Metro Mining Limited
and Controlled Entities

ABN 45 117 763 443

Financial Report for the Year Ended
31 December 2022

CORPORATE DIRECTORY

DIRECTORS

Name	Position
Douglas Ritchie	Independent Non-Executive Director and Chair of the Board
Simon Wensley	Managing Director and Chief Executive Officer
Mark Sawyer	Non-Executive Director
Fiona Murdoch	Independent Non-Executive Director
Andrew Lloyd	Independent Non-Executive Director from 28 February 2022
Stephen Everett	Independent Non-Executive Director until 28 February 2022

COMPANY SECRETARY

Mitchell Petrie

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Metro Mining Limited will be held at 11 am on 29 May 2023 at the office of KPMG, Level 16, Riparian Plaza, 71 Eagle Street, Brisbane, QLD 4000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2, 247 Adelaide Street, Brisbane Queensland 4000
T +61 7 3009 8000

SHARE REGISTER

Computershare Investor Services Pty Limited,
Level 1, 200 Mary Street, Brisbane, Queensland 4000

AUDITORS

Ernst & Young,
111 Eagle Street, Brisbane, Queensland 4000

STOCK EXCHANGE LISTING

Metro Mining Limited shares are listed on the Australian Securities Exchange (ASX code: MMI)

AUSTRALIAN BUSINESS NUMBER

45 117 763 443

WEBSITE ADDRESS

www.metromining.com.au

DIRECTORS' REPORT

INTRODUCTION

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Metro Mining Limited ("Metro Mining" or "the Company") and its controlled entities for the Financial Year (FY) ended 31 December 2022.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001*.

BOARD OF DIRECTORS

The Directors of Metro Mining Limited during the year and up to the date of this report were:

Name	Position
Douglas Ritchie	Independent Non-Executive Director and Chair of the Board
Simon Wensley	Managing Director and Chief Executive Officer
Mark Sawyer	Non-Executive Director
Fiona Murdoch	Independent Non-Executive Director
Andrew Lloyd	Independent Non-Executive Director from 28 February 2022
Stephen Everett	Independent Non-Executive Director until 28 February 2022

PRINCIPAL ACTIVITIES

Metro Mining is an Australian exploration and mining company based in Brisbane, Queensland. Its flagship project, the Bauxite Hills Mine, located 95km north of Weipa is one of the largest independent projects within the internationally acclaimed Weipa Bauxite Region.

The principal activities of the Group during the period were the exploration, mining and sale of bauxite, and the brownfield expansion of the Bauxite Hills Mine.

REVIEW AND RESULTS OF OPERATIONS

FY22 KEY HIGHLIGHTS

In FY22 the Group continued to implement operational efficiency and risk mitigation strategies that commenced in mid FY21. Whilst much has, and continues to be, done to improve the sustainability of operational performance to support an expanded capacity of the Bauxite Hills Mine, a range of factors occurred in FY22 that resulted in a disappointing financial result.

Chinese demand for bauxite remained firm and a number of new customers off-take commitments for FY23 to FY26 were achieved. Australian benchmark pricing and Metro prices only rose slowly within the period, constrained by previous contract positions. The final average sales price for the year was lower than the prior period. The Group was on track to meet its revised guidance of 3.6 million to 3.7 million wet metric tonnes (WMT) of sales for FY22, however in the second half of December a combination of unplanned shutdowns of the floating crane barge and severe weather resulted in total shipments for FY22 of 3.41 million WMT and early cessation of the FY22 operating season compared to previous years.

Freight and operational costs were higher than budget as a result of a range of factors including adverse weather, inconsistency of operational performance, inflationary impacts and exchange rate fluctuations as well as the Group not achieving 2022 planned production and sales volumes.

The Group's expansion strategy has, and continues to be, to reduce unit delivered costs to market towards the lowest in the world by expanding annual production capacity. In June 2022 the Board approved a Final Investment Decision, subject to financing, to expand the capacity of the Bauxite Hills Mine to 7.0 million WMT per annum. The approval is underpinned by additional sales offtakes secured for 2023 and beyond. The Board's decision is a major milestone for the Group and provides it with the basis to deliver long term returns to investors.

In August 2022 the Group completed a $27.5 million equity raising via a two-tranche Placement and Share Purchase Plan.

OPERATIONAL PERFORMANCE

The Group's flagship project, the Bauxite Hills Mine, located on western Cape York in Queensland, shipped 0.33 million WMT in January and February and then re-commenced operations for the year in early April 2022. The Group finished FY22 with a total of 3.41 million WMT of bauxite sold (FY21: 2.8 million WMT).

The Group's sold its FY22 production through binding offtake agreements with Shandong Xinfa Import and Export Co., Ltd (Xinfa) and Xiamen Xiangsen Aluminium Limited. The offtake pricing for both customers was a mix of previously agreed fixed price contracts and pricing negotiated during the year.

All production during FY22 was sold to Chinese refineries and deliveries were within contractual specifications. All deliveries were shipped on a Cost Insurance Freight (CIF) bases in Capesize vessels except one Free on Board (FOB) basis delivery.

In FY22, the Group recorded an average sales price per tonne delivered China basis of A$52.2 compared to A$57.2 for FY21.

The Group has focused significant efforts on improving both the volume of production and shipping as well as the consistency of operational performance. The Group continues to work with major contractors to investigate and implement improvements to processes, with a view to improving reliable output, efficiency and driving cost effectiveness.

	2022 WMT '000	2021 WMT '000
Bauxite mined	3,193	3,034
Bauxite shipped	3,412	2,798

With 100% of the Group's FY23 production season contracted, the Group's marketing strategy is currently focused on executing further spot and long-term offtake agreements to support the pathway to expansion of production to a long-term annualised rate of 7.0 million WMT per annum.

Expansion

On 29 June 2022, the Group announced the Directors had approved, subject to finance, the Stage 2 expansion of the Bauxite Hills Mine, providing the pathway to increase capacity from 4 million WMT to 7 million WMT per annum, underpinned by sales commitments. The expansion of the Bauxite Hills mine will deliver economies of scale and consequently improve economic returns.

The Group's Stage 2 expansion remains a core strategy for the long-term future of the Bauxite Hills Mine. Timing for the formal commitment to Stage 2 remains influenced by economic conditions across the aluminium supply and financing. The Group are considering a number of financial options in addition to the Northern Australia Infrastructure Facility (NAIF) loan facility. NAIF have indicated their continued support of the expansion project however they would like to see improved financial performance before seeking necessary approvals and advancing the loan.

Second floating crane

A combination of lead time on critical items, shipyard delivery and financing timing has delayed the expected commissioning of the second floating crane barge until early 2024 for commencement of operations. Procurement activities on the major components and shipyard construction has continued in Q4 FY22 with 90% of the total build now under firm quotation.

Barge loading facility upgrades

The upgrades to the Barge Loading Facility have been scoped, engineered, and procured with improvement works commencing in February 2023.

The improvement works are focused on the modification of chutes and sampling station which is designed to reduce product blockage followed by motor and electrical upgrades. This phase is scheduled to be completed by March 2023 and is expected to deliver a steady-state throughput rate of 1,900 tonnes per hour (tph). This is equivalent to a 90% increase relative to the average rates achieved in Q4 FY22.

The expansion of screening capacity has been amended since the Definitive Feasibility Study (DFS) with Metro electing to utilise an Apron and Wobbler Feeder as replacement for one of the existing screens. It is expected that adopting this alternate screening technology will increase throughput and provide greater resiliency in handling wet product and reduce operating costs.

Based on the procurement activities completed to date, the commissioning of the Apron and Wobbler Feeder is expected in March 2024, aligned to the commissioning of the second floating crane. In the interim the existing screening circuit with a significant maintenance attention in Q1 FY23 will provide sufficient throughput capacity to meet rates to meet a 4.5 to 5.0 million WMT plan for FY 23. In partnership with our major equipment contractor, Blake Machinery Group, the new higher-powered Scania trucks and additional supporting trailers are on track to be mobilised to site from March 2023 with the final units arriving by August 2023.

FINANCIAL RESULTS

For the year ended 31 December 2022, the Group reported a net loss after tax of ($50.1) million (FY21: $105.5 million).

	2022 $'000	2021 $'000
Revenue from contracts with customers	177,895	160,137
Cost of sales	(209,056)	(189,946)
Gross loss	(31,161)	(29,809)
Other income and operating expenses	(5,659)	(4,524)
Impairment expenses	-	(55,686)
Operating loss before interest and income tax (*unaudited, non-IFRS term*)	(36,820)	(90,019)
Finance costs	(13,393)	(6,875)
Finance income	91	550
Loss before income tax	(50,122)	(96,344)
Income tax benefit / (expense)	-	(9,156)
Loss after income tax	(50,122)	(105,500)

Revenue

The Group generated revenue of $177.9 million, an 11.09% increase reported compared to the prior period (FY21: $160.1 million).

Cost of sales

The Group's cost of sales were adversely affected as a result of additional equipment and labour committed to support the planned FY22 increased production capacity and inflationary pressures. The cost of sales increased by 10.16% to $209.1 million (FY21: $189.9 million).

Other income and operating expenses

(A) Other income

Other income of $1.1 million was generated from recharges to third parties.

(B) Administrative expenses

The Group recorded administrative expenses of $6.3 million compared with the prior period (FY21: $5.6 million). Employee benefit expenses were the largest cost contributing to $2.5 million of total administrative costs (FY21: $2.1 million).

(C) Finance costs

Finance costs primarily relate to interest expense incurred on borrowings and leases and losses on foreign exchange derivatives. Total interest expenses for FY22 were $8.7 million (FY21: 6.7 million) and total losses on derivatives for FY22 were $4.6 million (FY21: nil)

Tax position

There was no Income tax benefit / (expenses) for the period. The Group has revenue losses of $50.122 million and capital losses carried forward of $2.256 million.

UNDERLYING EBITDA

Underlying EBITDA is used by the Group to define the underlying results, adjusted for abnormal and non-recurring costs which are determined as not in the ordinary course of business.

Non-IFRS measures, including Underlying EBITDA, are financial measures used by management and the Directors as the primary measures of assessing the financial performance of the Group. The Directors also believe that these non-IFRS measures assist in providing additional meaningful information for stakeholders and provide them with the ability to compare against prior periods in a consistent manner.

The table below provides a reconciliation to Underlying EBITDA for the Group and is unaudited, non-IFRS financial information.

	2022 $'000	2021 $'000
Loss before income tax	(50,122)	(96,344)
Adjustments:		
Foreign exchange loss / (gain)	214	(1,102)
Amortisation of deferred borrowing costs	124	39
Underlying loss before tax (*unaudited, non-IFRS term*)	(49,784)	(97,407)
Net finance costs (excluding leasing expense)	10,869	4,258
Depreciation and amortisation expenses	14,091	11,955
Impairment expenses	-	55,686
Underlying EBITDA (*unaudited, non-IFRS term*)	(24,824)	(25,508)

CAPITAL MANAGEMENT

Cash flow summary

	2022 $'000	2021 $'000
Cash and cash equivalents at the beginning of the financial year	13,883	25,447
Net cash inflows / (outflows) used in operating activities	(1,187)	(17,641)
Net cash outflows used in investing activities	(6,694)	(3,673)
Net cash inflows provided by financing activities	7,624	9,162
Net increase / (decrease) in cash and cash equivalents	(257)	(12,152)
Effects of exchange changes on the balances held in foreign currencies	(1,880)	588
Cash and cash equivalents at the end of the financial year	11,746	13,883

Debt facilities

Loan agreements are with senior secured lenders Ingatatus AG Pty Ltd (Ingatatus) and Lambhill Pty Ltd (Lambhill). The terms are detailed in the table below.

	Ingatatus		Lambhill	
	Facility #1	Facility #2	Facility #1	Short Term Loan Facility
Principal	$20 million	$7.5 million	$7.5 million	$2.5 million
Maturity date	1 December 2023	1 December 2023	1 August 2024	16 June 2023
Repayments	$6.67 million	$2.5 million	$2.5 million	$2.5 million
Due dates	1 June 2023 1 September 2023 1 December 2023	1 June 2023 1 September 2023 1 December 2023	1 July 2023 1 October 2023 1 August 2024	16 June 2023
Interest rate	12%	9%	9%	14%

Equity raising

During the year the Group successfully completed a $27.4 million equity raising via a two-tranche Placement and a Share Purchase Plan. Capital raised under the placement and SPP will fund the Bauxite Hills Mine expansion project, as the Company ensures its operation expansion to 7 million WMT is delivered on time and budget.

As part of the equity raising, a portion ($6.5 million) of the Greenstone and Lambhill short-term unsecured shareholder loans was converted into shares. The remainder of the proceeds were received in cash.

As at the date of this report, $1.7m had been expended on the expansion project activities with the remaining funds allocated to working capital. The Group had elected to defer growth study spending to provide additional working capital during the 2022/23 wet season.

REHABILITATION

Progressive rehabilitation remained a key focus during FY22. The Group continued to apply a staged approach as areas became available with backfilling and top-soiling progressively occurring as close as possible to active mining areas and thereby reducing costly double handling. Over 102 hectares of mined area was prepared for seeding in 2022. This approach allows for the immediate replacement of topsoil and thereby preserving the viability of the soil seed bed. Native seed used for rehabilitation are endemic to the Cape York region and are sourced from the local Indigenous communities working under the Group's Seed Collection Program and when necessary, third-party contract seed collectors. The application of seed and fertiliser is undertaken by a local Ankamuthi contractor.

The Group commenced preparing its Progressive Rehabilitation and Closure Plans (PRCP) for the Bauxite Hills Mine. Under the transitional arrangements, the Group is required to provide the PRCPs to the Department of Environment and Science (DES) by 30 May 2023. The PRCPs are underpinned by the Group's approach to implementing its progressive rehabilitation program, which commenced in 2019. The PRCPs, when completed, will set out the stages and proposed program of actions required to rehabilitate disturbed land and includes annual rehabilitation schedules, rehabilitation design drawings incorporating landform and anticipated design contours for the site and operational budgets for rehabilitation activities. As the rehabilitation activities progress, the PRCPs will be updated to include drawings showing rehabilitation progress, planned future rehabilitation schedules and updated operational budgets. Progressive certification will be sought as the rehabilitated areas reach the desired criteria described in the PRCPs.

Rehabilitation works were also focused on the infill of the fluvial kaolin pit and the depletion of two historic waste overburden stockpiles inherited by the Group. The remaining rehabilitation works will be completed in the first half of 2023.

