

24 February 2017

\$52M Equity Raising to maintain Bauxite Hills Mine Development Momentum & Strengthen Balance Sheet

Highlights

-  Institutional Placement to raise up to \$15.9 million¹
-  Underwritten non-renounceable entitlement offer to raise approximately \$36.5 million
-  Up to 419.4 million shares to be issued at a price of \$0.125 per New Share
-  Equity Raising significantly supported by Metro's long-term cornerstone shareholder Balanced Property
-  Another key milestone for Metro following transformational acquisition of Gulf Alumina Limited (Gulf) late last year
-  Equity Raising will enable Metro to maintain development momentum at Bauxite Hills Mine and repay bridge loan facilities which supported the Gulf acquisition
-  Post Equity Raising, Metro will be fully funded to a decision to mine for the Bauxite Hills Mine.
-  Bankable Feasibility Study (BFS) for Bauxite Hills Mine, incorporating benefits of the Gulf acquisition, to be completed in coming weeks
-  Metro rapidly progressing towards becoming Cape York's leading independent bauxite producer with full project construction on-track to commence H2 2017

Metro Mining Limited (ASX:MMI) (Metro) is pleased to announce the launch of a \$52.4 million equity raising to maintain development momentum at its 100% owned Bauxite Hills Mine, and to repay bridge loan facilities which supported the transformational acquisition of project neighbour Gulf late last year.



Equity Raising

The \$52.4 million equity raising will involve the issue of approximately 419.4 million fully paid ordinary shares (New Shares) at an issue price of \$0.125 per New Share (Issue Price) and will comprise:

- a placement of approximately 126.9 million New Shares to institutional and sophisticated investors to raise up to \$15.9 million (Institutional Placement); and
- a one for two pro-rata non-renounceable entitlement offer of approximately 292.3 million New Shares to raise approximately \$36.5 million (Entitlement Offer) (together the Equity Raising).

The Institutional Placement shares will not be entitled to participate in the Entitlement Offer. Upon completion of the Equity Raising Metro will have approximately 1,004 million Shares on issue.

Based on Metro's closing share price as at 23 February 2017 the Issue Price for the Equity Raising represents:

- a 12.3% discount to the theoretical ex-rights price (TERP);
- a 19.4% discount to the last traded price of Metro shares; and
- a 20.8% discount to 30-day VWAP of Metro shares.

Use of Funds

The proceeds from the Equity Raising will be used to fund:

- Purchase of long lead time items and grade control items required for Bauxite Hills Mine (~\$6.9m)
- Environmental bonding required for commencement of early works (~\$2.1m)
- Completion of BFS and final project approvals (~\$3.0m)
- Contribution to full repayment of bridging loan facilities related to Gulf acquisition (~\$40.4m)

Underwriting & Key Shareholder Support

Argonaut is acting as sole lead manager to the Institutional Placement and underwriter for the Entitlement Offer.

The Equity Raising will be significantly supported by Metro's long-term cornerstone shareholder and successful resources investor Balanced Property, which has a proven track record of identifying, developing and operating bulk commodity projects in Queensland.

1. In respect of the Institutional Placement, 24,903,903 shares (\$3.1 million) have been reserved for Greenstone pursuant to its anti-dilution rights. If Greenstone does not elect to take up those shares, the Lead Manager will look to place these reserved shares to other institutional investors
2. The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Metro shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Metro's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP. The TERP includes New Shares issued under the Placement

Balanced Property has committed to subscribe for its 12.4% pro-rata entitlement in the Entitlement Offer and to priority sub-underwrite the Entitlement Offer up to a 19.9% relevant interest in Metro post Equity Raising. It is expected that Balanced Property will invest approximately \$16.0 million in the Equity Raising.

Strategic investor Greenstone has anti-dilution rights to maintain its 19.6% interest.

Following the Equity Raising, Metro will be fully funded through to a decision to mine for the Bauxite Hill Mine.

Metro entered a new loan facility with an associate of Balanced Property to facilitate repayment of the existing loan facility with Greenstone and to ensure Metro has sufficient liquidity to continue to rapidly advance the Bauxite Hills Mine toward production. The new loan facility can be repaid by Metro at any time with no penalty.

