METALS X LIMITED

ACN 110 150 055

Annual Report
2007

Corporate Directory

Directors
Peter J Newton (Chairman)
Peter G Cook (Managing Director)
Warren S Hallam
D Mark Okeby
Michael L Jefferies
Donald J Head

Company Secretary
Fiona J Van Maanen

Key Management
Scott M Balloch (Chief Financial Officer)
Duncan J Coutts (Chief Development Officer)
Scott J Huffadine (Chief Operating Officer)

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Securities Exchange
Listed on the Australian Securities Exchange

Codes: MLX – fully paid ordinary shares
MLXO – options to acquire shares

Domicile and Country of Incorporation
Australia

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Chairman's Letter

Dear Shareholders

I present to you the Metals X Limited ("Metals X" or "the Company") Annual Report for the period ending 30 June 2007.

The financial year just past has been one of significant change for Metals X. The Board continued with its diversification strategy and the Company completed the merger by scheme of arrangement with Metals Exploration Limited with an effective date of 19 December 2006.

The merger culminated in a group with a significant portfolio of exploration development and revenue producing assets with key exposure to the metals of tin and nickel. During the 2006/2007 financial year both these metals have been the outstanding performers on the LME.

Post merger, the Board further advanced its diversification strategy, acquiring on market a 22.39% shareholding position in Westgold Resources NL ("Westgold) and providing the Company with significant exposure to lead-zinc and iron-oxide-copper-gold projects in the Tennant Creek region of the Northern Territory. Westgold has subsequent to the financial year-end, successfully completed the spin-off of its Western Australian gold, nickel and uranium assets by listing Aragon Resources Limited ("Aragon") on the Australian Securities Exchange ("ASX") and Metals X has further diversified its exploration exposure in these metals by acquiring a direct 12.77% stake in this Company alongside the indirect interest of 41.67% interest held via Westgold.

The Company took a major step forward in March 2006 when we entered into a framework agreement with the largest nickel producer in China, Jinchuan Group Limited ("Jinchuan") to form a strategic alliance to assist Metals X in the development of Australian mineral assets, in particular the Wingellina Nickel Limonite deposit in Western Australia. This involved a placement to Jinchuan to raise $32.76 million and Jinchuan entering the register as our largest individual shareholder with 13% of the issued capital.

This agreement was a major endorsement of the potential of Metals X's Central Musgrave Project and Jinchuan provides the Company with both the technical capability and financial capacity to rapidly advance Wingellina to production.

Metals X's current revenue producers are the Collingwood Tin Project and the Nickel Royalty Portfolio. The Royalty portfolio performed strongly during the year with higher metal prices generating strong revenue. The Collingwood mine performance was under expectations.

In the ensuing year we look forward to significant milestones in the re-start of our Tasmanian Tin Strategy including the recommencement of mining operations at Renison and Mt Bischoff and the successful completion of the Detailed Feasibility Study for the Rentails Project and the advancement of the Wingellina Nickel Project Feasibility Study. These projects set the Company back on the path to becoming a significant force in the world Tin industry and becoming a major Nickel producer.

The financial year reported a consolidated net operating loss after income tax of $2.73 million, reflecting revenues and royalty receipts, significant exploration, development and investment expenditure, a below par performance from the Collingwood Project and the continued costs of holding the Tasmanian tin operations in a state of care and maintenance.

The Board has recently re-structured its management team, appointing Scott Huffadine as Chief Operating Officer, Scott Balloch as Chief Financial Officer and Duncan Coutts as Chief Development Officer reflecting the expansion of the Company's activities. Mark Okeby has also transitioned from an executive director to a non-executive director's role.

On behalf of my Board, I would like to thank senior management and employees for their contribution to the Company's activities and the Company's shareholders for their continued support.

Peter Newton
Chairman

Managing Director's Report

Strategic Review

Metals X has in the past 12 months re-positioned itself from a specialist tin company to a much larger and diversified group with a strong portfolio of assets at all phases of the mining cycle with exposure to many metals.

The Company's largest exposure is to both nickel and tin, but through our strategic investments in Westgold and Aragon we have added lead, zinc, copper, gold and uranium to our portfolio. As opposed to previous years where the merits of one metal could reflect heavily on our share price, we now carry a portfolio of metals and remain strongly positioned to benefit from longevity and the inevitable volatility of the current metals boom.

We view the current boom in metals as a direct result of the world entering a major industrialisation phase. Unlike other industrial revolutions that have set the path and prosperity for life as we know it, this industrial revolution directly involves one-third of the worlds population. The unprecedented economic growth in China and India have perpetuated strong demand on the supply and pricing of the world's resources, goods and services.

There will inevitably be fluctuations and volatility in consumption and growth rates for metals. We have a world where the dynamics of Chinese and Indian growth will clash with a sophisticated western-world trading platform where many feed from volatility and trade patterns and information flows which perpetuate it as a healthy necessity of mature markets. Many a time we will hear it is all over, many a time will the gloom of a boom coming to an end be forced upon us and markets will panic, sentiment will falter, only to recover. In the backdrop of all this we will have witnessed unprecedented growth in demand and capacity building for the long term supply of metals to feed the growing monster.

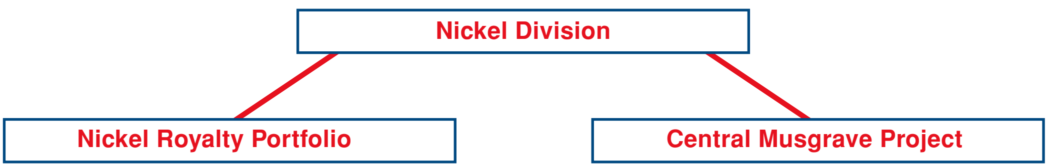
Not all metals will go up at the same time, at the same rate or stay up for the same periods. Consumption patterns in an industrialisation process are varied. As the process matures and industrialisation moves to urbanisation and thence westernisation, demand for metals will change and consumption patterns and sustainable demand for resources will be determined.

Metals X has attempted to position itself with key exposure to those metals that it believes will have sustainable demand and have the weakest supply side capabilities.

Our portfolio of assets cover all phases of the resource sector and our pipeline of organic growth projects innickel and tin production will set the Company up in the long term to become a significant producer.

NICKEL DIVISION

Metals X's nickel division holds a portfolio of nickel royalties from Australia's best known nickel mines and wholly owns the large Central Musgrave Project which includes the Wingellina Nickel prospect and a significant exploration holding which is highly prospective for nickel oxide, nickel sulphides and platinum group elements.

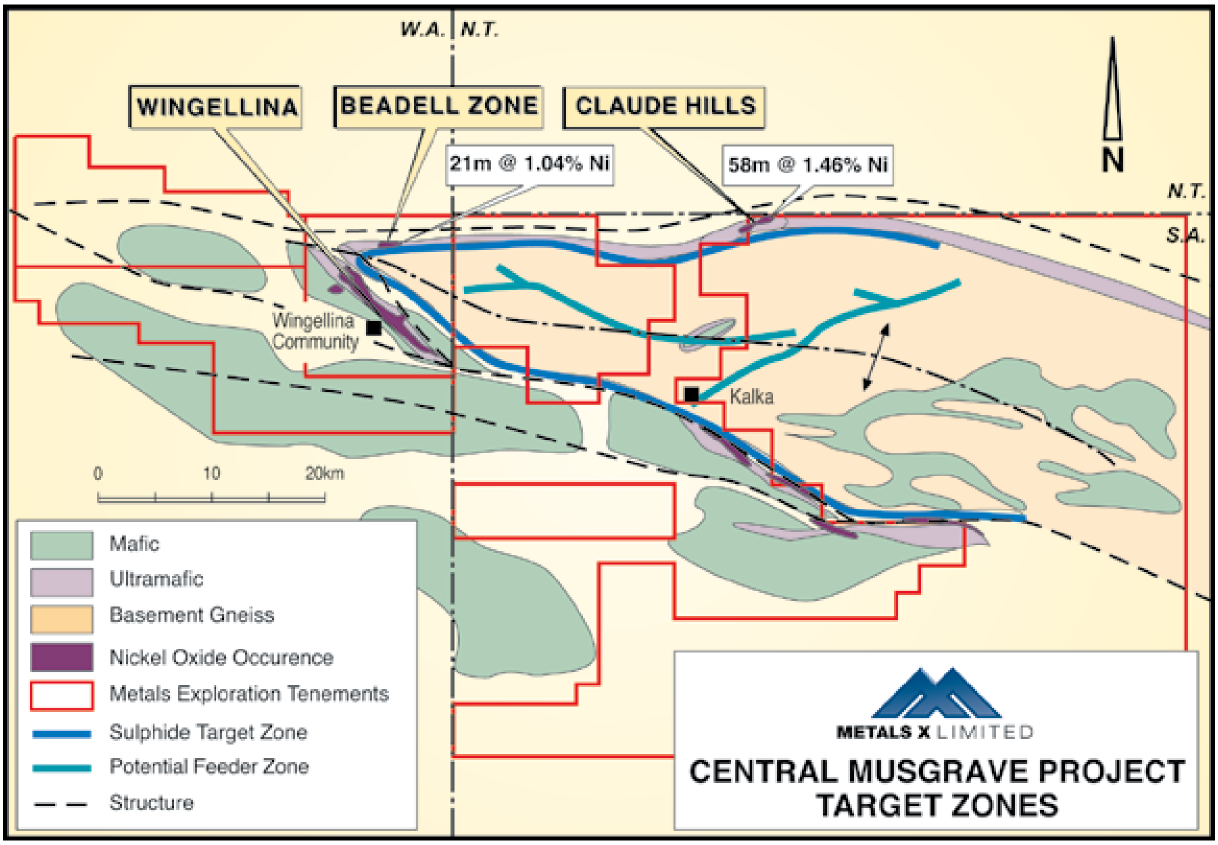


Central Musgrave Project

The Central Musgrave Project consists of 1785km^2 of exploration titles in Western Australia and South Australia covering the Giles complex intrusives of the Musgrave block in central Australia. The project is located within the Central Musgrave ranges, straddling the WA/SA/NT borders in central Australia.

The Musgrave Ranges contain large tracts of Proterozoic layered mafic intrusives, known as the Giles Complex. Rock types such as gabbro, ultramafics, pyroxenites and troctolites, which are known to contain deposits of nickel sulphides and of platinum-group elements throughout the world, are widespread in the sequence. Copper occurrences are also widespread in the region, but the large volumes of felsic volcanic rocks have not been systematically explored for base metals.

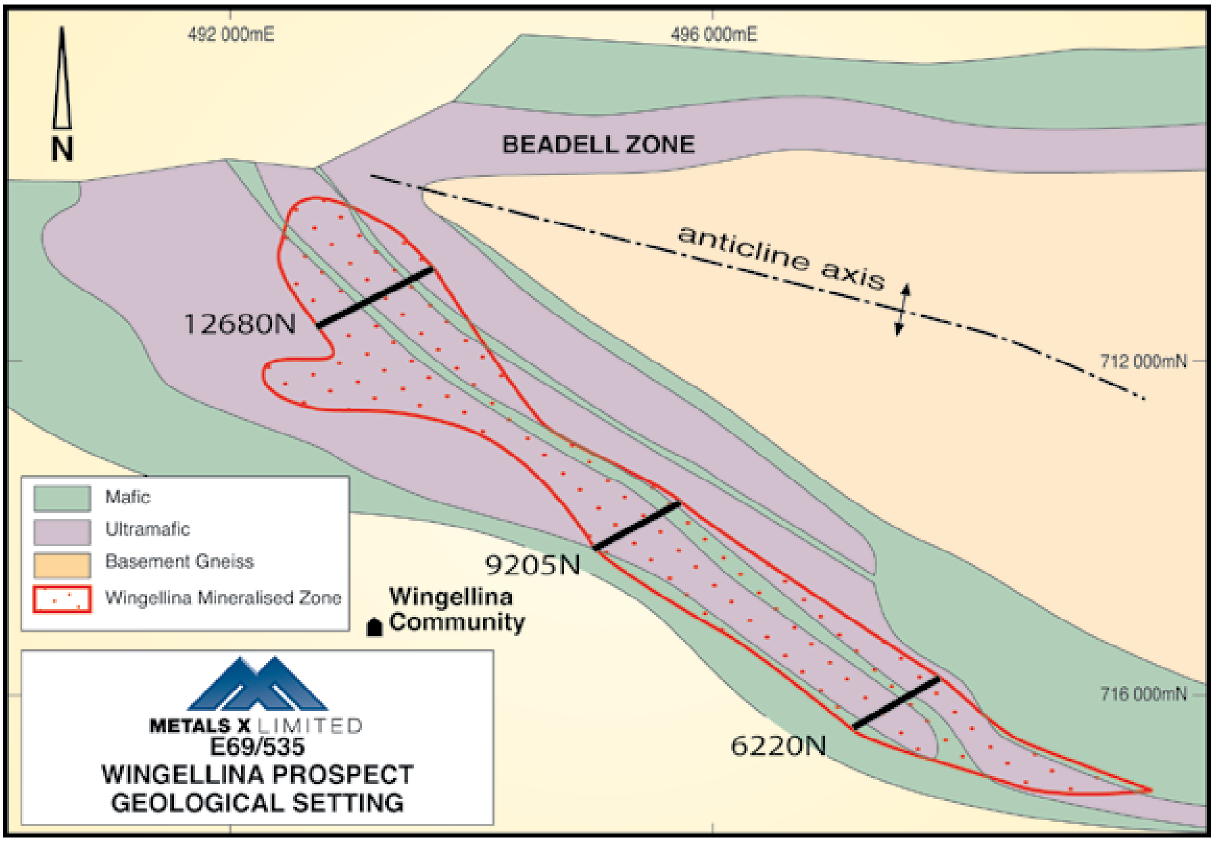
Metals X has two key prospects within the tenements, the Wingellina Prospect which lies in Western Australia and the Claude Hills prospect within South Australia. Both are significant Nickel–Cobalt Limonite deposits. In addition, the Central Musgrave Project ("CMP") creates a significant opportunity for the discovery and development of Nickel-Cobalt oxides, Nickel sulphide deposits as well as Platinum group elements.



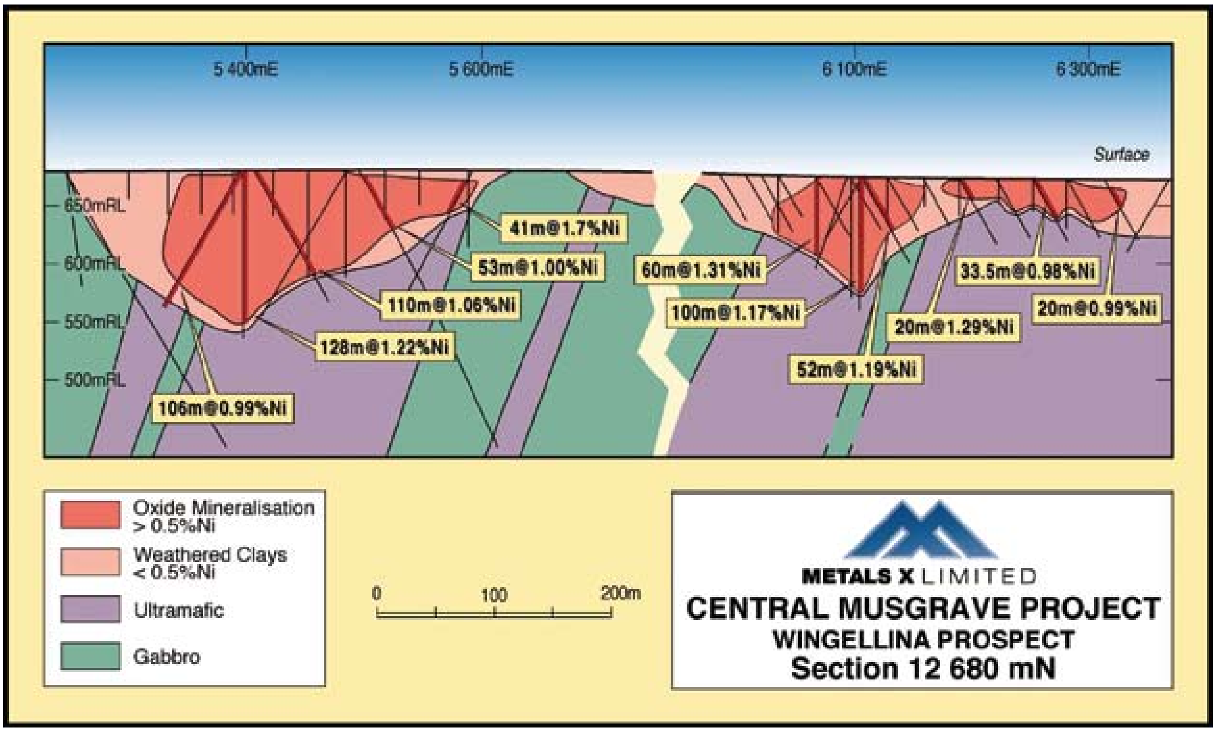
The Wingellina Prospect is hosted within ultramafic rocks of the Wingellina layered intrusive complex. Deep oxidation of the ultramafic units comprising the layered complex has resulted in the formation of substantial resources of iron-rich nickel-cobalt oxide mineralisation. Exposures of extensive ocherous clays in soils characterise the presence of outcropping of nickel oxide mineralisation over wide areas of the deposit.

Land access to Wingellina is via an access deed for EL69/535. Considerable effort has been devoted to developing good relations with the Ngaanyatjarra Land Council and the Traditional Owners, and to involve them in the development of work programs. Metals X has a strong relationship with the Wingellina Community and continually consults and actively involves the Community in its exploration programs and future objectives of the prospect.

The Wingellina mineralisation is substantial in scale, occurring over widths of up to 600m, along a strike length of some 10 kilometres and to depths of up to 200 (typically 80 – 100m). The mineralised system remains open along strike and there is significant potential for depth extensions in many areas of the deposit that were only previously tested by shallow drilling.



492 000mE
496 000mE
N
BEADELL ZONE
anticline axis
12680N
712 000mN
Mafic
Ultramafic
Basement Gneiss
Wingellina Mineralised Zone
9205N
Wingellina Community
716 000mN
6220N
METALS X LIMITED
E69/535
WINGELLINA PROSPECT
GEOLOGICAL SETTING



5 400mE
5 600mE
6 100mE
6 300mE
Surface
650mRL
600mRL
550mRL
500mRL
41m@1.7%Ni
53m@1.00%Ni
60m@1.31%Ni
110m@1.06%Ni
100m@1.17%Ni
33.5m@0.98%Ni
20m@0.99%Ni
20m@1.29%Ni
128m@1.22%Ni
52m@1.19%Ni
106m@0.99%Ni
Oxide Mineralisation > 0.5%Ni
Weathered Clays < 0.5%Ni
Ultramafic
Gabbro
0
100
200m
METALS X LIMITED
CENTRAL MUSGRAVE PROJECT
WINGELLINA PROSPECT
Section 12 680 mN

Managing Director’s Report (continued)

In the main, high grade nickel values are associated with yellow-brown to red-brown ochre-stained limonitic Fe-rich clays that are developed over the ultramafic (primarily dunite) units in the layered sequence. Depth and intensity of weathering appears to be associated with both rock-type and the presence of shears on the contacts with adjacent foliated mafic rocks. High grade cobalt values are associated with discrete bands of manganese oxides within the nickel oxide profiles.

During 2006/2007 Metals X completed an additional 20,000 meters of RC drilling in 309 holes to further delineate the Wingellina Nickel-Cobalt Limonite deposit, over 140,000 meters of RC drilling has now been completed. An updated Identified Mineral Resource estimate was determined at varying cutoff grades as tabulated below:

0.5% Ni Cut-off	Million Tonnes	%Ni	% Co	% Fe_2O_3
Measured	56.9 Mt	0.98	0.077	47.9
Indicated	125.5 Mt	0.94	0.073	45.4
Inferred	30.8 Mt	0.95	0.070	44.5
Total	**213.2 Mt**	**0.95**	**0.074**	**45.9**

0.7% Ni Cut-off	Million Tonnes	%Ni	% Co	% Fe_2O_3
Measured	47.6 Mt	1.06	0.083	49.6
Indicated	100.5 Mt	1.04	0.078	47.4
Inferred	25.1 Mt	1.04	0.075	46.1
Total	**173.2 Mt**	**1.04**	**0.079**	**47.8**

1.0% Ni Cut-off	Million Tonnes	%Ni	% Co	% Fe_2O_3
Measured	25.4 Mt	1.23	0.093	52.0
Indicated	50.0 Mt	1.23	0.087	49.8
Inferred	11.9 Mt	1.25	0.082	47.1
Total	**86.3 Mt**	**1.23**	**0.088**	**50.1**

Over 86% of the Identified Mineral Resource estimate is now in the Measured and Indicated categories. When benchmarked against other known resources, the deposit is comparable with the larger developed or developing world class deposits. From an Australian perspective it ranks beside Murrin Murrin and Ravensthorpe.

Metals X has completed a Scoping Study (Product and Economic) on the Wingellina Prospect which shows sound economics and the Company will now move to complete a detailed feasibility study on the project. The accuracy of the Scoping Study is deemed to be -10%/+50%.

The study considered two scenarios of mine life, the first being 46 years, effectively mining out the Measured and Indicated resources and the second being limited to a 20 year term, mining approximately half the known resource.

The key outcomes of the study are summarised as follows:

Process Methodology		High Pressure Acid Leach (HPAL)
Product		Mixed Nickel-Cobalt Hydroxide
Optimal Process Rate		4 million ore tonnes per annum
Assumed Ramp-up	– Year 1 – Year 2 – Year 3 – Year 4	50% 75% 90% 100%
Average mining grades	– Year 1 – 6 – Year 7 – 16 – Year 17 – 26 – Year 26+	1.2% Ni, 0.10% Co 1.1% Ni, 0.085% Co 1.05% Ni, 0.075% Co 0.90% Ni, 0.070% Co
Metal Price Assumptions	– Nickel – Cobalt	US$20,000 per tonne US$15 per pound
Metal Recoveries	– Nickel – Cobalt	91.2% 86.5%

		46 yr Mine Life	20 yr Mine Life
Average Annualised Prod'n	– Ni (t) – Co (t)	36,111 38,873	2,635 2,871
Capital Cost **Avg. Capital Cost US$/pound Ni – Equiv.**		A$1.682 Billion $US 0.36/lb	A$1.682 Billion $US 0.77/lb
Operating Cost – average $A p. annum **Avg. Oper. Cost $US/tonne Ni – Equiv.** **Avg. Oper. Cost $US/pound Ni – Equiv.** **Avg. Oper. Cost $US/pound Ni – after Cobalt Credits**		A$477 Million $US 10,300/t $US 4.67/lb $US 3.58/lb	A$ 480 Million US$ 9,600/t $US 4.37/lb $US 3.26/lb
Total Prod'n Cost $US/tonne Ni – Equiv. **$US/pound Ni – Equiv.** **Total Prod'n Cost $US/pound Ni – after Cobalt Credits**		US$ 11,100/t US$ 5.03/lb $US 3.94/lb	US$ 11,300/t US$5.14/lb $US 4.03/lb
Est. Avg. Oper. Surplus – A$ p. annum		A$ 330 Million	A$ 390 Million
Est Avg. Prod'n Surplus – A$ p. annum		A$ 293 Million	A$ 305 Million
NPV (8% nominal) – Pre- Tax		A$ 5.29 Billion	A$ 4.23 Billion
IRR		34.1%	34.0%

Metallurgical testwork to simulate the indicative flowsheet derived from the scoping study prior to continuous pilot plant testing has almost been completed subsequent to year end confirming very favourable metallurgy.