ENVIRONMENT SOCIAL GOVERNANCE (ESG)

The Group recognises that developing and implementing a long-term commitment to sustainability is integral to the ongoing success of the Company.

The Group is committed to managing its operational activities and services in an environmentally responsible manner to meet legal, social and moral obligations. In order to deliver on these commitments, the Group seeks to comply with applicable environmental laws and regulations.

The Group was issued two Penalty Infringement Notices on 24 May 2022 for non-compliances with its Environmental Authorities relating to a bauxite spill on the barge loading pontoon. The spill was a result of the unexpected mechanical failure of the product carry-back scraper resulting in bauxite spilling onto the pontoon and a small amount of bauxite was assumed to have entered the Skardon River. The mechanical failure was promptly addressed, with further optimisation of the loading infrastructure occurring during the 2022 wet season shut down period. The Group was issued penalties of $13,785 for each non-compliance.

The Group established an ESG Committee during FY22 and approved the terms of the ESG Charter. In early FY23 the Committee will hold its first meeting in order to review the results of an ESG materiality survey undertaken with internal stakeholders during FY22. An ESG Plan for FY23-FY25 is also in the process of development.
As part of our commitment to the environment, the Group pursues new approaches, based on proven technology, to minimise the costs and environmental impacts of shallow, surface mining and mineral processing operations.

SAFETY PERFORMANCE

Safety is a core value of the Group, and we are committed to providing a safe working environment for our employees and contract partners through processes and procedures. The Group is proud of its historic safety record. All incidents are thoroughly investigated, and the findings are acted on to continuously improve the Group's safety systems.

Unfortunately, in the last quarter of 2022 a serious truck rollover overshadowed the increased attention that has been applied to safety throughout the 2022 operating season. Although it did not result in injury, this event highlighted the need to continue to maintain a strong focus on safety particularly when undertaking relatively routine tasks whilst operating heavy machinery.

INDIGENOUS ENGAGEMENT AND DEVELOPMENT

The Group's Indigenous engagement activities are undertaken with reference to the Ancillary Agreement (AA) and the Cultural Heritage Management Agreement (CHMA). In implementing its obligations pursuant to the AA and CHMA, the Group has three key stakeholder organisations. These being, the Old Mapoon Aboriginal Corporation (OMAC), Seven Rivers Aboriginal Corporation (SRAC) and Ipima Ikaya Aboriginal Corporation (IIAC).

2022 Indigenous and stakeholder engagement involved meetings with SRAC, OMAC, Ankamuthi Decision Making Committee, Cape York Land Council, Mapoon Land and Sea Rangers, Shire Councils, and employment agencies My Pathways and KuKu Nathi Services. The Group's Indigenous employment rate increased to 34%, exceeding the 30% target.

Indigenous business procurement supports Indigenous entrepreneurship and community economic development. The Group supported Gawun Supplies for Indigenous art uniforms, Artist Teho Ropeyarn for site projects and Ephraim Holdings, Cultural Heritage contractor employing Ankamuthi Cultural Heritage monitors. Indigenous business development and procurement will be a key focus for 2023.

The Seed Collection Program commenced with community sign up days and continued consistently with monthly collections from Napranum, Mapoon and Northern Peninsula Area communities. This provides the opportunity for community members to be on Country collecting seed for the site rehabilitation program and earn income.

Through the Group's Community Partnership Program, sponsorship of community events and in-kind support was provided to the following:

- Mapoon Shire Council Barra Bash fishing competition
- Northern Peninsula Area Regional Council "Keep the Flame of Culture Burning" Festival
- Dan Ropeyarn Cup, sponsorship of Bamaga Roo's and Cape Sisters rugby teams Indigenous Literacy Foundation and Children's Charity Network school-based art and literacy workshops and Young Australian Art and Writers Awards
- Tangaroa Blue Mapoon Beach Clean-up supply of volunteers
- Western Cape College Career Expo
- Kunjur First Nations Men's Group, NAIDOC Week guest Speaker Metro Mining Community Liaison Officer.

The group recognised and celebrated Reconciliation Week and NAIDOC week by engaging Traditional Custodians to build a Kup Murri ground oven, cooking Aboriginal and Torres Strait Islander traditional dishes for the celebration at Bauxite Hills Mine site.

EXPLORATION

Exploration activities on the Company's Cape York tenements focused on areas in the vicinity of the Bauxite Hills Mine. As the main plateaus with deemed bauxite potential outside of the Bauxite Hills Resource lie within tenure north of the Skardon River, a Conduct and Compensation Agreement has been negotiated with the Apudthama Land Trust.

DIVIDENDS

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial year.

RISK MANAGEMENT

The Group recognises that risk is characterised by both threat and opportunity and manages risk to enhance opportunities and reduce threats to sustain shareholder value. The Group fosters a risk-aware culture through the application of high-quality, integrated risk assessments to support informed decisions making.

The Audit and Risk Committee monitors management's performance against the Group's risk framework and is responsible for providing oversight of the risk management framework and assurance on the management of significant risks to the Managing Director and CEO and the Board. The Board is ultimately responsible for risk management, which considers a wide range of risks within strategic planning.

MATERIAL BUSINESS RISKS

The Group is exposed to a range of economic, financial, operational and strategic related risks which are inherent when operating in a mining business. The Board and its Committees understand the importance of effectively managing these risks for the success of the business, and regularly evaluate and assess such business risks. The material business risks faced by the Group that may have a material impact include the following:

Sovereign Risk and Concentration of Customers

The Group currently ships all of its bauxite production to China and is therefore exposed to the sovereign risks of China. There could be changes to Chinese government policy outside of Metro's control which would materially affect the operations and profitability of the business. The Group maintains local agents who advise on any material changes to the operating environment in China.

The Group has a small number of long-term offtake partners and is exposed to the counter-party risk and credit risk of these organisations.

The Group seeks to manage this risk by increasing customer diversification through its marketing strategy, dealing with credit worthy customers, and making sales through irrevocable letters of credit. Additional contracted offtake volumes will support the Group's expansion strategies and increase diversity in our customer base.

Fluctuation in Commodity Prices and the Australian Dollar

The Group's revenue is entirely derived from bauxite sales. Currently there are no bauxite derivative products available in the market and accordingly The Group is not able to manage commodity price exposures directly.

In order to manage United States dollar (USD) exposures, which include USD revenues, ocean freight expense, and anticipated USD denominated capital commitments, The Group's risk management framework incorporates a currency hedging program to manage the risks to sales revenue associated with a strengthening of the Australia dollar against the United States dollar.

Fluctuation in Ocean Freight Rates

The Group's customers are currently based in China. The Group sells to these customers on a delivered basis (INCO terms CIF) and therefore The Group is exposed to fluctuations in ocean freight rates. During 2021, The Group was exposed to unprecedented high ocean freight rates, which presented a significant risk to the Bauxite Hills Mine's ongoing viability.

In July 2021, the Group secured a floating crane. This strategic initiative enabled the loading of Capesize vessels, which significantly mitigated the risk. Ocean freight exposure has been further reduced with the execution of Contracts of Affreightment, resulting in freight coverage on substantially all CIF contracted sales through to 2024. The Group has also developed a proportion of forward sales on an FOB basis.

Mineral Resources and Ore Reserves

The Bauxite Hills mineral resources and reserves are estimates, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual geological conditions may differ from those predicted. No assurance can be given that any part, or all, of The Group's mineral resources constitute, or will be converted into, ore reserves.

Market price fluctuations of bauxite, demand for The Group's bauxite products, as well as increased operating and capital costs may render The Group's ore reserves unprofitable for periods of time or may render ore reserves containing relatively lower grade material uneconomic. Estimated reserves may have to be re-estimated based on actual production experience. Any of these factors may require The Group to reduce its mineral resources and ore reserves, which could have a negative impact on The Group's financial results.

Replacement of Depleted Reserves

The Group looks to continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is speculative in nature. The Group's exploration projects involve many risks and are sometimes unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

There is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by new mining approaches, discoveries or acquisitions. The mineral base of the Group may decline if reserves are mined without adequate replacement and the Group may not be able to sustain production beyond current mine life, based on current production rates.

Mining Risks and Insurance

The Group, as is common in the mining industry, is subject to significant risks and hazards, including environmental hazards, industrial accidents, availability of material and equipment and weather conditions (including flooding, cyclones and bush fires), most of which are beyond our control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on our financial performance, liquidity and results of operation,

particularly as the Group currently produces only from one mine site.

The Group has a policy to maintain insurance where available to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered appropriate depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Production and Cost Estimates

The Group prepares estimates of future production, site costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates, or material increases in costs, could have an adverse impact on The Group's future cash flows, profitability, results of operations and financial position.

The Group's actual production and costs may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, and unexpected labour shortages.

The Group's mining operations and exploration activities are in a region which occasionally experiences severe weather events such as cyclones, floods, and higher than average wave conditions. The region also experiences an annual wet season. Production and shipment cannot occur in the wet season nor during periods of severe weather events. While The Group includes allowances in its forecasts for interruptions to production and shipment during the wet season and periods of severe weather events, there is a risk that such periods have a greater impact than anticipated.

Climate change

The Group acknowledges that the effects of climate change have the potential to impact its business. These impacts may include increased severity and frequency of adverse weather conditions, changes to the domestic and international regulatory environment and product demand as the global community transitions towards a decarbonised environment. In addition, the location of the Bauxite Hills Mine means that climate change presents some clear and present risks in relation to increased extreme weather events and rising sea levels.

The Group is focused on reducing its greenhouse gas emissions over the medium to long-term. A project is underway to investigate the installation of solar panels and batteries at several locations at the Bauxite Hills Mine. A climate change risk and opportunity assessment will also be conducted in 2023. In late 2022 the Board established an ESG Committee to provide additional oversight on the Group's activities and initiatives on this important issue.

Cybersecurity

The Group recognises that its IT infrastructure and systems could be exposed to damage or interruption arising from a system compromise, failure or computer virus due to a cybersecurity attack. The Group engages a reputable third-party IT firm to manage its IT infrastructure and has a defence strategy in place to minimise the risk of a cybersecurity attack.

Going concern

Going concern remains a material risk for the Group. Note 1 of the Financial Statements details the measures that have been taken and those that will be taken in the future to support the assessment that the Group can continue as a going concern.

OUTLOOK

The Group's expansion to 7.0 million WMT per annum remains the core strategy with the Board considering a number of financing proposals.

Due to the capacity limitation of the existing floating crane, additional tonnes will be loaded in 2023 using smaller, geared vessels until the second floating crane's commissioning in early 2024.

With the implementation of the dual loading strategy together with the completion of the site upgrades to provide an expanded site capacity from August 2023, the Group is targeting delivered sales of between 4.5 million and 5.0 million WMT in FY23.

DIRECTORS AND OFFICERS

Douglas Ritchie
LLB (Qld), FAIMM, FAICD

Independent Non-Executive Director and Chairman
since 5 July 2021

Doug has over 40 years' experience in the resources industry. During his 27 year career with Rio Tinto, he held positions as a member of Rio Tinto's Executive Committee and the Group Executive responsible for China, Managing Director of Rio's Dampier Salt Ltd, Rio's Head of Business Evaluation, Managing Director of Rio Tinto Diamonds, Chief Executive of Rio Tinto Coal Australia, Rio's Managing Director of Strategy and Chief Executive of the Energy Product Group. Doug retired in 2013. He is also formerly a Director of the Queensland Resources Council. He is a Fellow of the Australian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

Board committees:

Member of Audit and Risk Committee
Member of Remuneration and Nominations Committee
Member of Environment Sustainability & Governance Committee

Other directorships (current and recent):

Doug is currently a Director of Neometals Limited.

Simon Wensley
BA, MA (Chemistry, Oxon), MBA (INSEAD), GAICD

Managing Director and CEO
since 5 July 2021

Simon is a proven leader with 30 years' experience in the metals and minerals industry, including Research and Development, strategy formulation, finance, sales, marketing and trading, large scale capital projects, radical asset turnaround/business improvement, Mergers and Acquisition and divestments. Simon began his career at Kobe Steel (Japan) in coal chemistry Research and Development and major projects and spent 20 years with Rio Tinto in operational, project and leadership roles. Simon is an Oxford University honours graduate in Chemistry and holds an MBA from INSEAD.

DIRECTORS AND OFFICERS

Fiona Murdoch

LLB (Hons), MBA, GAICD

Independent Non-Executive Director

since 11 March 2019

Fiona has 30+ years' experience in the resources and infrastructure sectors in Australia and internationally with senior operational roles with AMCI Investments, MIM Holdings and Xstrata Queensland. Currently, Fiona serves as a Non-Executive Director for NRW Holdings Limited and Ramelius Resources Limited. In addition, Fiona serves on the Joint Venture Committee for Australian Premium Iron Ore Project. She is also Chair of The Pyjama Foundation, a not-for-profit organisation providing learning-based activities for children in foster care. Fiona has an MBA and Honours Degree in Law.

Board committees:

Chair of Audit and Risk Committee
Chair of Remuneration and Nominations Committee
Member of Environment Sustainability & Governance Committee

Other directorships (current and recent):

Fiona is currently a Director of Ramelius Resources Limited and NRW Holdings Limited. Fiona previously served as Director of KGL Resources Limited (resigned 14 October 2021).

Mark Sawyer

LLB (Hons)

Managing Director and CEO

since 5 July 2021

Mark co-founded Greenstone Resources, a private equity fund specialising in international mining and metals sector. Formerly, Mark was GM and co-head of Group Business Development at Xstrata plc responsible for originating, evaluating and negotiating new business development opportunities. Mark also held senior roles at Cutfield Freeman & Co, a boutique corporate advisory firm in the mining industry, and at Rio Tinto plc.

Board committees:

Member of Audit and Risk Committee
Member of Remuneration and Nominations Committee
Member of Environment Sustainability & Governance Committee

Other directorships (current and recent):

Mark is currently a Director of Serabi Gold plc, Rockcliff Metals Corp and Kalium Lakes Limited.

DIRECTORS AND OFFICERS

Andrew Lloyd

B Nat Res (Hons), Dip Bus Ad, MBA, FAICD

Independent Non-Executive Director

since 28 February 2022

Andy has over 30 years' experience in the resources industry, having retired from Rio Tinto in July 2013. He has held a number of senior commercial, project development and board positions with the Rio Tinto group in PNG, Australia, and the UK. Andy has degrees in science and commerce, and extensive experience in adding value to mining projects, corporate governance, and in dealing with governments.

