

Q2 2021 Highlights

- Production recommenced in April 2021 following the wet season shutdown;
- June Quarter shipments were below expectations at 629Kt but increased month on month during the quarter;
- Sales revenue (gross) of A\$31.7 Million and site EBITDA of (A\$7.4) Million for the quarter;
- Average price received of A\$49.90/WMT with an average site margin of (A\$11.68)/WMT. Historically high ocean freight rates have been the most significant factor adversely affecting the site margin;
- A placement & accelerated non-renounceable entitlement offer was well supported and has successfully raised A\$16.9 Million;
- Available cash on hand and other receivables as at 30 June 2021 totalled \$29.0 Million. This includes subscriptions receivable of \$9.9 Million in respect of Metro's recent equity raising;
- Alumina and bauxite prices were relatively stable during the quarter;
- Ocean freight rates remain at historically high rates and are currently adversely affecting operating margins at the Bauxite Hills Mine;
- Due to market circumstances and high freight rates forcing selectivity of spot sales the revised sales target for 2021 is 3.3 – 3.5M WMT;
- Offtake shipments for 2021 production were secured with Shanxi Senze for 120Kt under a Non-Binding Letter of Intent to take 1.0 Mt for 2021;
- On 25 July 2021 Metro entered into binding terms with its long-term barging and transshipping partner, Transshipment Services Australia (TSA), to add a floating crane barge to its fleet at the Bauxite Hills Mine which will be able to load Capesize vessels and significantly lower Metro's freight costs and thereby improve margins;
- As of 5 July 2021, Simon Wensley took over the position of Managing Director & CEO from Simon Finnis.



*Pic shows: A DAMEN Transshipment
Crane Barge 6324*

Bauxite Hills Mine Operations

SAFETY PERFORMANCE

The safety of our employees and contractors is paramount to Metro.

The operational quarter at Bauxite Hills saw 83,546 workhours completed Lost Time Injury (LTI) free.

Unfortunately during the quarter a High Potential Incident occurred which was extensively investigated and reported. No personnel were injured as a result of this incident however mobile equipment was damaged. Investigations have resulted in improvements to minimise the risk of re-occurrence.

SITE BASED ACTIVITIES

- A new SSE (Senior Site Executive) Mr Garry Smith commenced at the Bauxite Hills Mine.
- Mining for the quarter was 729K wet metric tonnes (WMT) with 629K WMT shipped.
- Mobilisation to recommence mining operations in April, greater than anticipated adverse weather conditions and the management of shipping in the context of historically high ocean freight rates all impacted production and shipping volumes.
- Mining in the quarter was solely undertaken at BH1. Mining will commence at BH6 in the 3rd quarter of 2021.
- Rehabilitation activities were on track and undertaken in accordance with the mine rehabilitation plan.
- Initiatives to preserve budgeted unit costs at current production levels have begun to be implemented.

BAUXITE HILLS PRODUCTION RESULTS

Period	April '21	May '21	June '21	June Qtr 2021	June Qtr 2020
Bauxite Mined (WMT) ('000)	109	262	358	729	1,419
Bauxite Shipped (WMT) ('000)	39	205	385	629	1,251
Bauxite Mined (WMT per day) ⁽¹⁾	6,837	12,488	12,340	11,053	15,768
Bauxite Shipped (WMT per day) ⁽²⁾	5,581	10,231	13,291	11,234	16,034

(1) Daily rate based on production days only and mining commencement date of 14 April 2021. Mining commenced on a day shift only basis, with 24-hour mining operation implemented on the 27th of April 2021.

(2) Daily rate based on production days only and shipping commencement date of 24 April 2021. Shipping commenced on a day shift only basis, with 24-hour shipping operation implemented on the 5th of May 2021.