For more information regarding the equity raising, refer to the Investor Presentation that Metro lodged with ASX today which may be downloaded from ASX's website, www.asx.com.au

Metro's Managing Director, Simon Finnis, said:

"The Equity Raising represents another major milestone for Metro. This Equity Raising allows Metro to take advantage of the transformational Gulf acquisition benefits by maintaining development momentum at Bauxite Hills Mine and to strengthen the balance sheet ahead of project construction."

"We are also delighted to have the ability to introduce new institutional investors to the register while at the same time providing existing shareholders the opportunity to invest further in Metro at this exciting time".

"It's also important to acknowledge Greenstone's and Balanced Property's significant and continued support which provides a strong endorsement of Metro, and Metro's future prospects, as we rapidly progress toward becoming a leading independent bauxite producer."

Institutional Placement

The Institutional Placement is being made under Metro's expanded 15% annual issuing capacity for the purposes of ASX Listing Rule 7.1 and therefore shareholder approval for the issue of New Shares under the Institutional Placement is not required.

Settlement of the Institutional Placement is expected to occur on 6 March 2017, with the Institutional Placement shares to be allotted on 7 March 2017.

Entitlement Offer

The Entitlement Offer consists of a non-renounceable entitlement offer of one new ordinary share in Metro for every two existing shares held at 7.00pm (Sydney time) on 3 March 2017 (Record Date) at the Offer Price (Entitlements).

Participation in the Entitlement Offer will be open to Metro shareholders who are registered holders of shares on the Record Date and who have a registered address in Australia or New Zealand and certain categories of institutional or professional investors in China, Hong Kong, Cyprus, Kenya or the United Kingdom who Metro determines are eligible to participate, subject to restrictions under and in accordance with the applicable securities laws (**Eligible Shareholders**).

Further details regarding international selling restrictions are set out in the Investor Presentation.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

Approximately 292.3 million New Shares will be issued as part of the Entitlement Offer. New shares issued under the Entitlement Offer will rank equally with existing shares.

The Entitlement Offer will include a top-up facility under which Eligible Shareholders who take up their full Entitlement will be invited to apply for additional shares in the Entitlement Offer from a pool of those not taken up by other Eligible Shareholders. There is no guarantee that applicants under this top-up facility will receive all or any of the shares they apply for under the facility.

Metro will notify shareholders as to whether they are eligible to participate in the Entitlement Offer.

Further information will be sent to Eligible Shareholders in an information booklet (**Information Booklet**) and accompanying personalised entitlement and acceptance form, which are expected to be dispatched on or around 8 March 2017. A copy of the Information Booklet will be made available on ASX's website on 28 February 2017. Metro will also dispatch a letter about the Entitlement Offer to each holder of options to subscribe for Metro shares.

Activity	Indicative date
Trading halt and announcement of Equity Raising	24 February 2017
Institutional Placement opens	24 February 2017
Institutional Placement closes	24 February 2017
Announcement of Institutional Placement results	28 February 2017
Trading halt lifted	28 February 2017
Shares commence trading on an ex-entitlement basis	2 March 2017
Record Date 7.00pm (Sydney time)	3 March 2017
Settlement of the Institutional Placement	6 March 2017
Allotment and trading of Shares issued under the Institutional Placement	7 March 2017
Information booklet and personalised entitlement and acceptance form dispatched	8 March 2017
Entitlement Offer opens	8 March 2017
Entitlement Offer closes at 5.00pm (Sydney time)	17 March 2017
New Shares commence trading on a deferred settlement basis	20 March 2017
Settlement of Entitlement Offer	23 March 2017
Allotment of New Shares under the Entitlement Offer	24 March 2017
Trading of New Shares under the Entitlement Offer	27 March 2017

Further information

Should you have any queries in relation to the Entitlement Offer, please contact Metro's company secretary, Scott Waddell, on +61 7 3009 8000 on weekdays between 9.00am and 5.00pm (Brisbane time). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

Important information

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