Board committees:

Member of Audit and Risk Committee
Member of Remuneration and Nominations Committee
Chair of Environment Sustainability & Governance Committee

Other directorships (current and recent):

Andrew was a Director of Jabiru Kabolkmakman Ltd until October 2022.

Former Directors

Stephen Everett, former Non-Executive Director resigned from the Board on 28 February 2022. He had served as Non-Executive Director since 12 July 2012.

Mitchell Petrie

Company Secretary

since 17 June 2022

Mitchell was appointed Company Secretary of Metro Mining Group Ltd on 17 June 2022. Mitchell has significant experience in corporate governance, risk management and assurance. He is a former Partner of KPMG where he led the Queensland Risk Advisory practice. His clients included many leading national and global participants in the Resource Industry. Mitchell is also currently a Director of a number of public and private sector companies, a member of several Local Government audit committees and formerly Chair of UNESCO's audit committee.

DIRECTORS' INTERESTS

Directors' interest in ordinary shares and convertible securities of Metro Mining Limited as at the date of this report are set out in the table below.

	Number of securities			
Name	Ordinary shares	Options	Performance Rights	Total securities
Douglas Ritchie	4,469,697	-	3,512,750	7,982,447
Simon Wensley	-	-	3,227,719	3,227,719
Fiona Murdoch	972,874	-	-	972,874
Mark Sawyer	-	-	-	-
Andy Lloyd	1,500,000	-	1,187,955	2,687,955

Upon his appointment as a Director, Mr Doug Ritchie elected to receive his director fees as Performance Rights. 2,234,849 Performance Rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $67,046. In 2022, 5,747,598 Performance Rights were issued with an estimated fair value of $133,788. The grant of 3,512,750 Performance Rights remains subject to shareholder approval.

Upon his appointment as a Director, Mr Andy Lloyd elected to receive 50% of his director fees as Performance Rights. 1,187,955 Performance Rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $32,994.

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors held during the year ended 1 December 2022, and the number of meetings attended by each Director are set out below.

	Board		Audit and Risk Committee		Remuneration and Nominations Committee	
Name	A	B	A	B	A	B
Douglas Ritchie	15	15	4	4	4	4
Simon Wensley	15	15	-	-	-	-
Fiona Murdoch	15	15	4	4	4	4
Mark Sawyer	15	14	4	3	4	3
Andy Lloyd	13	13	3	3	3	3
Stephen Everett [2]	2	2	1	1	1	1

A Number of meetings held while appointed as a Director or Member of a Committee
B Number of meetings attended by the Director while appointed as a Director or Member of a Committee.
[1] The Board recognises the importance of developing and implementing the Group's strategy and during FY22 dedicated one board meeting for this purpose
[2] Stephen Everett resigned from the role of Independent Non-Executive Director and as a result his directorship ceased on 28 February 2022.

OTHER ITEMS

CORPORATE GOVERNANCE STATEMENT

The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the Company's business. The Board has given due consideration to the ASX 'Corporate Governance Principles and Recommendations', which offer a framework for good corporate governance.

The Board has approved the Corporate Governance Statement for the year ended 31 December 2022 which can be viewed on the Company's website at https://metromining.com.au/about-us/corporate-governance.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

INSURANCE OF OFFICERS AND INDEMNITIES

(A) Insurance of officers

During the financial year, the Company paid a premium in respect of a contract ensuring the Directors, the Company Secretaries, and all Executive Officers of the Company and of any related body corporate against a liability incurred by a Director, Company Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability, costs and charges is not disclosed as such disclosure is prohibited under the terms of the contract.

(B) Indemnity of auditors

The Company has not during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the Auditor of the Company or of any related body corporate against a liability incurred by the Auditor.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest dollar.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Douglas Ritchie
Chair of the Board

28 February 2023

LETTER FROM THE CHAIR OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to provide you with Metro Mining's 2022 Remuneration Report.

The Group had a year in which progress was achieved on many fronts, however there were a number of disappointments. The financial results for 2022, in particular, were very disappointing.

Chinese demand for bauxite remained strong with 3.41 million WMT of bauxite shipped during FY22. The Group was on track to meet its revised guidance of 3.6 million to 3.7 million WMT of sales for FY22, however in late December a combination of unexpected severe weather and failure of significant components on the floating crane barge resulted in the early cessation of the FY22 operating season.

Cost reduction programs that commenced in 2021 continued in 2022 as did the Group's focus of becoming one of the lowest cost bauxite producers selling into the Chinese market. Freight and operational costs, however, were higher than budget as a result of a range of factors including adverse weather, inconsistency of operational performance, inflationary impacts and exchange rate fluctuations and the Group's failure to achieve planned economies of scale in the year.

The Group's expansion strategy has, and continues to be, to reduce unit delivered costs by expanding annual production capacity. In June 2022 the Board approved a Final Investment Decision, subject to financing, to expand the capacity of the Bauxite Hills Mine to 7.0 million WMT per annum. The approval is underpinned by additional sales offtakes secured for 2023 and beyond. The Board's decision is a major milestone for the Group and provides it with the basis to deliver sound returns to investors.

Remuneration Principles

The Board is committed to securing and retaining high quality people who work in a culture that is performance-driven, motivating and which supports the Group's strategic objectives. Our people are our most important asset, particularly in times of resource constraints and growth in the mining sector such as is being currently experienced across Australia.

The key principles of the Group's remuneration framework are:

- Remuneration which is comparable and market-competitive.
- An appropriate balance between fixed and variable (at-risk) components.
- Performance based.
- Alignment to shareholder experience and the medium to long-term interests of shareholders.
- Fairness, equity and transparency.

The Remuneration & Nominations Committee regularly monitors market conditions and practices when considering whether to change any aspects of the remuneration framework.

Remuneration Outcomes in 2022

- Due to the difficult trading conditions, executive management salaries were set at 2021 levels or increased at rates less than inflation. Remuneration structures were consistent with advice received from an independent remuneration consultant with any changes based on position changes and/or performance.
- Director remuneration also remained unchanged compared with the prior year. There also will be no increase in Director remuneration for 2023.
- Whilst the financial and operating results for 2022 were very disappointing, a lot of progress was achieved in the Group's journey to an expanded operating capacity and these achievements were acknowledged in the assessed Short Term Incentive Plan (STIP)outcomes.
- An additional performance measure aligned to corporate culture and values was incorporated into the 2022 STIP individual performance measures.

The Board and Management of Metro remain committed to successfully delivering the expansion of the Bauxite Hills Mine and in turn ensuring a more resilient and sustainable Group for our shareholders.

Thank you for your support of Metro Mining.

Fiona Murdoch
Chair
Remuneration & Nominations Committee
28 February 2023

REMUNERATION REPORT

INTRODUCTION

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our Key Management Personnel (KMP) for the year ended 31 December 2022.

This Remuneration Report, which has been audited, has been prepared in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The report is set out under the following headings:

A. Key management personnel
B. Key remuneration outcomes for FY22
C. Remuneration framework
D. Performance and remuneration outcomes for FY22
E. Executive remuneration disclosures
F. Remuneration of Non-Executive Directors

The Group's remuneration governance framework is overseen by the Board.

The Board is supported by the Remuneration and Nominations Committee and Audit and Risk Committee. Each committee has its own Charter setting out its role and responsibilities, composition and how it operates. Further information on these committees is available of the Company's website: www.metromining.com.au/about-us/corporate-governance/corporate-charters/

The table below provides an overview of the remuneration governance framework that has been established by the Group.

Group	Role
Board	The Board maintains overall accountability for oversights of remuneration policies. The Board reviews, challenges, applies judgement and, as appropriate, approves the recommendations made by the Remuneration and Nominations Committee. The Board approves remuneration of Executive KMP and Non-executive Directors and the policies and frameworks that govern both.
Remuneration and Nominations Committee	The Remuneration and Nominations Committee is the main governing body for key people and remuneration strategies across the Group. The role of the Remuneration and Nominations Committee is to provide advice and assistance to the Board in relation to people management and remuneration policies, so that remuneration outcomes for the executives are appropriate and aligned to Company performance and shareholder expectations.
Management	Provides recommendations on remuneration design and outcomes to the Remuneration and Nominations Committee. Management implements remuneration policies.
Independent external remuneration advisors	The Remuneration and Nominations Committee may seek advice from independent remuneration consultants in determining appropriate remuneration policies for the Group.

A. KEY MANAGEMENT PERSONNEL

The KMP of the Group comprise all Directors (Executive and Non-Executive) and other members of Metro Mining's Executive Management who have authority and responsibility for planning, directing and controlling the activities of the Group, are as follows:

Name	Position	Dates
Non-Executive Directors		
Douglas Ritchie	Independent Non-Executive Director and Chairman	Full financial year
Mark Sawyer	Non-Executive Director	Full financial year
Fiona Murdoch	Independent Non-Executive Director	Full financial year
Andrew Lloyd	Independent Non-Executive Director	From 28 February 2022
Stephen Everett	Independent Non-Executive Director	Until 28 February 2022
Executive KMP		
Simon Wensley	Managing Director and Chief Executive Officer	Full financial year
Nathan Quinlin	Chief Financial Officer	From 13 June 2022
	General Manager - Commercial	16 June 2021 to 12 June 2022
Garry Smith	General Manager – Operations	Until 23 October 2022
Peter Harding - Smith	Chief Financial Officer and Company Secretary	Until 13 June 2022
Cherie Everett	General Manager - People and Culture	From 1 February 2022
Gary Battensby	General Manager - Operations	From 3 November 2022

B. KEY REMUNERATION OUTCOMES FOR FY22

Component	Remuneration Outcome
Short Term Incentive Plan (STIP) outcomes	For the 2022 Performance Year (1 January 2022 to 31 December 2022) the maximum annual STIP grants approved by the Directors were: Managing Director 70% of Base Salary Chief Financial Officer 40% of Base Salary GM Operations 35% of Base Salary Other participants 25% of Base Salary Base Salary is fixed remuneration exclusive of statutory superannuation entitlements, pro-rata to reflect service periods.
Long-Term Incentive Plan (LTIP) outcomes	The Directors approved the 2022 LTIP with the maximum annual LTIP grants being: 2022 / 2021 Managing Director: 70% of Base Salary / 70% of Base Salary Other Executive KMP: 25%-40% of Base Salary / None participating Base Salary is fixed remuneration exclusive of statutory superannuation entitlements, pro-rata to reflect service periods.
Executive KMP Remuneration	The Remuneration and Nominations Committee at least annually reviews the remuneration arrangements for all KMP. In 2022, adjustments were made to remuneration having regard to market benchmarking including analysis prepared by independent remuneration consultants.
Non-Executive Director (NED) Remuneration	No changes were made to the maximum approved fees payable to Non-Executive Directors in 2021 and in 2022.

C. REMUNERATION FRAMEWORK

Remuneration principles

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of the strategic objectives of the Group and the creation of value for shareholders, and substantially conforms to market better practice.

The key principles of the framework are:

- Remuneration which is comparable and market-competitive.
- An appropriate balance between fixed and variable (at-risk) components.
- Performance based.
- Alignment to shareholder experience and the medium to long-term interests of shareholders.
- Fairness and transparency.

The philosophy is to attract, motivate and retain high performance and high-quality personnel, as well as focus on sustained growth in shareholder wealth, including growth in share price relative to peer group companies and deliver constant, or increasing, return on assets.

The framework has 4 components:

1. Fixed remuneration, compromising a base salary, employer superannuation contributions and non-monetary benefits,
2. Share-based payments (Performance Rights) and/ or cash bonuses as part of a Short-Term Incentive Plan (STIP),
3. Long-Term Incentives (LTIP) (Performance Rights), and
4. Other remuneration such as long service leave.

The combination of these comprises the executive's total remuneration.

Performance Rights granted under the STIP and the LTIP are granted for no consideration. Performance Rights carry no dividend or voting rights. One ordinary share in the Company is allocated on vesting and exercise of a Performance Right.

The Group's remuneration framework is reviewed annually by the Board and is based on recommendations received from the Remuneration and Nominations Committee. The annual review includes consideration of the Group's remuneration policy and practice, relevant market benchmarks, the skills and experience required for each role, and the overall performance of the Group.

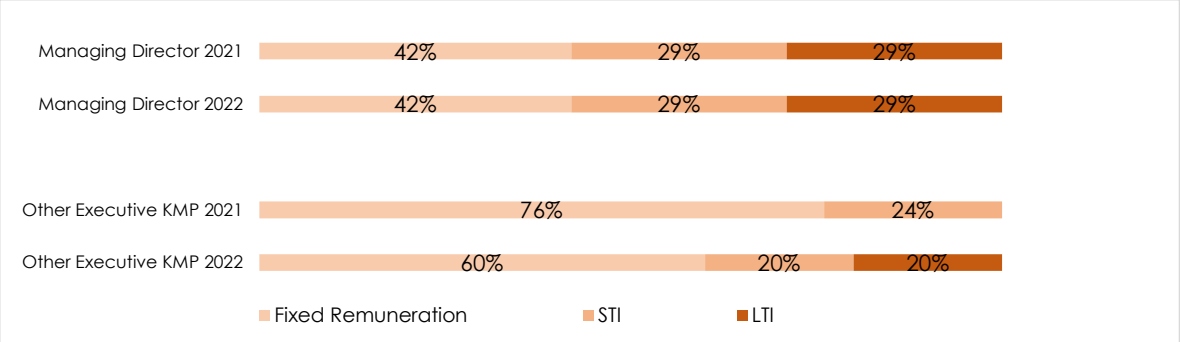
Remuneration components

	Total Fixed Remuneration (TFR)	Short Term Incentive Plan (STIP)	Long-term incentive Plan (LTIP)
Purpose	Attract and retain executives with the capability and experience to deliver the Group's strategic objectives and contribute to the Group's financial and operational performance.	Reward executives for performance against agreed annual objectives aimed at achieving the financial and strategic objectives of the Group.	Align performance with the long-term business strategy to drive sustained earnings and long-term shareholder returns.
Link to performance	Appropriately compensate executives for driving a performance and governance culture and delivering on the business strategy.	Strategic annual objectives are embedded in the executive STIP.	Performance hurdles are set by the Board and tested at the end of the three-year period.