The proposed flowsheet consists of five main stages as follows:

- High pressure acid leach (HPAL) to extract the nickel and cobalt into solution.
- Primary Neutralisation and Counter current decantation (CCD) to separate the solution from solids.
- Secondary Neutralisation to remove iron, aluminium and other impurities to purify the solution.
- Mixed hydroxide precipitation to produce a nickel and cobalt hydroxide product.
- Manganese removal.

Managing Director's Report (continued)

The optimisation of the first most important stage of the process High Pressure Acid Leach (HPAL) has been complete with results verifying low acid consumptions and high Nickel and Cobalt recoveries. The optimum conditions achieved were 255oC at 35% Solids with the addition of approximately 300Kg/t of acid which resulted recoveries of 94%Co and 95%Ni after 60 minutes.

All of the tests have been conducted using a sample of ore which best represented the entire ore body that was collated from drill holes throughout the Wingellina ore body.

An indicative mine plan encapsulating over 50 years of production confirmed the assumptions assumed in the scoping study. The average strip ratio over 200 million tonnes of resource was calculated to be approximately 0.86:1 tonne of waste to tonne of ore and the average for the first 20 years is approximately 0.6:1. The scoping study had assumed 1.5:1.

In addition to the RC resource drilling, Metals X also completed over 14,000 meters of RAB drilling of which approximately 5,796 meters of this program was to delineate a deposit of Calcretes located approximately 3kms from the Wingellina Nickel deposit which maybe suitable for the neutralisation of the tailings from the HPAL process. The remaining 8,417 meters of RAB drilling was also carried out over areas of known similar geological areas which are likely to contain Nickel oxides, which included the Beadell Zone. Follow-up RC drilling in some of these areas will be conducted in during 2007/08.

The 2007/08 Exploration Program will focused on the further delineating of the Wingellina deposit to the NW and SE, the Beadell Zone and Claude Hills as well as other areas which consist of similar geology. A 10,000 RC program has commenced and Metals X is confident that additional resources will be added to the current IMR.

Metals X will also continue its search for Nickel Sulphides within the layered intrusive complex and has commenced ground electro-magnetic geophysical surveys, soil sampling and mapping within areas that are considered prospective for Nickel Sulphides.

The Wingellina Nickel Limonite continues to evolve as a World Class deposit which has a very low strip ratio of ore to waste, low mining costs being free digging from surface, very low acid consumption at 300Kg/t with very high metal recoveries, deep oxidation of typically 80-100m and with significant potential to add additional resources to a project that is already capable of producing 40,000 tonnes of nickel metal for over 45 years.

Royalty Portfolio

Metals X holds a solid portfolio of production royalty streams, payable from Australia's most productive nickel fields being Kambalda and Mt Keith. The three royalty streams are:

- Mt Keith
- Kingston
- Kambalda

During the financial year royalty payments generated \$12.42 million in revenue. The revenue contribution to the Company from the date of merger (19 December 2006) was \$7.69 million.

Mt Keith Royalty

Metals X receives a royalty of 0.375% of the total contained nickel in concentrate or ore produced and dispatched from the royalty area of approximately 241 square kilometres (Figure 1).

The price received by Metals X is the lower of the LME Nickel Settlement Price Average or the LME Nickel 3 months seller average, both expressed in US dollars and then converted back into Australian Dollars on monthly average settlement rate.

The production and financial summary of the royalty for the current financial year is summarised below:

MT KEITH	**2006/2007**	**19 Dec 2006 – 30 Jun 2007**
Avg. Ni Price Received A\$/tonne	\$45,321	\$52,163
Royalty Receipts	A\$6.54 million	A\$3.80 million

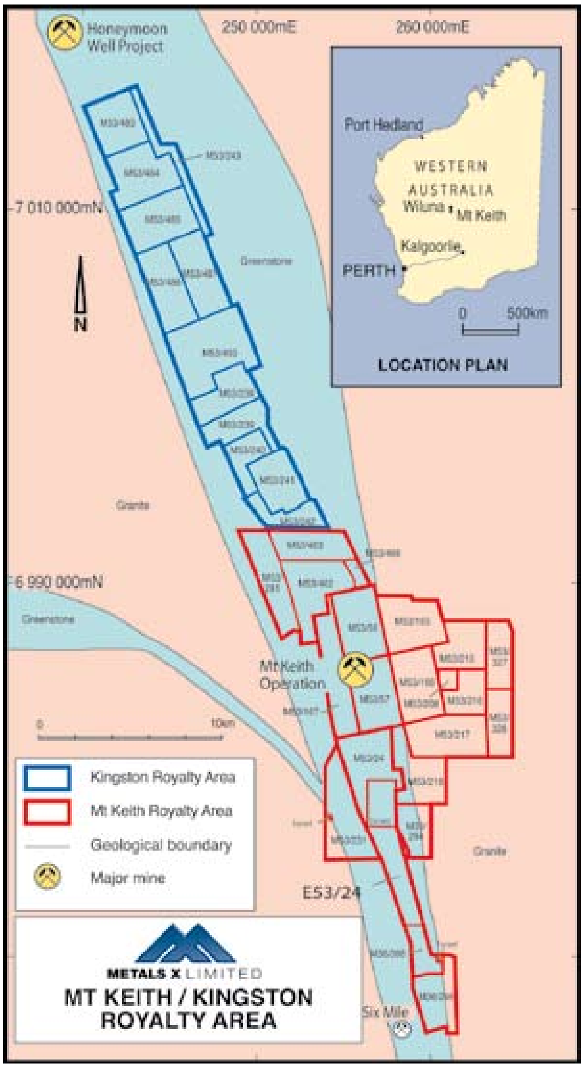


Figure 1: Mt Keith and Kingston Royalty Area

Kingston Royalty

The Kingston royalty pertains to an area of mining tenements covering approximately 100 sq. kms which consists of Komatiite terrain immediately north of Mt Keith and to the immediate south of Honeymoon Well (Figure 1). The tenure is held jointly by BHP and MPI Nickel Pty Ltd ("MPI") over the royalty area.

Should any nickel production occur from the titles, Metals X would receive a royalty of 0.375% of the total contained nickel in concentrate or ore produced and dispatched from the royalty area.

The price received by Metals X would be the lower of the LME Nickel Settlement Price Average or the LME Nickel 3 months seller average, both expressed in US dollars and then converted back into Australian Dollars on monthly average settlement rates.

The Kingston royalty is not currently producing income.

Kambalda Royalty

The royalty is payable over lands comprising Certificate of Title Volume 2611 Folio 282, Volume 2611 Folio 280 and Volume 2611 Folio 281 (Figure 2).

Metals X receives a royalty of 1.35% of the total contained nickel in concentrate or ore produced and dispatched from the royalty area.

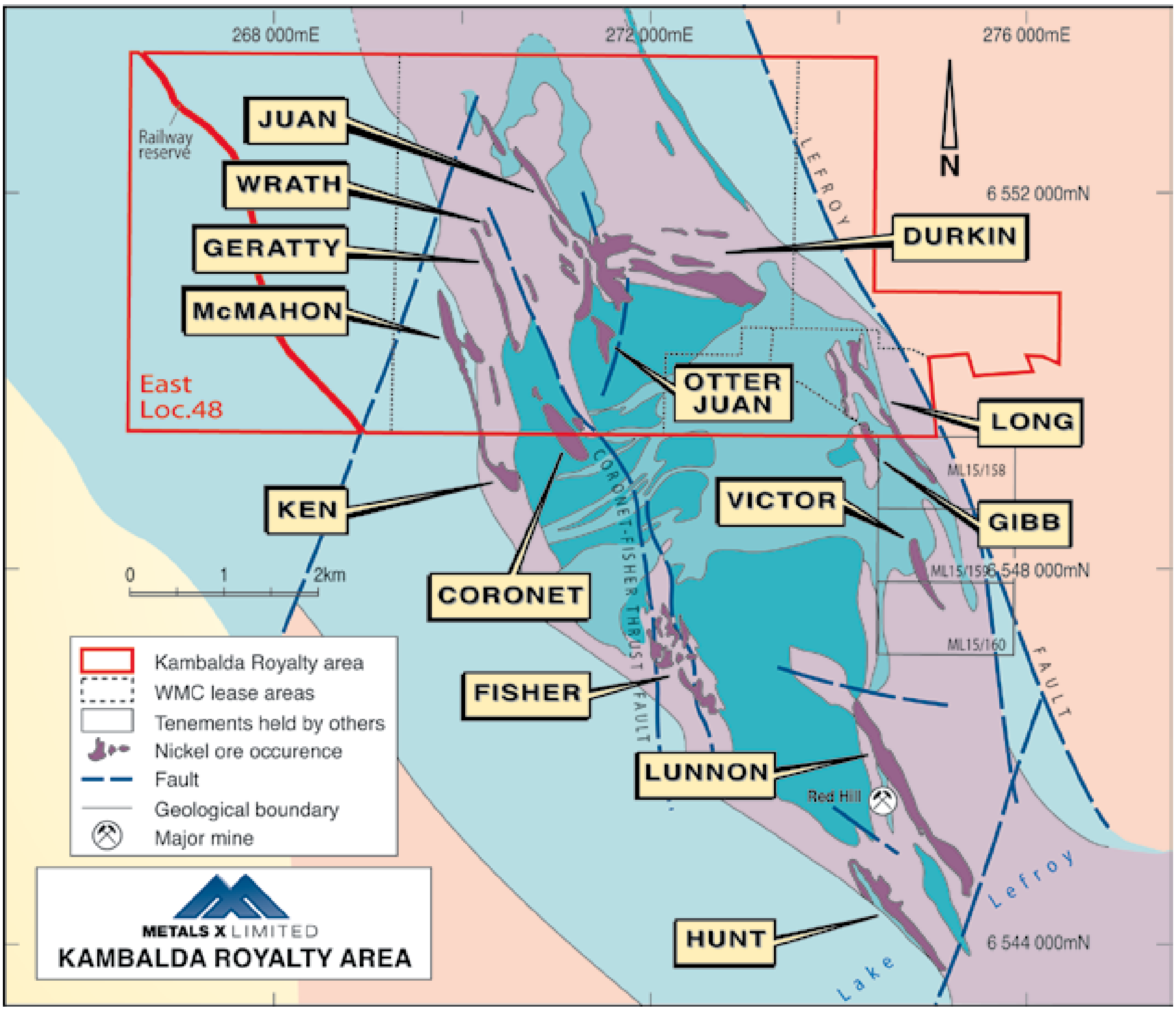


Figure 2:Kambalda East

The price received by Metals X is the lower of the LME Nickel Settlement Price Average or the LME Nickel 3 months seller average, both expressed in US dollars and then converted back into Australian Dollars average of the Hedge Settlement rates for the months making up the quarter.

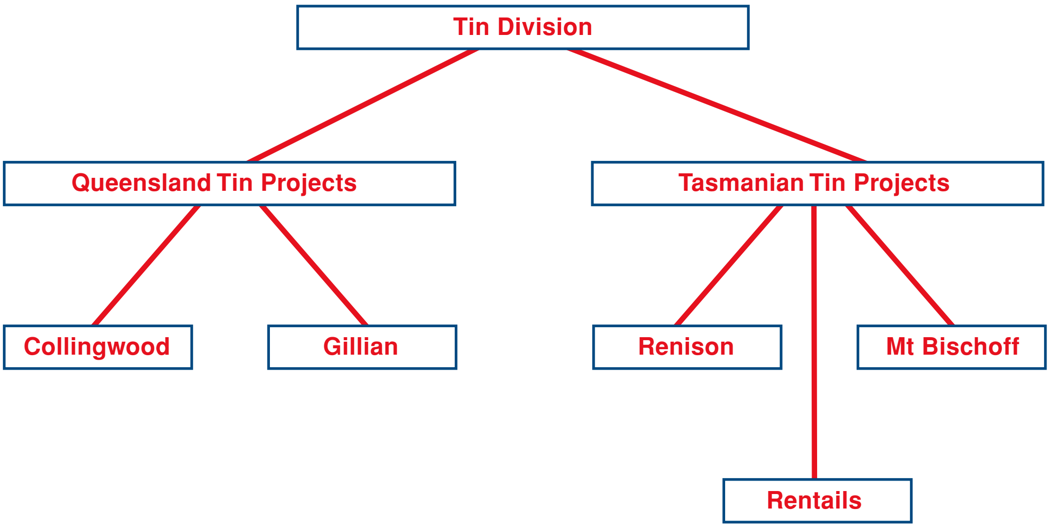
The Kambalda Royalty has a terminal date of 31 August 2009.

The production and financial summary of the royalty for the current financial year is summarised below:

KAMBALDA ROYALTY	2006/2007	19 Dec 2006 – 30 Jun 2007
Avg. Ni Price Received A$/tonne	$46,143	$52,591
Royalty Receipts	A$5.88 million	A$3.89 million

TIN DIVISION

Metals X's tin portfolio consists of Australia's largest and best known hard–rock tin mines and prospects. The Company is committed to bringing Australia's Tin industry from a zero base to a significant position in the world Tin industry.



The Company has two key project areas in the Tasmanian Tin Project located on the West Coast of Tasmania and the Queensland Tin Projects located in the historic tin fields of far North Queensland.

Queensland Tin Projects

The Queensland Tin Projects are the Collingwood Tin Mine in the Cooktown Tin Field in Far North Queensland and the Gillian and Windemere exploration projects near Mt Garnet.

Collingwood Tin Mine

The Collingwood Tin Project is 100% owned by Metals X and operated through its wholly owned subsidiary Bluestone Nominees Pty Ltd. The Collingwood Tin Project is located in Far North Queensland approximately 30km south of Cooktown.

The operation is the largest tin producer in Australia producing 3,249 tonnes of tin concentrate during the year at a grade of 59% Sn.

The operation is an underground hard rock tin mine with a three stage crusher and 45 tonne per hour mill and concentrator on the surface. Collingwood tin concentrate product is shipped to Malaysia for refining, smelting and sold on the Kuala Lumpur metal exchange. The operation employs a total of 100 people and contributes in excess of $10 million per annum to the local Cooktown economy.

Managing Director's Report (continued)

The Collingwood mineralisation is greisen style within granites. The mineralisation occurs as a series of close spaced sub parallel siliceous-sheeted greisen lodes that trend north-south and dip steeply east. Tin occurs within the lodes as granular, sub-spherical grains of cassiterite between 0.5mm and 2mm in diameter.

The Collingwood process plant consists of a 150 tph three stage crushing plant which includes a 42" x 30" Jaw crusher and two Symons 4 ¼" cone crushers. The concentrator has a nominal capacity of 45tph and consists of a ball mill, a coarse circuit and a fines scavenging circuit. Over 80% of the tin is recovered from the coarse circuit gravity plant consisting of spirals and shaking tables. The fines circuit consists of a Falcon Concentrator, Kelsey Jig and shaking tables.

The Collingwood ore treatment process uses water only in a generally closed circuit system.

Collingwood Project performance for the period to 30 June 2007 is summarised below:

Mining Production

Ore Hoisted	251,530 tonnes
Claim Grade	1.03 % Sn

Tin Concentrate Production

Tonnes Processed	251,130 tonnes
Grade	1.01 % Sn
Recovery to Conc.	75.9%
Concentrate Grade	59.0% Sn
Sn Metal Produced	1,917 tonnes Sn metal

The operational performance of the Collingwood mine was hampered by a slower than anticpated build up to full production and issues associated with extremely tight skilled labour and equipment availability. The mine has suffered from negative ore reserve reconciliations and excessive dilution during stoping. Significant re-evaluation of processes and functions associated with these matters and significant change has been implemented.

Managing Director's Report (continued)

The Collingwood Tin project is located in an area with significant flora & fauna biodiversity, rainforest, a significant river system, and areas of Aboriginal and European heritage. The site operates under a detailed environmental management plan and strict operational policies with procedures to ensure the integrity of the environment associated with our operations is managed.

Gillian Tin Exploration Projects

The Gillian tin exploration projects sit within two MDL's (MDL 38 – Gillian and MDL 381 – Windemere). Both have been subject to historic tin scratching and past exploration.

Gillian is a tin project previously advanced in the mid 1970's by Renison Limited and later by Otter Exploration (1980's) and Tin Australia NL (2000's). Otter Exploration NL quote in their 1979 Annual Report that a deposit of 2.5 million tonnes grading 0.70% to 0.90% tin is indicated and is amenable to mining by open pit methods. There appears good potential to increase the size of the deposit, however the ore is metallurgically complex. Metals X has not included any part of Gillian prospects in its resource estimates. Metals X performed only preliminary field reconnaissance works on these prospects during the year.

Tasmanian Tin Projects

The Tasmania Tin Project is a consolidation of assets held by the Company in Tasmania. The key components are:

1. Renison Bell Mine;
2. Renison Tin Concentrator;
3. Mt Bischoff Tin Project;
4. Rentails Tin Project.

The Metals X – Tasmanian Tin Strategy is a strategic plan to generate maximum efficiency and shareholder value from Metals X's tin assets and infrastructure in Tasmania. These assets are held within a wholly owned subsidiary company, Bluestone Mines Tasmania Pty Ltd.

The assets are the cornerstone of Tasmania's and Australia's hard-rock tin history and have been large long-life mines with considerable history and infrastructure.

The Tasmanian Tin Strategy outlines a development plan to consolidate the tin production assets into an integrated project by the addition of downstream tin fuming capacity. The development steps in chronological order are as follows:

1. Re-start the Renison Project with ores sourced from the Renison Bell underground mine and the Mt Bischoff open pit, with the re-commissioning of the Renison Tin Concentrator.
2. The completion of a definitive feasibility study on the Rentails Project.
3. The construction of the Rentails tailings re-treatment "Tin Fumer" project.
4. The integration of tin fuming within the Renison Tin process route.
5. The extension of project life for the tin fumer plan by integration of other tin ores and known stannite rich ores into the process.

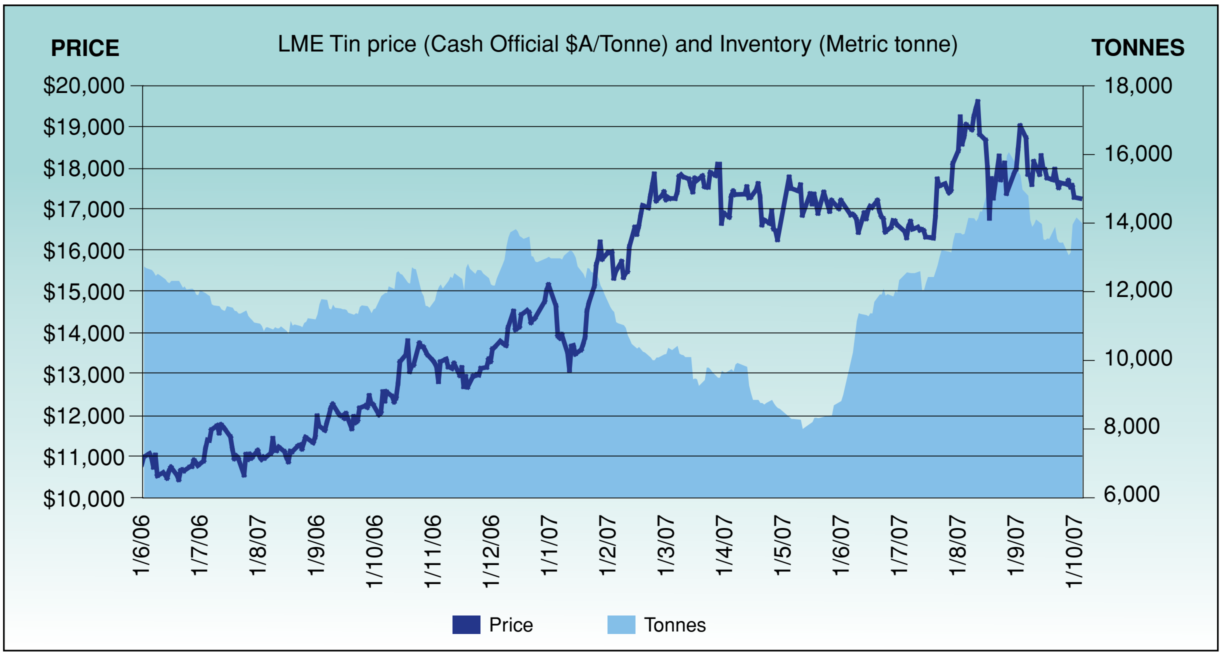
Renison Bell Mine, Tin Concentrator & Infrastructure

The Renison Bell Mine remained on care and maintenance during the year awaiting both a rise in world tin prices and the statutory approval for mining to commence at the Mt Bischoff open pit.

The objective during care and maintenance has been to ensure there has been no significant loss in value of the existing Renison assets and to allow for minimal required refurbishment of equipment and infrastructure prior to planned recommencement of operations. The care and maintenance activities include the continuation of water and sludge pumping, maintenance activities underground, and for surface fixed plant, infrastructure, and statutory/regulatory systems.

World Tin prices have since recovered strongly and the Company has commenced planning and preparation for the re-start of the Renison Project.

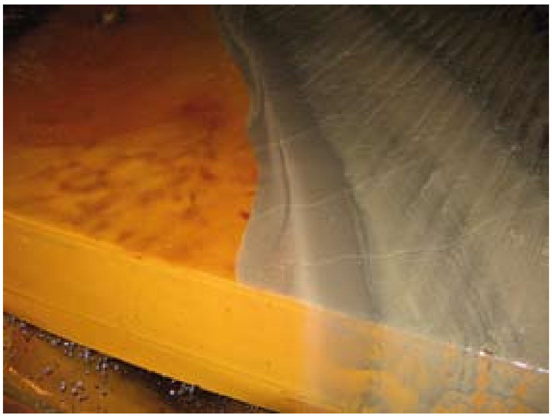
The re-start strategy recognises the importance of operating the project at full plant capacity from commencement due to the inherent tin concentrator dynamics. To obtain operating efficiency, the concentrator must operate at or near the concentrator's full capacity of approximately 60,000 tonne of ore feed per month.



