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# Mines & Money Asia

April 2017

# Executive Summary

## Simple Project, Attractive Fundamentals, Proven Team, near Term Production & Compelling Economics

- 1 Transformational acquisition of project neighbour Gulf completed December 2016
- 2 Bauxite fundamentals & price outlook remain strong driven by growing China seaborne demand
- 3 Simple DSO project well located in Cape York with key freight advantage to China
- 4 Excellent economics confirmed by 2017 BFS – low capex (~A\$36m), high margins with average annual EBITDA of ~A\$145m over 17 year LOM
- 5 Off-take with China's second largest bauxite importer Xinfu for ~50% of production for first 4 years
- 6 Clear development pathway being accelerated and optimised by proven team
- 7 Excellent financing proposition with first production scheduled for April 2018



# BFS Highlights

After-Tax NPV<sub>10</sub>

**A\$601 Million**

After-Tax IRR

**81%**

Initial CAPEX

**A\$35.8 Million**

Average Annual  
EBITDA

**A\$145 Million**

LOM EBITDA

**A\$2.5 Billion**

Initial LOM

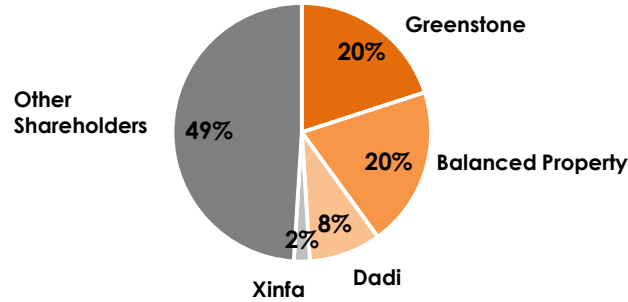
**17 years**

LOM Average on-  
site costs

**A\$16.42/t**

# Corporate Snapshot

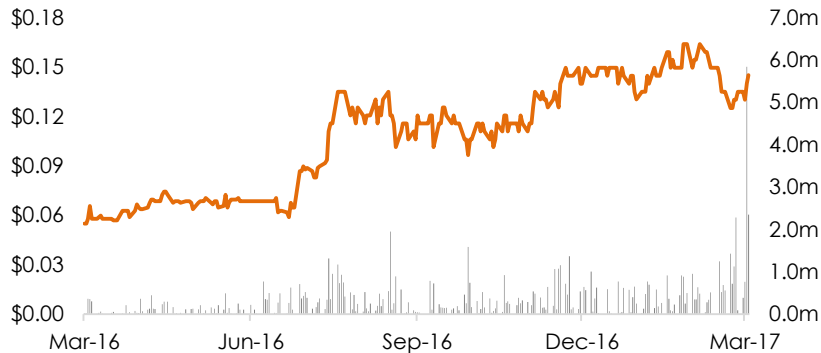
## Share Register



## Capital Structure

|                         |                 |
|-------------------------|-----------------|
| Share Price (31-Mar-17) | \$0.145         |
| Shares on Issue         | 1,004.0m        |
| <b>Market Cap</b>       | <b>\$145.6m</b> |
| Options Unlisted        | 7.5m            |
| Cash                    | \$18.9m         |
| Unsecured Debt          | \$7.0m          |
| <b>Enterprise Value</b> | <b>\$133.7m</b> |

## Share Price & Volume - LTM



## Board of Directors

|                         |                 |
|-------------------------|-----------------|
| Chairman                | Stephen Everett |
| Managing Director & CEO | Simon Finnis    |
| Non-Executive Director  | Philip Hennessy |
| Non-Executive Director  | George Lloyd    |
| Non-Executive Director  | Lindsay Ward    |
| Non-Executive Director  | Mark Sawyer     |
| Non-Executive Director  | Dongping Wang   |
| Non-Executive Director  | Jijun Liu       |



# Proven High Quality Management Team

## Since 2015 Metro's Key Management Team has Successfully Raised Over \$150m Of Equity and Debt Finance for Metro

- Metro's board and management team have collectively been involved in the development and operation of over 30 mines globally
- Significant bauxite knowledge and expertise, focused on Cape York bauxite operations and product marketing into China
- Strategy is to develop and operate mines

### Simon Finnis | MD & CEO

- Joined Metro as CEO in early 2015
- Mining executive with +30 years experience
- Former CEO of Grande Côte Minerals Sands operations in Senegal and responsible for \$650m greenfield project development



