

Metals X sells 20% of Wingellina Nickel-Cobalt Project for a Consideration worth Approximately \$50M

20 April 2011 (Perth, WA)

Metals X Limited (through its wholly owned subsidiaries Austral Nickel Pty Ltd and Hinckley Range Pty Ltd) is pleased to advise that it has reached a Heads of Agreement ("HoA") with China's largest nickel producer, Jinchuan Group Ltd ("Jinchuan") to sell to Jinchuan a 20% direct interest in its globally significant Wingellina Nickel-Cobalt Project as part of the project's advancement toward future production.

Under the transaction, Metals X Limited ("Metals X") will seek shareholder approval to selectively buy-back Jinchuan's 12.89% shareholding (176 million fully paid ordinary shares) in Metals X. The transaction will be settled with the acquisition by Jinchuan of a 20% direct interest in the Central Musgrave Project ("CMP") to an amount equivalent to the share buy back. The transaction will also be subject to Chinese, Australian and State Government approvals and consents, including FIRB, any necessary shareholder approvals and the completion of due diligence and Board approval by Jinchuan. It is anticipated that the transaction will take approximately 60 to 120 days depending on approvals.

On completion the parties will form an unincorporated JV over the CMP on the basis of 20% Jinchuan and 80% Metals X subsidiaries.

Metals X's Managing Director, Warren Hallam said:

"This is a significant step in Metals X's strategy to bring the massive Wingellina Project to fruition. It follows the signing of a "landmark" mining access agreement with the traditional owners in July 2010 which set the project on the path to development."

In addition to this agreement, Metals X advises that it is also in discussion with several other Chinese and international entities that have shown an interest in the development of the Wingellina Project, with the objective of forming a consortium to develop and finance the project.

About Wingellina

Wingellina is a nickeliferous limonite exhibiting vastly different characteristics to the deposits that have previously been developed in Australia. Wingellina hosts a resource of almost 1.8Mt of contained nickel and is classified as a "Pure Oxide Tropical Laterite" (POTL) deposit, similar in style to Moa Bay where the High Pressure Acid Leach ("HPAL") process was originally developed, and has successfully operated for over 50 years.

Metals X completed a feasibility study on Wingellina in September 2008 which defined a robust plan for the construction of a nickel and cobalt operation to produce 40,000tpa of nickel and 3,500tpa of cobalt in an intermediate hydroxide concentrate with an initial mine life of 40 years. The average operating cost for the project is expected to be less than US\$3.50 per pound of nickel after refining costs and cobalt credits. The after tax NPV of the project based on the feasibility study assumptions of a nickel price of US\$20,000/t, cobalt price of US\$45,000/t and a USD exchange rate of 0.85 was A\$3.4 billion.

The Wingellina JORC compliant resource of 183.2Mt of ore at 0.98% Ni, 0.08% Co and 47% Fe₂O₃ translates to a Probable Mining Reserve Estimate of 167.4Mt at 0.98% Ni, 0.08% Co. A second large Limonite resource within the Central Musgrave Project has also recently been discovered containing an Inferred resource of 33.3Mt at 0.81% Ni, 0.07% Co and 39%Fe₂O₃.

The formation of the Wingellina deposit is via deep oxide weathering of the dunite units of the Wingellina Layered Intrusive Complex. The weathering processes have resulted in the formation of a massive 50-200m homogenous oxide layer of Limonite (47% Fe₂O₃) with enriched nickel and cobalt. Substantive other areas of known limonite anomalies within the CMP project area remains to be fully evaluated.

The massive nickeliferous limonite formations are freely excavatable requiring minimal or no blasting and provides for a very low waste to ore stripping ratio (0.5:1 in the first 20 years and 1.1 to 1 over the life of the mine), low mining costs and minimal ore dilution. The low magnesium content results in very low acid consumption and subsequently lower operating costs compared with typical Australian laterite deposits.

Wingellina Project
Identified Mineral Resources and Reserves as at 13 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 13 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

Claude Hills Prospect
Identified Mineral Resources and Reserves as at 13 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 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'.

Enquiries

Warren Hallam
Managing Director

Scott Huffadine
Executive Director

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