Bauxite Hills Mine Operations

BAUXITE SALES

- The foundation contract with Xinfu Group continues to be the backbone of the sales book with 2.2 Mt WMT to be delivered in 2021 at prices linked to the Chinese alumina price.
- 120 K WMT has been shipped to Shanxi Senze, under a non-binding Letter of Intent (LoI) for 1.0 Mt WMT in 2021, with further cargoes agreed for August/September. The LoI also covers 2.0 Mt WMT for 2022 – 2023.
- Further spot sales for 2021 to other customers are under negotiation.
- Due to market circumstances and high freight rates which forced selectivity of spot contracts the revised sales target for 2021 is 3.3 – 3.5Mt WMT;

BAUXITE HILLS EXPANSION AND TRANSHIPMENT

Metro's Stage 2 Expansion strategy is to move to an annual production of 6 million tonnes and have the capability to load Capesize vessels. Unit delivery costs significantly decrease at this scale and by having the ability to load larger Capesize vessels.

Metro's Management Team recently became aware of an opportunity to acquire a floating crane barge which will enable Metro to load Capesize vessels. On 25 July 2021, Metro entered into binding terms with its barging and transshipping partner, Transshipment Services Australia (TSA), to add a floating crane barge to its fleet at the Bauxite Hills Mine. The floating crane barge will be purchased by TSA and will be included in their marine fleet that services the Bauxite Hills Mine.

The floating crane barge, which has been newly built and commissioned, has a projected capacity of approximately 4.0 million WMT and is well suited to the Bauxite Hills Mine operating season and conditions.

In Q2 2021, Metro's average freight rate using Ultramax vessels was US\$24 per wet metric tonne (WMT). Upon introduction of the floating barge crane Metro's freight rates will be reduced to ~US\$12 – US\$14 per WMT by using Capesize vessels.

TSA is in the process of completing regulatory, technical and commissioning aspects of the floating crane barge in preparation for its mobilization to the Bauxite Hills Mine. Metro anticipates that the floating crane barge will be operational in the 4th quarter of 2021.

The procurement of the floating crane barge at Bauxite Hills will be instrumental in improving margins and will significantly de-risk the business in the short term.

Most importantly, the introduction of a floating crane barge is the next logical and progressive step towards Metro's Stage 2 Expansion strategy.

Metro's management team continue to develop and progress the critical building blocks to the company's Stage 2 Expansion strategy; with all pathways remaining open.

Bauxite Hills Mine Operations

FINANCIAL RESULTS

Production and shipping tonnages were less than the comparable quarter in 2020. A decision to reduce production and shipping activity was taken in response to adverse ocean freight rates and macro economic conditions. Poor weather conditions also affected production and shipping activity.

UNIT OPERATING RESULTS					
	April 2021	May 2021	June 2021	June 2021 Qtr	June 2020 Qtr
Revenue A\$/WMT	49.07	50.14	49.85	49.90	52.71
Costs					
Site Cost A\$/WMT	73.44	26.58	24.53	28.23	18.92
Non-Site Cost					
▪ Freight A\$/WMT	19.38	27.17	32.16	29.74	17.45
▪ Royalties A\$/WMT	2.53	3.41	3.82	3.61	5.08
TOTAL	95.34	57.17	60.50	61.58	41.45
EBITDA MARGIN A\$/WMT	(46.26)	(7.02)	(10.65)	(11.68)	11.26

INDIGENOUS ENGAGEMENT

Metro has undertaken a range of Indigenous engagement opportunities after recommencing mining operations and removal of travel restrictions within Queensland.

The first 2021 Liaison Committee Meeting was in Cairns with representation from the Seven Rivers Aboriginal Corporation (SRAC) and the Old Mapoon Aboriginal Corporation (OMAC). Additional to the standard agenda, all parties discussed the development of their List of Issues to be addressed during the Ancillary Agreement and Cultural Heritage Management Agreement reviews occurring later in 2021.



Bauxite Hills Mine Operations

INDIGENOUS ENGAGEMENT

Metro also met separately with SRAC Directors in the Northern Peninsula Area to confirm cultural heritage management activities for the rest of 2021.

This collaborative approach to all cultural heritage works at the mine ensures compliance with the Cultural Heritage Management Agreement and maintains clear communications and expectations.

Metro is currently working with SRAC and OMAC to arrange the next Liaison Committee to occur at the mine which will allow all parties the opportunity to inspect operations and environmental management at the mine.