	Total Fixed Remuneration (TFR)	Short Term Incentive Plan (STIP)	Long-term incentive Plan (LTIP)
Performance measures	Considerations ▪ Skills and experience ▪ Accountability ▪ Role complexity ▪ Market competitive	Shared KPIs ▪ Financial ▪ Safety & environment ▪ Sales ▪ Expansion planning ▪ Cost of production ▪ Projects Individual KPIs STIP at risk MD and CEO: 70% Other executives: 25% - 40%	▪ Relative Total Shareholder Return (TSR) measured against ASX Materials Indices (XMM); ▪ Return (Group EBIT) on Capital Employed (ROCE) measured against the Group's Weighted Average Cost of Capital (WACC); and ▪ Return (Group EBIT less corporate costs) on Sales (ROS) measured against Budgeted Return on Sales. LTIP at risk MD and CEO: 70% Other executives: 25% - 40%
Alignment	Attract and retain the best people based upon the competitive landscape and among relevant peers.	Reward year-on-year performance in a balanced and sustainable manner.	Encourage sustainable, long-term value creation.
Delivery	Base Salary, statutory superannuation, non-monetary benefits and any additional benefits such as minor fringe benefits	Performance Rights.	Performance Rights.

Executive remuneration mix

The remuneration mix of fixed and at-risk is specific to each Executive KMP. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be as follows:



Executive employment agreements

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements and are summarised in the table below.

Executive KMP	TFR [1] $	Term of agreement	Notice period	Review period [2]	Maximum[3] STIP (%)	Maximum LTIP (%)
Simon Wensley [4]	567,000	Ongoing	6 months	Annually	70%	70%
Nathan Quinlin [5]	331,500	Ongoing	3 months	Annually	40%	40%
Peter Harding-Smith [6]	330,000	Ongoing	3 months	Annually	40%	40%
Garry Smith [7]	309,400	Ongoing	3 months	Annually	35%	35%
Cherie Everett [8]	243,000	Ongoing	3 months	Annually	25%	25%
Gary Battensby [9]	309,400	Ongoing	3 months	Annually	35%	-

[1] Total Fixed Remuneration includes statutory superannuation of 10.0% (10.5% from 1 July 2022).
[2] The review will have regard to such matters as the responsibilities, performance, and remuneration of the employee.
[3] Anticipated incentive as a proportion of Base Salary depending on corporate and individual performance. Paid as 100% Performance Rights.
[4] Base Salary for Simon Wensley was revised from $540,000 to $567,000 effective 1 August 2022.
[5] Nathan Quinlin's Base Salary increased from $309,400 to $331,500 when he transitioned from General Manager – Commercial to Chief Financial Officer, effective 13 June 2022.
[6] Peter Harding-Smith resigned as Chief Financial Officer effective 13 June 2022.
[7] Garry Smith resigned as General Manager – Operations on 23 October 2022.
[8] Cherie Everett was appointed General Manager People & Culture on 1 February 2022.
[9] Gary Battensby was appointed General Manager – Operations on 3 November 2022. Mr Battensby did not participate in the 2022 LTIP.

Total Fixed Remuneration

Total Fixed Remuneration considers the complexity and expertise required of individual roles. To assess the competitiveness of fixed remuneration, the Remuneration and Nominations Committee considers market data by reference to appropriate independent and externally sourced comparable benchmark information, as required.

Employee Incentive Plan

The Group has established the Metro Mining Employee Incentive Plan (EIP) to enable the issue of shares, Performance Rights or share options in Metro Mining Limited to assist in the retention and motivation of employees. Under the EIP, the Group may offer shares or options over unissued shares in the Company. The EIP is for the benefit of all employees of the Group, or their nominee, who have been selected by the Board to participate. The EIP acts as the Group's main incentive scheme to reward eligible participants through variable remuneration.

All incentives are awarded at the discretion of the Board. The Board can choose not to pay or to reduce the amount of an incentive otherwise payable. The Board also has the discretion to increase the amount of an incentive for exceptional performance.

(i) Short-term Incentive Plan (STIP)

The below table summarises the objectives of the Group's STIP and identifies the performance measures and relevant weights for FY22.

<table>
<tr><td>Purpose</td><td>STIPs are performance based and designed to reward high performance against challenging, clearly defined and measurable objectives.</td></tr>
<tr><td>Participation</td><td>Each Executive KMP may, at the discretion of the Board, be offered to participate in the Group's Short-Term Incentive Plan.</td></tr>
<tr><td>Performance period</td><td>The performance period is for the 12 months ended 31 December or from the period from the offer of commencement of participation in the STIP to 31 December.</td></tr>
<tr><td>Opportunity</td><td>For 2022, the target STIP opportunity for the Managing Director is 70% of Base Salary and 25% - 40% of Base Salary for other Executive KMP.</td></tr>
<tr><td>Instrument</td><td>Performance based incentives settled in Performance Rights and/or cash bonuses at the discretion of the Board.

For the 2022 Performance Year, the Board resolved that any STIP award entitlements would be settled with the issuance of Performance Rights.

Performance Rights granted under the STIP are granted for nil consideration. A Performance Right is a right to acquire one fully paid Metro share provided specified performance hurdles are met. Participants will not be permitted to sell any shares issued under the STIP for a 12-month period following the date of offer.</td></tr>
<tr><td>Performance targets</td><td>The STIP is linked to Key Performance Indicators (KPIs) which are reviewed by the Remuneration and Nominations Committee at the commencement of each year and approved by the Board. The STIP KPIs in 2022 comprised 2 components:

Shared KPIs

The Shared KPI hurdles in 2022 accounted for 80% of the STIP award. The remaining balance for was attributable to individual KPIs. Set out below are the performance goals and weightings that were applied in respect of FY22.

<table>
<tr><th></th><th>Managing Director % Weighting</th><th>Chief Financial Officer % Weighting</th><th>Other Executive KMP % Weighting</th></tr>
<tr><td>Financial</td><td>15</td><td>15</td><td>15</td></tr>
<tr><td>Safety and environment</td><td>15</td><td>10</td><td>30</td></tr>
<tr><td>Sales</td><td>20</td><td>10</td><td>5</td></tr>
<tr><td>Expansion planning</td><td>25</td><td>30</td><td>15</td></tr>
<tr><td>Cost of production</td><td>15</td><td>25</td><td>25</td></tr>
<tr><td>Projects</td><td>10</td><td>10</td><td>10</td></tr>
</table>

Individual KPIs

Individual KPIs vary for each executive KMP based on their accountabilities and include an individual's alignment with the Group's corporate values. For commercial reasons they are not disclosed in this report however they are aligned with the strategic objectives of the Group.</td></tr>
<tr><td>Determination of award</td><td>Following the completion of each Performance Year, the Chairman of the Board with the assistance of the Chair of the Remuneration and Nominations Committee reviews the performance of the Managing Director. The Managing Director reviews the performance of each of the Executive KMP and seeks the approval of the Board and Remuneration and Nominations Committee to determine award outcomes.</td></tr>
</table>

(ii) Long-term Incentive Plan (LTIP)

The below table summarises the objectives of the Group's LTIP and identifies the performance measures and relevant weights for FY22.

<table>
<tr><td>Purpose</td><td>Attract, motivate and retain talent which is aligned to the Group's long-term strategy and drive shareholder value.</td></tr>
<tr><td>Eligibility</td><td>Each Executive KMP may, at the discretion of the Board, be offered to participate in the Group's Long Term Incentive Plan.</td></tr>
<tr><td>Instrument</td><td>Performance based incentives settled in Performance Rights and/or cash bonuses at the discretion of the Board.

For the 2022 Performance Year, the Board resolved that any LTIP award entitlements would be settled with the issuance of Performance Rights.

Performance Rights granted under the LTIP are granted for nil consideration. A Performance Right is a right to acquire one fully paid Metro share provided specified performance hurdles are met.</td></tr>
<tr><td>Allocation methodology</td><td>The number of Performance Rights allocated to each participant is set by the Board. Accounting standards require the estimated valuation of the grants to be recognised over the vesting period. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.</td></tr>
<tr><td>Opportunity</td><td>For 2022, the target LTIP opportunity for the Managing Director is 70% of Base Salary and 25% - 40% of Base Salary for other Executive KMP.</td></tr>
<tr><td>Performance period</td><td>The performance period commences on the date of grant of the Performance Rights. Performance measures are tested at the end of the three-year period.</td></tr>
<tr><td>Financial gateway</td><td>The LTIP performance hurdles are subject to a minimum performance gateway of Group budget being achieved.</td></tr>
<tr><td>Performance hurdles</td><td>The Board reviews the performance conditions annually to determine appropriate hurdles based on the Group's strategy, size of the Group and prevailing market practice. The following performance measures apply to the LTIP grants issued in 2022:

▪ Relative Total Shareholder Return (TSR) measured against ASX Materials Indices (XMM);
▪ Return (Group EBIT) on Capital Employed (ROCE) measured against the Group's Weighted Average Cost of Capital (WACC); and
▪ Return (Group EBIT less corporate costs) on Sales (ROS) measured against Budgeted Return on Sales.

<table>
<tr><th></th><th>TSR
40% Weighting</th><th>ROCE
30% Weighting</th><th>ROS
30% Weighting</th></tr>
<tr><td>Performance Rights not vested</td><td>TSR/XMM < or = 1.2</td><td>ROCE/WACC < 1.2</td><td>Actual ROS / Budgeted ROS < 1.1</td></tr>
<tr><td>Performance Rights vest on a pro rata basis (70% to 100% vesting)</td><td>TSR/XMM between 1.2 and 1.4</td><td>ROCE/WACC between 1.2 and 1.4</td><td>Actual ROS / Budgeted ROS between 1.1 and1.3</td></tr>
<tr><td>Board discretion to award additional Performance Rights</td><td>TSR/XMM > 1.4</td><td>ROCE/WACC > 1.4</td><td>Actual ROS / Budgeted ROS > 1.3</td></tr>
</table>
</td></tr>
<tr><td>Determination of awards</td><td>At the end of the Performance Year (for example, the 2022 LTIP performance hurdles will be measured at the end of the 3-year period ending 31 December 2024), the Remuneration and Nominations Committee and the Board assess the performance of executives under the LTIP and determine the entitlement to Performance Rights.</td></tr>
<tr><td>Vesting and delivery</td><td>Vesting of LTI grants is dependent on achieving the performance hurdles which are tested at the end of the three-year period. The Performance Rights will automatically vest and exercise if, and when, the Board determines the performance conditions are achieved. If the Performance Rights vest, entitlements may be satisfied by an allotment of new shares to participants. Any Performance Rights that do not vest during the performance period will lapse.</td></tr>
</table>

Termination and forfeiture	If an executive's employment is terminated for cause, all unvested Performance Rights lapse unless the Board determines otherwise. In all other circumstances, milestones achieved before the individual's employment contract has ended will be awarded, with Board discretion applied to any awarding of partly achieved objectives. Any Performance Rights issued which have become exercisable prior to the cessation of an executive's employment will remain exercisable by that executive for the remainder of the period that those Rights can be exercised.

Clawback policy and discretion	The Board has an ability to clawback LTIP awards in the event of fraud, dishonesty, gross misconduct or material misstatement of the financial statements. The Board has the ability in such circumstances to make a determination that could include the lapsing of unvested Performance Rights, the forfeiture of shares allocated on vesting of Performance Rights, and/or repayment of any cash payment or dividends to ensure that no unfair benefit was obtained.
Change of control	In the event of a takeover or other transaction that in the Board's opinion should be treated as a change of control event, the Board has a discretion to determine that vesting of some or all of the performance-based incentives be accelerated and that dealing restrictions on restricted shares be released.

D. PERFORMANCE AND REMUNERATION OUTCOMES FOR FY22

Key financial and operational highlights for FY22

Key financial and operational highlights used in assessing and determining the allocation of Performance Rights awarded to Executive KMP under the STIP and LTIP included:

- Sales volume achieved 3.41 million WMT. Whilst this was a significant improvement on the prior year, it was less than planned. The average sales price achieved was AUD$52.2 per WMT which exceeded budget.
- Additional sales offtakes secured for 2022 and beyond.
- A placement and share purchase plan completed (over-subscribed) and successfully raised $27.5 million.
- Cost reduction programs continued during the year however freight and operational costs exceeded budget. Economies of scale also were not achieved, exacerbated by the earlier than planned completion of the 2022 operating season.
- Expansion planning commenced.

Short-term incentive plan outcomes

On 27 February 2023, the Remuneration and Nominations Committee and the Board assessed the performance of executives under the STIP KPIs for the 2022 Performance Year and a determination of the entitlement to Performance Rights for the 2022 Performance Year was made.

Measure	KPI	FY22 Performance	Outcome
Financial	Return to profitability	Statutory net loss	Not achieved
Safety and environment	Recordable injury frequency rate Anthropogenic reportable environment incidents	Total Recordable Injury Frequency Rate for 2022 was 4. This exceeded target. Several reportable environmental incidents.	Not achieved
Sales	Sales and freight executed above budget for 2022 and 2023 sales secured	2022 - Sales 3.4m WMT. Average sales price AUD$52.2 per WMT. Freight costs exceeded budget. 2023 – Sales target secured	Partially achieved
Expansion planning	Board approval and financing secured by December 2022	2022 Board approval, subject to financing, of the Definitive Feasibility Study to expand capacity. Financing not secured by December 2022.	Not achieved
Cost of production	Production season costs	Operating costs AUD$61.3 per WMT. This exceeded budget.	Not achieved
Projects	New projects to underpin growth and sustainability	Three projects approved by the Board with two projects meeting the threshold of finalised Pre-feasibility Studies by the end of FY22.	Partially achieved

The following table outlines the FY22 STIP outcomes, as a percentage of maximum performance for Executive KMP.

Executive KMP	Shared KPI performance (as a % of max performance)	Individual KPI performance (as a % of max performance)	Overall performance outcome (as a % of max performance)
Simon Wensley	15%	17%	32%
Nathan Quinlin	10%	18%	28%
Gary Battensby	8%	12%	20%
Cherie Everett	8%	15%	23%

Long-term incentive plan outcomes

No performance hurdles were measurable in 2022 in respect of the Performance Rights issued under the LTIP. The first Performance Year in which performance hurdles will be measured (2021 LTIP) will be for the year ending 31 December 2023.

E. EXECUTIVE REMUNERATION DISCLOSURES

Key management personnel remuneration

The table below sets out the KMP remuneration. Amounts represent remuneration relating to the period during which the individuals were KMP.