### Operational

#### Charles Easton | GM, Bauxite Hills Mine

- Geologist with +40 years experience
- Previous GM at Thiess
- 5 yr at Weipa managing mine planning & refinery performance



#### Mike O'Brien | Project Director

- Mining engineer with +40 years experience
- +25 years Snr management experience with Anglo American & Shell



#### Colleen Fish | Environmental Manager

- Environmental scientist with +25 years experience
- Former Environmental Manager for Peabody, QLD
- Joined Metro in 2012



### Commercial

#### Scott Waddell | CFO & Company Secretary

- CPA with extensive experience in global bauxite & alumina
- Past senior roles with Anglo and Rio Tinto Alcan (RTA)
- Senior roles with Metro since 2010



#### Duane Woodbury | Finance & Bus Dev

- Banking & finance with +20 years experience
- Senior roles with Macquarie & CFO of ASX listed Kingsgate
- Significant equity and debt capital raising experience



#### Norman Ting | GM, Marketing

- +30 years bauxite industry & marketing experience
- Former Chairman Traxys China & Snr Exec of WOGEN UK, HK & China
- Former Marketing Manager for Comalco (RTA) Bauxite



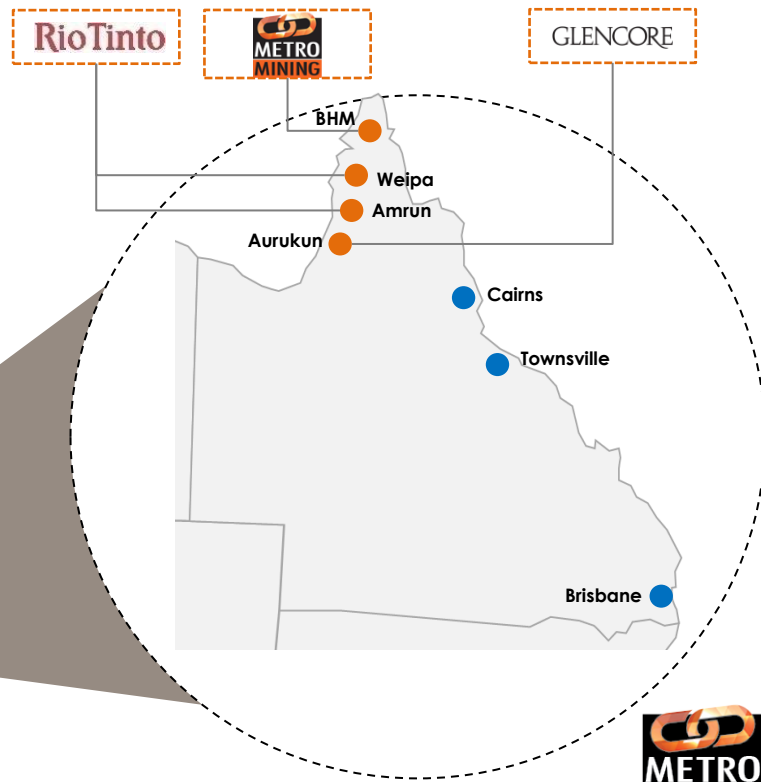
# Project Well Located in World Class Bauxite Jurisdiction