With a focus on supporting the local communities, Metro provided sponsorship and direct engagement opportunities through a number of events over the quarter, including:

- Indigenous Art and Literacy workshops for primary schools in the communities of Mapoon, Bamaga, Injinoo, Hope Vale, Weipa and Aurukun. This sponsorship program will culminate in the Metro Mining Young Indigenous Art award, as part of the wider 2021 Young Australian Art and Literacy Awards, later in the year;
- Northern Peninsula Area Regional Council's (NPARC) "Keep the Flame of Culture Burning" Festival, that held Indigenous cultural events across all five communities in the NPARC; and,
- OMAC, Mapoon Aboriginal Council and Tangaroa Blue's Beach Cleanup initiative at the start of NAIDOC Week, with the theme Healing Country.

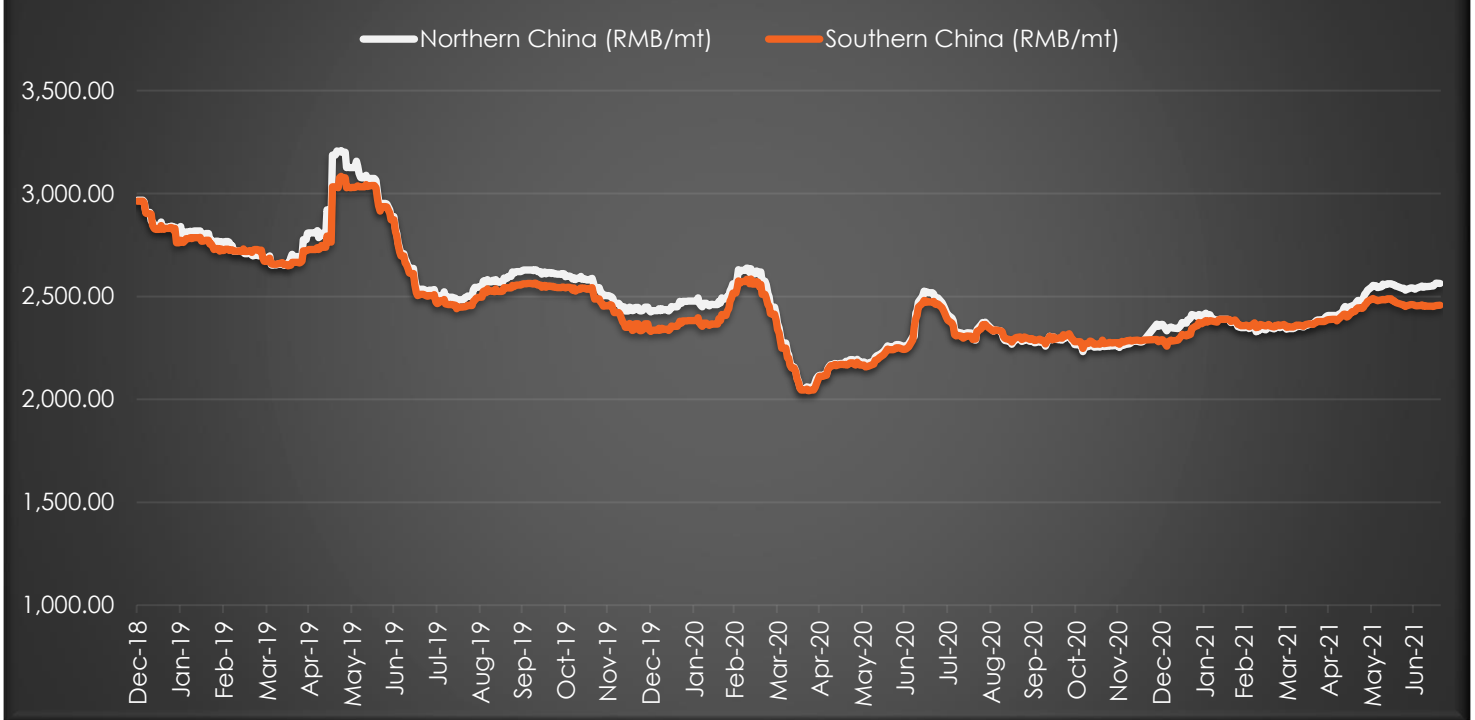
Metro also recommenced the community seed collection program, with the first community workshops in Injinoo and Mapoon set for early in July.