Ore is planned to be sourced from both the Renison Bell underground mine and the proposed Mt Bischoff open pit mine.

A substantial appraisal of the tin concentrator plant has been completed and minor modifications and additions to the plant are planned to improve process efficiencies.

The operating strategy at re-start will see a progressive build up of stockpiles from open pit and underground mining prior to plant re-commissioning to ensure optimal operational conditions for the start-up of the concentrator. The pre-start build-up at site prior to plant commissioning including the procurement and training of all staff and operators is anticipated to take approximately 5 months. The underground mining is anticipated to be performed as owner-operator for the majority of functions.



A detailed operating plan for the first three years of production after re-start has been generated and it is expected the project will operate at an average production rate of 8,000 tonnes of tin metal per annum with cash operating costs below A$10,000 per tonne.

Mt Bischoff Tin Mine

The project is situated approximately 80km north of Renison. Mt Bischoff will be integrated into the Renison Project and will provide ore feed to enable the Renison Tin Concentrator to operate at full capacity in the ensuing three years while additional development and production capacity from the Renison Bell Mine is implemented. Mt Bischoff contains a moderately sized open pit resource and an advanced exploration project with considerable potential for additional tin discovery and mining.

Current mining reserve estimates (30 June 2006) are 742,000t at 1.23% Sn within a larger resource base of 1,903,000t at 0.96% Sn.

The Company has recently received the Land Use Permit from the Waratah-Wynyard Council which incorporates all the environmental conditions applicable to mining at Mt Bischoff and has also converted the Retention Licence to a Mining Lease. It is expected that mining will commence before the end of 2007.

Rentails Tin Project

The Rentails Project involves the use of modern processing methods and technology to recover and re-process decades of tin-bearing residues and tailings from tailings storage facilities at the Renison Tin Project. The total reserves in these tailings storage facilities amounts to approximately 18.176 million tonnes at 0.42% tin containing 76,643 tonnes of tin metal.

Pre-feasibility study estimates for Rentails conducted in 2005 suggest the economics are very sound with estimated tin production of over 5,000 tonnes per annum at an operating cost of approximately A$7,000 per tonne (current price $18,000). Capital cost estimates were A$53 million and the project life is estimated at 9 years.

The Rentails Project aims to recover 55% of this tin through the production of a low grade concentrate which will be treated through a tin fumer to produce a final product containing approximately 68-70% tin.

Reclaiming of the ore for re-processing is planned by dredging methodologies.

The proposed 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 Company has completed and achieved all metallurgical milestones during the year. Scale up processing and pilot testing of grinding and flotation stages have been completed. A 300 tonne trial to validate the process and produce concentrate for fumer testing commence subsequent to year end. Metals X has taken delivery of two "high G" gravity units to complete the programme which will take place in October 2007.

Fumer trials are scheduled for completion before year end and the detailed engineering and feasibility works will commence thereafter.

INVESTMENTS

Metals X completed the merger between Bluestone Tin Limited and Metals Exploration Limited at the end of 2006. One of the key objectives of the merger was to create a diversified exploration and development group. As a first move post-merger in implementing this strategy, Metals X has acquired a 22.39% stake in Westgold .

Subsequent to year end, Metals X made an additional investment in Aragon acquiring a direct 12.77% interest and by virtue of its relevant interest in Westgold a voting entitlement of 54.4% in Aragon. Westgold holds a direct interest of 41.67% in Aragon.

Mr Cook and Mr Okeby are non-executive Directors of Westgold and Mr Cook is a non-executive Director and Chairman of Aragon. Mr Paul Benson, a former employee of Metals X has been appointed CEO of Aragon.

Westgold

Through its controlling interest in Westgold, Metals X gains significant exposure to exciting exploration projects within the Tennant Creek region of Australia's Northern Territory.

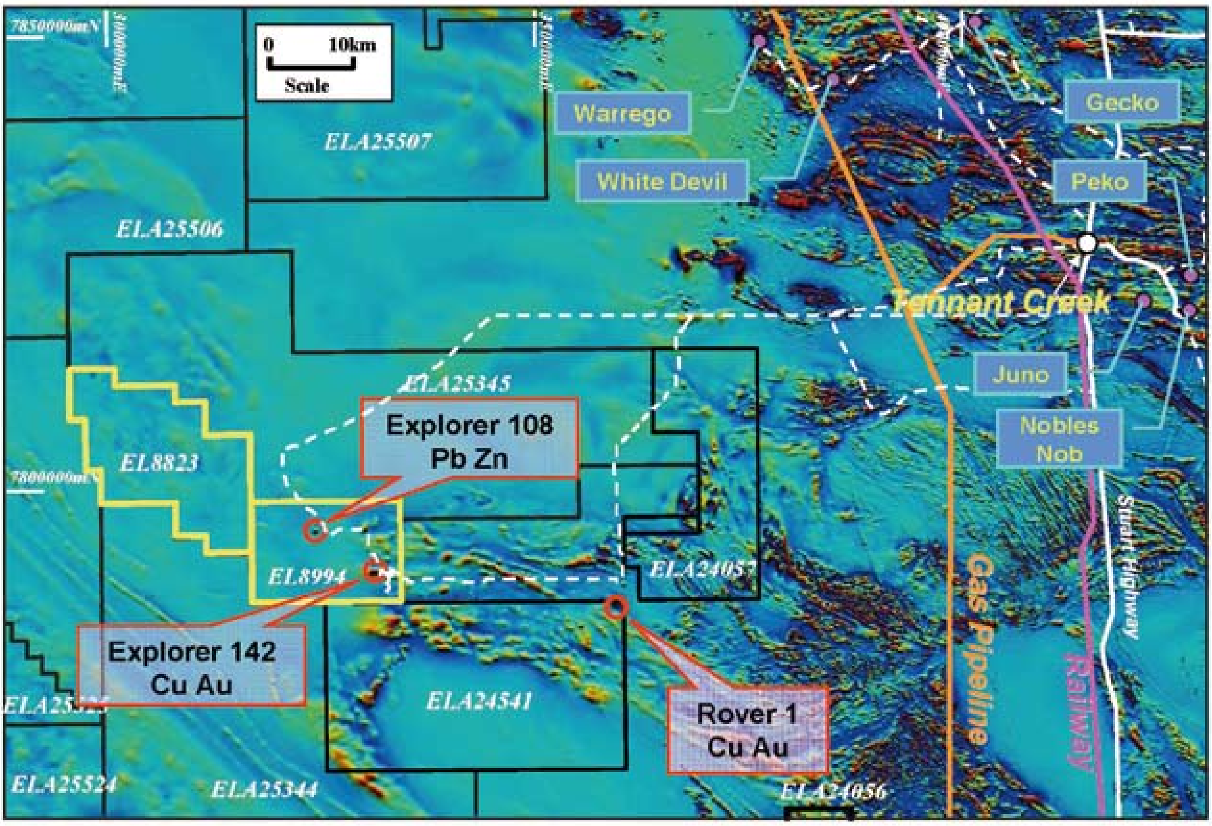
Westgold is an explorer of lead & zinc and iron-oxide copper-gold systems in the Tennant Creek region of the Northern Territory.

It has two key prospects that shape as potential mines as well as a large portfolio of exploration targets. The two key projects are Explorer 108 and Rover 1. Brief summaries of each are provided:

Rover 1 – IOCG Copper-Gold

Rover 1 is a major gold and copper rich ironstone system where historical drilling has already intersected significant mineralisation. The historical drilling has outlined the potential for a large pipe-like ironstone body over 100 metres wide and more than 200 metres in strike length. The ironstone body has been interpreted from geophysical data to be up to 10Mt in size.

The historical drilling only focused on a small section of the interpreted ironstone body but results show that the body contains at least 3 sub vertical copper lodes containing 1 to 2% Cu and 0.5 to 3g/t Au. These lodes vary from 5 to 30 metres wide. In addition to the copper several holes intersected a zone of intense chlorite alteration containing very high grade gold over 10g/t, previous results have included 22m at 13.4g/t Au + 1.3% Cu, 9m at 10.1g/t Au + 1.3% Cu and 3m at 14.1g/t Au 4.1% Cu.



The Rover 1 system has many of the characteristics of the large Warrego mine near Tennant Creek where over 0.5Moz of high-grade gold averaging 20g/t was discovered in two distinct pods during mining of the much larger copper rich ironstone system.

Exploration at Rover 1 has been delayed by the process of finalising an Exploration Agreement with the Central Land Council on behalf of the Traditional Owners of the area and the grant of title.

Explorer 108

Drilling at Explorer 108 has defined mineralisation known to extend over an area of at least 250 metres north-south by 200 metres east-west. The mineralisation is hosted in a 200 to 300 metre thick hydrothermal alteration zone consisting of brecciated dolomite and, sheared and brecciated acid volcanics. The mineralisation remains open to the north, west and south but is closed off to the east by an un-mineralised felsic porphyry unit. The mineralisation is also still open at depth.

The large alteration system is mineralised throughout with broad (100m+) intervals grading 2 to 5% Zn + Pb, but importantly contains a number of high grade lenses up to 60 metres 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. This basal dolomite zone has a shallow easterly dip and has been traced laterally over 75% of the known alteration system. It has an estimated thickness of 30 to 60 metres with average grades of 7% to 10% Zn + Pb and generally contains a high grade core of 5 to 20m thickness grading 10 to 15% Zn + Pb.

Outside of this basal dolomite zone drilling has intersected numerous other high grade zones both, in the upper dolomite and in the lower acid volcanic sequence. These zones range in thickness from several metres up to 30 metres with average grades from 7% to 15% Zn + Pb. Typically the high grade zones within the lower volcanics contain elevated gold grades over 1g/t and some anomalous copper.

The recent discovery of anomalous copper above and below the zinc mineralisation in hole NR108D-009 along with increasing gold grades seen within the zinc mineralisation to the north suggests the Explorer 108 mineralisation may be part of a larger zoned polymetallic system. Based on the drilling to date the Explorer 108 Prospect has the potential to be much larger than other known mineralised systems in this region.

Aragon

Aragon holds a large portfolio of gold nickel and uranium assets in Western Australia. The key of these is a +2000 sq. km land position covering highly prospective gold and uranium tenure in the Yandal Gold Belt. This package was accumulated and generated by AngloGold over many years in the early 2000's and was acquired after AngloGold cut its funding for Australian gold exploration in 2005.

Aragon completed its IPO raising $8.75 million and listing on the ASX on 10 August 2007. Metals X holds a direct 12.8% of Aragon and by virtue of its 22.4% shareholding in Aragon's major shareholder, Westgold Resources NL, Metals X asserts a deemed control over 54.4% of the voting rights of Aragon.

IDENTIFIED MINERAL RESOURCES & MINING RESERVES ESTIMATES

Identified Mineral Resource Estimate ("IMR") – Consolidated

as at 30 June 2007

TIN DIVISION

	Tonnes (kt)	Grade (%Sn)	SN Metal (t)
Measured			
Renison Bell	625	1.89	11,832
Mt Bischoff	5370	0.79	4,242
Rentails	18,176	0.42	76,643
Collingwood	104	1.58	1,653
Sub-total	**19,442**	**0.48**	**94,370**
Indicated			
Renison Bell	1,396	2.02	28,245
Mt Bischoff	1,139	1.06	12,073
Rentails	–	–	–
Collingwood	435	1.29	5,631
Sub-total	**2,970**	**1.55**	**45,949**
Inferred			
Renison Bell	2,351	2.04	47,998
Mt Bischoff	227	0.86	1,952
Rentails	–	–	–
Collingwood	438	1.10	4,834
Sub-total	**3,016**	**1.82**	**54,784**
TOTALS			
Renison Bell	4,372	2.01	88,075
Mt Bischoff	1,903	0.96	18,267
Rentails	18,176	0.42	76,643
Collingwood	977	1.24	12,118
Total I.M.R.	**25,428**	**0.77**	**195,103**

IDENTIFIED MINERAL RESOURCES & MINING RESERVES ESTIMATES (continued)

Mining Reserves Estimates – Consolidated

as at 30 June 2007

TIN DIVISION

	Cut-off %	Tonnes (kt)	Grade (%Sn)	SN Metal (t)
Proved Reserves				
Renison Bell	0.80%	373	1.64	6,105
Mt Bischoff	0.50%	–	–	–
Rentails	0.00%	–	–	–
Collingwood	0.70%	103	1.28	1,318
Sub-total		**476**	**1.56**	**7,423**
Probable Reserves				
Renison Bell	0.80%	642	2.50	16,075
Mt Bischoff	0.50%	742	1.23	9,127
Rentails	0.00%	18,176	0.42	76,643
Collingwood	0.70%	413	1.12	4,632
Sub-total		**19,973**	**0.53**	**106,477**
Total Mining Reserves				
Renison Bell	0.80%	1,015	2.18	22,180
Mt Bischoff	0.50%	742	1.23	9,127
Rentails	0.00%	18,176	0.42	76,643
Collingwood	0.70%	516	1.15	5,950
Total		**20,449**	**0.56**	**113,900**

*Reserves are a sub-set of the IMR estimate

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves within the Tin Division is based upon information compiled by Brett McMahon (BSc (Geology) MAusIMM). Mr McMahon is a full-time employee of the company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 McMahon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

NICKEL DIVISION

Wingellina Project	Cut Off Grade	Million Tonnes (Mt)	Grade (%Ni)	Grade (%Co)	Grade (%Fe_2O_3)
Measured	0.5% Ni	56.9 Mt	0.98	0.077	47.9
Indicated	0.5% Ni	125.5 Mt	0.94	0.073	45.4
Inferred	0.5% Ni	30.8 Mt	0.95	0.070	44.5
Total I.M.R	**0.5% Ni**	**213.2 Mt**	**0.95**	**0.074**	**45.9**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based upon information compiled by Richard Coles (BSc (Geology) M.AusIMM) and Peter Ball (BSc (Geology) M.AusIMM) Richard Coles is a full time employee of Metals X Limited. Peter Ball is not a full time employee of the Company and is employed by geology and mining consultants DataGeo Geological Consultants. Both Mr Coles and Mr Ball have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to duly qualify as a Competent Person as defined in the 2004 Edition of Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Both Mr Coles and Mr Ball consent to the inclusion in the report of the matters based upon their information in the form and context to which it appears.

Director's Report

The directors submit their report together with the financial report of Metals X Limited formerly Bluestone Tin Limited ("the Company") and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2007.

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 John Newton – *Chairman*
Mr Newton was a stockbroker for 25 years until 1994. Since then he has been a significant participant in the Australian resource industry as an investor and a director of a number of listed companies. In recent years he has been the Chairman of both Hill 50 Limited and Abelle Limited. Mr Newton also the Chairman of the Company's Remuneration Committee.

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

- Lynas Corporation Ltd (Appointed 24 November 2004 – Resigned 8 December 2005); and
- Metals Exploration Limited** (Appointed 14 June 2004).

Peter Gerard Cook – *Managing Director*
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 and the Managing Director of Abelle 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 NL and the Chairman of Aragon Resources Limited.

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

- Metals Exploration Limited** (Appointed 14 June 2004);
- Westgold Resources NL* (Appointed 19 March 2007); and
- Aragon Resources Limited* (Appointed 18 May 2007).

Warren Shaye Hallam – *Executive 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 and previously worked for WMC Resources Ltd ("WMC"). In his last position with WMC, he was Group Manager – Corporate Planning and Strategy.

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

- Metals Exploration Limited** (Appointed 14 June 2004).

Donald Mark Okeby – *Non-Executive Director*
Mr Okeby has considerable experience in the resources industry both as a Solicitor and as a director of listed companies. He holds an LLM. In recent years he has been an Executive Director of Hill 50 Limited, Abelle Limited and a non-executive director of Lynas Corporation Ltd. He is presently a director of Westgold Resources NL. Mr Okeby 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:

- Lynas Corporation Ltd (Appointed 24 November 2004 – Resigned 8 December 2005);
- Metals Exploration Limited** (Appointed 14 June 2004); and
- Westgold Resources NL* (Appointed 19 March 2007).

Michael Leslie Jefferies – *Non-Executive Director (Appointed 29 December 2006)*
Mr Jefferies is an executive of Guinness Peat Group plc ('GPG'). He is a director of Tower Australia Group Limited, Tower Limited and Chairman of TAFMO Limited. He has extensive experience in finance and investment, including 15 years as an executive of GPG. He is a chartered accountant and holds a B. Comm. Mr Jefferies also serves on the Company's Audit Committee.

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

- Metals Exploration Limited** (Appointed 14 June 2004);
- Australian Wealth Management Limited (Appointed 29 October 2004 – Resigned 24 April 2007);
- Tower Australia Group Limited* (Appointed 8 August 2006); and
- Tower Limited* (Appointed 14 December 2006).

Donald James Head – *Non-Executive Director (Appointed 29 December 2006)*
Mr Head is a metallurgist with more than 30 years experience in the mining industry. He has held several senior management positions with WMC Resources Limited, including a number of years as the manager of the Kwinana Refinery. He is a member of the Australian Institute of Mining and Metallurgy and currently runs his own metallurgical consulting business providing services to several mining and construction groups. In recent years he has been a Non-Executive Director of Tectonic Resources NL, Abelle Limited and Acclaim Exploration NL. Mr Head also serves on the Company's Remuneration Committee.

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

- Acclaim Exploration NL (Appointed 1 December 2003 – Resigned 27 March 2006).

* denotes current directorship.
** Metals Exploration Limited was delisted by the ASX on 17 January 2007 subsequent to the merger with the Company.

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 31 December 2008 exercisable at $0.20	Options expiring on 30 June 2009 exercisable at $0.25	Options expiring on 30 April 2010 exercisable at $0.34
P J Newton	66,219,002	14,634,001	3,162,500	–
P G Cook	67,296,200	14,513,200	3,000,000	–
D M Okeby	49,737,501	8,987,500	2,755,000	–
W S Hallam	6,350,000	200,000	1,125,000	–
M L Jefferies	2,700,000	–	–	–
D J Head	350,000	100,000	150,000	400,000
Total	192,652,703	38,434,701	10,192,500	400,000

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 15 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 7 for available franking credits.

PRINCIPAL ACTIVITIES

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

- exploration for and the mining, treatment and marketing of Tin concentrate in Australia;
- exploration for Nickel in Australia;
- development and construction of tin mine projects; and
- the ownership of Nickel mining royalty rights.

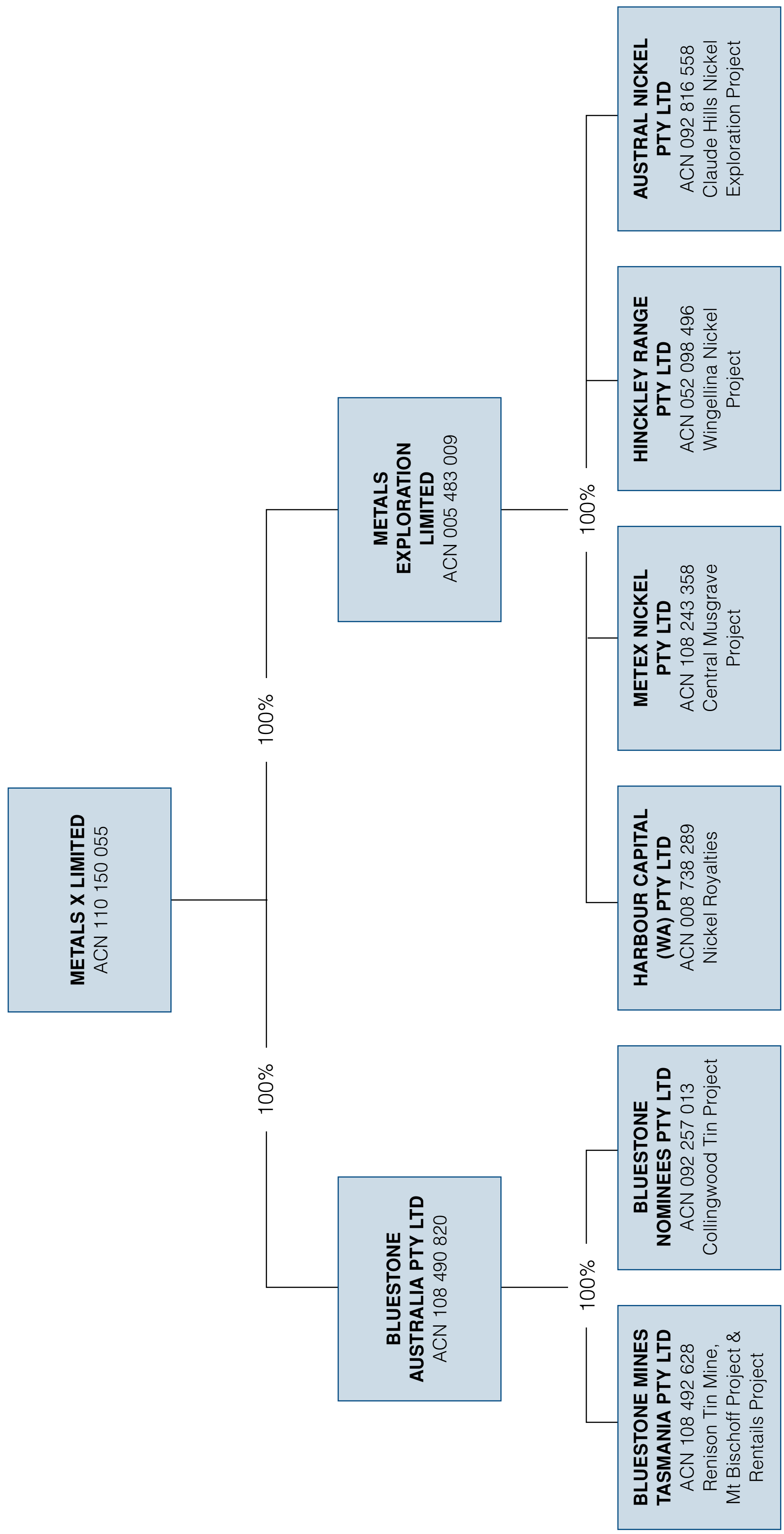
The principal activities of the Consolidated Entity changed significantly during the year with the addition of nickel assets through the acquisition of Metals Exploration Limited.

EMPLOYEES

The Consolidated Entity employed 132 employees at 30 June 2007.