Name		Salary and fees [1] $	Non-monetary benefits [2] $	Post-employment benefits [3] $	Share-based payments - Equity settled [4] $	Total remuneration $	Performance related %
Simon Wensley[5]	FY22	474,072	-	25,534	234,184	733,790	32%
	FY21	203,395	-	11,607	121,588	336,590	36%
Nathan Quinlin[6]	FY22	255,288	-	24,250	40,486	320,024	13%
	FY21	113,884	-	11,388	8,600	133,872	6%
Gary Battensby [7]	FY22	46,667	-	4,900	4,420	55,987	8%
	FY21	-	-	-	-	-	-
Garry Smith [8]	FY22	289,437	33,646	29,691	-	352,774	-
	FY21	113,978	-	13,398	27,184	154,560	18%
Cherie Everett [13]	FY22	191,667	-	19,708	22,117	233,492	9%
	FY21	-	-	-	-	-	-
Peter Harding-Smith [9]	FY22	137,310	6,540	13,731	-	157,581	-
	FY21	30,000	-	3,000	6,510	39,510	16%
Simon Finnis [10]	FY22	-	-	-	-	-	-
	FY21	250,799	6,987	11,468	(98,737)	170,517	-
Duane Woodbury [11]	FY22	-	-	-	-	-	-
	FY21	161,189	5,455	12,250	(38,193)	140,701	-
Graham Tanner [12]	FY22	-	-	-	-	-	-
	FY21	179,664	22,185	9,508	(37,301)	174,056	21%
Consolidated remuneration	FY22	1,394,441	40,186	117,814	301,207	1,853,648	16%
	FY21	1,052,909	34,627	72,619	(10,349)	1,149,806	-

[1] Salary includes short-term absences and the movement in the provision for annual leave.
[2] Non-monetary benefits represent the effective net cost to the Group, consisting of the taxable value of fringe benefits aggregated with the associated fringe benefit tax payable on those benefits.
[3] Post-employment benefits represents superannuation.
[4] Equity settled benefits represents the non-cash accounting charge to share-based payments expense in relation to Performance Rights on issue during the year. For details on the valuation of performance shares and rights including models and assumptions used, refer to note F1 in the Consolidated Financial Statements. These values may not represent the future value that the KMP will receive, as the vesting of the performance shares and rights are subject to the achievement of certain hurdles.
The Performance Rights granted to Simon Finnis, Duane Woodbury and Graham Tanner were forfeited on cessation of employment. As a result, any cumulative share-based payment expense previously recognised under AASB 2 *Share-based Payment* has been reversed through the profit or loss in the current year.
[5] Simon Wensley was appointed as Managing Director on 5 July 2021 and elected to receive 20% of his 2021/22 remuneration as performance rights.
[6] Nathan Quinlin transitioned from General Manager – Commercial to Chief Financial Officer on 17 June 2022.
[7] Gary Battensby was appointed General Manager – Operations on 3 November 2022.
[8] Garry Smith resigned as General Manager – Operations on 23 October 2022.
[9] Peter Harding-Smith resigned as Chief Financial Officer on 13 June 2022.
[10] Simon Finnis resigned as Managing Director on 5 July 2021.
[11] Duane Woodbury resigned as Chief Financial Officer on 30 June 2021.
[12] Graham Tanner resigned as General Manager - Operations on 3 June 2021.
[13] Cherie Everett was appointed General Manager People & Culture on 1 February 2022.

Managing Directors fees equity settled

Upon his appointment as Managing Director, Mr Simon Wensley elected to receive 20% of his 2021/22 remuneration as Performance Rights. 3,227,719 Performance Rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $51,644. In 2022, 3,227,719 Performance Rights were issued (for the period 1 January 2022 to 30 June 2022) with an estimated fair value of $51,644.

No other members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Key management personnel shareholdings

The table below summarises the movements of interests in shares of Metro Mining Limited relating to the period during which individuals were KMP.

Name	Opening balance	Granted as remuneration during the year	Other changes (net) [1]	Closing balance
Peter Harding-Smith [2]	524,742	-	524,742	-
Total ordinary shares	524,742	-	524,742	-

[1] Other changes (net) represent shares that were purchased or sold during the year or removal of balances for former KMP.
[2] Peter Harding-Smith resigned as Chief Financial Officer on 13 June 2022.

Key management personnel Performance Rights

(i) Short-term incentives

The terms and conditions relating to short-term incentive Performance Rights offered as remuneration during the year to KMP are set out in the below table.

Executive KMP	Offer date	Offer value $	Vested %	Forfeited %	Unvested %	Expiry date	Range for future payments
Simon Wensley	1/1/22	360,896	32%	68%	-	31/12/22	n/a
Nathan Quinlin	1/1/22	111,812	28%	72%	-	31/12/22	n/a
Gary Battensby	3/11/22	22,100	20%	80%	-	31/12/22	n/a
Cherie Everett	1/2/22	60,395	23%	77%	-	31/12/22	n/a
Garry Smith	1/1/22	97,836	-	100%	-	31/12/22	n/a
Peter Harding-Smith	1/1/22	115,209	-	100%	-	31/12/22	n/a

The short-term incentives were offered for the period from the commencement of the calendar year or on commencement of employment in accordance with the terms of the Group's Employee Incentive Plan. The grant value was determined using a Black Scholes-Merton valuation model.

The awarding of short-term incentives is at the discretion of the Board.

(ii) Long-term incentives

The terms and conditions relating to long-term incentive Performance Rights granted as remuneration during the year to KMP are set out in the below table.

Executive KMP	Grant date	Grant value $	Vested %	Forfeited %	Unvested %	Expiry date	Range for future payments
Simon Wensley	1/1/22	201,342	-	-	100%	31/12/24	n/a
Nathan Quinlin	1/1/22	29,240	-	-	100%	31/12/24	n/a
Cherie Everett	1/2/22	25,607	-	-	100%	31/12/24	n/a
Garry Smith	1/1/22	54,582	-	100%	-	-	n/a
Peter Harding-Smith	1/1/22	64,274	-	100%	-	-	n/a

The long-term incentives were granted in accordance with the terms of the Group's Employee Incentive Plan. The vesting criteria for each KPI will be tested on 31 December 2024. The grant value was determined using a Black Scholes-Merton valuation model.

Details of the LTIP Performance Rights granted as remuneration to Executive KMP during the year are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per performance right at grant date	Amount paid / payable by recipient
01/01/2022	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2025	-	0.011	nil

The table below summarises the movements during the reporting period in the number of Performance Rights over ordinary shares in Metro Mining Limited held by each Executive KMP.

Executive KMP	Opening balance	Granted during the year	Exercised during the year	Lapsed / forfeited during the year	Closing balance
Simon Wensley	12,677,719	37,989,060	-	(12,916,280)	37,750,499
Nathan Quinlin	453,624	8,643,373	-	(4,266,516)	4,830,481
Cherie Everett	-	4,831,568	-	(1,872,233)	2,959,335
Garry Smith	1,430,715	10,298,488	-	(10,298,488)	1,430,715
Peter Harding-Smith	342,655	12,127,236	-	(12,127,236)	342,655
Gary Battensby	-	1,227,778	-	(982,222)	245,556

Executive KMP at the end of the year			
Executive KMP	Closing balance	Exercisable	Unvested Un-exercisable
Simon Wensley	40,978,218	15,683,688	25,294,530
Nathan Quinlin	4,830,481	2,071,958	2,758,523
Cherie Everett	2,959,335	543,551	2,415,784
Gary Battensby	245,556	245,556	-

F. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Policy and approach to setting fees

The remuneration policy for Non-Executive Directors (NEDs) aims to ensure the Group can attract and retain suitably skilled, experienced, and committed individuals to serve on the Board and remunerate them appropriately for their time and expertise.

Fees and payments to NEDs reflect the demands which are made on, and the responsibilities of, the directors. NEDs fees and payments are reviewed annually by the Remuneration and Nominations Committee, which makes recommendations to the Board. The Remuneration and Nominations Committee has also agreed where necessary to seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX Listing Rules require that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting of shareholders. The most recent determination was at the extraordinary general meeting held on 21 August 2017, where the shareholders approved an aggregate maximum non-executive directors' remuneration pool of up to $500,000 per annum.

The Remuneration and Nominations Committee regularly review the value of the aggregate maximum non-executive directors' remuneration pool and for 2022 concluded that an increase to the value of the pool would not be proposed to shareholders.

Non-Executive Director arrangements

NEDs do not receive variable remuneration including any form of equity incentive entitlement, bonuses, options, other incentive payments or retirement benefits. All directors are entitled to superannuation contributions up to the statutory capped rates. The table below sets out the remuneration of NEDs of the Group.

Name		Board fees and cash benefits [1] $	Committee fees [2] $	Post-employment benefits [4] $	Share-based payments - Equity settled $	Total remuneration$
Douglas	FY22	-	-	13,712	67,046	80,758
Ritchie	FY21	28,939	6,818	6,619	-	42,376
Mark	FY22	-	-	-	-	-
Sawyer	FY21	-	-	-	-	-
Fiona	FY22	71,282	19,172	9,272	-	99,726
Murdoch [4]	FY21	61,331	21,705	8,115	-	91,151
Andrew	FY22	34,584	10,733	7,074	-	52,391
Lloyd [1]	FY21	-	-	-	-	-
Stephen	FY22	11,909	1,348	1,326	-	14,583
Everett [2]	FY21	87,153	13,636	9,716	-	110,505
Phillip	FY22	-	-	-	-	-
Hennessy [3]	FY21	24,278	7,534	3,022	-	34,834
Consolidated	FY22	117,775	31,253	31,384	67,046	247,458
remuneration	FY21	201,701	49,693	27,472	-	278,866

[1] Andrew Lloyd was appointed Non-Executive Director on 28 February 2022.
[2] Stephen Everett resigned as Non-Executive Director on 28 February 2022.
[3] Phillip Hennessy resigned as Non-Executive Director on 16 May 2021.
[4] Fiona Murdoch was appointed Chair of the Audit & Risk Committee during the year in addition to her other Director responsibilities.

Non-Executive Director Fees equity settled

Upon his appointment as a Director, Mr Doug Ritchie elected to receive his director fees as Performance Rights. 2,234,849 Performance Rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $67,046. In 2022, 5,747,598 Performance Rights were issued with an estimated fair value of $133,788. The grant of 3,512,750 Performance Rights remains subject to shareholder approval.

Upon his appointment as a Director, Mr Andy Lloyd elected to receive 50% of his director fees as Performance Rights. 1,187,955 Performance Rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $32,994.

Non-Executive Directors' shareholdings

The table below summarises the movements of interests in shares of Metro Mining Limited relating to the period during which individuals were KMP.

Name	Opening balance	Granted as remuneration during the year	Issued on exercise of Performance Rights	Other changes (net) [1]	Closing balance
Douglas Ritchie	-	-	4,469,697	-	4,469,697
Fiona Murdoch	810,000	-	-	162,874	972,874
Andrew Lloyd [2]	-		-	1,500,000	1,500,000
Stephen Everett [3]	4,391,078	-	-	(4,391,078)	-
Total ordinary shares	5,201,078	-	4,469,697	(2,728,204)	6,942,571

[1] Other changes (net) represent shares that were purchased or sold during the year or removal of balances for former Non-Executive Directors.
[2] Andrew Lloyd was appointed Non-Executive Director on 28 February 2022.
[3] Stephen Everett resigned as Non-Executive Director on 28 February 2022.

End of audited Remuneration Report.

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Building a better working world

Auditor's independence declaration to the directors of Metro Mining Limited

As lead auditor for the audit of the financial report of Metro Mining Limited for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metro Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Matthew Taylor
Partner
28 February 2023

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FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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These Financial Statements are Consolidated Financial Statements of the Group consisting of Metro Mining Limited and its controlled entities. A list of controlled entities is included in note E2.

The Financial Statements are presented in Australian currency.

Metro Mining Limited is a Company limited by shares, incorporated, and domiciled in Australia.
Its registered office is Level 2, 247 Adelaide Street, Brisbane QLD 4000.

The Financial Statements were authorised for issue by the Directors on 27 February 2023.
The Directors have the power to amend and reissue the Financial Statements.

All press releases, financial reports and other information are available at our Investor Centre on our website:
www.metromining.com.au/investor-media-centre/

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 $'000	2021 $'000
Revenue from contracts with customers	B2	177,895	160,137
Cost of sales	B3	(209,056)	(189,946)
Gross loss		(31,161)	(29,809)
Other income		1,101	173
Impairment expenses	B4	-	(55,686)
Exploration expenses		(212)	(103)
Administrative expenses	B5	(6,334)	(5,696)
Operating loss before interest and income tax		(36,606)	(91,121)
Finance costs	B6	(13,393)	(6,875)
Finance income	B7	91	550
Foreign exchange (loss) / gain		(214)	1,102
Loss before income tax		(50,122)	(96,344)
Income tax benefit / (expense)	B9	-	(9,156)
Loss after income tax		(50,122)	(105,500)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(36)	-
Other comprehensive income for the year, net of tax		(36)	-
Total comprehensive loss for the period		(50,158)	(105,500)

Loss per share	Notes	2022 Cents	2021 cents
Basic loss per share	B8	(1.44)	(5.14)
Diluted loss per share	B8	(1.44)	(5.14)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Current assets			
Cash and cash equivalents	D3	11,746	13,883
Restricted Cash		274	274
Inventories	C2	2,533	6,400
Trade and other receivables	C1	4,406	16,805
Other assets	C3	3,873	3,260
Total current assets		22,832	40,622
Non-current assets			
Property, plant and equipment	C4	79,423	79,385
Right-of-use assets	C5	22,083	31,073
Exploration and evaluation assets	C6	1,342	1,186
Other financial assets	C8	3,847	-
Total non-current assets		106,695	111,644
Total assets		129,527	152,266
LIABILITIES			
Current liabilities			
Trade and other payables	C7	(28,185)	(35,047)
Lease liabilities	C5	(7,912)	(9,929)
Borrowings	D4	(35,585)	(1,167)
Other financial liabilities	D5	(977)	-
Provisions	C8	(875)	(771)
Total current liabilities		(73,534)	(46,914)
Non-current liabilities			
Trade and other payables	C7	(11,098)	-
Lease liabilities	C5	(13,581)	(21,670)
Borrowings	D4	(2,536)	(34,596)
Provisions	C8	(9,839)	(7,093)
Total non-current liabilities		(37,054)	(63,359)
Total liabilities		(110,588)	(110,273)
Net assets		18,939	41,993
EQUITY			
Contributed equity	D1	227,287	200,959
Other reserves	D2	10,639	9,899
Accumulated losses		(218,987)	(168,865)
Total equity		18,939	41,993