## Excellent Geographical Setting

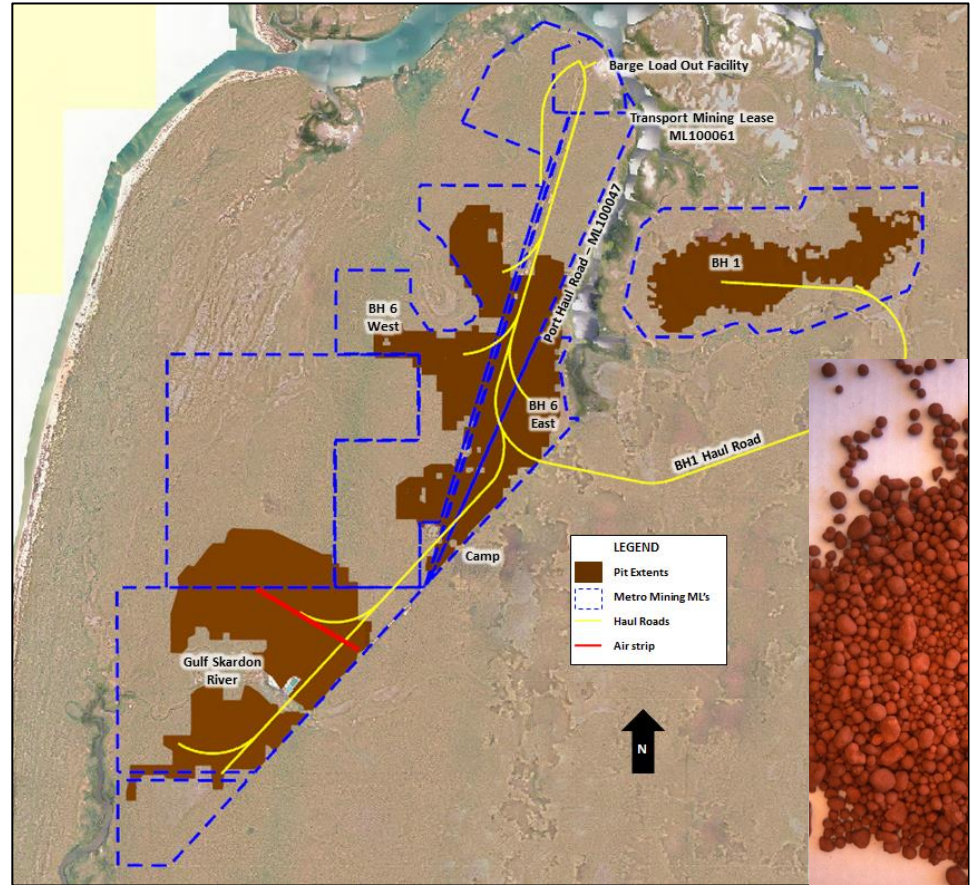
- Located in the world class Weipa bauxite region of western Cape York, Qld
- 90km north of Rio's Weipa mine and approx 130km from Rio's Amrun development
- Weipa bauxite brand well established and highly regarded in China



Proximity to China and stable jurisdiction provides export advantage compared to other regions such as Guinea



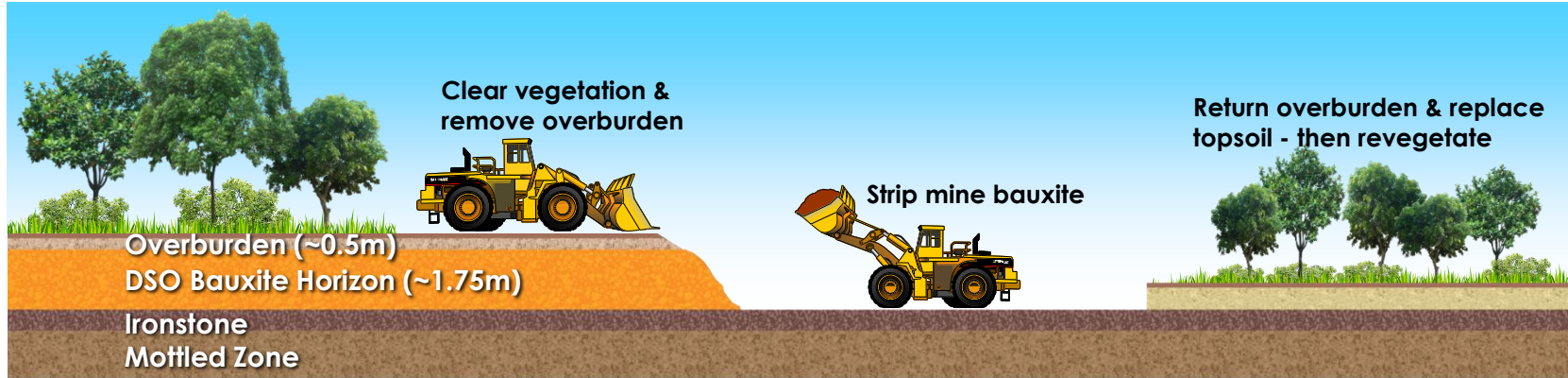
# Valuable Infrastructure Available



# Simple DSO Project

Operational Simplicity & Specialist Mining & Transhipment Contractor de-risk Operations

Mining



Haul ore 5-22km to stockpile & barge loading

Barge ore down the Skardon River

Tranship to bulk carrier, for export

Transportation



# BFS Completed

## BFS Highlights

- Completed by MEC Mining in March 2017
- Greenfield development
- Contract mining and transshipment
- 5 month construction period
- 6Mtpa steady state (initial 2Mtpa)
- 8 months per year dry season operation (April to November)
- Low CAPEX & competitive 2<sup>nd</sup> quartile cash costs based on bauxite imports into China
- Metro is in advanced discussions with a range of financing parties and continues to have the strong support of its major shareholders