CORPORATE INFORMATION

Corporate Structure



OPERATING AND FINANCIAL REVIEW

Group Overview

Metals X Limited (formerly Bluestone Tin Limited) (the "Company"), was incorporated on 23 July 2004 in Western Australia.

On 19 December 2006 the Company completed the merger with Metals Exploration Limited by way of a Scheme of Arrangement. The merger has further diversified the Company's resource assets. It has resulted in a larger single company with revenue from royalties and mining operations and a pipeline of large scale resource projects in both nickel and tin.

On 2 January 2007 the Company changed its name to Metals X Limited to reflect the diversified nature of the new business. On 9 January 2007 the Company commenced trading on the ASX under its new trading code MLX.

Review of Financial Position

Share issues during the year

Share Placements

The Company allotted and issued 38,840,000 shares at 17 cents each on 12 September 2006 pursuant to a placement to raise an amount of $6,602,800 and contributed equity increased by $6,468,308 after costs of capital raising of $134,492. Pursuant to the placement the Company also allotted 2,000,000 options as a placement fee exercisable at 25 cents each, expiring on 12 September 2009.

The Company allotted and issued 117,000,000 shares at 28 cents each on 3 May 2007 pursuant to a placement to raise an amount of $32,760,000 and contributed equity increased by $32,381,054 after costs of capital raising of $378,946.

Acquisition of Metals Exploration Limited

On 19 December 2006 Metals X Limited acquired 100% of the voting shares of Metals Exploration Limited by way of a Scheme of Arrangement ("the Scheme"). Under the terms of the Scheme, Metals Exploration Limited shareholders received five Metals X Limited shares for every one share held. Metals X Limited issued 289,260,975 shares, 15,000,000 options exercisable at 15 cents each expiring on 31 May 2007 and 1,750,000 replacement options exercisable at 22 cents each expiring on 31 January 2010. Refer to note 30 (Business Combination) for more details.

Convertible Notes

On 29 December 2006 convertible note holders converted 66,000,000 convertible notes into equity. For every note held the note holders received one share and one option exercisable at 20 cents each, expiring on 12 February 2010. The note conversion resulted in a decrease in the Company's debt by $10,792,414.

Option Conversions

During the year optionholders converted 15,816,400 options into ordinary shares increasing equity by $2,419,530 (refer to page 32 for details).

Liquidity and Capital Resources

The consolidated cash flow statement illustrates that there was an increase in cash and cash equivalents in the year ended 30 June 2007 of $27,027,949 (2006: $14,732,459 decrease). The increase in cash inflow in comparison with the prior year is caused by a number of factors. Financing activities generated $43,557,576 (2006: $33,281,264) of net cash in-flows. This increase in comparison to 30 June 2006 is largely due to the placement of 117,000,000 shares to Jinchuan Group Limited for $32,381,054 after capital raising costs. This net increase in cash flows from financing activities has been further enhanced by a net decrease in the amount of cash used for investing activities $6,219,169 (2006: $31,199,969), which was mainly attributable to the completion of the construction of the Collingwood Project.

There has also been a decrease in the amount of cash used for operating activities $10,310,458 (2006: $16,813,754), which is largely due to a decrease in expenditure associated with the Renison project (now under care and maintenance) and an increase in revenue from nickel royalties and tin concentrate sales from the Collingwood Tin Project.

The Consolidated Entity's debt has decreased by $9,512,466 over the last year, mainly due to the conversion of all convertible notes into equity. Of the Consolidated Entity's debt, 42% is repayable within one year of 30 June 2007, compared to 8.5% in the previous year.

Capital Expenditure

There has been a decrease in cash used on capital expenditure for 30 June 2007 to $6,219,169 from $31,199,969 in the year ended 30 June 2006. Further capital commitment of $325,890 existed at the balance sheet date, principally relating to upgrade of crushing facilities and mining equipment at the Collingwood Tin Project.

Operating Results

The consolidated operating loss after income tax of the Consolidated Entity attributable to members for the period was $2,734,841 (2006: $22,632,123), down by 88% as compared to the previous year. This result reflects an increase in income from nickel royalties and tin concentrate sales and the recognition of an income tax credit of $20,962,959 (2006: nil) relating to carried forward losses recognised following the acquisition of Metals Exploration Limited. This was offset by the delayed start up of the Collingwood Tin Project, care and maintenance costs at Renison and the movement in fair value of the option pool associated with the convertible note (embedded derivate) prior to conversion which contributed $2,554,200 (2006: 2,998,000 profit) to the net loss.

REVIEW OF OPERATIONS

The key activities of the Consolidated Entity are listed below:

TIN PROJECTS

The Company has two projects focused upon the production of tin concentrates. The projects are:

1. **Tasmanian Tin Strategy**
   - Renison Tin Project
   - Mt Bischoff Tin Project
   - Rentails Tin Project
   - Tasmanian Tin Exploration
2. **Far North Queensland Tin Strategy**
   - Collingwood Tin Project
   - Gillian and Windemere Tin Projects

TASMANIAN TIN STRATEGY

Renison Tin Project

The Renison Tin Project is located approximately 15km NE of Zeehan on Tasmania's West Coast. It incorporates the historic Renison Bell Mine and process plant, which has produced over 200,000 tonnes of tin and has a history of over 100 years of tin mining. The project was re-fitted and refurbished during 2004/2005.

The Renison Project is built around the Renison Bell underground mine and the Renison Tin Concentrator. These were both extensively refurbished during the 2005 financial year and operated until October 2005 before being placed on care & maintenance due to low tin prices. They remain on an advanced state of care & maintenance during the financial period in preparation for a re-start.

The Mt Bischoff Tin Project is located approximately 80km north of the Renison Project. Mt Bischoff contains a moderately sized open pit resource and an advanced exploration project with considerable potential for additional tin discovery and mining.

It is planned to mine Mt Bischoff ore by open-cast techniques and cart it by road-train to the Renison Tin Concentrator where it will be blended with feedstock from the Renison Bell Mine. This will allow the Renison Tin Concentrator to operate at full capacity on start-up and in the ensuing three years while additional underground development and production capacity from the Renison Bell Mine is implemented.

During the financial year the Company advanced its preparations for the re-commencement of the Renison Tin Project. A critical component to the re-start is the approval of mining at Mt Bischoff which is anticipated to be obtained towards by the end of October 2007.

The major activities completed during the year apart from standard care & maintenance works were improvements to underground dewatering infrastructure and further progress in the dewatering of the Renison decline to below the 1500m level. Old infrastructure has been demolished making way for a significant ore stockpile area for the storage of open pit ores from Mt Bischoff prior to processing. Also detailed logistical matters, personnel and equipment procurement commenced.

The net operating loss after income tax for the Renison Project for the financial year was $3,786,991 compared to $12,749,331 for the previous year. The operating loss for the previous year is significantly higher due to the operating losses incurred prior to the project being placed on care and maintenance.

There was no revenue from tin concentrate sales from the Renison Project for the financial year compared to $10,701,723 in the previous year. This decrease was due to the project being placed on care and maintenance.

Rentails Tin Project

The Rentails project is aimed at the re-processing and recovery of tin from an estimated 18.17 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 0.42% tin.

A pre-feasibility study was completed in 2005, which concluded that a viable project development could be established. The principle of the process is to generate a low grade concentrate by reprocessing of the tailings which is upgraded by a downstream tin fumer to a saleable 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.

During the year the scale-up processing of the sulphide flotation circuit was successfully completed and a 300 tonne trial commenced. The key objectives of the trial were to validate the process and to produce a sufficient amount of concentrate to perform tin fuming trials.

Subsequent to the end of the financial year the pilot stages of grinding and sulphide flotation were completed without issue and continue to meet all expectations. The Company has also now taken delivery of two High G gravity machines to complete the scaled up gravity recovery parts of the process. Fuming trials are scheduled to be commence in the last quarter of 2007 and a schedule to complete engineering and feasibility studies by the end of March 2008.

Tasmanian Tin Exploration

The planning of underground tin exploration programs coincident with the ensuing re-start of the Renison project has now commenced.

A program of Reverse Circulation drilling at Mt Bischoff aimed at extending the existing resource at Mt Bischoff and exploring for additional tin mineralisation commenced in September 2007.

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.

Mine production had a slow start to the financial due to delays in completion of the primary vent and emergency egress shaft. This delayed the completion of development and the onset of mine production from ore stoping.

Also during the financial year, mine production was hampered by labour and equipment issues associated which impacted on the ore production. Mine production was further impacted by scheduling variations which saw production from lower grade stopes and unplanned stope dilution. Significant changes in mining practices and methodologies were made toward the end of the year and mine productivity began to show improvement.

The tin concentrator plant has performed at operating capacity, although it has been somewhat constrained by mine performance during the year and the operating costs have been higher.

The net operating loss after income tax for the Collingwood Project for the financial year was $15,963,251 compared to $9,717,772 for the previous year. The operating loss for the current year is higher due to the mine production constraints and the impairment of mine properties and development assets of $6,493,315 (2006: Nil). Revenue from tin concentrate sales was $25,588,717 for the period compared to $2,353,329 sales in the previous year.

Collingwood Project performance for the period to 30 June 2007 is summarised below:

Mining Production

Ore Hoisted	251,530 tonnes
Grade	1.03 % Sn

Tin Concentrate Production

Tonnes Processed	251,130 tonnes
Grade	1.01 % Sn
Recovery to Conc.	76%
Concentrate Grade	59% Sn
Sn Metal Produced	1,917 tonnes Sn metal
Sn Metal Sales	1,686 tonnes Sn metal

Gillian & Windemere Tin Prospects

The Gillian tin prospect is located approximately 7 km southwest of the township of Mt Garnet and the Windemere tin prospect is located approximately 30 km northeast of the township of Mt Garnet, which is 420 km south of the Collingwood Tin Project. The Company acquired the Gillian and Windemere tenements in May 2005 from Virotec international Limited. The prospects were advanced in the mid 1970's by Renison Limited and later by Otter Exploration (1980's) and Tin Australia NL (2000's). Otter Exploration quote in their 1979 Annual Report that a deposit of 2.5 million tonnes averaging grades of 0.70% to 0.90% tin is indicated and is amenable to mining by open pit methods. They also stated that there is good potential for significantly increasing the size. The data suggests that the ore is complex metallurgically but good recovery by fuming may be achieved.

The Company has only completed preliminary reviews on both the Gillian and Windemere Prospects during the financial year.

NICKEL PROJECTS

On 19 December 2006 the Company acquired all of the shares of Metals Exploration Limited by way of a scheme of arrangement. Through this merger the Company acquired the following two nickel assets:

1. **Nickel Royalty Portfolio**
   - Mt Keith Royalty
   - Kambalda Royalty
   - Kingston Royalty
2. **The Central Musgrave Project**
   - Wingellina Nickel Prospect
   - Regional Nickel Sulphide Exploration
   - Regional Nickel Limonite Exploration

NICKEL ROYALTY PORTFOLIO

Mt Keith Royalty

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

Kambalda Royalty

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 over several mining operations, which includes part of the Long and all of the Otter/Juan mines. This royalty expires on 31 August 2009.

Kingston Royalty

The Kingston Royalty is a 0.375% production royalty covering approximately 100 sq. km's 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.

Royalty project performance for the period to 30 June 2007 is summarised below:

Royalty	$
Mt Keith	3,801,072
Kambalda	3,890,508
Kingston	–
Total	7,691,580

The net operating profit for the Royalty Portfolio for the financial year was $7,691,580 compared to nil for the previous year. This is the first year the Consolidated Entity has owned the Nickel Royalty Portfolio.

THE CENTRAL MUSGRAVE PROJECT

Wingellina Nickel Prospect

The Central Musgrave Project ("CMP") is located in the Musgrave ranges on the S.A./N.T./W.A. borders in central Australia and comprises four exploration licences covering an area of approximately 1,800 square kilometres. The Consolidated Entity has commenced feasibility and development studies for the project.

The key geological feature of the CMP is the Wingellina layered intrusive complex. This feature exposes layered ultramafic stratigraphy of the Giles Complex which is prospective for nickel, cobalt and platinum group metals. The complex consists of a series of stacked sills and dykes of mafic, ultramafic and anorthositic composition that were intruded at successively shallower crustal levels.

Metallurgical test-work results received during the financial year indicated recoveries of 92 – 96% for both nickel and cobalt from the HPAL phase. The test-work results have significantly improved upon the scoping study estimates. Metallurgical test-work required to validate the metallurgical is currently in progress, after which continuous piloting will take place in early 2008.

As part of the feasibility and development studies a number of additional technical assessments have commenced during the period. These include:

- Mine Planning and scheduling;
- Infrastructure and services study; and
- Hydrological and process water procurement studies.

Regional Nickel Sulphide Exploration

During the period the Consolidated Entity commenced its search for Nickel Sulphides within the layered intrusive complex. Reconnaissance RAB drilling and ground electro-magnetics programs commenced.

In the Giles Layered complex, primary mineralisation occurs in three known styles:

1. Primary (magmatic sulphide) Nickel-Copper-PGE's, as occurs at the Nebo and Babel discoveries of BHP Billiton (ex WMC), near Jamieson;
2. Secondary (oxide) Nickel-Cobalt mineralisation associated with the weathering of ultramafic rocks of the Giles Complex as at Wingellina; and
3. Vanadium and Titanium magnetite bands associated with the most fractionated and highly evolved portions of the gabbro-troctolite intrusions, as occur in the Jamieson Ranges.

Sulphur-saturation and the formation of copper-nickel sulphides can be triggered by contamination of the parental magma by the wall rock. Direct evidence of early contamination is seen at the Wingellina intrusion. The geochemical patterns in the Kalka intrusion, also within the CMP shows evidence of contamination in early stages. It is the basal contacts of the layered intrusives within the CMP that provides a vector in the search for nickel sulphides which will concentrate at the basal contact or trap sites within feeder structures below the intrusion (within the basement gneiss) through which magma entered the chamber that is the focus of the Consolidated Entity's nickel sulphide exploration.

Petrological studies of cores from the CMP have been studied by DOIR (Dept. of Industry and Resources) Geologists with numerous bands of disseminated sulphides (pyrrhotite and chalcopyrite) being identified within gabbroic rocks of the Giles Complex. The Company considers these finds to be significant as they suggest that sulphidation of the potential ore-bearing horizons of the Giles Complex mafic suite has occurred.

Regional Nickel Limonite Exploration

Within the tenure of the Central Musgrave Project, deep oxidation of the ultramafic units (predominantly dunites) that comprise the layered complex has resulted in the formation of substantial resources of iron-rich nickel-cobalt oxide mineralisation. Exposures of extensive ocherous clays in soils characterise the presence of outcropping nickel limonite mineralisation.

During the period the Consolidated Entity received all of the required clearances for the commencement of a drilling program to target approximately 15 holes across the Wingellina ore body for metallurgical and geotechnical testing. The initial drilling program will focus on the Beadell Zone which is located approximately 5 kms to the North of Wingellina on the northern side of the interpreted basement rock. A previous fence of RC holes had identified the presence of Nickel oxides with an intercept of 21m @ 1.05%Ni. Follow-up RAB drilling conducted late in 2006 was unsuccessful due to the presence of deep sands covering the area. Additional follow-up with RC drilling in this area is now underway.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased to $168,117,232 from $42,134,524, an increase of $125,982,708. The movement was largely as a result of increased contributed equity. Equity was used to finance the acquisition of the shares in Metals Exploration Limited ($71,088,151). A further $32,760,000 of capital before capital raising costs was raised through the placement of shares to finance project development and fund working capital.

The acquisition of Metals Exploration Limited has further strengthened the Consolidated Entity's financial position. This company has a strong income stream from nickel royalties and owns the world class Central Musgrave nickel project.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to year end on 30 July 2007 the Company purchased a 12.77% interest in Aragon Resources Limited ("Aragon"), which is an ASX listed exploration entity that owns gold, nickel and uranium assets in Western Australia. On 30 August 2007 the Company increased its interest in Westgold Resources NL ("Westgold") from 19.05% to 22.39%. Westgold is an ASX listed exploration entity which owns lead, zinc and iron-oxide copper-gold assets in the Tennant Creek region of the Northern Territory Through its controlling interest in Westgold the Company increased its relevant interest in Aragon Resources Limited to 54.44%.

On 6 September 2007 the Company issued 1,700,000 employee options pursuant to the Employee Option Scheme at an exercise price of $0.35 expiring 31 August 2011.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected that the Consolidated Entity will continue to receive income from its royalty assets, will continue its exploration, mining, treatment and marketing of tin concentrate in Australia, and its exploration and development of its nickel projects. These are described in more detailed 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:

- Provision of increased resources and 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 143,275,598 unlisted ordinary shares under option, as follows:

Type	Expiry Date	Exercise Price	Number
Unlisted **	30 June 2008	30 cents	650,000
Unlisted *	30 June 2009	25 cents	15,875,000
Unlisted *	12 September 2009	25 cents	2,000,000
Unlisted **	31 January 2010	28 cents	2,200,000
Unlisted **	31 January 2010	22 cents	1,625,000
Unlisted *	12 February 2010	20 cents	6,900,000
Unlisted **	30 April 2010	34 cents	400,000
Unlisted *	30 April 2010	34 cents	400,000
Unlisted **	30 June 2011	40 cents	4,700,000
Unlisted **	31 August 2011	35 cents	1,700,000
Listed *	31 December 2008	20 cents	106,825,598
Total			**143,275,598**

* 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. Further details of this scheme are provided in note 29 to the financial statements.

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

Date of option conversion	Number of options	Price per option	Expiry date	Increase in contributed equity
29 March 2007	12,000	20 cents	31 December 2008	2,400
26 April 2007	125,000	22 cents	31 January 2010	27,500
1 May 2007	2,400	20 cents	31 December 2008	480
7 May 2007	1,250,000	15 cents	31 May 2007	187,500
7 May 2007	75,000	25 cents	30 June 2009	18,750
8 May 2007	100,000	20 cents	12 February 2010	20,000
9 May 2007	3,750,000	15 cents	31 May 2007	562,500
11 May 2007	2,500,000	15 cents	31 May 2007	375,000
11 May 2007	450,000	20 cents	12 February 2010	90,000
17 May 2007	2,500,000	15 cents	31 May 2007	375,000
17 May 2007	2,500,000	15 cents	31 May 2007	375,000
17 May 2007	2,000	20 cents	31 December 2008	400
22 May 2007	2,500,000	15 cents	31 May 2007	375,000
24 May 2007	50,000	20 cents	12 February 2010	10,000
Total	**15,816,400**			**2,419,530**

Options granted to directors and named executives during the year

Non remuneration options issued to directors and named executives pursuant to the Metals Exploration Limited merger on 29 December 2006

30 June 2007	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
Directors									
P J Newton	2,500,000	29 December 2006	$0.100	$0.15	31 May 2007	29 December 2006	31 May 2007	2,500,000	100%
P G Cook	2,500,000	29 December 2006	$0.100	$0.15	31 May 2007	29 December 2006	31 May 2007	2,500,000	100%
D M Okeby	2,500,000	29 December 2006	$0.100	$0.15	31 May 2007	29 December 2006	31 May 2007	2,500,000	100%
W S Hallam	–	–	–	–	–	–	–	–	–
M L Jefferies	2,500,000	29 December 2006	$0.100	$0.15	31 May 2007	29 December 2006	31 May 2007	2,500,000	100%
D J Head	–	–	–	–	–	–	–	–	–
Executives									
P G Benson	–	–	–	–	–	–	–	–	–
A G Gasmier	–	–	–	–	–	–	–	–	–
S J Huffadine	–	–	–	–	–	–	–	–	–
I K Tan	–	–	–	–	–	–	–	–	–
F J Van Maanen	250,000	29 December 2006	$0.097	$0.22	31 January 2010	30 January 2007	31 January 2010	250,000	100%
Total	**10,250,000**							**10,250,000**	

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.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of the Consolidated Entity.

The Consolidated Entity is taking advantage of Corporations Regulation 2M.6.04 and as a result is presenting the disclosures required by AASB 124 Related Party Disclosures, paragraphs Aus 25.4 to Aus 25.7.2 in the Remuneration Report within the Directors' Report. These remuneration disclosures have been audited.

For the purposes of this report Key Management Personnel ("KMP") of the Consolidated Entity 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' encompasses the Managing Director, senior executives, general mangers and secretaries of the parent and the Consolidated Entity.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of 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 quality, high performing Board and executive team.

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

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.

Non-executive Director Remuneration

Objective

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.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was on the incorporation of the Company (23 July 2004) and the remuneration was set at $40,000 (excluding superannuation) per year for each non-executive director.

REMUNERATION REPORT (Audited) (continued)

The amount of aggregate remuneration and the fee structure is reviewed annually. 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.

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 non-executive directors are entitled to receive retirement benefits and to participate in any incentive programs.

The remuneration report for the non-executive directors for the year ending 30 June 2007 and 30 June 2006 is detailed in Table 1 and Table 2 respectively of this Report.

Executive Remuneration

Objective

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, there are no non-monetary benefits); and
- Variable remuneration (share options).

The proportion of fixed remuneration and variable remuneration for each executive for the period ending 30 June 2007 and 30 June 2006 are set out in Table 1 and Table 2.

Fixed Remuneration

Objective

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 in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

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 2007 and 30 June 2006 are set out in Table 1 and Table 2.

Variable Remuneration – Long Term Incentive (LTI)

Objective

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

Structure

LTI grants to executives are delivered in the form of shares options under the Metals X Limited Employee Option Scheme. The scheme has no direct performance requirements but has specified time restrictions on the exercise of options, which, indirectly has a market share price performance aspect to it. The granting of options is in

REMUNERATION REPORT (Audited) (continued)

substance a performance incentive which allows executives to share the rewards of the success of the Company. The share options will vest after one year 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.

Employment Contracts

Managing Director

The Managing Director, Mr Cook is employed under a daily rate employment contract. The current employment contract commenced on 1 June 2004. Under the terms of the present contract:

- Mr Cook receives $840 (excluding superannuation) per day for each day worked on behalf of the Company.
- Mr Cook 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 Cook'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 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.

