



METRO MINING LIMITED

Metro Mining Limited (ASX:MMI)

Quarterly Activities Report | June 2016

Highlights

 **Greenstone Resources LP** make strategic investment of A\$8.9 Million for a 19.98% interest in Metro Mining.

 **4Mtpa Definitive Feasibility Study (DFS)** is underway and on schedule for completion August 2016.

 **Bauxite Hills Project on Track** for production Q3 2017.

 **Metro Achieves 22% Ownership of Gulf Alumina** and becomes Gulf's largest shareholder.

Strategic Financing with Greenstone Resources LP

Key Points

Refer ASX Announcement 11 July 2016

- Greenstone is a specialist mining and metals private equity fund.
- \$8.9 Million investment priced at \$0.085 per share, a 27% premium to the closing price prior to the announcement.
- Greenstone to provide both strategic support and a conditional commitment for up to an additional US\$20 Million equity funding for the development of Bauxite Hills.
- Significant in-house technical expertise — including bauxite and aluminium.
- Long-term investment horizon — 10 year Fund.

Strategic Investor

Metro executed a binding Agreement with Greenstone Resources, a specialist mining and metals private equity fund based in Guernsey, Channel Islands. Greenstone Resources will become a 19.98% shareholder in Metro and provide ongoing strategic and financial support for the development of Metro's flagship Bauxite Hills Project.

Greenstone will make an initial investment of A\$8.9 Million in Metro via a placement of 105 million shares at A\$0.085 cents per share, representing a 27% premium to the closing price of Metro shares on the day prior to the Announcement.

The Placement will comprise two tranches. The first tranche raising A\$8.058 Million via the issue of 94.8 million shares. The second tranche, which is subject to Metro Shareholder approval, will raise a further A\$0.867 Million via the issue of 10.2 million shares.

Greenstone may also make a follow-on equity investment in Metro of up to US\$20 Million to support the financing of the construction of the Bauxite Hills Project.

In support of the strategic relationship, Greenstone will nominate a representative to the Board of Metro and will also have a representative on the Bauxite Hills Development Steering Committee which provides technical, financial, environmental and development advice to the Board.



Bauxite Hills Project

Environmental Impact Statement Accepted for Public Submission

Refer ASX Announcement 12 May 2016

The Environmental Impact Statement (EIS) for Bauxite Hills had been accepted for public submissions by the Queensland Government Department of Environment and Heritage Protection (DEHP).

This is a major milestone in the approval process for Bauxite Hills. The Public submission period has since closed.

Through the EIS process the Company is seeking approval for the development a Direct Shipping Ore (DSO) bauxite mine in western Cape York with annual production of up to 5 million tonnes per annum (Mtpa). The Project does not require a tailings dam and nor does it require dredging or bed levelling of the Skardon River. It will mainly operate during the dry season, greatly reducing mining complexity and environmental impact.

Metro is in the process of responding to the public submissions. The response, together with the Company's final statement of environmental commitments, will be lodged for approval by both DEHP and DOTE. Metro believes final determination of the EIS may be achieved by early 2017 enabling site construction to commence after the wet season and mining operations to start September 2017.



4Mtpa Definitive Feasibility Study and Project Update

Key Milestones Include

- **A 4Mtpa Definitive Feasibility Study (DFS) for an expanded production facility is on schedule for completion in August 2016.**
- Bauxite Hills has been classified as a Project of Regional Significance by the Queensland Government.
- Metro has secured Native Title and Land Access Agreements with the Ankamuthi People and the Old Mapoon Aboriginal Corporation. The Agreements provide for employment and training opportunities for traditional owners, business development and contracting opportunities for Ankamuthi businesses and payment of mining benefits for the life of the Project.
- In August last year, Metro secured an Offtake Memorandum of Understanding (MoU) with Xinfu, one of the largest integrated aluminium companies in China and a Metro shareholder.
- Transshipping Contracts for barging up the Skardon River and loading bulk carriers in the Gulf of Carpentaria, have been completed.



Corporate

Agreement to Acquire 80% of Mahar San Copper Project

Refer ASX Announcement 10 June 2016

Metro executed a Joint Venture (JV) Agreement to acquire 80% of the Mahar San copper / VMS Project in Myanmar.

Metro will carry out its JV activities through a number of Myanmar based contractors. This will enable Metro to keep its immediate focus on the development of the Bauxite Hills Project in Cape York.

The Project requires minimal cash commitments over the coming 6 months. Metro is also engaged in discussions with potential funding parties who have a focus on Myanmar.

The Mahar San Project is highly prospective for copper, gold and base metal mineralization in Volcanic Massive Sulphide (VMS) settings.