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Contributed equity $'000	Translation reserve $'000	Option reserve $'000	Employee share acquisition reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2021	176,419	1	9,868	(8)	(63,365)	122,915
Loss for the period	-	-	-	-	(105,500)	(105,500)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	1	-	-	(105,500)	(105,500)
Transactions with owners in their capacity as owners						
Shares issued	25,580	-	-	-	-	25,580
Transaction costs related to shares issued	(1,040)	-	-	-	-	(1,040)
Share-based payments - employees	-	-	38	-	-	38
Total transactions with owners in their capacity as owners	24,540	-	38	-	-	24,578
Balance at 31 December 2021	200,959	1	9,906	(8)	(168,865)	41,993

	Contributed equity $'000	Translation reserve $'000	Option reserve $'000	Employee share acquisition reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2022	200,959	1	9,906	(8)	(168,865)	41,993
Loss for the period	-	-	-		(50,122)	(50,122)
Other comprehensive income	-	(36)	-		-	(36)
Total comprehensive loss for the period	-	(36)	-	-	(50,122)	(50,158)
Transactions with owners in their capacity as owners						
Shares issued	27,574	-	-	-	-	27,574
Transaction costs related to shares issued	(1,246)	-	-	-	-	(1,246)
Share-based payments - employees	-	-	776	-	-	776
Total transactions with owners in their capacity as owners	26,328	-	776	-	-	27,104
Balance at 31 December 2022	227,287	(35)	10,682	(8)	(218,987)	18,939

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		190,245	145,216
Payments to suppliers and employees (inclusive of GST)		(192,624)	(163,044)
		(2,379)	(17,828)
Receipts from other income		1,101	173
Receipts from interest income		91	14
Net cash inflows / (outflows) used in operating activities	D3(A)	(1,187)	(17,641)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,691)	(234)
Proceeds from disposal of property, plant and equipment		-	25
Payments for exploration and evaluation assets		(156)	(455)
Payments for right-of-use assets		-	(2,829)
Payments for financial assurance and other security bonds		(3,847)	(180)
Net cash outflows used in investing activities		(6,694)	(3,673)
Cash flows from financing activities			
Proceeds from issuance of shares		21,081	25,580
Payments for transaction costs related to issuance of securities		(1,246)	(1,040)
Proceeds from borrowings		9,500	-
Repayment of borrowings		(515)	(1,125)
Interest paid		(7,075)	(4,464)
Principal elements of lease payments		(14,005)	(9,511)
Payment of other finance costs		(116)	(278)
Net cash inflows provided by financing activities		7,624	9,162
Net increase / (decrease) in cash and cash equivalents		(257)	(12,152)
Cash and cash equivalents, at the beginning of the financial year		13,883	25,447
Effects of exchange changes on the balances held in foreign currencies		(1,880)	588
Cash and cash equivalents, at the end of the financial year	D3	11,746	13,883

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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A BASIS OF PREPARATION

A1 BASIS OF PREPARATION

Metro Mining Limited is a listed for-profit public Company incorporated and domiciled in Australia. This Consolidated Financial Report for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2023.

The Consolidated Financial Report is a general-purpose financial report which has been prepared in accordance with the Corporations Act 2001, and Australian Accounting Standards and Interpretations. Compliance with Australian Accounting Standards ensures that the Consolidated Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies and methods of computation adopted are consistent with those of the previous financial year. The Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments which have been measured at fair value.

The Consolidated Financial Statements are presented in Australian currency and amounts have been rounded to the nearest thousand dollar unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

(A) Going concern

As at 31 December 2022, the Group had $11.7 million (31 December 2021: $13.9 million) in cash on hand, net current liabilities of $49.0 million (31 December 2021: $6.3 million) and recorded a net loss of $50.1 million (31 December 2021: $105.5 million) for the financial year. The Group's net cash operating outflows for the year were $1.19 million (31 December 2021: $17.6 million).

The financial performance for the financial period was impacted by the following operational and seasonal factors:

- Unseasonably poor weather at Skardon River in May and June of 2022, and poor weather towards the end of the operating season in December 2022, leading to an early cessation of the FY22 operating season which was originally planned to continue into January 2023;
- An increase in unplanned maintenance on an ageing heavy truck fleet in April 2022, since remedied by short term replacement hire, and an unplanned shutdown of the floating crane barge in December; and
- Whilst the consistency of operational performance improved during the year it was only in the latter part of the year that planned outcomes were achieved.

The Group was on track to meet its revised guidance of 3.6 million to 3.7 million WMT of sales for FY22, however the above factors contributed to shipment volumes of 3.41 million WMT, and early cessation of the FY22 operating season compared to the previous year.

Partially offsetting the above and implemented during the period to 31 December 2022, the Group has reduced uncertainty and exposure to volatility through the following measures:

- Ocean freight exposure has been reduced with the execution of Contracts of Affreightment, resulting in freight coverage on a large proportion of CIF contracted sales to 2024;
- In 2023 a portion of the contracted offtake will be loaded using smaller geared vessels until the second floating crane's expected commissioning in early 2024;
- Foreign currency exposure is being managed through foreign exchange hedging instruments;
- Initiatives to improve the sustainability of operations including the replacement of heavy haulage vehicles, implementing a dedicated logistics barging service, and outsourcing critical maintenance activities to specialist contractors;

A1 BASIS OF PREPARATION (continued)

(A) Going concern (continued)

- Expansion of the Bauxite Hills Mine has been approved, subject to financing, and underpinned by binding offtake up to 5 million and 6 million WMT in 2023 and 2024, respectively; and
- Successful Completion of a $25.4 million two-tranche capital placement comprised of $18.9 million in additional funds and a $6.5 million loan conversion of a portion of the short-term working capital facilities.

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the financial statements, have prepared a cash flow forecast through to at least 12 months from approving these financial statements, which includes the following key assumptions that in their assessment are necessary for the Group to have sufficient cash to continue as a going concern:

- Completion in March 2023 of a term loan facility of at least A$30 million which will be utilised for short term working capital requirements as well as to fund expansion activities:
- The entire current senior debt of $35.6 million currently due in June and July 2023 as disclosed in Note D4 will need to be restructured to a longer tenor and subordinated to the above term loan facility;
- Continued support from lenders, creditors, and regulatory bodies; and
- Increased production capacity and continued improvement in operational performance in 2023 with target production of between 4.5 million and 5.0 million WMT.

Based on the measures outlined above, ongoing cash management, a history of flexibility shown by lenders and creditors, and a financing process which is underway, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Should the Group be unsuccessful, a material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern and therefore realise its assets and settle its liabilities in the ordinary course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

A2 SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies adopted in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Where a significant accounting policy is specific to a note to the Consolidated Financial Statements, the policy is described within that note.

Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

(A) Basis of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all interests in subsidiaries of the Company as at 31 December 2022 and the results of all interests in subsidiaries for the year then ended. A list of the interests in subsidiaries is provided in note E2. Metro Mining Limited and its interests in subsidiaries together are referred to in this Consolidated Financial Report as the Group.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(B) Goods and Services Tax

Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(C) New and amended standards adopted by the Group

The Group has adopted all new or amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. There is no material impact of the new and revised Australian Accounting Standards and Interpretations on the Group.

(D) New and amended standards not yet adopted by the Group

Certain new or amended Australian Accounting Standards and Interpretations have been published that are not mandatory for reporting periods commencing 1 January 2022 and have not been early adopted by the Group. These standards are not expected to have a material financial impact on the Group in the current or future reporting periods and on foreseeable future transactions.

A3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's policies, the Directors are required to make estimates, judgements, and assumptions that affect the amounts reported in this Consolidated Financial Report. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are set out in the following notes.

- Note B9(D) – Recoverability of deferred tax assets
- Note C4(A) - Estimation of recoverable amounts of assets and cash generating units
- Note C5(D) – Lease terms
- Note C8(B) – Provision for mine restoration.

B PERFORMANCE FOR THE YEAR

B1 SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM). The Board identified as the CODM, assess the performance of the Group and determine the allocation of resources.

The Group's operating segments have been determined with reference to the monthly management accounts used by the CODM to make decisions regarding the Group's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8 Operating Segments, there is only one reportable segment, being the production and sale of bauxite from the Groups Bauxite Hills mine in Queensland.

The Group's customers are located in one geographic area, China, with 100% of revenue from the sales of bauxite derived from that area during the year. The Group had two customers who accounted for 100% of its revenue from contracts with customers during the year ended 31 December 2022.

The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidated Statement of Comprehensive Income. The assets and liabilities of the Group as a whole are set out in the Consolidated Statement of Financial Position.

B2 REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31 December 2022, revenue from contracts with customers is predominately derived from the sale of bauxite from the Group's Bauxite Hills mine. The Group recognises revenue from the sale of bauxite at a point in time.

	2022 $'000	2021 $'000
At a point in time		
Revenue from sale of bauxite	177,895	160,137
Total revenue from contracts with customers	177,895	160,137

The Group sold its FY22 production through an existing binding offtake agreement with Xinfa Group and a non-binding Letter of Intent with Shanxi Liulin Senze Aluminium Company Limited, delivering a total of 3.38 million WMT by 31 December 2022. Operations commenced in April 2022 with eighteen ocean-going cape vessels loaded in the period up to the 31 December 2022.

The Group's bauxite is sold on the INCO terms Cost, Insurance and Freight (CIF) from the Port of Skardon River, Queensland to main ports in China. The binding offtake pricing for Xinfa Group is based on a formula linked to the published Chinese Alumina Index (Aladdiny). If spot sales can be negotiated, prices are based on the bauxite spot market price at the time of signing the spot sale contracts. Both the binding offtake and any spot sales contracts contain agreed product specification ranges and have usual provisions for bonuses and penalties for variances therefrom.

Payment is received for each shipment via irrevocable Letter of Credit for 90% of the unadjusted cargo value, with the balancing receipt (including bonus or penalty) drawn down after the product has been discharged and analysed by the customer in China.

B2 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Significant accounting policy

Revenue from contracts with customers is recognised when the Group transfers control of products or provides services to a customer at the amount to which the Group expects to be entitled.

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Sale of bauxite

The Group has determined that revenue from the sale of bauxite is to be recognised when the mined bauxite is loaded into the ocean-going vessel. At this point, the Group has satisfied all contractual service obligations under the sales agreement with the customer. The revenue is recognised at 100% of the sale value, calculated based on the ship's draft survey at the loading port (to determine loaded volume) and a quality estimate (to determine moisture and specification) from samples taken at the loading port, issued by an independent laboratory. This represents the best estimate of the fair value of the cargo at the time of issuing the provisional invoices. Once the vessel is discharged in China, a reconciliation is performed between the customer's draft survey and the customer's quality analysis and the final price is adjusted for accordingly.

Interest income

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase or development of assets, including exploration and evaluation activities, are deducted from the carrying value of the asset or deduct from the expenses in the profit and loss statement.

B3 COST OF SALES

	2022 $'000	2021 $'000
Production expenses	108,542	69,017
Depreciation expense – property, plant and equipment	4,991	3,193
Depreciation expense – right-of-use assets	8,990	8,633
Selling and distribution expenses		
Ocean Freight	67,921	96,578
Royalties expense	16,928	10,829
Marketing expense [1]	1,684	1,696
Total cost of sales	209,056	189,946

[1] Marketing expenses consist of commission paid to overseas marketing representatives together with the office and travel expenses of those representatives.

B4 IMPAIRMENT EXPENSES

	2022 $'000	2021 $'000
Impairment – Bauxite Hills mine cash generating unit [1]	-	55,316
Impairment – tenements	-	370
Total impairment expense	-	55,686

[1] In the financial year ended 31 December 2021 an impairment expense of $55,316,000 was recognised in relation to the Bauxite Hills Cash Generating Unit (CGU). Refer to note C4(A) for further details on the critical accounting judgements, estimates and assumptions that have been applied.

B5 ADMINISTRATIVE EXPENSES

	2022 $'000	2021 $'000
Employee benefits expense	2,474	2,145
Share-based payments	776	38
Depreciation expense – property, plant and equipment	111	129
Professional fees	1,575	1,523
Bank fees	71	77
Other expenses	1,327	1,784
Total administrative expenses	6,334	5,696

B6 FINANCE COSTS

	2022 $'000	2021 $'000
Interest expense - borrowings	5,561	4,669
Interest expense - leases	2,433	2,030
Loss on foreign exchange derivatives	4,648	-
Amortisation of deferred borrowing costs	124	39
Rehabilitation provision – unwinding of discount	50	95
Loan – unwinding of discount	327	-
Other finance costs	250	42
Total finance costs	13,393	6,875

Significant accounting policy

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs comprise, interest on borrowings calculated using the effective interest method, interest expense on lease liabilities, and amortised capitalised borrowing costs over the term of the borrowings.

Borrowing costs directly attributable to the acquisition, construction, or production of assets that necessarily take a substantial period of time to prepare for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

B7 FINANCE INCOME

	2022 $'000	2021 $'000
Interest income	91	6
Gain on loan modification [1]	-	544
Total finance income	91	550

[1] In the prior financial year, the Group renegotiated the terms of its existing loan facilities with its senior secured lenders by extending the loan repayment dates for each facility. The renegotiation resulted in the recognition of a non-recurring modification gain of $544,142 which was included in Finance income in the Consolidated Statement of Profit or Loss in the prior period.

B8 LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to the owners of Metro Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

	2022 $'000	2021 $'000
Loss for the period	(50,122)	(105,500)

	2022 Shares ('000)	2021 Shares ('000)
Weighted average number of shares used as denominator in calculating both basic and diluted loss per share	3,483,137	2,051,262

	2022 Cents	2021 Cents
Basic and diluted loss per share	(1.44)	(5.14)

Diluted loss per share adjusts the basic loss per share for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group is loss making, there is no dilutive effect of the potential ordinary shares.