Other Executive Directors

Mr Okeby was an Executive Director during the year and employed under a daily rate employment contract. Since the end of the year he has become a Non-Executive Director. Mr Okeby receives $840 (excluding superannuation) per day for each day worked on behalf of the Company. Mr Hallam is employed under an annual salary employment contract. 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 Executives (standard contracts)

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)

Details of Directors and Key Management Personnel

Name	Position	Date of appointment	Date of resignation
Directors			
P J Newton	Non-Executive Chairman	23 July 2004	–
D J Head	Non-Executive Director	29 December 2006	–
M L Jefferies	Non-Executive Director	29 December 2006	–
D M Okeby*	Non-Executive Director	23 July 2004	–
P G Cook	Managing Director	23 July 2004	–
W S Hallam	Executive Director	1 March 2005	–
Executives			
P G Benson	General Manager – Collingwood	1 April 2006	24 May 2007
A G Gasmier	General Manager – Collingwood	1 May 2007	–
S J Huffadine	Chief Operations Manager	11 June 2007	–
I K Tan	Executive General Manager	13 February 2006	31 May 2007
F J Van Maanen	Company Secretary	1 July 2005	–

* Mr Okeby acted in the role of Joint Company Secretary until his resignation on 31 July 2007. During the financial year Mr Okeby also acted as an Executive Director before becoming a Non-Executive Director, effective from 1 August 2007.

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2007

	Short Term	Post employment	Share-based Payment	Total	% Performance related
	Salary and Fees	Superannuation	Options		
Non-executive directors					
P J Newton	40,000	3,600	–	43,600	–
D J Head	20,000	1,800	–	21,800	–
M L Jefferies	20,000	–	–	20,000	–
Sub-total non-executive directors	80,000	5,400	–	85,400	
Executive directors					
P G Cook	216,501	19,485	–	235,986	–
W S Hallam	125,000	11,150	–	136,150	–
D M Okeby	239,081	–	–	239,081	–
Other key management personnel					
P G Benson	165,789	13,711	14,866	194,366	–
A G Gasmier *	165,250	14,872	5,033	185,155	–
S J Huffadine	15,000	1,350	3,519	19,869	–
I K Tan	242,897	16,785	73,328	333,010	–
F J Van Maanen	163,369	14,703	7,433	185,505	–
Sub-total executive KMP	1,332,887	92,056	104,179	1,529,122	
Totals	1,412,887	97,456	104,179	1,614,522	

* A G Gasmier did not meet the definition of a key management person under AASB 124 for the 2006 financial year but is a key management person for 2007.

REMUNERATION REPORT (Audited) (continued)

Remuneration of key management personnel

Table 2: Remuneration for the year ended 30 June 2006

	Short Term	Post employment	Share-based Payment	Total	% Performance related
	Salary and Fees	Superannuation	Options		
Non-executive directors					
P J Newton	40,000	3,600	–	43,600	–
Sub-total non-executive directors	40,000	3,600	–	43,600	–
Executive directors					
P G Cook	212,932	19,164	–	232,096	–
D M Okeby	252,271	165	–	252,436	–
W S Hallam	215,377	–	–	215,377	–
Other key management personnel					
P G Benson	117,292	10,556	7,889	135,737	–
G M Jones	170,040	13,615	–	183,655	–
I K Tan	93,990	8,459	39,445	141,897	–
F J Van Maanen	155,002	13,950	3,945	172,897	–
Sub-total executive KMP	1,216,904	65,909	51,279	,1,334,095	
Totals	1,256,904	69,509	51,279	1,377,695	

REMUNERATION REPORT (Audited) (continued)

Table 3: Compensation Options: Granted and vested during the year

30 June 2007	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**
Directors									
P J Newton	–	–	–	–	–	–	–	–	–
P G Cook	–	–	–	–	–	–	–	–	–
D M Okeby	–	–	–	–	–	–	–	–	–
W S Hallam	–	–	–	–	–	–	–	250,000	100%
M L Jefferies	–	–	–	–	–	–	–	–	–
D J Head	–	–	–	–	–	–	–	–	–
Executives									
P G Benson	–	–	–	–	–	–	–	200,000	100%
A G Gasmier	300,000	13 June 2007	$0.122	$0.40	30 June 2011	13 June 2008	30 June 2011	200,000	40%
S J Huffadine	1,000,000	13 June 2007	$0.122	$0.40	30 June 2011	13 June 2008	30 June 2011	–	–
I K Tan	–	–	–	–	–	–	–	1,000,000	100%
F J Van Maanen	–	–	–	–	–	–	–	250,000	100%
Total	**1,550,000**							**1,900,000**	

^ For details on valuation of the options, including models and assumptions used, please refer to Note 29.

REMUNERATION REPORT (Audited) (continued)

Table 3: Compensation Options: Granted and vested during the year (continued)

30 June 2006	Granted		Terms and 40 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
Directors									
P J Newton	–	–	–	–	–	–	–	–	–
P G Cook	–	–	–	–	–	–	–	–	–
D M Okeby	–	–	–	–	–	–	–	–	–
W S Hallam	–	–	–	–	–	–	–	250,000	100%
M L Jefferies	–	–	–	–	–	–	–	–	–
D J Head	–	–	–	–	–	–	–	–	–
Executives									
P G Benson	200,000	30 January 2006	$0.114	$0.28	31 January 2010	30 January 2007	31 January 2010	–	–
A G Gasmier	200,000	30 April 2006	$0.168	$0.34	30 April 2010	30 April 2007	30 April 2010	–	–
I K Tan	1,000,000	30 January 2006	$0.114	$0.28	31 January 2010	30 January 2007	31 January 2010	–	–
F J Van Maanen	100,000	30 January 2006	$0.114	$0.28	31 January 2010	30 January 2007	31 January 2010	150,000	60%
Total	**1,500,000**							**400,000**	

^ For details on valuation of the options, including models and assumptions used, please refer to Note 29.

REMUNERATION REPORT (Audited) (continued)

Table 4: Options granted as part of remuneration ^

	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 $	% remuneration consisting of options for the year
A G Gasmier	36,549	–	–	1,056	–
S J Huffadine	121,829	–	–	3,519	–

^ For details on valuation of the options, including models and assumptions used, please refer to Note 29.

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

There were no forfeitures during the period.

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.

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 were as follows:

	Directors Meetings	Audit	Remuneration
No of meetings held:	31	2	1
No of meetings attended:			
P J Newton	29	–	1
P G Cook	31	–	–
D M Okeby	31	2	1
W S Hallam	31	–	–
M L Jefferies	14	2	–
D J Head	14	–	–

All directors were eligible to attend all meetings held, except for ML Jefferies and DJ Head, who were eligible to attend 14 Directors meetings following their appointment on 29 December 2006.

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
M L Jefferies *	P J Newton *
D M Okeby	D M Okeby
F J Van Maanen **	D J Head

Notes:

* Designates the Chairman of the Committee.
** Mrs Van Maanen is the Company Secretary and is not a director.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR INDEPENDENCE

The Director's received the Independence Declaration, as set out on page 43, from Ernst & Young.

NON-AUDIT SERVICES

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

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

	$
Tax compliance services	63,863

Signed in accordance with a resolution of the directors.

PG Cook
Managing Director

Perth, 28 September 2007

ERNST & YOUNG

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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 2007, 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.

Ernst & Young

G H Meyerowitz
Partner
Perth

28 September 2007

Corporate Governance Statement

The Board of Directors ("the Board") is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Securities Exchange ("ASX") Corporate Governance Council's ("the Council") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The Company's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

Principle 1:	Lay solid foundations for management and oversight
Principle 2:	Structure the Board to add value
Principle 3:	Promote ethical and responsible decision making
Principle 4:	Safeguard integrity in financial reporting
Principle 5:	Make timely and balanced disclosure
Principle 6:	Respect the rights of shareholders
Principle 7:	Recognise and manage risk
Principle 8:	Encourage enhanced performance
Principle 9:	Remunerate fairly and responsibly
Principle 10:	Recognise the legitimate interests of stakeholders

The Company's corporate governance practices were in place from the 12 August 2005 and were fully compliant with the Council's best practice recommendations except as noted below.

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

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of the Company 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 judgment.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent:

Name	**Position**
M L Jefferies	Non-executive Director
D J Head	Non-executive Director

The Board believes that it is structured in such a way that it:

- has a proper understanding of, and competence to deal with, the current and emerging issues of the business; and
- can effectively review and challenge the performance of management and exercise independent judgment.

The Board believes that the Company is not of sufficient size to warrant the inclusion of more non-executive directors in order to meet the ASX guideline 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.

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.

Board Members

Details of the members of the Board, their experience, expertise, qualifications, terms of office and independent status are set out in the Directors' Report under the heading "Directors". There are four non-executive directors and two executive directors.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external and fresh perspective; and
- The size of the Board is conducive to effective discussion and efficient decision making.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's executive.

The Managing Director is responsible for implementing the Company's strategies and policies. The Board specifies that these are separate roles to be undertaken by separate people.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
P J Newton	Appointed 23 July 2004
P G Cook	Appointed 23 July 2004
D M Okeby	Appointed 23 July 2004
W S Hallam	Appointed 1 March 2005
M L Jefferies	Appointed 29 December 2006
D J Head	Appointed 29 December 2006

For additional details regarding Board appointments, please refer to our website.

Nomination Committee

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.

Audit Committee

The Board has established an Audit Committee, which operates under a charter 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 members of the Audit Committee during the year were:

M L Jefferies (Committee Chairman)
D M Okeby
F J Van Maanen

For further details on the qualifications of Audit Committee members and on the number of meetings the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

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 note 35 to the financial statements.

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

The external auditor is required 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 of the non-audit services did not compromise the auditor 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 compliance advice was made by management.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators by the Chairman. During the reporting period, the Chairman conducted performance evaluations which involved an assessment of each Board member's and key executive'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 the Company. Directors whose performance is consistently unsatisfactory may be asked to retire.

Remuneration

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 three non-executive directors. Members of the Remuneration Committee throughout the year were:

P J Newton (Committee Chairman)
D M Okeby
D J Head

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and Motivation of key executives;
- Attraction of high quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of the Company.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

For details on the number of meetings the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Risk assessment and management

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. Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

Directors and Officers dealings in Company Shares

Company policy prohibits directors and company officers dealing in Company shares while in possession of price sensitive information. As a matter of practice, Company shares may only be dealt with 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 as an alternative, the approval of two directors is required prior to any trading being undertaken.

Continuous Disclosure and Communication to Shareholders

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Company and its directors. Information is communicated to the shareholders through:

- The annual report which is made available to all shareholders;
- The half-year report lodged with ASIC and the ASX;
- The quarterly report lodged with the ASX;
- the annual general meeting and other meetings called to obtain approval for Board action as appropriate; and
- announcements released to the ASX as and when they are required as detailed in the ASX Listing Rules.

A written policy with regard to complying with the ASX Listing Rules in relation to continuous disclosure requirements has not been established.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

Where analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

Income Statement

for the year ended 30 June 2007

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Revenue	4(a)	33,905,774	13,369,005	356,687	200,878
Cost of Sales	4(c)	(38,932,774)	(31,717,460)	–	–
Gross (loss)/profit		(5,027,000)	(18,348,455)	356,687	200,878
Other income	4(b)	289,511	104,571	–	–
Other expenses	4(d)	(7,710,471)	(5,964,608)	(649,975)	(1,997,309)
Fair value change in financial instruments	4(e)	(2,717,756)	2,988,000	(2,717,756)	2,988,000
Impairment loss on mine properties and development costs		(6,493,315)	–	–	–
Impairment loss on loan to controlled entity		–	–	(15,723,298)	(22,603,227)
Loss before income tax and finance costs		(21,659,031)	(21,220,492)	(18,734,342)	(21,411,658)
Finance costs	4(f)	(2,038,769)	(1,411,631)	(1,901,454)	(1,220,465)
Loss before income tax		(23,697,800)	(22,632,123)	(20,635,796)	(22,632,123)
Income tax benefit	5	20,962,959	–	19,768,307	–
Loss after income tax		(2,734,841)	(22,632,123)	(867,489)	(22,632,123)
Loss per share					
– basic for loss for the year (cents)	6	0.44	6.69		
– diluted for loss for the year (cents)	6	0.44	6.69		
– dividends paid per share	7	–	–		

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

Balance Sheet

as at 30 June 2007

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CURRENT ASSETS					
Cash and cash equivalents	8	29,342,256	2,314,307	28,703,963	2,147,857
Trade and other receivables	9	7,760,726	417,820	58,871	2,596
Inventories	10	6,633,306	2,223,870	–	–
Other assets	11	249,491	191,960	32,700	41,574
Other financial assets	12	3,491,200	3,406,200	–	–
Total current assets		47,476,979	8,554,157	28,795,534	2,192,027
NON-CURRENT ASSETS					
Trade and other receivables	13	–	–	36,334,887	41,114,767
Investment in subsidiaries	14	–	–	91,664,235	19,950,000
Available-for-sale financial assets	15	8,219,527	–	–	–
Property, plant and equipment	16	23,595,211	23,871,096	–	–
Mine properties and development costs	17	33,750,868	42,674,305	–	–
Intangible assets	18	33,902,284	–	–	–
Exploration and evaluation expenditure	19	50,247,979	264,886	–	–
Deferred tax assets	5	–	–	23,148,093	–
Total non-current assets		149,715,869	66,810,287	151,147,215	61,064,767
TOTAL ASSETS		197,192,848	75,364,444	179,942,749	63,256,794
CURRENT LIABILITIES					
Trade and other payables	20	8,021,837	7,544,891	520,997	305,284
Interest bearing loans and borrowings	21	4,747,813	1,751,087	4,747,813	1,751,087
Provisions	22	665,764	283,493	–	–
Total current liabilities		13,435,414	9,579,471	5,268,810	2,056,371
NON-CURRENT LIABILITIES					
Trade and other payables	23	–	1,861	–	–
Provisions	24	4,421,913	4,582,689	–	–
Interest bearing loans and borrowings	25	6,556,707	19,065,899	6,556,707	19,065,899
Deferred tax liabilities	5	4,661,582	–	–	–
Total non-current liabilities		15,640,202	23,650,449	6,556,707	19,065,899
TOTAL LIABILITIES		29,075,616	33,229,920	11,825,517	21,122,270
NET ASSETS		168,117,232	42,134,524	168,117,232	42,134,524
EQUITY					
Issued capital	26	200,662,838	83,120,828	209,942,838	92,400,828
Option Premium Reserve	27	16,297,347	6,989,160	16,297,347	6,989,160
Other reserves	27	1,867,352	–	–	–
Accumulated losses	28	(50,710,305)	(47,975,464)	(58,122,953)	(57,255,464)
TOTAL EQUITY		168,117,232	42,134,524	168,117,232	42,134,524

The accompanying notes form an integral part of this balance sheet.

Cash Flow Statement

for the year ended 30 June 2007

	Note	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
CASH FLOWS USED IN OPERATING ACTIVITIES					
Receipts from customers		31,036,455	13,378,347	–	–
Interest received		566,606	313,954	297,816	200,878
Other income		289,511	104,571	–	–
Payments to suppliers and employees		(40,880,569)	(29,894,785)	(251,406)	(1,458,289)
Interest paid		(1,322,461)	(715,841)	(1,285,654)	(651,327)
Net cash flows used in operating activities	8(i)	(10,310,458)	(16,813,754)	(1,239,244)	(1,908,738)
CASH FLOWS USED IN INVESTING ACTIVITIES					
Payments for property, plant and equipment		(3,866,978)	(13,700,475)	–	–
Payments for mine properties and development		(2,219,132)	(17,315,351)	–	–
Payments for exploration and evaluation		(825,663)	(184,143)	–	–
Payments for research and development		(353,014)	–	–	–
Payments for available-for-sale financial assets		(1,926,881)	–	–	–
Costs incurred on acquisition of subsidiary (note 30)		(626,084)	–	(626,084)	–
Cash acquired on purchase of controlled entity (note 30)		3,598,583	–	–	–
Net cash flows used in investing activities		(6,219,169)	(31,199,969)	(626,084)	–
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Proceeds from the issue of shares		40,945,103	15,612,424	40,945,103	15,612,424
Payment of share issue costs		(867,619)	(821,551)	(867,619)	(821,551)
Proceeds from borrowings		4,298,474	21,492,391	4,298,474	21,514,723
Repayment of borrowings		(2,268,526)	–	(2,268,526)	–
Advance from customers		1,520,204	–	–	–
Payment for performance bond facility		(70,000)	(3,002,000)	–	–
Loans to controlled entities		–	–	(13,685,938)	(47,523,963)
Net cash flows from/ (used in) financing activities		43,557,636	33,281,264	28,421,494	(11,218,367)
Net increase/ (decrease) in cash and cash equivalents		27,027,949	(14,732,459)	26,556,106	(13,127,105)
Cash at the beginning of year		2,314,307	17,046,766	2,147,857	15,274,962
Cash and cash equivalents at the end of year	8	29,342,256	2,314,307	28,703,963	2,147,857

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

Statement of Changes in Equity

for the year ended 30 June 2007

CONSOLIDATED	Attributable to equity holders of the consolidated entity Issued Capital $	Accumulated losses $	Option premium reserve $	Other Reserves $	Total equity $
2006					
At 1 July 2005	74,642,009	(25,343,341)	268,702	–	49,567,370
Loss for the year	–	(22,632,123)	–	–	(22,632,123)
Total expense for the year	–	(22,632,123)	–	–	(22,632,123)
Issue share capital – rights issue December 2005	15,475,600	–	–	–	15,475,600
Issue share capital – on exercise of options	5,600	–	–	–	5,600
Issue share capital – on conversion of convertible notes	131,224	–	–	–	131,224
Issue options – on conversion of convertible notes	–	–	157,500	–	157,500
Cost of share-based payment	–	–	250,904	–	250,904
Share issue costs	(7,133,605)	–	6,312,054	–	(821,551)
At 30 June 2006	83,120,828	(47,975,464)	6,989,160	–	42,134,524
2007					
At 1 July 2006	83,120,828	(47,975,464)	6,989,160	–	42,134,524
Gain on available-for-sale financial assets	–	–	–	2,667,645	2,667,645
Tax effect on gain on available-for-sale financial assets	–	–	–	(800,293)	(800,293)
Loss for the year	–	(2,734,841)	–	–	(2,734,841)
Total income and expense for the year	–	(2,734,841)	–	1,867,352	(867,489)
Issue share capital – placement September 2006	6,602,800	–	–	–	6,602,800
Issue share capital – placement May 2007	32,760,000	–	–	–	32,760,000
Issue shares – on exercise of options	2,419,530	–	–	–	2,419,530
Issue share capital – on conversion of convertible notes	6,664,686	–	–	–	6,664,686
Issue options – on conversion of convertible notes	–	–	7,306,200	–	7,306,200
Issue share capital – on acquisition of Metals Exploration Limited	69,422,634	–	–	–	69,422,634
Issue options – on acquisition of Metals Exploration Limited	–	–	1,665,517	–	1,665,517
Cost of share-based payment	–	–	239,182	–	239,182
Share issue costs	(964,907)	–	97,288	–	(867,619)
Tax effect of share issue costs	637,267	–	–	–	637,267
At 30 June 2007	200,662,838	(50,710,305)	16,297,347	1,867,352	168,117,232

Statement of Changes in Equity (continued)

for the year ended 30 June 2007

PARENT	Attributable to equity holders of the consolidated entity Issued Capital	Accumulated losses	Option premium reserve	Other Reserves	Total equity
	$	$	$	$	$
2006					
At 1 July 2005	83,922,009	(34,623,341)	268,702	–	49,567,370
Loss for the year	–	(22,632,123)	–	–	(22,632,123)
Total expense for the year	–	(22,632,123)	–	–	(22,632,123)
Issue share capital – rights issue December 2005	15,475,600	–	–	–	15,475,600
Issue shares – on exercise of options	5,600	–	–	–	5,600
Issue share capital – on conversion of convertible notes	131,224	–	–	–	131,224
Issue options – on conversion of convertible notes	–	–	157,500	–	157,500
Cost of share-based payment	–	–	250,904	–	250,904
Share issue costs	(7,133,605)	–	6,312,054	–	(821,551)
At 30 June 2006	92,400,828	(57,255,464)	6,989,160	–	42,134,524
2007					
At 1 July 2006	92,400,828	(57,255,464)	6,989,160	–	42,134,524
Loss for the year	–	(867,489)	–	–	(867,489)
Total income for the year	–	(867,489)	–	–	(867,489)
Issue share capital – placement September 2006	6,602,800	–	–	–	6,602,800
Issue share capital – placement May 2007	32,760,000	–	–	–	32,760,000
Issue shares – on exercise of options	2,419,530	–	–	–	2,419,530
Issue share capital – on conversion of convertible notes	6,664,686	–	–	–	6,664,686
Issue options – on conversion of convertible notes	–	–	7,306,200	–	7,306,200
Issue share capital – on acquisition of Metals Exploration Limited	69,422,634	–	–	–	69,422,634
Issue options – on acquisition of Metals Exploration Limited	–	–	1,665,517	–	1,665,517
Cost of share-based payment	–	–	239,182	–	239,182
Share issue costs	(964,907)	–	97,288	–	(867,619)
Tax effect of share issue costs	637,267	–	–	–	637,267
At 30 June 2007	209,942,838	(58,122,953)	16,297,347	–	168,117,232

Notes to the Financial Statements

for the year ended 30 June 2007

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007.

Metals X Limited ("the parent entity") 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.

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

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalent to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

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) and the Urgent Issues Group that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2006. 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.