## Key Results and Assumptions

| Description                        | Result     | Assumption                            | Result            |
|------------------------------------|------------|---------------------------------------|-------------------|
| NPV (10% DR, Real, after tax)      | A\$601M    | Annual Production rate (Steady State) | 6.0Mt             |
| IRR                                | 81%        | LOM Production                        | 92.2Mt            |
| Payback Period of Initial Capital  | 1.7 years  | Mine Life                             | 17 years          |
| LOM Revenue                        | A\$5.6B    | Bauxite Price (CIF) Range`            | US\$36.36-53.88/t |
| LOM EBITDA                         | A\$2.5B    | Exchange Rate (AUD/USD)               | 0.75              |
| LOM Average Annual EBITDA          | A\$145M    | Discount Rate                         | 10%               |
| LOM on-site Average OPEX           | A\$16.42/t | Initial Capital Expenditure           | A\$35.8M          |
| LOM Average OPEX including Royalty | A\$23.00/t | LOM Average Operating Margin          | A\$26.69/t        |



# Native Title & Land Access Finalised

## Positive & Supportive Relationships Established with Local Community

### Native Title & Land Access Agreement reached jointly with:

- ▶ Ankamuthi People, the traditional owners; and
- ▶ Old Mapoon Aboriginal Corporation (OMAC), the trustee owner of the land

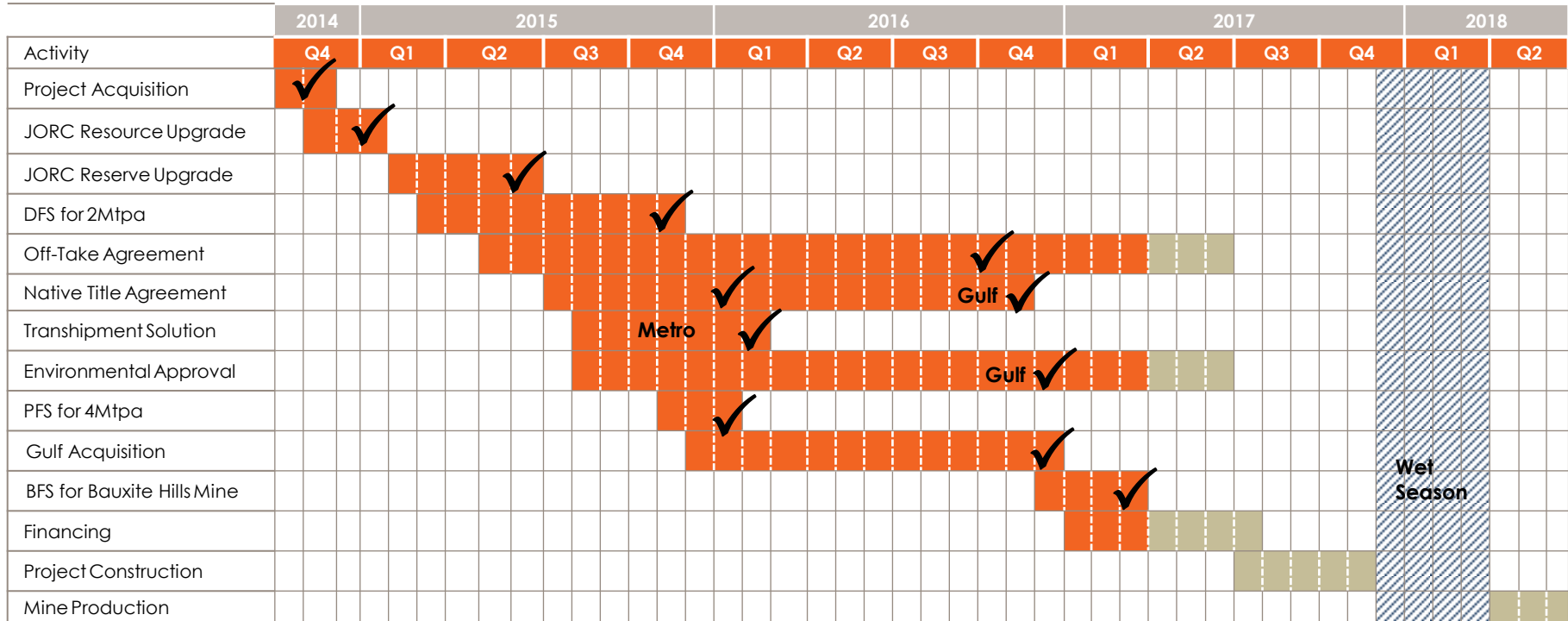


### Key Features of the Agreement include:

- ▶ Cultural Heritage Management Plan
- ▶ Detailed rehabilitation plan with ongoing monitoring
- ▶ Substantial mining benefits based on percentage of FOB price received per tonne of bauxite
- ▶ Training, employment and business opportunities
  - Recruitment for Technical training roles and Community Liaison Officers underway
  - Business & contracting opportunities through construction and operations