B9 TAXES

(A) Income tax benefit

	2022 $'000	2021 $'000
Current tax		
Current tax benefit	-	-
Total current tax benefit	-	-
Deferred tax		
Decrease / (increase) in deferred tax assets (DTA)	7,179	34,543
Increase / (decrease) in deferred tax liabilities (DTL)	(7,179)	(25,387)
Total deferred tax benefit	-	9,156
Income tax benefit	-	9,156

B9 TAXES (continued)

(B) Numerical reconciliation of income tax benefit to prima facie tax payable

	2022 $'000	2021 $'000
Loss before income tax	(50,122)	(96,344)
Tax at the Australian tax rate of 30% (2021: 30%)	(15,037)	(28,903)
Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:		
Share-based payments expenses	233	12
Other permanent differences	2	(365)
Current tax loss not brought to account	14,802	29,255
Derecognition of prior year DTA	-	9,242
Under / (over) adjustment	-	(85)
Total adjustments	15,037	38,059
Income tax (benefit) / expense	-	9,156

(C) Deferred tax assets and liabilities

	Recognised deferred tax assets		Unrecognised deferred tax assets		Deferred tax liabilities	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Other provisions and accruals	663	798	-	-	-	
Lease liabilities	6,448	9,480	-	-	-	
Other deductible temporary differences	68	51	693	1,144	-	
Tax losses carried forward	-	-	65,393	50,356	-	
Rehabilitation provision	-	-	2,952	2,128	-	
Capital losses carried forward	-	-	2,256	2,256	-	
Exploration and evaluation expenditure	-	-	-	-	(138)	(32)
Property, plant and equipment (including other mineral assets)	-	-	-	-	(5,340)	-
Inventory	-	-	-	-	(760)	(774)
Leased assets	-	-	-	-	(6,452)	(9,149)
Borrowings	-	-	-	-	(68)	(137)
Deferred tax assets / (liabilities)	7,179	10,329	71,294	55,884	(7,179)	(10,329)

B9 TAXES (continued)

(D) Critical accounting judgement and estimate

Recoverability of deferred tax asset

The Group recognises deferred tax assets when it becomes probable that sufficient taxable income will be derived in future periods against which to offset these assets. The Group has carried forward tax losses at 31 December 2022 of $215.7 million.

At each reporting date, the Group assesses the level of expected future cash flows from the business, and the probability associated with realising these cash flows, and determines whether the deferred tax assets of the Group should be recognised.

At 31 December 2022, the Group's evaluation of the recoverability of its deferred tax assets is based on cash flows and cash flow sensitivities consistent with those used in the Group's impairment assessment. At that time, the Group has assessed that it can no longer be considered probable that the portion of the Group's carry-forward tax losses and temporary differences previously recognised will be used to offset future taxable profits. Therefore, the Group's deferred tax asset were derecognised in full with no carrying value recognised at 31 December 2022.

The Group's derecognition of this deferred tax position reflects the historically high ocean freight rates that were experienced during the year and the impact on the financial performance for the year resulting in an operating loss. At 31 December 2022, the deferred tax asset remains derecognised.

(F) Tax consolidation

Metro Mining Limited and its Australian wholly-owned controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity, Metro Mining Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Significant accounting policy

Income tax

Income tax expense in the Consolidated Statement of Comprehensive Income for the period presented comprises current and deferred tax. The income tax expense or benefit for the year is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by changes in deferred assets and liabilities attributable to temporary differences and unused tax losses, and under and over provisions in prior years where applicable.

Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

Current tax

Current tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.
Current tax assets or liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance date.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amounts of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority or either the same taxable entity, or different taxable entities which intend to settle simultaneously.

C ASSETS AND LIABILITIES

C1 TRADE AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
Trade debtors	3,180	15,530
Other receivables [1]	1,226	1,275
Total trade and other receivables	4,406	16,805

[1] Other receivables represents a net GST and fuel tax credit receivable of $1.226 million (31 December 2021: $1.275 million).

(A) Allowance for expected credit losses

As at 31 December 2022, there were no trade receivables which were past due but not impaired. As a result, there was no allowance for expected credit loss recognised (31 December 2021: nil). Trade debtors includes income for invoices not yet invoiced which includes dispatch and penalties.

(B) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other receivables is considered to approximate their fair value.

Significant accounting policy

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. Trade receivables are generally due for settlement within periods up to 30 days.

Allowance for expected credit losses

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

(A) Risk exposure

Information concerning the credit risk of receivables is set out in note D6(B(ii).

C2 INVENTORIES

	2022 $'000	2021 $'000
Bauxite inventories	-	3,821
Stores inventories	2,533	2,579
Total inventories	2,533	6,400

Significant accounting policy

Stores inventories

Bulk inventories (fuel, oils, etc) are carried at and consumed at a weighted average cost price. The carrying value of critical spares and other consumables is determined on a first in, first-out basis.

Bauxite inventories

Bauxite inventories are carried at the weighted average cost of extraction to the stage of processing the material has reached, or net realisable value, whichever is the lower. All direct costs of extraction plus site overheads are apportioned to determine the cost of extraction. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. As the site was closed for the wet season at 31 December 2022 any stock on hand is not considered recoverable.

C3 OTHER ASSETS

	2022 $'000	2021 $'000
Term deposits held as security	507	636
Prepayments	3,366	2,622
Other	-	276
Total other assets	3,873	3,534

C4 PROPERTY, PLANT AND EQUIPMENT

The net book amounts and movements in property, plant and equipment are set out below.

	Plant and equipment $'000	Infrastructure $'000	Ancillary assets $'000	Other mineral assets [1] $'000	Assets under construction[2] $'000	Total $'000
2020						
Cost	6,085	39,483	3,030	99,703	2,063	150,364
Accumulated depreciation	(384)	(2,939)	(1,478)	-	-	(4,801)
Accumulated amortisation	-	-	-	(7,698)	-	(7,698)
Net book amount	5,701	36,544	1,552	92,005	2,063	137,865
Movement:						
Additions	-	-	-	-	211	211
Reclassification right-of-use assets	-	377	-	-	-	377
Assets under construction transfer	-	350	52	-	(402)	-
Disposals	-	-	(100)	-	-	(100)
Change in rehabilitation provision	-	-	-	(1,371)	-	(1,371)
Depreciation expense	(160)	(754)	(541)	(1,867)	-	(3,322)
Impairment expense [3]	-	(15,689)	-	(38,586)	-	(54,275)
Closing net book amount	5,541	20,828	963	50,181	1,872	79,385
2021						
Cost	6,085	40,242	2,836	98,332	1,872	149,367
Accumulated depreciation	(544)	(3,725)	(1,873)	-	-	(6,142)
Accumulated amortisation	-	-	-	(9,565)	-	(9,565)
Accumulated impairment	-	(15,689)	-	(38,586)	-	(54,275)
Net book amount	5,541	20,828	963	50,181	1,872	79,385
Movement:						
Additions	-	-	-	-	2,446	2,446
Reclassification right-of-use assets	-	-	-	-	-	-
Assets under construction transfer	509	-	542	-	(1,051)	-
Change in rehabilitation provision	-	-	-	2,696	-	2,696
Disposals	-	-	(3)	-	-	(3)
Depreciation expense	(385)	(691)	(637)	(3,388)	-	(5,101)
Closing net book amount	5,665	20,137	865	49,489	3,267	79,423
2022						
Cost	6,594	40,242	3,219	101,028	3,267	154,350
Accumulated depreciation	(929)	(4,416)	(2,354)	-	-	(7,699)
Accumulated amortisation	-	-	-	(12,953)	-	(12,953)
Accumulated impairment	-	(15,689)	-	(38,586)	-	(54,275)
Net book amount	5,665	20,137	865	49,489	3,267	79,423

[1] Amortisation of other mineral assets commenced at the formal commissioning of the mine. These assets will be amortised over the mine life on a units of production basis.

[2] Assets under construction includes mine related infrastructure and plant and equipment under development but not commissioned at 31 December 2022. Assets under construction are not depreciated until the assets are available for their intended use.

[3] During the prior period an impairment charge of $54.275 million was recognised against the Bauxite Hills generating unit. The carrying value of the CGU has been reduced to the recoverable amount. Refer to note C4(A) for further details.

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

(A) Critical accounting estimates and judgements

Impairment of assets

AASB 136 Impairment of Assets requires the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an entity shall estimate the recoverable amount of the asset or cash generating unit to which it relates.

Determining whether an asset or CGU is impaired requires an estimation of the value in use or fair value less cost of disposal. The Group's impairment testing estimates the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value of those cash flows.

In the prior period an impairment of $55.3 million was recognised by the Group following an assessment of the recoverable amount of its Bauxite Hills cash generating unit (CGU). As part of this assessment, the Group's Infrastructure Assets and Other Mineral Assets were identified as carried at values exceeding their recoverable amounts. Accordingly, $54.3 million of the total $55.3 million impairment was allocated to these CGU asset categories. The remainder of the impairment charge ($1.0 million) was allocated to the Group's capitalised Exploration and Evaluation expenditure.

At 31 December 2022, the Group performed an impairment indicator assessment, and considered whether any indicators of impairment or reversal of the previously recorded impairment were present. The Group has identified no further indicators were present with conditions in line with previous expectations.

(B) Other mineral assets

Other mineral assets include the following types of assets:

- capitalised expenditure from 'Exploration and evaluation assets' which is transferred to 'Other mineral assets' once the work completed to date supports the future development of the property and such development receives appropriate approvals,
- the cost of rehabilitation recognised as a rehabilitation asset which is amortised to the profit or loss over the period of rehabilitation, usually being the mine life; and
- the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

(C) Assets under construction

All expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Assets under construction', a sub-category of 'Property, Plant and Equipment, until such time as the asset is completed and capable of its intended use. At this time, these assets will be transferred to the relevant category of Property, Plant and Equipment to be depreciated over their assessed useful lives.

C4 PROPERTY, PLANT AND EQUIPMENT (continued)

Significant accounting policy

Plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation

Depreciation is calculated on either a straight-line basis or on a units of production basis to write off the net cost of each item of property, plant and equipment over its expected useful life as follows:

- Plant and equipment: Units of production
- Infrastructure: Units of production

  Ancillary assets:
- Software: 20% per annum
- Office equipment: 33% per annum
- Field equipment: 20% per annum
- Motor vehicles: 33% per annum
- Heavy equipment: 33% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

An item of property, plant and equipment is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

Impairment

The carrying amounts of the Group's property, plant and equipment are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least at each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

C5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(A) Amounts recognised in the Consolidated Statement of Financial Position

	2022 $'000	2021 $'000
Right-of-use assets		
Properties	13	149
Infrastructure	322	334
Equipment	21,736	30,457
Motor vehicles	12	133
Total right-of-use assets	22,083	31,073
Lease liabilities		
Current	7,912	9,929
Non-current	13,581	21,670
Total lease liabilities	21,493	31,599

(B) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2022 $'000	2021 $'000
Depreciation on right-of-use assets		
Properties	136	175
Infrastructure	11	9
Equipment	8,721	8,224
Motor vehicles	122	225
Total	8,990	8,633
Interest expense on lease liabilities	2,433	2,030
Expenses relating to short-term leases (included in administrative expenses)	11	23
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)	27	30
Total	11,461	10,716

(C) Amounts recognised in the Consolidated Statement of Cash Flows

The total cash outflow for leases for the year ended 31 December 2022 was $14.005 million (31 December 2021: $9.511 million).

(D) The Group's leasing activities

The Group leases various properties, infrastructure, equipment, and vehicles. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

During the financial year various leases held by the Group including Macquarie and Orix expired. The Group also finalised several lease buy-outs including various Toyota leases and the Macquarie lease for trucks and trailers which was due to expire in March 2023.

(E) Critical accounting estimates and judgements

Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In determining the lease term, the Group applies judgement and considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

At the end of each lease term, the Group assumes the lease arrangements will be automatically renewed regardless of whether the lease is no longer enforceable. The lease will remain in effect until one of the parties gives notice to terminate with no more than an insignificant penalty. The initial lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Significant accounting policy

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of useful life and the lease term.

Right-of-use assets are tested for impairment which replaces the previous requirement to recognise a provision of onerous lease contracts. Any identified impairment loss is accounted for in line with the Group's accounting policy for property, plant and equipment which is set out in note C4.

Lease liabilities

At commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the recognition exemptions to its short-term and low-value leases. Short-term leases are leases with a lease term of 12 months or less. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

C6 EXPLORATION AND EVALUATION ASSETS

	2022 $'000	2021 $'000
Exploration and evaluation – at cost	1,342	1,186
Total exploration and evaluation assets	1,342	1,186

Exploration and evaluation costs are only capitalised to the extent they are expected to be recovered either through successful development or sale of the relevant mineral interest.

As required by Australian Accounting Standards, at 31 December 2022 the Group reviewed its various areas of interest for the existence of impairment indicators. All remaining areas of interest continue to be under consideration for further exploration and potential development.

(A) Reconciliation of the movement in the value of exploration and evaluation assets

	2022 $'000	2021 $'000
Balance at 1 January	1,186	2,451
Expenditure during the year	156	146
Written off during the year	-	(370)
Impairment expense [1]	-	(1,041)
Balance at 31 December	1,342	1,186

[1] For further information of the critical accounting judgements applied with respect to the impairment expense refer to note C4(A).

Significant accounting policy

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

C7 TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Current		
Trade payables	15,487	16,280
Accrued expenses	12,698	18,767
Total current trade and other payables	28,185	35,047
Non-current		
Trade payables	11,098	-
Total non-current trade and other payables	11,098	-
Total trade and other payables	39,283	35,047

(A) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other payables is considered to approximate their fair value.

Significant accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

C8 PROVISIONS

	2022 $'000	2021 $'000
Current		
Employee benefits	875	771
Total current provisions	875	771
Non-current		
Mine restoration	9,839	7,093
Total non-current provisions	9,839	7,093
Total provisions	10,714	7,864

C8 PROVISIONS (continued)

(A) Carrying amounts and movements in provisions

Movements in each class of provision during the financial year are set out below.

	Mine restoration $'000	Employee benefits $'000	Total $'000
Balance at 1 January	7,093	771	7,864
Additional provisions recognised	2,696	702	3,398
Unused amounts reversed	-	(638)	(638)
Unwind of discount	50	40	90
Amounts used during the year	-	-	-
Balance at 31 December	9,839	875	10,714

(B) Critical accounting estimates and judgements

Provision for mine restoration

A provision has been recognised for costs to be incurred to restore the Bauxite Hills mining tenements in accordance with the requirements of the site's environmental authorities. The estimates have been prepared using the Queensland State Government's rehabilitation calculator and are based on the current disturbance under the approved plan of operations for the Bauxite Hills mine. It is anticipated that the mine site will require restoration within 16 years. A government bond rate has been applied to discount the provision to present value.

A Financial Provisioning Scheme (the Scheme) was established by the Queensland State Government in 2019 to assist in the management of the financial risk exposure to mining and energy resource projects failing to comply with their environmental management and rehabilitation obligations. The Scheme manager makes an annual re-assessment of risk for each Environmental Authority (EA) holder by considering the financial soundness of the EA holder and other criteria set out in the Scheme Manager's guidelines.

In April 2021, as part of the annual assessment, the Scheme Manager re-assessed the Group as not meeting the prerequisite risk profile for provisioning by way of contribution to Scheme Fund and, as a result, the Group was notified of the requirement to lodge financial surety. Having regard to the nature of the change in the provisioning requirement and consistent with the relevant powers of the Scheme Manager under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*, a Surety Provisioning Arrangement with the Scheme was entered into in September 2021. The Arrangement is subject to an ongoing information provision to the Scheme Manager.