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 2007. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Company Financial Reporting	Application date for Company
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, AASB 1038]	Amendments arise from the release in August 2005 of *AASB 7 Financial Instruments: Disclosures*	1 Jan 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Consolidated Entity's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Consolidated Entity's financial statements	1 Jan 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 Group and Treasury Share Transactions.	1 Mar 2007	This is consistent with the Consolidated Entity's existing accounting policies for share-based payment so will have no impact.	1 July 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Company Financial Reporting	Application date for Company
AASB 2007-2	Amendments to Australian Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issues as a consequence of AASB Interpretation 12 *Service Concession Arrangements.*	1 Jan 2008	As the Consolidated Entity currently has no service concession arrangement or public private-partnerships (PPP), it is expected that this Interpretation will have no impact on its financial report.	1 July 2008
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1028]	Amending standard issued as a consequence of AASB 8 *Operating Segments.*	1 Jan 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Consolidated Entity's financial statements. However, the new standard may have an impact on the segment disclosures included in the Consolidated Entity's financial report.	1 July 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Consolidated Entity does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Consolidated Entity's financial statements. Changes to disclosure requirements will have no direct impact on the amounts included in the Consolidated Entity's financial statements. However the new standard may have an impact on the disclosures included in the Consolidated Entity's financial report.	1 July 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Company Financial Reporting	Application date for Company
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 117 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of AASB 123 (revised) *Borrowing Costs.*	1 Jan 2009	As the Consolidated Entity does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standard issued as a consequence of AASB 2007-4.	1 July 2007	Refer to AASB 2007-4 above.	1 July 2007
AASB 7	*Financial Instruments: Disclosures*	New standard replacing disclosure requirements of AASB 132	1 Jan 2007	Refer to AASB 2005-10 above.	1 Jan 2007
AASB 8	*Operating Segments*	This new standard will replace AASB 114 *Segment Reporting* and adopts a management approach to segment reporting.	1 Jan 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 101 (revised October 2006)	Presentation of Financial Statements	Many of the disclosures from previous GAAP and all of the guidance from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 Jan 2007	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Consolidated Entity's financial statements. However, the revised standard may result in changes to the disclosures included in the Consolidated Entity's financial report.	1 Jul 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Company Financial Reporting	Application date for Company
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 Jan 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB Interpretation 10	*Interim Financial Reporting and Impairment*	Addresses an inconsistency between AASB 134 *Interim Financial Reporting* and the impairment requirements relating to goodwill in AASB 136 *Impairment of Assets* and equity instruments classified as available for sale in AASB 139 *Financial Instruments: Recognition and Measurement.*	1 Nov 2006	The prohibitions on reversing impairment losses in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 that interim reporting is not expected to have any impact on the Consolidated Entity's financial report.	1 July 2007
AASB Interpretation 11	*Group and Treasury Share Transactions*	Specifies that a share based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity settled.	1 Mar 2007	Refer to AASB 2007-1 above.	1 July 2007
AASB Interpretation 12	*Service Concession Arrangements*	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 Jan 2008	Refer to AASB 2007-2 above	1 July 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Company Financial Reporting	Application date for Company
AASB Interpretation 129 (revised June 2007)	*Service Concession Arrangements: Disclosure*	The revised interpretation was issued as a result of the issue of Interpretation 12 and requires specific disclosures about service concession arrangements entered into by an entity, whether as a concession provider or a concession operator.	1 Jan 2008	Refer to AASB 2007-2 above.	1 July 2008
IFRIC Interpretation 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Consolidated Entity does not have any customer loyalty programmes and as such this interpretation in not expect to have any impact on the Consolidated Entity's financial report.	1 July 2008
IFRIC Interpretation 14	IAS 19 – The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan	1 Jan 2008	The Consolidated Entity does have a defined benefit pension plan and as such this interpretation may have an impact on the Consolidated Entity's financial report. The Consolidated Entity has not yet determined the extent of the impact, if any.	1 July 2008

*designates the beginning of the applicable annual reporting period.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

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.

(e) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published process at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business over the net fair value of the Consolidated Entity's share of the identifiable assets acquired is recognised as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) 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 balance sheet date.

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

(g) 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.

(h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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 Cash Flow Statement, 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 balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Consolidated Entity will not be able to collect the debts.

(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) Convertible notes

The liability component of the convertible notes is recognised in the balance sheet. On issuance of the convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long term liability on the amortised costs basis until extinguished on conversion or repayment. The increase in the liability due to the passage of time, is recognised as a finance cost.

On issuance of the convertible note, the fair value of any derivative features, other than the equity conversion options, are included in the liability component. Gains and losses arising from the changes in the fair value of these derivative features are taken to the income statement.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion options is not remeasured in subsequent years.

Interest on the liability component of the instruments is recognised as an expense in the income statement.

(l) Available-for-sale investments

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

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 income statement.

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 balance sheet 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) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment (continued)

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 income statement in the period the item is derecognised.

(n) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(o) 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.

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 income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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;

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

ii) exploration and evaluation activities are continuing in an area of interest but at 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 income statement 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 income statement.

(q) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Intangibles (continued)

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.

(r) 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.

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.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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 balance sheet date.

(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) 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 balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects 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.

(w) Borrowing costs

Borrowing costs are recognised as an expense when incurred, except when they relate to the funding of qualifying assets, at which time such borrowing costs are capitalised.

(x) Leases

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

(i) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the income statement 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Leases (continued)

(ii) Finance Leases

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

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

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

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

(y) Issued capital

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

(z) 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.

(aa) 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 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 29.

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Share-based payment transactions (continued)

At each subsequent reporting date until vesting, the cumulative charge to the income statement 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 meet; and (iii) the expired portion of the vesting period.

The charge to the income statement 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 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.

(ab) 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.

(ac) 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 and can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ac) 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.

(ad) 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 balance sheet 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:

- 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 balance sheet 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 balance sheet 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ad) Income tax (continued)

Tax consolidation legislation

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

(ae) Other taxes

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

- where 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 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 balance sheet.

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

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

(af) 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 income statement 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 income statement.

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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Consolidated Entity's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Consolidated Entity. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) *Significant accounting judgments*

- **Classification of an 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.

(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(r). 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.

- **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.

- **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 29. 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. REVENUE AND EXPENSES

		Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(a)	**Revenue**				
	Revenue from sale of tin concentrate	25,588,716	13,055,051	–	–
	Revenue from nickel royalties	7,691,580	–	–	–
	Interest received – other corporations	625,478	313,954	356,687	200,878
	Total revenue	33,905,774	13,369,005	356,687	200,878
(b)	**Other income**				
	Net gain on sale of scrap	63,810	102,571	–	–
	Other income	225,701	2,000	–	–
	Total other income	289,511	104,571	–	–
(c)	**Cost of sales**				
	Salaries, wages expense and other employee benefits	8,557,433	7,052,659	–	–
	Other cash costs	18,967,135	18,495,117		
	Royalty	878,303	232,336	–	–
	Depreciation and amortisation expense				
	Depreciation of non-current assets				
	Property plant and equipment	3,816,778	1,305,217	–	–
	Buildings	75,109	11,012		
	Amortisation of non-current assets				
	Mine, properties and development costs	4,473,000	4,621,119	–	–
	Intangible assets	2,165,016	–	–	–
	Total cost of sales	38,932,774	31,717,460	–	–
(d)	**Other expenses by function**				
	Administration expenses				
	Salaries, wages expense and other employee benefits	1,594,522	987,533	–	651,033
	Directors' fees and other benefits	180,498	140,344	–	140,344
	Share-based-payments	239,182	250,904	239,182	250,904
	Consulting expenses	316,859	343,070	–	343,070
	Travel and accommodation expenses	165,809	226,100	–	–
	Administration costs	556,324	647,652	408,952	611,958
	Operating lease costs	82,182	70,204	–	–
	Depreciation expense				
	Depreciation of non-current assets				
	Property plant and equipment	473,866	61,050	–	–
		3,609,242	2,726,857	648,134	1,997,309
	Other expenses				
	Care and maintenance costs	3,575,306	–	–	–
	Research expenses	–	254,869	–	–
	Foreign exchange loss	1,841	22,876	1,841	–
	Write-down in value of inventories to estimated net realisable value	524,082	2,960,006	–	–
		4,101,229	3,237,751	1,841	–
	Total other expenses by function	7,710,471	5,964,608	649,975	1,997,309

4. REVENUE AND EXPENSES (continued)

		Consolidated Entity		Parent Entity	
		2007 $	2006 $	2007 $	2006 $
(e)	**Fair value change in financial instruments**				
	Fair value change in embedded derivatives	(2,554,200)	2,988,000	(2,554,200)	2,988,000
	Loss on derivatives	(163,556)	–	(163,556)	–
	Total fair value change in financial instruments	(2,717,756)	2,988,000	(2,717,756)	2,988,000
(f)	**Borrowing costs**				
	Interest	1,399,019	715,841	1,277,181	651,327
	Convertible notes	624,273	569,138	624,273	569,138
	Unwinding of rehabilitation provision discount	15,477	126,652	–	–
	Total borrowing costs	2,038,769	1,411,631	1,901,454	1,220,465

(g) Change in reserve

An ore reserve review was conducted on the Collingwood Tin Project which resulted in a reduced mining reserve estimate for the project. The ore reserve reduction has resulted in a decrease in the mine life of the Collingwood Tin Project which will result in accelerated depreciation and amortisation over the remaining life of the project.

5. INCOME TAX

(a) Major components of income tax expense:

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Income Statement				
Current income tax				
Current income tax benefit	(3,461,819)	–	(719,300)	–
Adjustments in respect of current income tax of previous years	–	–	–	–
Deferred income tax				
Prior year deferred tax benefits recognised	(14,614,626)	–	(19,077,925)	–
Relating to origination of temporary differences	(2,886,514)	–	28,918	–
Income tax expense/(benefit) reported in income statement	(20,962,959)	–	(19,768,307)	–

(b) Amounts charged or credited directly to equity

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Deferred income tax related to items charged or credited directly to equity				
Unrealised gain on available-for-sale investments	(800,293)	–	–	–
Share issue costs	637,267	–	637,267	–
Income tax expense reported in equity	163,026	–	637,267	–

5. INCOME TAX (continued)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(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 loss before tax	(23,697,800)	(22,632,123)	(20,635,796)	(22,632,123)
At statutory income tax rate of 30% (2006: 30%)	(7,109,340)	(6,789,637)	(6,190,739)	(6,789,637)
Non-deductible/(assessable) items	1,002,937	(630,092)	5,742,287	6,155,677
Deductible legal and capital raising items	(241,930)	(189,873)	(241,930)	(189,873)
Prior year deferred tax benefits recognised	(14,614,626)	7,609,602	(19,077,925)	823,832
Income tax expense/(benefit) reported in income statement	(20,962,959)	–	(19,768,307)	–
Effective income tax rate	30%	30%	30%	30%

	Balance Sheet 2007 $	Balance Sheet 2006 $	Income Statement 2007 $	Income Statement 2006 $
(d) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Accelerated amortisation for tax purposes	789,161	(1,107,853)	1,897,014	(466,764)
Intangible assets	(10,714,286)	–	–	–
Exploration	(15,074,394)	(79,466)	(247,699)	(55,243)
Deferred mining	(3,541,818)	(4,612,095)	1,070,277	(2,937,888)
Mine site establishment and refurbishment	(949,000)	(1,070,831)	121,831	96,053
Research and development	(105,904)	–	(105,904)	–
Available-for-sale financial assets	(800,293)	–	–	–
Interest receivable	(17,661)	–	(17,661)	–

5. INCOME TAX (continued)

	Balance Sheet 2007 $	Balance Sheet 2006 $	Income Statement 2007 $	Income Statement 2006 $
(d) Deferred income tax (continued)				
Deferred tax assets				
Accelerated depreciation for tax purposes	903,051	58,632	844,419	51,861
Inventories	157,225	888,000	(730,775)	(547,950)
Borrowing costs	48,461	59,225	(10,764)	(51,575)
Equity raising costs	637,267	–	–	–
Provision for employee entitlements	199,815	84,227	115,588	(7,697)
Provision for fringe benefits tax	(299)	1,280	(1,579)	1,004
Provision for rehabilitation	1,326,574	1,374,807	(48,233)	38,556
Carried forward losses	22,480,519	4,404,074	18,076,445	3,879,643
Net deferred tax liabilities	4,661,582	–		
Deferred tax income benefit/(expense)			20,962,959	–
PARENT				
Deferred tax liabilities				
Interest receivable	(17,661)	–	(17,661)	
Deferred tax assets				
Borrowing costs	47,968	59,225	(11,256)	(51,574)
Equity raising costs	637,267	–	–	–
Carried forward losses	22,480,519	1,483,502	18,254,497	(1,491,152)
Carried forward losses not recognised	–	(1,542,727)	1,542,727	1,542,727
Gross deferred tax assets	23,165,754	–		
Net deferred tax assets	23,148,093	–		
Deferred tax benefit/(expense)			19,768,307	–

(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 arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

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

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

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

(g) Unrecognised losses

At 30 June 2007, there are no unrecognised losses for the Consolidated Entity (2006: $19,018,700).

6. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net 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 and share data used in the basic and dilutive earnings per share computations.

	Consolidated Entity	
	2007	**2006**
	$	**$**
Net loss attributable to ordinary equity holders of the parent	2,734,841	22,632,123
Net loss attributable to ordinary shareholders for diluted earnings per share	2,734,841	22,632,123
Basic (loss) per share (cents)	(0.44)	(6.69)
Fully diluted (loss) per share (cents)	(0.44)	(6.69)
Weighted average number of ordinary shares for basic earnings per share	619,479,375	338,480,293
Effect of Dilution:		
Share Options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	619,479,375	338,480,293

The Company had on issue 143,275,598 (2006: 132,862,000) share options that are excluded from the calculation of diluted loss per share because they are anti-dilutive as their inclusion reduces the loss per share.

On 6 September 2007 the Company issued 1,700,000 employee options pursuant to the Employee Option Scheme at an exercise price of $0.35 expiring 31 August 2011.

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.

7. DIVIDENDS PAID AND PROPOSED

(a) No dividends have been paid, declared or recommended by the Company during the year.

(b) Franking credit balance.

	Parent Entity	
	2007	**2006**
	$	**$**
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% (2006: 30%)	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	–

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

8. CASH AND CASH EQUIVALENTS

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Cash at bank and in hand	9,126,165	2,314,307	8,703,963	2,147,857
Short-term deposits	20,216,091	–	20,000,000	–
Total	29,342,256	2,314,307	28,703,963	2,147,857

Cash at bank and on hand and deposits at call earn interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents their fair value.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirement of the Consolidated Entity, and earn interest at the respective short-term deposit rates.

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Cash at bank and in hand	9,126,165	2,314,307	8,703,963	2,147,857
Short-term deposits	20,216,091	–	20,000,000	–
	29,342,256	2,314,307	28,703,963	2,147,857

CASH FLOW STATEMENT RECONCILIATION

(i) Reconciliation of net (loss)/profit after income tax to net cash flows from operating activities

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Net (loss)/profit after income tax	(2,734,841)	(22,632,123)	(867,489)	(22,632,123)
Amortisation and depreciation	11,003,770	5,998,398	–	–
Impairment losses	6,493,315	–	–	–
Share based payments	239,182	250,904	239,182	250,904
Unwinding of rehabilitation provision discount	15,477	126,652	–	–
Fair value change in financial instruments	2,554,200	(2,988,000)	2,554,200	(2,988,000)
Convertible notes borrowing costs	624,273	569,138	624,273	569,138
Non-recovery of loan to controlled entity	–	–	15,723,298	22,603,227
	18,195,376	(18,675,031)	18,273,464	(2,196,854)
Changes in assets and liabilities				
(Increase)/decrease in inventories	(4,409,436)	887,984	–	–
(Increase)/decrease in trade and other debtors	(1,475,588)	480,890	(47,401)	(16,115)
(Increase)/decrease in deferred tax assets	(20,962,959)	–	(19,768,307)	–
Increase/(decrease) in trade and other creditors	(2,485,591)	516,942	303,000	304,231
Increase/(decrease) in employee entitlements	827,740	(24,539)	–	–
Net cash used in operating activities	(10,310,458)	(16,813,754)	(1,239,244)	(1,908,738)

8. CASH AND CASH EQUIVALENTS (continued)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(ii) Non-cash financing and investing activities				
Settlement of subsidiary purchase with equity (note 30)	71,088,151	–	71,088,151	–
Acquisition of assets by means of finance lease (note 16)	1,198,474	1,969,564	1,198,474	1,969,564
Share-based payments (note 29)	239,182	250,904	239,182	250,904
Share issue costs (note 27)	97,288	6,312,054	97,288	6,312,054
	72,623,095	8,532,522	72,623,095	8,532,522

9. TRADE AND OTHER RECEIVABLES (current)

Trade receivables	6,086,714	70,994	–	–
Other debtors	1,674,012	346,826	58,871	2,596
	7,760,726	417,820	58,871	2,596

Trade receivables and other debtors are non-interest bearing and are generally on 30 – 90 day terms. The carrying amounts disclosed above represents the fair value.

10. INVENTORIES (current)

Ore stocks at net realisable value	102,583	77,716	–	–
Tin in circuit at net realisable value	249,130	168,700	–	–
Tin concentrate at net realisable value	3,864,178	706,038	–	–
Stores and spares at cost	2,417,415	1,271,416	–	–
Total inventories at lower of cost and net realisable value	6,633,306	2,223,870	–	–

Inventory write down recognised as an expense totalled $524,082 (2006: $2,960,006) for the Consolidated Entity. This expense is included in other expenses refer to note 4(d).

11. OTHER ASSETS (current)

Prepayments	249,491	191,960	32,700	41,574

12. OTHER FINANCIAL ASSETS (current)

Cash on deposit – performance bond facility	3,491,200	3,406,200	–	–

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

13. TRADE AND OTHER RECEIVABLES (non-current)

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Loans to controlled entities	–	–	108,152,145	97,208,727
Allowance for impairment	–	–	(71,817,258)	(56,093,960)
	–	–	36,334,887	41,114,767

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

14. INVESTMENTS IN SUBSIDIARIES (non-current)

Investment in controlled entities (note 39) – at cost	–	–	91,664,235	19,950,000

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

Westgold Resources NL	8,219,527	–	–	–

The Company has a 19.08% ownership interest in Westgold Resources NL (2006: Nil), which is a listed exploration company. The fair value of the available-for-sale investment has been determined directly by reference to published price quotations in an active market (refer to note 34 events after the balance sheet date).

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

Plant and equipment				
At cost	28,799,126	25,085,663	–	–
Accumulated depreciation	(6,550,907)	(2,314,379)	–	–
Net carrying amount	22,248,219	22,771,284	–	–
Land and buildings				
At cost	375,957	307,710	–	–
Accumulated depreciation	(91,078)	(11,012)	–	–
Net carrying amount	284,879	296,698	–	–
Capital work in progress at cost	1,062,113	803,114	–	–
Total property, plant and equipment	23,595,211	23,871,096	–	–

16. PROPERTY, PLANT & EQUIPMENT (non-current) (continued)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Movement in property, plant and equipment				
Plant and equipment				
At 1 July net of accumulated depreciation	22,771,284	7,286,640	–	–
Additions	3,782,620	17,050,605	–	–
Acquisition of a subsidiary (note 30)	193,987	–	–	–
Disposals	(209,028)	(199,694)	–	–
Depreciation charge for the year	(4,290,644)	(1,366,267)	–	–
At 30 June net of accumulated depreciation	22,248,219	22,771,284	–	–
Land and buildings				
At 1 July net of accumulated depreciation	296,698	9,539	–	–
Additions	37,986	298,171	–	–
Acquisition of a subsidiary (note 30)	25,304	–	–	–
Disposals	–	–	–	–
Depreciation charge for the year	(75,109)	(11,012)	–	–
At 30 June net of accumulated depreciation	284,879	296,698	–	–
Capital work in progress				
At 1 July	803,114	4,751,720	–	–
Additions	4,076,005	14,679,138	–	–
Acquisition of a subsidiary (note 30)	3,600	–	–	–
Transfer to mine properties and development	–	(1,278,968)	–	–
Transfer to plant and equipment	(3,782,620)	(17,050,605)	–	–
Transfer to land and buildings	(37,986)	(298,171)	–	–
At 30 June	1,062,113	803,114	–	–

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2007 is $1,964,442 (2006: $3,145,291). Value of plant and equipment purchased under finance leases and hire purchase contracts for 30 June 2007 financial year is $1,198,474 (2006: $1,969,564).

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

17. MINE PROPERTY AND DEVELOPMENT (non-current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Development areas at cost				
Mine site establishment and refurbishment	80,360	–	–	–
Mine capital development	–	–	–	–
Net carrying amount	80,360	–	–	–
Production areas at cost				
Mine site establishment and refurbishment	34,583,058	34,773,571	–	–
Accumulated amortisation	(8,254,199)	(6,487,832)	–	–
Impairment	(8,755,769)	(6,067,819)		
Net carrying amount	17,573,090	22,217,920	–	–
Mine capital development	29,894,373	27,741,341		
Accumulated amortisation	(5,016,802)	(2,310,168)		
Impairment	(8,780,153)	(4,974,788)		
Net carrying amount	16,097,418	20,456,385		
Total mine properties and development	33,750,868	42,674,305	–	–
Movement in mine properties and development				
Development areas at cost				
At 1 July	–	3,666,124	–	–
Additions	65,360	11,897,851	–	–
Acquisition of a subsidiary (note 30)	15,000	–	–	–
Transfer from capital work in progress	–	1,278,968		
Transfer to production areas				
Mine site establishment and refurbishment	–	(8,075,353)		
Mine capital development	–	(8,767,590)	–	–
At 30 June	80,360	–	–	–
Mine site establishment and refurbishment				
At 1 July net of accumulated amortisation	22,217,920	17,430,320	–	–
Additions	739	99,569	–	–
Transfer from development areas	–	8,075,353	–	–
Increase/(decrease) in rehabilitation provision	(191,253)	1,866	–	–
Amortisation charge for the year	(1,766,366)	(3,389,188)	–	–
Impairment	(2,687,950)	–	–	–
At 30 June net of accumulated amortisation	17,573,090	22,217,920	–	–
Mine capital development				
At 1 July net of accumulated amortisation	20,456,385	8,881,762	–	–
Additions	2,153,032	4,038,963	–	–
Transfer from development areas	–	8,767,590	–	–
Amortisation charge for the year	(2,706,634)	(1,231,930)	–	–
Impairment	(3,805,365)	–	–	–
At 30 June net of accumulated amortisation	16,097,418	20,456,385	–	–

17. MINE PROPERTY AND DEVELOPMENT (non-current) (continued)

The impairment loss for 2007 represents the write-down of the Collingwood (Bluestone Nominees Pty Ltd) mine properties and development costs, 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.

An ore reserve review was conducted on the Collingwood Tin Project which resulted in amendments to the evaluation and assessment methodologies applied to mining subsequently resulting in a reduced mining reserve estimate for the project. The recoverable amount of the Collingwood Tin Project has been determined based on a fair value less costs to sell calculation using the cash flow projections based on financial budgets approved by senior management covering a three year period.

The Group has voluntarily changed the amortisation method applied to Mine Properties and Development.

The previous amortisation method calculated amortisation on budgeted production over estimated life of mine based on reserves. The impact of the previous amortisation method was to effectively amortise Mine Site Infrastructure costs incurred at the commencement of mine site operations on a straight line over reserves.

The amortisation method has been amended to change the amortisation from budgeted tonnes to actual tonnes produced over reserves. The change in method more appropriately matches the amortisation expense against the usage of the Mine Site Infrastructure. The change in amortisation method has been accounted for as a change in estimate.

The carrying value of Mine Site Infrastructure at 30 June 2007 has been adjusted to reflect the application of the new amortisation method from 1 July 2006. This adjustment represents a decrease in amortisation expense for the 12 months ended 30 June 2007 to the Income Statement of $883,085. As a consequence of this adjustment, the carrying value of Mine Site Infrastructure at 30 June 2007 is higher, by a corresponding amount, than would otherwise have been stated by the previous amortisation method.