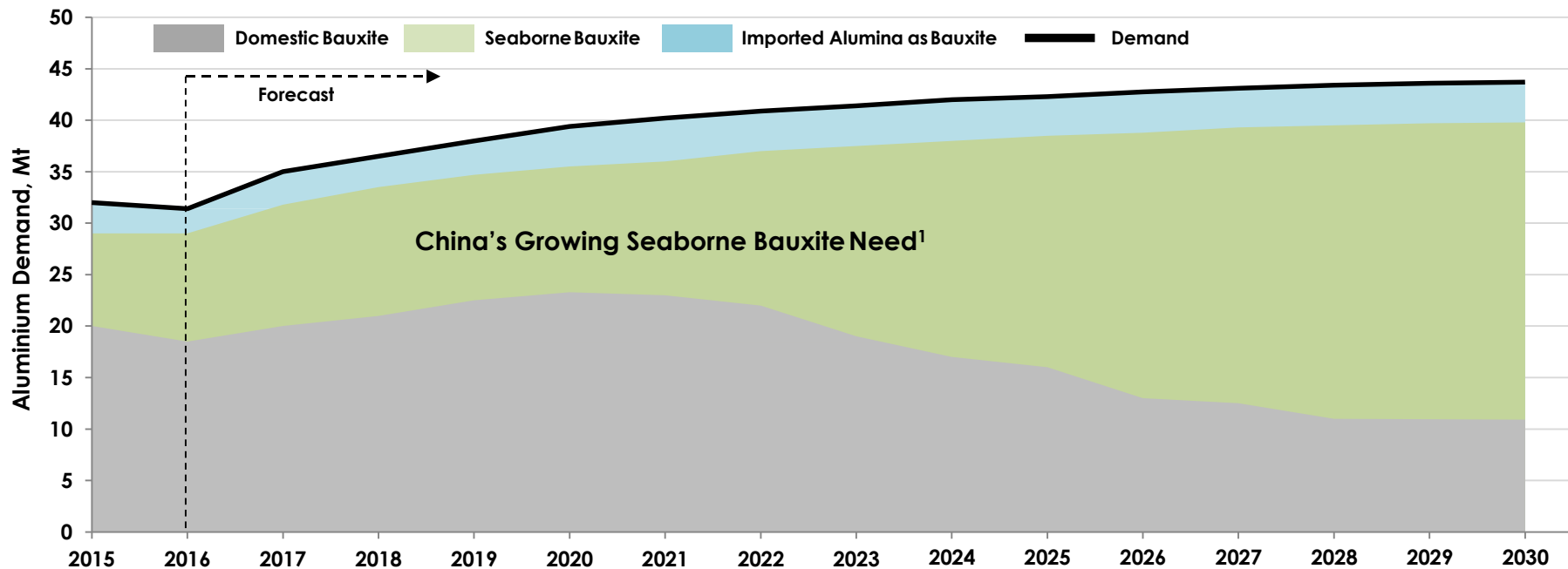
# Near Term Production Pathway

**Well Established Pathway - No Red Flags - Significant Interest from Debt Financiers - Production On Track For H1 2018**



# China Aluminium Demand by Bauxite Source

Seaborne bauxite is a growing component in China's aluminium production due to declining domestic reserves (<10 years) and growth in coastal refining & smelting