Bauxite Price Outlook

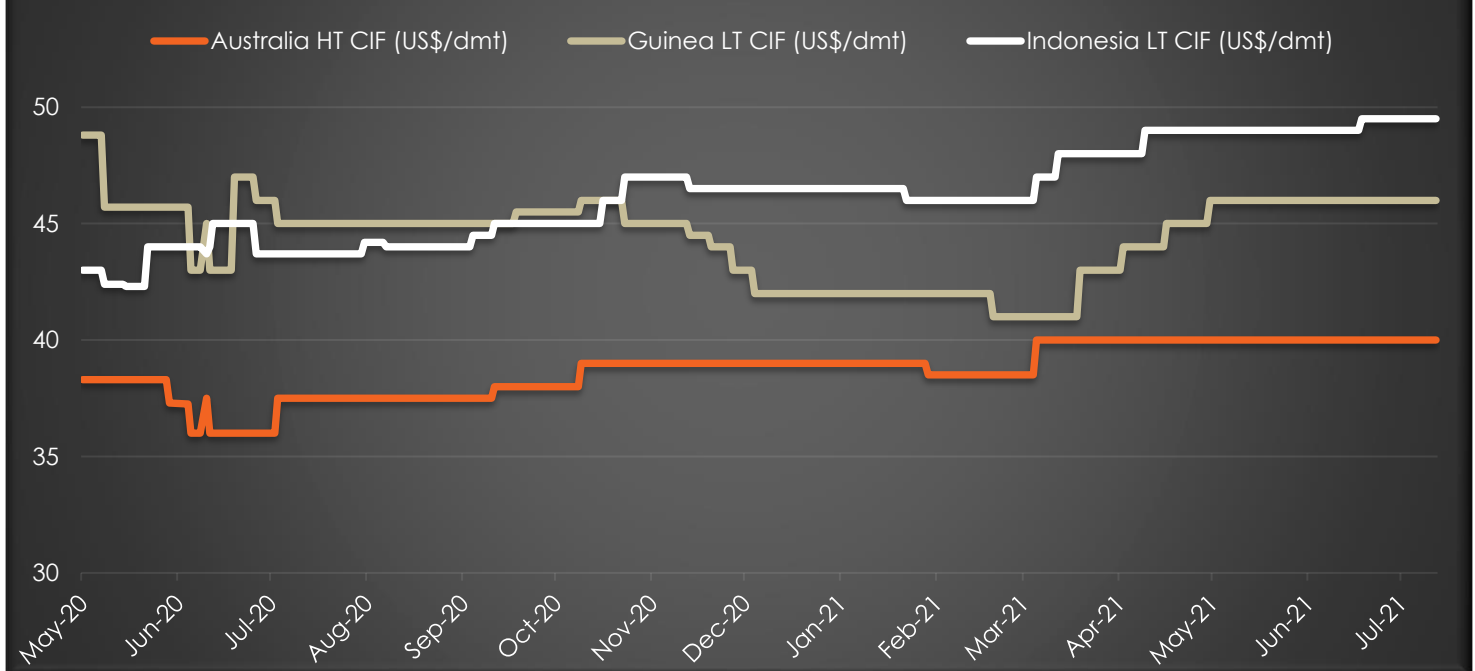
Chinese Alumina Price

Source: Aladdiny



CBIX Bauxite Price Index US\$/DMT

Source: CM Group



BOARD & MANAGEMENT

On 5 July 2021 Doug Ritchie was appointed a Director and Chair of Metro's Board of Directors. Doug has more than 40 years' experience in the resources industry having worked for Rio Tinto from 1986 to 2013 including as a member of its Executive Committee and the Group Executive responsible for China. Stephen Everett has agreed to continue as a Non-Executive Director of Metro.

