>Liabilities</i>		
Provisions	(886,260)	(886,260)
Liabilities classified as held for sale	(886,260)	(886,260)
Net assets attributable to discontinued operations	589,952	604,959

Notes to the Financial Statements for the Half-Year ended 31 December 2010 (continued)

17. DISCONTINUED OPERATIONS (continued)

(d) Cash flow information – held for sale operations

The net cash flows of Bluestone Nominees Pty Ltd are as follows:

	<u>31 December 2010</u>	<u>31 December 2009</u>
Operating activities	(396,655)	(306,826)
Investing activities	(33,441)	(35,984)
Net cash outflow	<u>(430,096)</u>	<u>(342,810)</u>

18. INTEREST IN JOINTLY CONTROLLED ASSETS

Subsidiary Bluestone Mines Tasmania Pty Ltd owns 50% of the assets at the Renison Tin Project which is managed by an unincorporated 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.

No jointly controlled assets were impaired during the half-year ended 31 December 2010 (2009: nil).

19. EVENTS AFTER THE BALANCE SHEET DATE

On 9 February 2011 the Company announced that it sold 58,000,000 shares of its shareholding in Jabiru to Independence Group NL ("Independence") for a cash consideration of \$48,089,540. Metals X also advised that it had entered into a Pre-bid Acceptance Agreement with Independence to sell all of its remaining 52,468,574 shares in Jabiru. The sale is conditional upon Independence:

- announcing within two business days, that it intends to make a takeover bid for all the ordinary shares in Jabiru by way of a scrip offer of one fully paid ordinary share in Independence for every 8 fully paid ordinary shares in Jabiru (this condition was met on 9 February 2011); and
- then proceeding, within 2 months, with the takeover bid.

The Pre-bid Acceptance Agreement also provides that if Independence acquires Metals X's remaining Jabiru shares and Independence then sells or disposes of such shares within 6 months of acquisition, then Independence will pay to Metals X the profit on such sale less any tax payable.

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Warren S Hallam
Managing Director
Perth, 1 March 2011

Auditor's Independence Declaration



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

In relation to our review of the financial report of Metals X Limited for the half-year ended 31 December 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 handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'C B Pavlovich'.

C B Pavlovich
Partner
Perth
1 March 2011

Independent Review Report



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To the members of Metals X Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Metals X Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metals X Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Independent Review Report (continued)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metals X is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

A handwritten signature in black ink, likely belonging to C B Pavlovich.

C B Pavlovich
Partner
Perth
1 March 2011