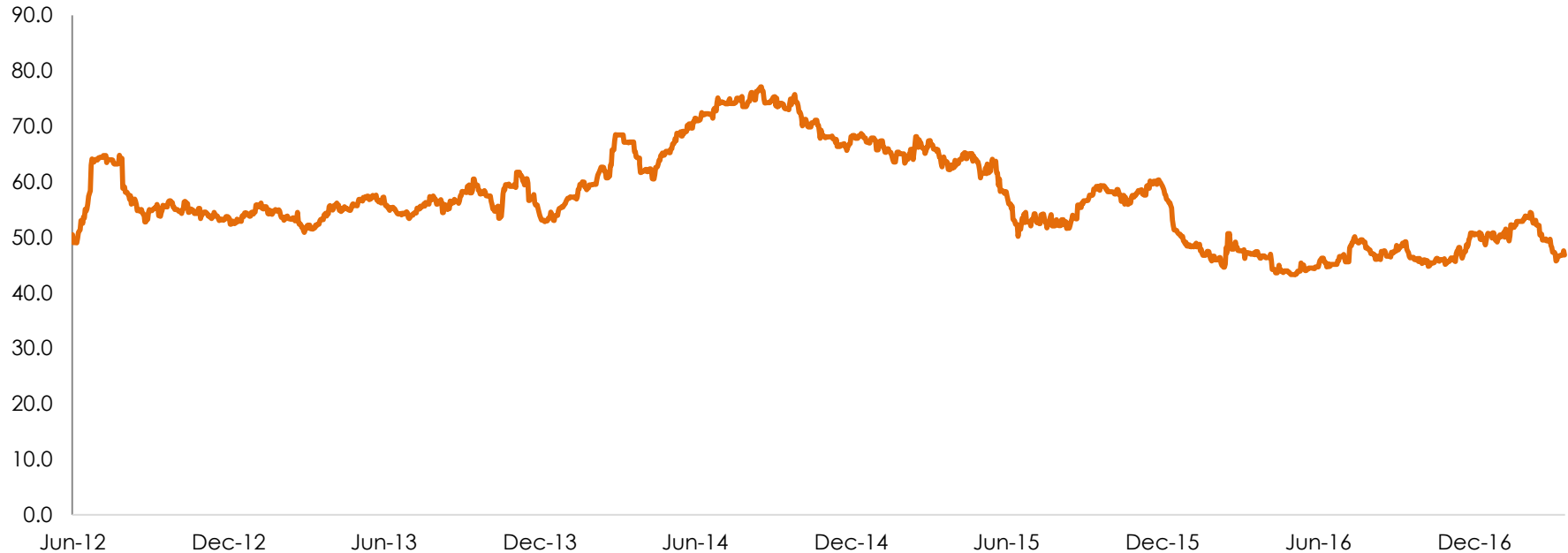
<sup>1</sup>Diagram based on alumina production with alumina factored to bauxite at 2.7t/t

Source: CM Group

CM Group forecasts China's seaborne bauxite imports to grow from ~50Mtpa in 2015 to ~150Mtpa by 2030, representing CAGR of ~7%

# Bauxite Price Outlook Remains Attractive

CBIX Index Bauxite Price from June 2012 – March 2017



Source: CM Group



# Xinfa Off-Take

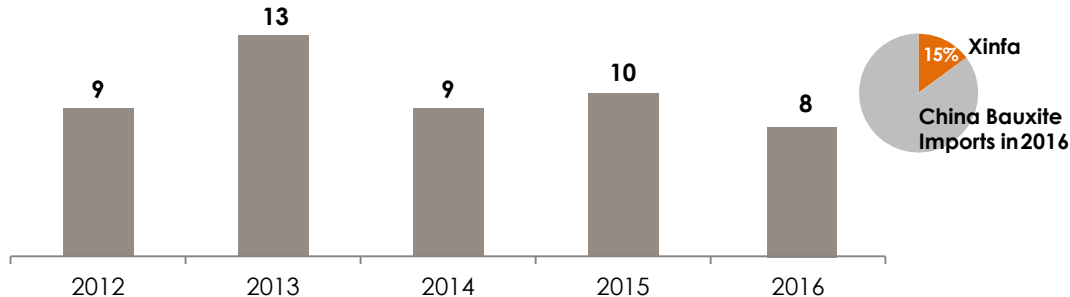
## Off-take Secured with China's 2nd Largest Bauxite Importer with Attractive Market Linked Pricing

### Xinfa Overview



|                    |                                                                                    |
|--------------------|------------------------------------------------------------------------------------|
| History            | Founded in 1972                                                                    |
| Company Type       | Private, integrated aluminium company                                              |
| Operating Presence | Refining & smelting operations in Shandong, Shanxi, Guangxi and Xinjiang provinces |
| Employees          | Approximately 60,000                                                               |
| Bauxite Imports    | China's 2nd largest importer of approx 10Mtpa                                      |