Myanmar is one of Asia's great unexplored mineral frontiers with yet to be realized potential for world-class porphyry copper-gold systems as well as a variety of styles of base metal and tin/tungsten mineralisation all contained within a central volcanic belt that stretches for over 1,000km. There has been virtually no modern exploration, that target these commodities and deposit styles, undertaken in Myanmar.

Metro believes that the application of modern exploration techniques to better assess the area for gold, copper and other base metal mineralisation provides an attractive opportunity for the company.

Metro Closes Takeover Bid for Gulf Alumina

Refer ASX Announcement 16 June 2016

Metro closed its takeover bid for Gulf Alumina Limited and now holds a 22% strategic stake in the company — Gulf Alumina owns a bauxite project that is adjacent to Metro Mining's Bauxite Hill's Project.

Metro is now Gulf's largest shareholder and is in a good position to negotiate future collaboration between the two companies. Metro will also consider any further opportunities to take advantage of potential synergies between the two projects.

Research Reports

Broker Reports produced include:

- 07 July 2016 Argonaut Research — **Metro Mining Been Busy - Development on Track | Target Price \$0.22**
- 11 July 2016 Argonaut Research — **Strategic Cornerstone Investment | Target Price \$0.26**
- 14 July 2016 Morgans — **Bauxite Hills Funding in Place" | Target \$0.20**

Details available www.metromining.com.au

MMI Cash Position

Metro Mining's Cash position as at end June 2016 was \$2.7 Million.



ASX : MMI

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FORWARD LOOKING STATEMENT Statements and material contained in this ASX Report, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Graphs used in this ASX Report (including data used in the graphs) are sourced from third parties and Metro Mining has not independently verified the information. Metro Mining is at an early development stage and while it does not currently have an operating bauxite mine it is taking early and preliminary steps (such as but not limited to Prefeasibility studies etc.) that are intended to ultimately result in the building and construction of an operating mine at its project areas. Although reasonable care has been taken to ensure that the facts stated in this ASX report are accurate and or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this ASX Report should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Metro Mining Limited

ABN

45 117 763 443

Quarter ended ("current quarter")

30-Jun-16

Consolidated statement of cash flows

		Current quarter (Apr 16- Jun 16) \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration and evaluation	-59	-277
	(b) development	-673	-3,965
	(c) production	0	
	(d) administration	-626	-2,310
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	13	93
1.5	Interest and other costs of finance paid		
1.6	Income tax refund (R&D)	96	637
1.7	Other	0	0
Net Operating Cash Flows		-1,250	-5,821
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments	-312	-499
	(c) other fixed assets	0	0
1.9	Proceeds from sale of:		
	(a) prospects / tenements	0	825
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid to other entities		
1.12	Other		
Net investing cash flows		-312	327
1.13	Total operating and investing cash flows (carried forward)	-1,562	-5,495

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	-1,562	-5,495
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		5,600
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (costs associated with the capital raising)		-536
	Net financing cash flows	0	5,064
	Net increase (decrease) in cash held	-1,562	-431
1.20	Cash at beginning of quarter/year to date	4,247	3,116
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,685	2,685

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	64
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to Related Parties (1.23) is for Director Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities - Convertible Note	0	0
	Loan facilities - Corporate Credit Card	20	5
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	206
4.2 Development	1,455
4.3 Production	0
4.4 Administration	1,223
Total	2,884

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,453	1,660
5.2 Deposits at call	1,232	2,587
5.3 Bank overdraft		
5.4 Other (provide details - Security Deposits)		
Total: cash at end of quarter (item 1.22)	2,685	4,247

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter (Sub-Blocks)	Interest at end of quarter (Sub-Blocks)
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPC1166 EPC1167	Direct, applied Direct, applied	27 sub-blocks 49 sub-blocks	0 0
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	420,571,896	420,571,896		Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	53,786,040	53,786,040	Consideration under the Takeover Bid: issue of 3.3 fully paid ordinary shares in Metro for every 1 ordinary share in Gulf Alumina	Fully Paid

Appendix 5B

Mining exploration entity quarterly report

	(b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (<i>description</i>)				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options (<i>description and conversion factor</i>)	Total number	Number quoted	Exercise price	Expiry date
		10,750,000 Unlisted options	-	6 cents	11/01/2017
		2,500,000 Unlisted options	-	15 cents	14/12/2017
		1,047,493 Unlisted options	-	4.3 cents	5/05/2018
7.8	Issued during quarter	1,047,493 Unlisted options	-	4.3 cents	5/05/2018
7.9	Exercised during quarter				
7.1	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Signature on file

Sign here: Date: 27 July 2016
(Company secretary)

Print name: SCOTT WADDELL

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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