18. INTANGIBLE ASSETS (non-current)

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Development projects at cost				
At cost	353,014	–	–	–
Net carrying amount	353,014	–	–	–
Nickel royalties				
At fair value	35,714,286	–	–	–
Accumulated amortisation	(2,165,016)	–	–	–
Net carrying amount	33,549,270	–	–	–
Total intangible assets	33,902,284	–	–	–
Movement in intangible assets				
Development projects at cost				
At 1 July net of accumulated amortisation	–	–	–	–
Additions	353,014	–	–	–
Amortisation charge for the year	–	–	–	–
At 30 June net of accumulated amortisation	353,014	–	–	–

18. INTANGIBLE ASSETS (non-current) (continued)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Nickel royalties				
At 1 July net of accumulated amortisation	–	–	–	–
Additions	–	–	–	–
Acquisition of a subsidiary (note 30)	35,714,286	–	–	–
Amortisation charge for the year	(2,165,016)	–	–	–
At 30 June net of accumulated amortisation	33,549,270	–	–	–

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 unit 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.

19. EXPLORATION EXPENDITURE (non-current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Exploration and evaluation costs carried forward in respect of mining areas of interest				
Pre-production areas at cost				
At 1 July	264,886	264,886	–	–
Additions	825,662	–	–	–
Acquisition of a subsidiary (note 30)	49,157,431	–	–	–
At 30 June	50,247,979	264,886	–	–

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.

20. TRADE AND OTHER PAYABLES (current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Trade creditors (a)	6,022,850	7,085,279	253,287	112,603
Sundry creditors and accruals (b)	1,998,987	459,612	267,710	192,681
	8,021,837	7,544,891	520,997	305,284

(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.

21. INTEREST BEARING LOANS AND BORROWINGS (current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Lease liability (a)	1,147,813	1,751,087	1,147,813	1,751,087
Unsecured loans (b)	3,600,000	–	3,600,000	–
	4,747,813	1,751,087	4,747,813	1,751,087

(a) Represents finance leases which have repayment terms of 24 months.
(b) Represent unsecured loans which are repayable on demand and incur interest of 7% per annum.

22. PROVISIONS (current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Provision for annual leave	630,218	277,503	–	–
Provision for sick leave	2,041	1,724	–	–
Provision for long service leave	33,505	–	–	–
Provision for fringe benefits tax payable	–	4,266	–	–
	665,764	283,493	–	–

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

23. TRADE AND OTHER PAYABLES (non-current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Trade creditors	–	1,861	–	–

Non-current trade creditors are non-interest bearing and have fixed repayment terms.

24. PROVISIONS (non-current)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Rehabilitation	4,421,913	4,582,689	–	–

(a) 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.

(b) Movements in provisions

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
At 1 July	4,582,689	4,454,171	–	–
Arising during the year	63,293	1,866	–	–
Acquisition of a subsidiary (note 30)	15,000	–	–	–
Adjustment due to revised conditions	(254,546)	–	–	–
Utilised	–	–	–	–
Unwind of discount	15,477	126,652	–	–
At 30 June	4,421,913	4,582,689	–	–

25. INTEREST BEARING LOAN AND BORROWINGS (non-current)

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Lease liability (a)	56,707	523,485	56,707	523,485
Unsecured loans (b)	6,500,000	7,750,000	6,500,000	7,750,000
Convertible notes (c)	–	6,040,414	–	6,040,414
Financial Instrument (d)	–	4,752,000	–	4,752,000
	6,556,707	19,065,899	6,556,707	19,065,899

(a) Represents finance leases which have repayment terms of 24 months.

(b) Represent unsecured loans which are not repayable before 30 June 2008 and incur interest of 7% per annum.

(c) At 30 June 2007 there were no convertible notes on issue (2006: 66,000,000). Each note had a face value of $0.20 and was convertible at the option of the note holder into ordinary shares on the basis of one share for every one note held. During the year all of the convertible notes were converted into equity. Upon conversion of the notes the note holder received one share and one option over ordinary shares exercisable at $0.20 expiring 12 February 2010. The notes incurred interest at 6% per annum paid quarterly in arrears. The notes had a term of four years and maturity date of 12 February 2010.

(d) Represents the fair value of the derivative component of the convertible notes that were on issue.

Financing facilities available				
At reporting date, the following financing facilities were available				
Total facilities				
– finance lease facility	1,204,520	4,000,000	1,204,520	4,000,000
– unsecured loans	10,100,000	7,750,000	10,100,000	7,750,000
Facilities used at reporting date				
– finance lease facility	1,204,520	2,274,572	1,204,520	2,274,572
– unsecured loans	10,100,000	7,750,000	10,100,000	7,750,000
Facilities unused at reporting date				
– finance lease facility	–	1,725,428	–	1,725,428
– unsecured loans	–	–	–	–

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	1,964,442	3,145,291	–	–
Total non-current assets pledged as security	1,964,442	3,145,291	–	–

26. ISSUED CAPITAL

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(a) Ordinary Shares				
Issued and fully paid	200,662,838	83,120,828	209,942,838	92,400,828

	Number	$	Number	$
(b) Movements in ordinary shares on issue				
At 1 July 2005	276,350,003	74,642,009	276,350,003	83,922,009
Issued on 9 December 2005 for cash pursuant to rights issue	110,540,000	15,475,600	110,540,000	15,475,600
Issue of options on 9 December 2005 pursuant to rights issue	–	(6,312,054)	–	(6,312,054)
Issued on 9 March 2006 on conversion of convertible notes	1,000,000	85,700	1,000,000	85,700
Issued on 8 June 2006 on conversion of convertible notes	500,000	45,524	500,000	45,524
Issued for cash on exercise of options	28,000	5,600	28,000	5,600
Transaction costs on share issue	–	(821,551)	–	(821,551)
At 30 June 2006	388,418,003	83,120,828	388,418,003	92,400,828
Issued on 12 September 2006 for cash pursuant to a placement	38,840,000	6,602,800	38,840,000	6,602,800
Issued on 29 December 2006 on conversion of convertible notes	66,000,000	6,664,686	66,000,000	6,664,686
Issued on 29 December 2006 in exchange for issued share capital of Metals Exploration Limited	289,260,975	69,422,634	289,260,975	69,422,634
Issued on 3 May 2007 for cash pursuant to a placement	117,000,000	32,760,000	117,000,000	32,760,000
Issued for cash on exercise of options	15,816,400	2,419,530	15,816,400	2,419,530
Deferred tax asset recognised on equity transactions	–	637,267	–	637,267
Share issue costs	–	(964,907)	–	(964,907)
At 30 June 2007	915,335,378	200,662,838	915,335,378	209,942,838

(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.

26. ISSUED CAPITAL AND RESERVES (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 June 2008	30 cents	650,000
Unlisted *	30 June 2009	25 cents	15,875,000
Unlisted *	12 September 2009	25 cents	2,000,000
Unlisted **	31 January 2010	28 cents	2,200,000
Unlisted **	31 January 2010	22 cents	1,625,000
Unlisted *	12 February 2010	20 cents	6,900,000
Unlisted **	30 April 2010	34 cents	400,000
Unlisted *	30 April 2010	34 cents	400,000
Unlisted **	30 June 2011	40 cents	4,700,000
Unlisted **	31 August 2011	35 cents	1,700,000
Listed *	31 December 2008	20 cents	106,825,598
Total			143,275,598

* 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

Date of option conversion	Number of options	Price per option	Expiry date	Increase in contributed equity
29 March 2007	12,000	20 cents	31 December 2008	2,400
26 April 2007	125,000	22 cents	31 January 2010	27,500
1 May 2007	2,400	20 cents	31 December 2008	480
7 May 2007	1,250,000	15 cents	31 May 2007	187,500
7 May 2007	75,000	25 cents	30 June 2009	18,750
8 May 2007	100,000	20 cents	12 February 2010	20,000
9 May 2007	3,750,000	15 cents	31 May 2007	562,500
11 May 2007	2,500,000	15 cents	31 May 2007	375,000
11 May 2007	450,000	20 cents	12 February 2010	90,000
17 May 2007	2,500,000	15 cents	31 May 2007	375,000
17 May 2007	2,500,000	15 cents	31 May 2007	375,000
17 May 2007	2,000	20 cents	31 December 2008	400
22 May 2007	2,500,000	15 cents	31 May 2007	375,000
24 May 2007	50,000	20 cents	12 February 2010	10,000
Total	15,816,400			2,419,530

27. RESERVES

	Option premium reserve $	Net unrealised gains reserve $	Total $
CONSOLIDATED ENTITY			
At 1 July 2005	268,702	–	268,702
Options issued pursuant to rights issue	6,312,054	–	6,312,054
Share based payments	250,904	–	250,904
Options issued pursuant to convertible note conversion	157,500	–	157,500
At 30 June 2006	6,989,160	–	6,989,160
Share based payments	239,182	–	239,182
Options issued pursuant to placement	97,288	–	97,288
Options issued pursuant to convertible note conversion	7,306,200	–	7,306,200
Acquisition of a subsidiary (note 30)	1,665,517	–	1,665,517
Gains on available-for-sale investments	–	2,667,645	2,667,745
Tax effect on gain on available-for-sale financial assets	–	(800,293)	(800,293)
At 30 June 2007	16,297,347	1,867,352	18,164,699
PARENT			
At 1 July 2005	268,702	–	268,702
Options issued pursuant to rights issue	6,312,054	–	6,312,054
Share based payments	250,904	–	250,904
Options issued pursuant to convertible note conversion	157,500	–	157,500
At 30 June 2006	6,989,160	–	6,989,160
Share based payments	239,182	–	239,182
Options issued pursuant to placement	97,288	–	97,288
Options issued pursuant to convertible note conversion	7,306,200	–	7,306,200
Acquisition of a subsidiary (note 30)	1,665,517	–	1,665,517
Gains on available-for-sale investments	–	–	–
At 30 June 2007	16,297,347	–	16,297,347

Nature and purpose of reserves

Net unrealised gains reserve

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

Option premium reserve

This reserve is used to record the value of options on issue.

27. 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	250,301
Employee option scheme	400,000	$0.168	67,272
Employee option scheme	4,700,000	$0.122	16,539
Share-based payment – contractor	400,000	$0.168	67,272
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 (note 30)	16,750,000	$0.099	1,665,517
Total	206,780,000		16,297,347

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.

28. ACCUMULATED LOSSES

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
At 1 July	(47,975,464)	(25,343,341)	(57,255,464)	(34,623,341)
Net loss in current period attributable to members of the parent entity	(2,734,841)	(22,632,123)	(867,489)	(22,632,123)
At 30 June	(50,710,305)	(47,975,464)	(58,122,928)	(57,255,464)

29. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expenses

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

Expense arising from equity-settled share-based payment transactions	239,182	250,904	239,182	250,904

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2007 and 2006.

29. SHARE-BASED PAYMENTS (continued)

(b) Share-based payment plan

The Consolidated Entity has an Employee Option Scheme (EOS) for the granting of non-transferable options to executive directors, 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:

(i) The EOS has no direct performance requirements but has specified time restrictions on the exercise of options.

(ii) 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.

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;

(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.

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

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

	2007 Number	**2007 WAEP**	**2006 Number**	**2006 WAEP**
Outstanding at the beginning of the year	4,050,000	0.294	3,140,000	0.300
Granted during the year	4,700,000	0.400	3,700,000	0.288
Issued-Acquisition of a subsidiary (note 30)	1,750,000	0.220	–	–
Exercised during the year	(125,000)	0.220	–	–
Lapsed/cancelled during the year	(800,000)	0.305	(2,790,000)	0.293
Outstanding at the year end	9,575,000	0.333	4,050,000	0.294
Exercisable at the year end	4,875,000	0.268	1,350,000	0.300

29. SHARE-BASED PAYMENTS (continued)

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

The outstanding balance as at 30 June 2007 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 August 2004	23 August 2005	30 June 2008	30 cents	3,140,000	(2,490,000)	–	650,000	650,000
10 November 2004	10 November 2005	30 June 2008	30 cents	400,000	(400,000)	–	–	–
30 January 2006	30 January 2007	31 January 2010	28 cents	3,200,000	(1,000,000)	–	2,200,000	2,200,000
30 April 2006	30 April 2007	30 April 2010	34 cents	500,000	(100,000)	–	400,000	400,000
19 December 2006	31 January 2007	31 January 2010	22 cents	1,750,000	–	(125,000)	1,625,000	1,625,000
13 June 2007	13 June 2008	30 June 2011	40 cents	4,700,000	–	–	4,700,000	–
Total				13,690,000	(3,990,000)	(125,000)	9,575,000	4,875,000

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2007 is 3.19 years (2006: 3.09 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was \$0.22 – \$0.40 (2006: \$0.28 – \$0.34).

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 \$0.12 (2006: \$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.

29. 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:

	2007		2006	
Grant date	**13 June 2007**	**19 December 2006**	**30 April 2006**	**30 January 2006**
Expected Volatility (%)	70%	70%	70%	70%
Risk-free interest rate (%)	6.455%	6.11%	5.67%	5.39%
Expected life of options (yrs)	2.5	1.6	2.5	2.5
Options exercise price ($)	$0.40	$0.22	$0.34	$0.28
Share price at grant date ($)	$0.31	$0.24	$0.36	$0.26
Fair value at grant date ($)	$0.122	$0.097	$0.168	$0.114

The effects of early exercise have been incorporated unto 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.

30. BUSINESS COMBINATION

Acquisition of Metals Exploration Limited

During the period, Metals X Limited acquired 100% of the voting shares of Metals Exploration Limited, a listed public company based in Australia with principal activities being the ownership of Nickel mining royalty rights and exploration for Nickel in Australia.

The total cost of the combination was $71,714,235 and comprised an issue of equity instruments and costs directly attributable to the combination. The parent entity issued 289,260,975 shares at a fair value of 24 cents and 15,000,000 options with a fair value of 9.97 cents and 1,750,000 options with a fair value of 9.69 cents, based on the quoted price of the shares of the parent entity at the date of acquisition, 19 December 2006.

The fair value of the identifiable assets and liabilities of Metals Exploration Limited as at the date of the acquisition are:

	Consolidated	
	Recognised on acquisition	**Carrying value**
Cash and cash equivalents	3,598,583	3,598,583
Trade and other receivables	5,830,357	5,830,357
Current tax receivable	447,384	447,384
Other assets	7,204	7,204
Other financial assets	15,000	15,000
Available-for-sale financial assets	3,625,000	3,625,000
Property, plant and equipment	222,891	222,891
Intangible assets	35,714,286	610,368
Mine, properties and development	15,000	15,000
Exploration assets	49,157,431	15,583,284
	98,633,136	29,955,071
Trade and other payables	1,376,344	1,376,344
Provisions	81,042	81,042
Deferred tax liabilities	25,461,515	–
	26,918,901	1,457,386
Fair value of identifiable assets	71,714,235	28,497,685

30. BUSINESS COMBINATION (continued)

Acquisition of Metals Exploration Limited (continued)

	Consolidated Recognised on acquisition	Consolidated Carrying value
Cost of the combination		
Shares issued, at fair value	69,422,634	
Options issued, at fair value	1,665,517	
Costs associated with the acquisition	626,084	
Total cost of the combination	71,714,235	
Total cash inflow on acquisition is as follows:		
Net cash acquired with the subsidiary	3,598,583	
Net cash inflow	3,598,583	

From the date of acquisition to balance date, Metals X Limited has recognised a profit of $5,692,875 relating to Metals Exploration and its consolidated entities.

If the combination had taken place at the beginning of the period, the loss before tax for the Consolidated Entity would have been $12,658,077 and revenue would have been $39,096,219.

31. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Consolidated Entity's principal financial instruments, other than derivatives, comprise convertible notes, unsecured loans, finance lease and hire purchase contracts, cash and short-term deposits.

The main purpose of the financial instruments is to raise finance for the Consolidated Entity's operations. The Consolidated Entity' has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Consolidated Entity uses derivatives to manage commodity price exposures. The purpose is to manage the commodity price risks arising from the Consolidated Entity's operations and its sources of finance.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk, commodity price risk and foreign currency risk.

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 notes 2 and 3 to the financial statements.

(a) Credit risk exposure

The Consolidated Entity trades only with recognised, credit worthy third parties.

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

The carrying amount of financial assets included in the Balance Sheet, which comprise cash and cash equivalents, available-for-sale financial assets and represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.

(b) Interest rate risk exposure

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rates for each class of financial assets and financial liabilities recognised is set out below.

The Consolidated Entity does not engage in any significant transactions which are speculative in nature.

31. FINANCIAL INSTRUMENTS (continued)

(c) Foreign currency risk exposure

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

(d) Commodity price risk exposure

The Consolidated Entity uses derivatives to manage commodity price exposures. There were no contracts outstanding at 30 June 2007 (2006: Nil).

The Consolidated Entity does not engage in any significant transactions which are speculative in nature.

(e) Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless other wise stated in the applicable notes.

(f) Terms and conditions of financial assets and liabilities

Financial assets

(i) Cash and deposits are interest bearing and are readily convertible to cash within one to two working days.

(ii) Receivables are non-interest bearing and generally on 30 day terms.

(iii) Other financial assets that are interest bearing relate to cash on deposit that is held as security for the performance bond facility.

(iv) Other financial assets that are non-interest bearing are loans to wholly-owned subsidiaries and are repayable on demand.

Financial liabilities

(i) Current payables are non-interest bearing and generally on 30 day terms.

(ii) Current interest bearing liabilities are finance leases which have repayment terms of less than 12 months.

(iii) Non-current interest bearing liabilities are unsecured loans which incur interest at 7% per annum.

31. FINANCIAL INSTRUMENTS (continued)

CONSOLIDATED ENTITY

2007		**Fixed interest maturing in:**								
	Floating Interest rate	**< 1 year**	**> 1 – < 2 years**	**> 2 – < 3 years**	**> 3 – < 4 years**	**> 4 – < 5 years**	**> 5 years**	**Non-Interest bearing**	**Total carrying amount**	**Weighted average effective interest rate %**
Financial Assets										
Cash and cash equivalents	9,126,165	20,216,091	–	–	–	–	–	–	29,342,256	6.02
Trade and other receivables	–	–	–	–	–	–	–	7,760,726	7,760,726	
Other financial assets	3,491,200	–	–	–	–	–	–	–	3,491,200	5.95
	12,617,365	20,216,091	–	–	–	–	–	7,760,726	40,594,182	
Weighted average effective interest rate	5.87	6.32						n/a		
Financial Liabilities										
Trade and other payables	–	–	–	–	–	–	–	(8,021,837)	(8,021,837)	
Interest bearing liabilities	–	(4,747,813)	(6,556,707)	–	–	–	–	–	(11,304,520)	6.97
	–	(4,747,813)	(6,556,707)	–	–	–	–	(8,021,837)	(19,326,357)	
Weighted average effective interest rate		6.82	7.00					n/a		
Net financial liabilities									(21,267,825)	

31. FINANCIAL INSTRUMENTS (continued)

CONSOLIDATED ENTITY

2006		**Fixed interest maturing in:**								
	Floating Interest rate	**< 1 year**	**> 1 – < 2 years**	**> 2 – < 3 years**	**> 3 – < 4 years**	**> 4 – < 5 years**	**> 5 years**	**Non-Interest bearing**	**Total carrying amount**	**Weighted average effective interest rate %**
Financial Assets										
Cash and cash equivalents	2,314,307	–	–	–	–	–	–	–	2,314,307	4.88
Trade and other receivables	–	–	–	–	–	–	–	417,820	417,820	
Other financial assets	3,406,200	–	–	–	–	–	–	–	3,406,200	4.88
	5,720,507	–	–	–	–	–	–	417,820	6,138,327	
Weighted average effective interest rate	4.88							n/a		
Financial Liabilities										
Trade and other payables	–	–	–	–	–	–	–	(7,546,752)	(7,546,752)	
Interest bearing liabilities	–	(1,751,087)	(8,273,485)	–	(10,792,414)	–	–	–	(20,816,986)	6.43
	–	(1,751,087)	(8,273,485)	–	(10,792,414)	–	–	(7,546,752)	(28,363,738)	
Weighted average effective interest rate		7.11	7.02		6.00			n/a		
Net financial liabilities									(22,225,411)	

31. FINANCIAL INSTRUMENTS (continued)

PARENT

2007

	Floating Interest rate	Fixed interest maturing in: < 1 year	> 1 – < 2 years	> 2 – < 3 years	> 3 – < 4 years	> 4 – < 5 years	> 5 years	Non-Interest bearing	Total carrying amount	Weighted average effective interest rate %
Financial Assets										
Cash and cash equivalents	8,703,963	20,000,000	–	–	–	–	–	–	28,703,963	6.02
Trade and other receivables	–	–	–	–	–	–	–	36,393,758	36,393,758	
	8,703,963	20,000,000	–	–	–	–	–	36,393,758	65,097,721	
Weighted average effective interest rate	5.79	6.32						n/a		
Financial Liabilities										
Trade and other payables	–	–	–	–	–	–	–	(520,997)	(520,997)	
Interest bearing liabilities	–	(4,747,813)	(6,556,707)	–	–	–	–	–	(11,304,520)	6.97
	–	(4,747,813)	(6,556,707)	–	–	–	–	(520,997)	(11,825,517)	
Weighted average effective interest rate		6.82	7.00					n/a		
Net financial assets									53,272,204	

31. FINANCIAL INSTRUMENTS (continued)

PARENT

2006		**Fixed interest maturing in:**								
	Floating Interest rate	**< 1 year**	**> 1 – < 2 years**	**> 2 – < 3 years**	**> 3 – < 4 years**	**> 4 – < 5 years**	**> 5 years**	**Non-Interest bearing**	**Total carrying amount**	**Weighted average effective interest rate %**
Financial Assets										
Cash and cash equivalents	2,147,857	–	–	–	–	–	–	–	2,147,857	4.88
Trade and other receivables	–	–	–	–	–	–	–	41,114,767	41,114,767	
	2,147,857	–	–	–	–	–	–	41,114,767	43,262,624	
Weighted average effective interest rate	4.88							n/a		
Financial Liabilities										
Trade and other payables	–	–	–	–	–	–	–	(305,284)	(305,284)	
Interest bearing liabilities	–	(1,751,087)	(8,273,485)	–	(10,792,414)	–	–	–	(20,816,986)	6.43
	–	(1,751,087)	(8,273,485)	–	(10,792,414)	–	–	(305,284)	(21,122,270)	
Weighted average effective interest rate		7.11	7.02		6.00			n/a		
Net financial assets									22,140,354	

32. COMMITMENTS

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(a) Capital commitments				

At 30 June 2007 the Company has capital commitments that relate principally to the purchase of mining equipment and modifications to the crushing and grinding circuits at Collingwood.