Following six and a half years as Managing Director and CEO, Simon Finnis decided to step down from these roles effective from 5 July 2021. Simon Wensley was appointed as Managing Director and CEO from that date. Simon has more than 30 years' experience in the metals and mining business, predominantly with Rio Tinto including as Chief Commercial Officer of Rio Tinto's energy group and Managing Director of the bauxite, alumina sales and marketing division and as Chair of Queensland Alumina Ltd.

On 7 May 2021 Metro's Chief Financial Officer and Joint Company Secretary, Duane Woodbury, resigned. Mitchell Petrie, Metro's Company Secretary is currently acting CFO. Mitchell is a former Partner of KPMG.

CASH POSITION:

At the end of the quarter Metro's cash on hand and other receivables (including the GST refund and subscriptions receivable in relation to the recently completed equity raising) was A\$29.0 Million compared to \$15.7 Million at the end of March 2021.

In addition, Metro holds A\$0.3 Million of restricted cash, comprising various security deposit.

DEBT FACILITIES:

As at the end of the current quarter, Metro had two fully drawn A\$ debt facilities, totalling A\$35 Million (excluding accrued interest).

During the quarter, Metro sought a trading halt as it continued to progress negotiations with its existing secured lenders about a further advance by those lenders. As part of the due diligence process, the lenders proposed a new bridge finance facility which was subject to various conditions. As time passed, Metro's Board of Directors became concerned the conditions may not be satisfied in time and subsequently focused efforts on obtaining equity funding. Negotiations with the lenders resulted in an agreement to materially extend the amortisation profile of the existing loan facilities and details of the extension were announced 21 June 2021.

HEDGING:

No forward sale, A\$/US\$ contracts were in place as at Quarter end.



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This ASX Announcement has been authorised by, Metro Mining Director, Simon Wensley.

FORWARD LOOKING STATEMENT Statements & material contained in this ASX Release, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events & expectations and, as such, involve known and unknown risks & uncertainties. Although reasonable care has been taken to ensure facts stated in this Release are accurate and/or that the opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Release 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 or oil and gas exploration entity quarterly cash flow report

Name of entity

METRO MINING LIMITED

ABN

45 117 763 443

Quarter ended ("current quarter")

30 JUNE 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers (Refer: Note A)	22,529	22,564
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(20,470)	(27,296)
	(d) staff costs (Refer: Note B)	(3,680)	(5,045)
	(e) administration and corporate costs	(755)	(1,170)
1.3	Dividends received	-	-
1.4	Interest received	2	14
1.5	Interest and other costs of finance paid (Refer to Item 3.9)	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	27	52
1.9	Net cash from / (used in) operating activities	(2,347)	(10,881)

Note A: 'Receipts from customers' is only cash received and excludes amounts outstanding under letters of credit

Note B: 'Staff costs' include both corporate and operational staff.

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(99)	(169)
	(d) exploration & evaluation	(70)	(93)
	(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)		
	- Release of / (payment for) Financial Assurance	40	(9)
2.6	Net cash from / (used in) investing activities	(129)	(271)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	71	71
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(43)	(43)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(367)	(367)
3.7	Transaction costs related to loans and borrowings	(13)	(26)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Interest Paid	(1,864)	(3,001)
	- Principal Elements of Lease Payments	(2,232)	(2,495)
	- Other		
3.10	Net cash from / (used in) financing activities	(4,448)	(5,861)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,410	25,447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,347)	(10,881)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(129)	(271)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,448)	(5,861)
4.5	Effect of movement in exchange rates on cash held	64	116
4.6	Cash and cash equivalents at end of period	8,550	8,550

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,550	15,410
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,550	15,410

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	35,000	35,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	35,000	35,000
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	1. Ingatatus AG Pty Ltd. \$20M. 12%. 1 December 2023. Secured. 2. Ingatatus AG Pty Ltd. \$7.5M. 9%. 1 December 2023. Secured. 3. Lambhill Pty Ltd. \$7.5M. 9%, 1 August 2024. Secured.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,347)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(70)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,417)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,550
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	8,550
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.5
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **28 July 2021**

Authorised by: **BY THE BOARD**
(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.