

Water exploration has been focused on the known aquifer within 69/12 that is located approximately 100Km South West of Wingellina. Drilling has intercepted a significant aquifer at approximately 140m below surface, with drilling unable to progress deeper than 230m due to substantial water pressure from within the aquifer. Data from historical oil exploration (Vines#1 hole) and hydrological modelling suggests that the aquifer extends to 300m below surface. Further drilling and modelling is continuing.

Metals X held encouraging discussions with the Northern Territory and South Australian authorities relating to the use of rail and port infrastructure as suitable options for the project during the year. Representatives from both states have expressed interest in supporting use of road, rail and port networks, and discussions to finalise transport options will be undertaken in the ensuing year.

## **WINGELLINA FINANCING AND DEVELOPMENT**

The Company has significantly advanced the Wingellina Project and is now reviewing options for finance and development. The Company has held discussions with potential equity participants and financiers with a focus on those international entities that are capable of providing both technical expertise and funding.

During the year the Company announced that it had signed an Agreement with China's largest nickel producer Jinchuan Group Limited ("Jinchuan") to sell to Jinchuan a 20% direct interest in the CMP as a part of the projects advancement towards future production.

Under the terms of the agreement the Company will selectively buy-back Jinchuan's 12.89% shareholding (176 million ordinary fully paid shares) in the Company in exchange for the 20% direct interest in the CMP. The transaction is subject to a number of conditions precedent including Metals X shareholder approval, Jinchuan board approval, completion of due diligence and Australian federal and state government approvals. Both parties are working to complete the transaction in the near future. On completion the parties will form an unincorporated Joint Venture ("JV") over the CMP, with the Company having an 80% interest and Jinchuan having a 20%. Metals X will retain management of the project.

The Agreement with Jinchuan is an important and significant first step in bringing together a consortium to advance the project to production and the company is confident that other partners will commit to the project in the near future.