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Capital expenditure commitments				
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:				
– Within one year	325,890	324,359	–	–

(b) Operating lease commitments

The Company has entered in to commercial property leases on office rental and remote area residential accommodation. 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 one year and eighteen years. In order to maintain current rights the 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.

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

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(i) Property leases:				
– Within one year	293,660	174,758	–	–
– After one year but not more than five years	304,808	1,517	–	–
	598,468	176,275	–	–
(ii) Mineral tenement leases:				
– Within one year	327,320	144,671	–	–
– After one year but not more than five years	599,403	482,939	–	–
– After more than five years	511,385	591,435	–	–
	1,438,108	1,219,045	–	–

(c) Finance lease and hire purchase commitments

The Company has finance leases and hire purchase contracts for various items of plant and machinery. The leases do have terms of renewal but no 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 24 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 net minimum lease payments are as follows:

32. COMMITMENTS (continued)

(c) Finance lease and hire purchase commitments (continued)

	2007		2006	
	Minimum lease payments $	Present value of lease payments $	Minimum lease payments $	Present value of lease payments $
CONSOLIDATED				
Within one year	1,229,878	1,147,813	1,841,957	1,751,087
After one year but not more than five years	61,145	56,707	562,253	523,485
Total minimum lease payments	1,291,023	1,204,520	2,404,210	2,274,572
Less amounts representing finance charges	(86,503)	–	(129,638)	–
Present value of minimum lease payments	1,204,520	1,204,520	2,274,572	2,274,572
PARENT				
Within one year	1,229,878	1,147,813	1,841,957	1,751,087
After one year but not more than five years	61,145	56,707	562,253	523,485
Total minimum lease payments	1,291,023	1,204,520	2,404,210	2,274,572
Less amounts representing finance charges	(86,503)	–	(129,638)	–
Present value of minimum lease payments	1,204,520	1,204,520	2,274,572	2,274,572

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Included in the financial statements as:				
Current interest-bearing loans and borrowings (note 21)	1,147,813	1,751,087	1,147,813	1,751,087
Non-current interest-bearing loans and borrowings (note 25)	56,707	523,485	56,707	523,485
Total included in interest-bearing loans and borrowings	1,204,520	2,274,572	1,204,520	2,274,572

The weighted average interest rate impact in the leases for both the Company and the Parent is 6.82% (2006: 7.11%)

33. CONTINGENT ASSETS AND LIABILITIES

(a) Royalties

At Renison 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.

Since commencement of operations the following royalties apply for the Collingwood Project:

- 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.

(b) Rehabilitation Bond Facility

The Company has obligations in respect of environmental performance and rehabilitation that are secured by performance bonds to a total value of $3,491,200. These bonds are provided to the Department of Infrastructure, Energy and Resources in Tasmania, the Department of Natural Resources, Mines and Energy in Queensland and the Department of Industry and Resources South Australia.

34. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to year end on 30 July 2007 the Company purchased a 12.77% interest in Aragon Resources Limited ("Aragon"). On 30 August 2007 the Company increased its interest in Westgold Resources NL ("Westgold") from 19.08% to a controlling interest of 22.39%. Through its interest in Westgold the Company increased its relevant interest in Aragon Resources Limited to 54.44%.

On 6 September 2007 the Company issued 1,700,000 employee options pursuant to the Employee Option Scheme at an exercise price of $0.35 expiring 31 August 2007.

35. AUDITOR'S REMUNERATION

	Consolidated Entity		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
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	177,195	122,093	153,195	91,610
• other services in relation to the entity and any other entity in the Consolidated Entity:				
– tax compliance	65,913	41,075	39,813	20,575
	65,913	41,075	39,813	20,575
Total auditor remuneration	245,158	163,168	193,008	112,185

36. SEGMENT REPORTING

Segment results, assets and liabilities include items directly attributable to a segment result as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. The Consolidated Entity operates in a single geographical segment.

The Consolidated Entity comprises the following main business segments, based on the Consolidated Entities management reporting system.

Types of product and services:

Nickel projects:	Nickel royalty income and nickel exploration projects
Tin projects:	Tin concentrate income and other tin projects

Year ended 30 June 2007	Nickel Projects $	Tin Projects $	Other/ unallocated $	Consoli-dated $
Revenue				
Sales to external customers	–	25,588,716	–	25,588,716
Other revenues from external customers	7,691,580	–	–	7,691,580
Other revenue	–	–	625,478	625,478
Total Revenue	7,691,580	25,588,716	625,478	33,905,774
Result				
Profit/(loss) before tax and finance costs	5,489,980	(21,700,231)	(5,448,780)	(21,659,031)
Finance costs	–	–	(2,038,769)	(2,038,769)
Profit/(loss) before income tax	5,489,980	(21,700,231)	(7,487,549)	(23,697,800)
Income tax benefit				20,962,959
Net loss for the period				(2,734,841)
Assets and liabilities				
Segment assets	89,337,982	69,029,590	38,825,276	197,192,848
Segment liabilities	(217,994)	(11,953,178)	(16,904,444)	(29,075,616)
Net assets	89,119,988	57,076,412	21,920,832	168,117,232
Other segment information				
Capital expenditure (a)	74,490,402	–	9,395,505	83,885,907
Depreciation and amortisation	2,197,263	8,744,436	62,071	11,003,770
Impairment losses	–	6,493,315	–	6,493,315
Cash flow information (b)				
Net cash flow from/(used in) operating activities	5,294,202	(10,862,826)	(4,741,834)	(10,310,458)
Net cash flow from/(used in) investing activities	(676,523)	(6,569,390)	1,026,744	(6,219,169)
Net cash flow from/(used in) financing activities	–	(92,332)	43,649,899	43,557,576

(a) To comply with the requirements of AASB 114.57, the Consolidated Entity has included the cost of segment assets acquired by way of business combination.

(b) For the purposes of reconciling total cash flows to the cash flow statement, this column also includes unallocated cash flows that relate to unallocated revenues, expenses and liabilities.

36. SEGMENT REPORTING (continued)

Year ended 30 June 2006	Nickel Projects $	Tin Projects $	Other/ unallocated $	Consoli-dated $
Revenue				
Sales to external customers	–	13,055,051	–	13,055,051
Other revenue	–	–	313,954	313,954
Total Revenue	–	13,055,051	313,954	13,369,005
Result				
Loss before tax and finance costs	–	(22,467,104)	1,246,614	(21,220,490)
Finance costs	–	–	(1,411,631)	(1,411,631)
Loss before income tax	–	(22,467,104)	(165,017)	(22,632,121)
Income tax expense				–
Net loss for the period				(22,632,121)
Assets and liabilities				
Segment assets	–	72,920,357	2,444,087	75,364,444
Segment liabilities	–	(11,713,866)	(21,516,054)	(33,229,920)
Net assets	–	61,206,491	(19,071,967)	42,134,524
Other segment information				
Depreciation and amortisation	–	5,937,348	61,050	5,998,398
Cash flow information (a)				
Net cash flow from/(used in) operating activities	–	(14,750,291)	(2,063,463)	(16,813,754)
Net cash flow from/(used in) investing activities	–	(31,186,887)	(13,082)	(31,199,969)
Net cash flow from/(used in) financing activities	–	(3,002,000)	36,283,264	33,281,264

(a) For the purposes of reconciling total cash flows to the cash flow statement, this column also includes unallocated cash flows that relate to unallocated revenues, expenses and liabilities.

37. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

		Appointed	Resigned
P J Newton	Non-Executive Chairman	23 July 2004	–
P G Cook	Managing Director	23 July 2004	–
W S Hallam	Executive Director	1 March 2005	–
D M Okeby	Non-Executive Director	23 July 2004	–
M L Jefferies	Non-Executive Director	29 December 2006	–
D J Head	Non-Executive Director	29 December 2006	–

(ii) Executives

		Appointed	Resigned
P G Benson	General Manager – Collingwood	1 April 2006	24 May 2007
A G Gasmier	General Manager – Collingwood	1 May 2007	–
S J Huffadine	Chief Operations Manager	11 June 2007	–
I K Tan	Executive General Manager	13 February 2006	31 May 2007
F J Van Maanen	Company Secretary	1 July 2005	–

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

(b) Compensation of Key Management Personnel

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Short-term employee benefits	1,412,886	1,256,904	–	–
Post employment benefits	97,457	69,509	–	–
Share-based payment	158,378	147,901	–	–
	1,668,721	1,474,314	–	–

Metals X Limited has applied the option under Corporations Amendments Regulations 2006 to transfer key management personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraph Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report.

These transferred disclosures have been audited.

37. KEY MANAGEMENT PERSONNEL (continued)

(c) Option holdings of Key Management Personnel (Consolidated)

Option Holdings at the date of this financial report (including nominees)

30 June 2007	Balance at beginning of period 1 July 2006	Granted as remuneration	Net change other	Options exercised	Balance at end of period 30 June 2007	Not vested and not exercisable	Vested and exercisable
Directors							
P J Newton	17,796,501	–	2,500,000	(2,500,000)	17,796,501	–	17,796,501
P G Cook	17,513,200	–	2,500,000	(2,500,000)	17,513,200	–	17,513,200
W S Hallam	1,325,000	–	–	–	1, 325,000	–	1,325,000
D M Okeby	11,742,500	–	2,500,000	(2,500,000)	11,742,500	–	11,742,500
M L Jefferies	–	–	2,500,000	(2,500,000)	–	–	–
D J Head	650,000	–	–	–	650,000	–	650,000
Executives							
P G Benson	200,000	–	–	–	200,000	–	200,000
A G Gasmier	200,000	300,000	–	–	500,000	300,000	200,000
S J Huffadine	–	1,000,000	–	–	1,000,000	1,000,000	–
I K Tan	1,000,000	–	–	–	1,000,000	–	1,000,000
F J Van Maanen	1,370,000	–	250,000	–	1,620,000	–	1,620,000
Total	51,797,201	1,300,000	10,250,000	(10,000,000)	53,347,201	1,300,000	52,047,201

All options are exercisable once vested.

37. KEY MANAGEMENT PERSONNEL (continued)

(d) Option holdings of Key Management Personnel (Consolidated)

30 June 2006	Balance at beginning of period 1 July 2005	Granted as remuneration	Net change other	Options exercised	Balance at end of period 30 June 2006	Not vested and not exercisable	Vested and exercisable
Directors							
P J Newton	3,162,500	–	14,634,001	–	17,796,501	–	17,796,501
P G Cook	3,000,000	–	14,513,200	–	17,513,200	–	17,513,200
W S Hallam	1,125,000	–	200,000	–	1,325,000	–	1,325,000
D M Okeby	2,755,000	–	8,987,500	–	11,742,500	–	11,742,500
Executives							
P G Benson	–	200,000	–	–	200,000	200,000	–
G M Jones	525,000	–	–	–	525,000	–	525,000
F J Van Maanen	750,000	100,000	520,000	–	1,370,000	100,000	1,270,000
I K Tan	–	1,000,000	–	–	1,000,000	1,000,000	–
Total	11,317,500	1,300,000	38,854,701	–	51,472,201	1,300,000	50,172,201

All options are exercisable once vested.

37. KEY MANAGEMENT PERSONNEL (continued)

(e) Shareholdings of Key Management Personnel (Consolidated)

Ordinary shares held in Metals X Limited (number)

30 June 2007	Balance held at 1 July 2006	Granted as remuneration	On exercise of options	Issued pursuant to Metals Exploration Merger	Net change other	Balance held at 30 June 2007
Directors						
P J Newton	51,219,002	–	2,500,000	12,500,000	–	66,219,002
P G Cook	50,796,200	–	2,500,000	14,000,000	–	67,296,200
W S Hallam	2,600,000	–	–	3,750,000	–	6,350,000
D M Okeby	43,737,501	–	2,500,000	5,000,000	(1,500,000)	49,737,501
M L Jefferies	200,000	–	2,500,000	–	–	2,700,000
D J Head	350,000	–	–	–	–	350,000
Executives						
P G Benson	–	–	–	–	–	–
A G Gasmier	–				230,000	230,000
S J Huffadine	–	–	–	–	–	–
I K Tan	216,546	–	–	–	(216,546)	–
F J Van Maanen	1,820,000	–	–	250,000	–	2,070,000
Total	150,939,249	–	10,000,000	35,500,000	(1,486,546)	194,952,703

30 June 2006	Balance held at 1 July 2005	Granted as remuneration	On exercise of options	Issued pursuant to Rights Issue	Net change other	Balance held at 30 June 2006
Directors						
P J Newton	35,935,001	–	–	14,634,001	650,000	51,219,002
P G Cook	35,558,000	–	–	14,513,200	725,000	50,796,200
W S Hallam	2,400,000	–	–	200,000	–	2,600,000
D M Okeby	34,550,001	–	–	8,987,500	200,000	43,737,501
Executives						
P G Benson	–	–	–	–	–	–
G M Jones	1,350,000	–	–	–	(450,000)	900,000
F J Van Maanen	1,300,000	–	–	520,000	–	1,820,000
I K Tan	–	–	–	–	216,546	216,546
Total	111,093,002	–	–	38,854,701	1,341,546	151,289,249

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.

37. KEY MANAGEMENT PERSONNEL (continued)

(f) Loans from Key Management Personnel (Consolidated)

(i) Details of aggregates of loans from Key Management Personnel are as follows:

Total	Balance at beginning of period	Interest charged	Interest not charged	Write-offs	Balance at end of period	Number in group
2007	4,550,000	484,323	–	–	6,500,000	3
2006	–	172,865	–	–	4,550,000	2

(ii) Details of individuals with loans above $100,000 in the reporting period are as follows:

30 June 2007	Balance at beginning of period	Interest charged	Interest not charged	Write-offs	Balance at end of period	Highest owing in the period
Directors						
P J Newton	2,400,000	254,997	–	–	3,425,000	3,800,000
P G Cook	2,150,000	177,373	–	–	2,275,000	2,650,000
D M Okeby	–	51,953	–	–	800,000	800,000

30 June 2006	Balance at beginning of period	Interest charged	Interest not charged	Write-offs	Balance at end of period	Highest owing in the period
Directors						
P J Newton	–	108,989	–	–	2,400,000	4,000,000
P G Cook	–	57,433	–	–	2,150,000	4,110,000
D M Okeby	–	2,704	–	–	–	500,000

Terms and conditions of loans
Loans from Directors are unsecured and incur interest at 7% per annum. The average commercial rate of interest during the year was 6.97%.

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

Mr PG Cook, Mr DM Okeby, Mr PJ Newton and Mr WS Hallam are also directors of Metals Exploration Limited and its controlled entities.

Prior to the acquisition of Metals Exploration Limited, Bluestone Australia Pty Ltd provided office space and facilities, accounting, secretarial and administrative services at cost to Metals Exploration Limited and in the current period $99,862 (2006: $195,443) has been charged to Metals Exploration Limited for these services.

Metals Exploration Limited has charged Bluestone Australia Pty Ltd an amount of nil (2006: $215,377) for the services of Mr W S Hallam and $634 (2006: $4,990) for other sundry services in the current period.

38. 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 2007	Ownership interest 2006	Investment ($) 2007	Investment ($) 2006
Bluestone Australia Pty Ltd	Australia	100%	100%	19,950,000	19,950,000
Metals Exploration Limited	Australia	100%	–	71,714,235	–
				91,664,235	19,950,000
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 Metals Exploration Limited					
Harbour Capital (WA) Pty Ltd	Australia	100%	–	220,020	–
Metex Nickel Pty Ltd	Australia	100%	–	1	–
Hinckley Range Pty Ltd	Australia	100%	–	1,069,750	–
Austral Nickel Pty Ltd	Australia	100%	–	9,058,896	–

(b) Ultimate parent

Metals X Limited is the ultimate parent entity. There are no Class Orders in place at 30 June 2007.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 37.

38. RELATED PARTY DISCLOSURES (continued)

	Consolidated Entity 2007 $	Consolidated Entity 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
(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	–	–	110,894,665	73,398,817
(ii) Amounts attributable to transactions with other related parties				
Amounts charged by Bluestone Australia Pty Ltd to Metals Exploration Ltd for services provided.	99,862	195,443	–	–
Amounts paid by Bluestone Australia Pty Ltd to Metals Exploration Ltd for services received.	634	220,367	–	–
Amounts from All-States Finances Pty Ltd as a related party loan*	1,400,000	4,400,000	1,400,000	4,400,000
Amounts to All-States Finances Pty Ltd as repayment of a related party loan*	566,915	2,108,989	566,915	2,108,989
Amounts from Ajava Holdings Pty Ltd as a related party loan**	500,000	4,110,000	500,000	4,110,000
Amounts to Ajava Holdings Pty Ltd as repayment of a related party loan**	509,362	2,008,284	509,362	2,008,284
Amounts from Liberty Management Pty Ltd as a related party loan***	800,000	500,000	800,000	500,000
Amounts to Liberty Management Pty Ltd as repayment of a related party loan***	37,992	502,704	37,992	502,704

* Mr PJ Newton is a director of All-States Finances Pty Ltd.
** Mr PG Cook is a director of Ajava Holdings Pty Ltd.
*** Mr DM Okeby is a director of Liberty Management Pty Ltd.

Director's Declaration

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

(1) In the opinion of the directors:

(a) the financial statements, notes and the additional disclosures included in the Directors' report designated as audited, 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 2007 and of their performance for the year ended on that date; and

(ii) complying with the Accounting Standards and 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.

(2) 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 2007.

On behalf of the Board.

PG Cook
Managing Director

Perth, 28 September 2007

ERNST & YOUNG

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Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

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

We have audited the accompanying financial report of Metals X Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement 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.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("remuneration disclosures"), under the heading "Remuneration Report" on pages 14 to 22 of the Directors' Report, as permitted by Corporations Regulation 2M.6.04.

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, the directors also state that the financial report, comprising the financial statements and notes comply with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the Directors' Report.

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 and that the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures.

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 and the remuneration disclosures, 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.

ERNST & YOUNG

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 2007 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; and

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

3. the remuneration disclosures that are contained on pages 14 to 22 of the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures.

Ernst & Young

G H Meyerowitz
Partner
Perth

28 September 2007

Security Holder Information

as at 20 September 2007

(a) Top 20 Quoted Shareholders

Top 20 Quoted Shareholders	%	Number of shares
Jinchuan Group Limited	11.95	117,000,000
Sabatica Pty Limited	9.17	89,742,210
All-States Finance Pty Ltd	6.44	63,075,002
J P Morgan Nominees Australia	6.44	63,011,092
HSBC Custody Nominees Australia Limited	5.72	55,972,743
Ajava Holdings Pty Ltd	3.92	38,410,000
Merrill Lynch (Australia)	3.57	34,927,878
ANZ Nominees Limited	2.75	26,910,236
Donald Mark Okeby	2.63	25,781,501
Acclaim Exploration NL	2.30	22,500,000
Peter Gerard Cook	2.20	21,550,000
Robert Pittorino	2.04	20,000,000
Liberty Management Pty Ltd	1.84	18,000,000
National Nominees Limited	1.79	17,568,193
Fitel Nominees Limited	0.95	9,315,647
Fortis Clearing Nominees Pty Ltd	0.95	9,304,659
Citcorp Nominees Pty Ltd	0.92	9,005,760
HSBC Custody Nominees Australia Limited	0.92	8,971,996
Western Bridge Pty Ltd	0.89	8,686,160
Joan Christine Cook	0.72	7,056,200
Total	68.11	666,789,277

(b) Distribution of ordinary shares

Size of parcel	Number of share holders	Number of shares
1 to 1,000	53	31,322
1,001 to 5,000	820	2,677,075
5,001 to 10,000	808	6,672,748
10,001 to 100,000	2,249	82,836,836
100,001 to 25,000,000	476	886,837,399
Total	4,406	979,055,380

(c) Number of holders with less than a marketable parcel of ordinary shares	140	151,820

(d) Substantial Shareholders

Substantial Shareholders	Number of shares	%
Jinchuan Group Limited	117,000,000	11.95
Sabatica Pty Limited	89,742,210	9.17
Peter Gerard Cook	67,296,200	6.87
All-States Finance Pty Ltd	66,219,002	6.76
Donald Mark Okeby	49,737,501	5.08

Security Holder Information (continued)

as at 20 September 2007

(e) Top 20 Quoted Option Holders

	%	Number of options
All-States Finance Pty Ltd	13.53	14,450,001
Sabatica Pty Limited	11.20	11,964,005
Peter Gerard Cook	7.49	8,000,000
Ajava Holdings Pty Ltd	5.86	6,260,000
Liberty Management Pty Ltd	3.74	4,000,000
Merrill Lynch (Australia)	3.65	3,900,852
Donald Mark Okeby	3.34	3,571,500
HSBC Custody Nominees Australia Limited	3.31	3,533,972
Tollvale Pty ltd	2.71	2,892,200
ANZ Nominees Limited	2.44	2,611,817
HSNC Custody Nominees Australia Limited	2.20	2,355,020
John R Keith Corp Limited	1.87	2,000,000
Lost Ark Nominees Pty Limited <SAG A/C>	1.87	2,000,000
Western Bridge Pty Ltd	1.34	1,432,531
Hawkridge Holdings Pty Ltd	1.31	1,400,000
Poulsen Dorthe Elmstrom	1.25	1,330,000
Zarzal Pty Ltd	1.22	1,306,400
Oaksouth Pty Ltd	1.12	1,200,000
Milguy sec Pty Ltd	0.94	1,000,000
Santina Limited	0.94	1,000,000
Total	71.33	76,208,298

(f) 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.

(g) Unquoted Equity Securities

Number of Options	Exercise Price	Expiry Date	Number holders
15,875,000	25 cents	30/06/2009	39
650,000	30 cents	30/06/2008	11
6,900,000	20 cents	12/02/2010	11
2,200,000	28 cents	31/01/2010	8
800,000	34 cents	30/04/2010	3
2,000,000	25 cents	12/09/2009	1
1,625,000	22 cents	31/01/2010	4
4,700,000	40 cents	31/06/2011	19
1,700,000	35 cents	31/08/2011	3

Summary of Mining Tenements

as at 20 September 2007

BLUESTONE MINES TASMANIA PTY LTD
RENISON – 100%

ML 12M/1995

MOUNT BISCHOFF – 100%

ML 12M/2006

BLUESTONE NOMINEES PTY LTD
COLLINGWOOD – 100%

ML 2796
ML 3065
ML 3066
ML 3067
ML 3068
ML 3069
ML 3070
MDL 111
MDL 112

MOUNT GARNET – 100%

MDL 38
MDL 381

HINCKLEY RANGE PTY LTD
WINGELLINA – 100%

E 69/0535
E 69/1090
E 69/1091
MLA 69/0071

AUSTRAL NICKEL PTY LTD
CLAUDE HILLS – 100%

EL 3555

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