### Xinfa Bauxite Imports – Last 5 Years (Mt)



### Key Offtake Terms

|                 |                                                      |
|-----------------|------------------------------------------------------|
| Term            | 4 years                                              |
| Total Tonnage   | 7Mt                                                  |
| Annual Tonnage  | 1Mt for year 1   2Mt for years 2 to 4                |
| Pricing         | CIF basis                                            |
| Reference Price | Established alumina index                            |
| Payment Terms   | Irrevocable Letter of Credit for each shipment       |
| Product Spec    | Defined parameters with bonus / penalty arrangements |
| 'Take or Pay'   | Yes                                                  |
| Shipping        | Agreed annually in advance                           |



# Summary

## Metro is set for Significant Re-rating

- 1 All bauxite tenements now consolidated by Metro
- 2 Development plan has been accelerated and optimised
- 3 BFS reflects scale and infrastructure benefits of asset consolidation
- 4 Clear pathway to production
- 5 Construction on track to commence H2 2017
- 6 Production on track for H1 2018
- 7 Compelling metrics and significant share price upside





## Background Slides

# Board of Directors

**Stephen Everett**  
**Chairman**

- Chemical engineer with 40+ years experience in the resources and construction industries both in Australia and overseas
- Formerly Chair of BeMaX Resources, Australian Solomons Gold, JMS Civil & Mining & IronRidge Resources

**Philip Hennessy**  
**Non-Executive Director**

- Over 30 years experience in accounting and corporate experience
- Chairman KPMG Queensland for 13 years prior to retiring in 2013

**George Lloyd**  
**Non-Executive Director**

- Over 30 years resource industry experience including senior executive and board roles
- Previously Chairman of Cape Alumina for 5 years. Currently Chairman of Ausenco and Pryme Energy

**Lindsay Ward**  
**Non-Executive Director**

- Over 25 years experience with senior executive/board roles in mining, exploration, mineral processing, ports, rail, power generation, gas transmission, logistics
- Former MD of Dart Mining and previously Mine Manager of the Yallourn Energy open cut coal mine in Victoria

**Mark Sawyer**  
**Non-Executive Director**

- Senior Partner at Greenstone Capital LLP and co-founder of Greenstone Resources LP private equity fund. Co-founded Greenstone in 2013 after a 19 year career in the mining sector
- Former roles include co-head of group business development at Xstrata plc and senior roles at Rio Tinto plc and Cutfield Freeman & Co Ltd

**Jijun Liu**  
**Non-Executive Director**

- Engineer with over 30 years experience in energy and resources
- Managing Director of Xinfu which controls one of the largest alumina-aluminium enterprises in China

**Dongping Wang**  
**Non-Executive Director**

- Over 30 years experience mining & prominent figure in the Chinese coal industry & recognised as coal processing expert
- Chairman of Dadi Engineering which is one of China's largest coal industry engineering groups

# Capital Cost Estimates

| Capital Cost Item                         | Amount          | Capital Cost Item                                         | Amount          |
|-------------------------------------------|-----------------|-----------------------------------------------------------|-----------------|
| <b>Initial Capital</b>                    |                 | <b>Expansion Capital (in years 2 and 3)</b>               |                 |
| Site establishment and haul roads         | A\$3.1M         | Integrated Truck dump and screens and upgraded haul roads | A\$13.9M        |
| Key infrastructure including BLF and camp | A\$25.8M        | Transshipment upgrades                                    | A\$19.5M        |
| Other supporting infrastructure           | A\$1.6M         | Contingency @ 10%                                         | A\$3.3M         |
| Logistics and other owner's costs         | A\$2.1M         |                                                           |                 |
| Contingency @ 10%                         | A\$3.2M         |                                                           |                 |
| <b>Development Capital Total</b>          | <b>A\$35.8M</b> | <b>Expansion Capital Total</b>                            | <b>A\$36.7M</b> |

# Operating Cost Estimates

| Operating Cost Item                                           | BFS LOM Average   |
|---------------------------------------------------------------|-------------------|
| Mining, haulage and operation of BLF                          | A\$7.07/t         |
| Transshipment activities                                      | A\$6.71/t         |
| Site and administrative costs                                 | A\$2.65/t         |
| <b>Total Operating Costs (ex-royalties and ocean freight)</b> | <b>A\$16.42/t</b> |
| Royalties                                                     | A\$6.57/t         |
| Ocean Freight                                                 | A\$11.71/t        |
| <b>Total Operating Costs</b>                                  | <b>A\$34.70/t</b> |

# Alumina Index Pricing

**Alumina price has been relatively stable with Xinfu off-take pricing providing Metro attractive margins and upside**

**Asianmetal 98.5% Alumina Index China RMB/† (March 2007 to Present)**



# Transshipment Overview

**Barging & Transshipment is well Understood and will be Provided by Proven Operator TSA**

## Barge Loading Facility (BLF)

Suitable water at low tide at Skardon River Port



## Tugs & 'Dumb' Barges

Barge capacity of 2,500t - 3,800t depending on tide



## Geared Ship Loading

(Panamax vessels loaded ~12km offshore)



## Key Points

- TSA previously provided comparable tug & barge towage services for an iron ore producer operating out of Wyndham's, Cambridge Gulf in Western Australia
- TSA will provide and operate all tugs and barges

# Reserves & Resources

## Bauxite Hills – DSO Mineral Resource & Ore Reserve Estimates

| Area                                 | Category                                           | DSO <sup>2</sup> Tonnes (Mt) <sup>1</sup> | DSO Bauxite Qualities (Dry Basis)        |                        |
|--------------------------------------|----------------------------------------------------|-------------------------------------------|------------------------------------------|------------------------|
|                                      |                                                    |                                           | Total Al <sub>2</sub> O <sub>3</sub> (%) | Total SiO <sub>2</sub> |
| BH1 & BH6                            | Measured Resource                                  | 54.7                                      | 50.0                                     | 11.9                   |
| BH1, BH2 & BH6                       | Indicated Resource                                 | 66.4                                      | 49.2                                     | 14.5                   |
| BH1 & BH6                            | Inferred Resource                                  | 23.7                                      | 47.4                                     | 16.0                   |
| <b>TOTAL RESOURCE</b>                |                                                    | <b>144.8</b>                              | <b>49.2</b>                              | <b>13.9</b>            |
| BH1 & BH6                            | Proved Reserve <sup>3</sup> (ROM @ 10% Moisture)   | 48.3                                      | 49.8 <sup>1</sup>                        | 12.0                   |
| BH1 & BH6                            | Probable Reserve <sup>4</sup> (ROM @ 10% Moisture) | 43.9                                      | 49.0                                     | 14.6                   |
| <b>TOTAL MARKETABLE ORE RESERVES</b> |                                                    | <b>92.2</b>                               | <b>49.4</b>                              | <b>13.2</b>            |

<sup>1</sup> For BH1 and BH6 the tonnages are calculated using the following default bulk densities determined from a program of sonic drilling; 1.6g/cm<sup>3</sup> for BH1, 1.92g/cm<sup>3</sup> for BH2 and 2g/cm<sup>3</sup> for BH6. Actual values are used where measurements have been taken

<sup>2</sup> DSO or "Direct Shipping Ore" is defined as bauxite that can be exported directly with minimal processing and beneficiation

<sup>3</sup> Proved Reserve – the proved reserves is included in the BH1 & BH6 Measured resources

<sup>4</sup> Probable Reserve – the probable reserve is included in the BH1 & BH6 Indicated resources



# Disclaimer

## FORWARD LOOKING STATEMENT

Statements and material contained in this ASX Announcement, 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 Announcement (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 Announcement 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 Announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

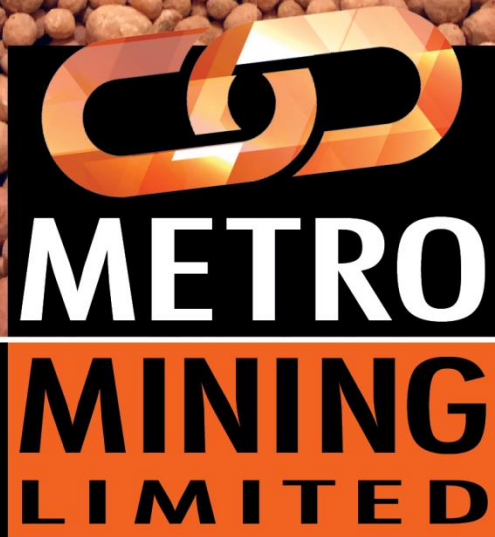
## COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.AusIMM). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report to which this statement is attached that relates to the "Metro Mining – Bauxite Hills" Reserves is based on information compiled by MEC Mining and reviewed by Edward Bolton, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Edward Bolton is a full-time employee of MEC Mining Pty Ltd. Edward Bolton has sufficient experience that is relevant to the style of mineralization, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Edward Bolton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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