Under the Arrangement the Group made payments of $3.847 million with the remainder of the commitment to be met during 2023. The current estimate of the cost to rehabilitate the Bauxite Hills mine site has been provided for at 31 December 2022. When the financial surety balance of $7,093,000 is transferred this will be recorded as an other asset in the Consolidated Statement of Financial Position and will be repaid to the Group on completion of the rehabilitation.

(C) Provision for employee benefits

The provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

C8 PROVISIONS (continued)

Significant accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable the Group will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.
Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material provisions are discounted using a rate that reflects the risk. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Restoration, rehabilitation and environmental provision

Costs of site restoration for development activities are provided for over the life of the area of interest. When development commences, site restoration costs would include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

D CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT

D1 CONTRIBUTED EQUITY

	2022		2021	
	Shares '000	$'000	Shares '000	$'000
Ordinary shares – fully paid	4,363,829	227,287	2,988,770	200,959
Total contributed equity	4,363,829	227,287	2,988,770	200,959

(A) Movements in ordinary shares

	2022		2021	
	Shares '000	$'000	Shares '000	$'000
Ordinary shares – fully paid at 1 January	2,988,770	200,959	1,390,125	176,419
Movement:				
Share placement	1,375,059	27,574	653,125	10,450
Retail component of rights offer	-	-	405,261	6,485
Shortfall placement	-	-	540,259	8,645
Transaction costs related to shares issued	-	(1,246)	-	(1,040)
Ordinary shares – fully paid at 31 December	4,363,829	227,287	2,988,770	200,959

On 25 August 2022, the Company announced that it had successfully completed a $27.5 million capital raise by private placement and Share Purchase Plan, at an issue price of $0.02 per share. The private placement amounted to $25.4 million and was comprised of $18.9m in additional funds and a $6.5m loan conversion of a portion of the short-term working capital facilities. Mr Andrew Lloyd, a Director of Metro Mining Limited, participated in the equity raise and acquired 1,500,000 shares.

(B) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting, in person or by proxy, shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

D1 CONTRIBUTED EQUITY (continued)

(C) Capital risk management

The Group's objectives when managing capital are:

- To safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and
- To maintain an optimum capital structure to reduce the cost of capital.

In common with many other mine production companies, the Parent Entity raises finance for the Group's activities through reinvestment of operating cash flows, equity raisings or debt financing, whichever is available and maximises returns for shareholders.

The directors consider the current capital structure in relation to the operation of the Bauxite Hills Mine appropriate for the Company's stage of growth.

	2022 $'000	2021 $'000
Financial liabilities – drawn loan facilities	37,722	42,258
Cash and cash equivalents	(11,746)	(13,883)
Net debt	25,976	28,375
Fully Paid ordinary shares		
Quoted (at market price)[1]	65,457	77,708
Total contributed equity	227,287	200,959

[1] Fully Paid Ordinary Shares Quoted value has been calculated using the closing share prices as at 31 December each year.

(D) Dividends

No dividends have been paid or declared in the current or previous year. As at 31 December 2022, the franking account balance was nil (31 December 2021: nil).

Significant accounting policy

Dividends are recognised when they are declared during the financial year and are no longer at the discretion of the Company.

D2 OTHER RESERVES

	2022 $'000	2021 $'000
Foreign currency translation reserve	(35)	1
Options reserve	10,682	9,906
Employee share acquisition reserve	(8)	(8)
Total other reserves	10,639	9,899

(A) Movements in other reserves

	Translation reserve $'000	Options reserve $'000	Employee share acquisition reserve $'000	Total other reserves $'000
Balance at 1 January 2022	1	9,906	(8)	9,899
Movement:				
Share-based payments expense	-	776	-	776
Cash transfer to Metro Mining Limited Employee Incentive Plan	-	-	-	-
On-market settlement of employee entitlements	-	-	-	-
Translation of foreign subsidiaries	(36)	-	-	(36)
Ordinary shares – fully paid at 31 December	(35)	10,682	(8)	10,639

(B) Nature and purpose of other reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note D6(A) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Options reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration and the value of other options issued.

(iii) Employee share acquisition reserve

In 2020, the Company transferred funds to the Metro Mining Limited Employee Share Trust (the Trust) to enable the Trust to make an on-market acquisition of the Company's shares in satisfaction of obligations under the Group's Employee Incentive Plan (refer to note F1). The reserve recognises surplus funds remaining in the Trust following the acquisition.

D3 CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Cash at bank	11,746	13,883
Total cash and cash equivalents	11,746	13,883

Significant accounting policy
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(A) Reconciliation of loss for the period to net cash flows used in operating activities

	Notes	2022 $'000	2021 $'000
Loss for the period		(50,122)	(105,500)
Adjustments for:			
Cash flows excluded from profit/ (loss) attributable to operating activities			
Interest expense	B6	7,994	6,699
Other finance costs	B6	250	42
Exploration costs	C6	156	310
Non-cash flows in profit/(loss)			
Depreciation of property, plant and equipment	C4	5,101	3,322
Depreciation of right-of-use assets	C5	8,990	8,632
Amortisation of deferred borrowing costs	B6	124	39
Rehabilitation provision – unwinding of discount	B6	50	95
Loan – unwinding of discount	B6	327	0
Gain on loan modification	B7	-	(544)
Share-based payments	B5	776	38
Impairment expense	B4	-	55,686
(Gain)/loss on disposal of fixed assets		-	(25)
(Gain)/loss on foreign exchange derivative		4,757	-
Unrealised foreign exchange		247	(588)
Income tax expense / (benefit)		-	9,156
Total adjustments		28,772	82,862
(Increase) / decrease in assets and liabilities:			
Trade and other receivables		12,399	(16,507)
Prepayments		(339)	1,679
Inventories		3,867	(4,356)
Trade and other payables		4,236	24,181
Total decrease in assets and liabilities		20,163	4,997
Net cash inflows / (outflows) used in operating activities		(1,187)	(17,641)

D4 BORROWINGS

	2022 $'000	2021 $'000
Current		
Loans – senior secured lenders	35,585	459
Loans - other	-	708
Deferred borrowing costs, net of amortisation	-	-
Total current borrowings	35,585	1,167
Non-current		
Loans – senior secured lenders	2,536	34,596
Loans - other	-	-
Total non-current borrowings	2,536	34,596

(A) Loans – senior secured lenders

(i) Ingatatus Loan Facility #1- Principal $20 million

- The maturity date for the loan is 1 December 2023.
- The principal will be repaid in three equal instalments of $6.67 million on 1 June 2023, 1 September 2023 and 1 December 2023.
- The interest rate applicable to the facility for the remainder of the loan term is 12% with accrued interest repaid quarterly.

(ii) Ingatatus Loan Facility #2 – Principal $7.5 million

- The maturity date for the loan is 1 December 2023.
- The principal will be repaid in three equal instalments of $2.5 million on 1 June 2023, 1 September 2023 and 1 December 2023.
- The interest rate applicable to the facility for the remainder of the loan term is 9% with accrued interest repaid quarterly.

(iii) Lambhill Loan Facility # 1 – Principal $7.5 million

- The maturity date for the loan is 1 August 2024.
- The principal will be repaid in three equal instalments of $2.5 million on 1 July 2023, 1 October 2023 and 1 August 2024.
- The interest rate applicable to the facility for the remainder of the loan term is 9% with accrued interest repaid quarterly.

(iv) Short Term Loan Facility

During the period, Lambhill and Greenstone provided unsecured short-term working capital facilities of $4.5 million and $5.0 million, respectively with a maturity date of 14 October 2022, interest at 14% coupon, capitalised monthly paid on maturity and with a right to convert an amount to equity equal to the existing shareholding subsequent to the Group issuing shares for the purpose of raising capital.

Subsequent to the Group's capital raise on 28 July 2022, Lambhill provided notice of its intention to convert $1.6 million of its working capital facility to equity, subject to shareholder approval, amounting to an allotment of 77,750,001 conversion shares at $0.02 per share.

Subsequent to the Group's capital raise Greenstone also provided notice of its intention to convert $4.9 million of its working capital facility to equity, subject to shareholder approval, amounting to an allotment of 245,830,999 conversion shares at $0.02 per share.

D4 BORROWINGS (continued)

On 14 October 2022 the Group repaid $400k of principal and agreed to an extension under the same terms with Lambhill to extend the maturity date of the remaining $2.5m of principal and accrued interest to 13 June 2023.

On 14 October 2022 the Group repaid the remaining principal and accrued interest relating to the Greenstone loan facility.

The terms and conditions of the amended loan agreement with Lambhill are as follows:

- The principal will be repaid on the 13 June 2023
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 14% with accrued interest repaid on the 13 June 2023.

For each facility, the facility principal has been classified as a current or non-current liability at 31 December 2022 with the accrued interest on the facility classified as a current liability.

As at 31 December 2022, no conversion features are present in any of the facilities.

Significant accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current trade and other payables.
Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Comprehensive Income as net finance costs.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowing are classified as non-current.

D5 OTHER FINANCIAL LIABILITIES

	2022 $'000	2021 $'000
Foreign exchange derivative	977	-
Total other financial liability	977	-

The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes. As at 31 December 2022, the Group had foreign exchange forward contracts to fix the United States dollar (US$) rate between 0.6811 to 0.7195 on US$665,288. The foreign exchange forward contracts mature in August 2023 and can be extended. The Group has elected not to apply hedge accounting.

(A) Fair value disclosure

The fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. It is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

D5 OTHER FINANCIAL LIABILITIES (continued)

Significant accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates its foreign exchange contract as a cash flow hedge. The Group documents its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in a hedging transaction have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

D6 FINANCIAL RISK MANAGEMENT

This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

Exposure to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk arises in the normal course of the Group's business.

The Groups overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies set by the Board and overseen by the Audit and Risk Committee. The Board provides principles for overall risk management, as well as policies covering specific areas. The Board monitors the financial risk relating to the operations of the Group. The Group does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds the following financial instruments:

	Notes	2022 $,000	2021 $,000
Financial assets at amortised cost			
Cash and cash equivalents	D3	11,746	13,883
Trade and other receivables	C1	4,406	16,805
Total financial assets		16,152	30,688
Financial liabilities at amortised cost			
Trade and other payables	C7	39,283	35,047
Lease liabilities	C5	21,493	31,599
Borrowings	D4	38,121	35,763
Financial liabilities at fair value			
Foreign exchange derivative	D5	977	-
Total financial liabilities		99,874	102,409

D6 FINANCIAL RISK MANAGEMENT (continued)

(A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and price risk.

The Group's exposure to market risk arises from adverse movements in foreign exchange which affect the Group's financial performance. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group is not exposed to any significant interest rate risk or price risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

The Group's exposure to foreign exchange risk arises from its future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group's sales transactions are denominated in United States dollars (USD). The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. The risk management framework for revenue includes a short-term currency hedging program. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes.

Except for ocean freight, marketing costs and certain future capital costs, which are denominated in US dollars, the Group's purchases are denominated in Australian dollars. The Group's hedging strategy incorporates managing foreign currency risk with respect to any non-Australian dollar purchases.

As at 31 December 2022, the Group had foreign exchange forward contracts to fix the USD rate between 0.6811 to 0.7195 on US$665,288. The foreign exchange forward contracts mature in August 2023.

The Group has a US dollar bank account and US dollar payables at 31 December 2022, with a net US dollar denominated liability of $6.422 million. The impact of a 10% movement in exchange rates has a minimal impact on net loss after tax.

The aggregate net foreign exchange gains / losses recognised in profit or loss were:

	2022 $'000	2021 $'000
(Loss) / gain on unrealised and realised foreign exchange	(214)	1,102

(ii) Interest rate risk

The Group holds both interest bearing assets and interest-bearing liabilities, and therefore the Group's income and cash flows are subject to changes in market interest rates.

The Group's main interest rate risk arises from long-term borrowings and cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value risk. At 31 December 2022, 100% of Group debt is at a stepped-fixed or fixed rate (31 December 2021: 100%).

D6 FINANCIAL RISK MANAGEMENT (continued)
(ii) Interest rate risk (continued)

Interest rate sensitivity

For the purpose of this disclosure, the sensitivity analysis relating to cash and cash equivalents, on net loss before tax, is isolated to a 25 basis points increase / decrease in interest rates assuming all other variables remain constant.

At 31 December 2022, if interest rates had changes by -/+ 25 basis points, with all other variables held constant, cash and cash equivalents would be impacted by an increase / decrease of $39,000 (31 December 2021: $35,000).

(A) Market risk

Significant accounting policy

Functional presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ($), which is Metro Mining Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other gains and losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

(B) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables), foreign exchange transactions and other financial instruments.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount, net of any provisions for impairment for each class of the following financial assets.

(i) Cash and cash equivalents

Credit risk from cash arises from balances held with counterparty financial institutions. Credit risk is managed by the Group's finance department which restrict the Group's exposure to financial institutions by credit rating band.

(ii) Trade and other receivables

Credit risk arising on trade and other receivables is monitored on an ongoing basis, mitigating exposure to impairment of receivables and contract assets.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include failure to make contractual payments for a period of greater than 60 days past due. The Group does not hold any collateral in relation to these receivables.

The Group is exposed to material concentrations of credit risk due to its relatively small customer base. The Group has a strict code of credit risk management which includes selling all bauxite under binding contracts with irrevocable Letters of Credit required.

For the year ended 31 December 2022, the Group has not recognised an expected credit loss on all receivable balances as it deemed to be immaterial (31 December 2021: nil).

(C) Liquidity Risk

Liquidity risk is the risk the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and cash balances. The parent entity raises equity for the Group's exploration and development activities in discrete tranches.

D6 FINANCIAL RISK MANAGEMENT (continued)
(B) Liquidity Risk (continued)

Maturities of financial instruments

The tables below provide an analysis of the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

For the year ended 31 December 2022, the cash flows in the maturity analysis below were not expected to occur significantly earlier than expected.

	Within 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
2022				
Financial assets realisable cash flows				
Cash and cash equivalents	11,746	-	-	11,746
Trade and other receivables	4,406	-	-	4,406
Total inflow on financial assets	16,152	-	-	16,152
Financial liabilities due for payment				
Trade and other payables	(13,820)	(11,098)	-	(24,918)
Other payables	(12,698)	-	-	(12,698)
Lease liabilities	(7,912)	(14,260)	-	(22,172)
Borrowings	(35,585)	(2,500)	-	(38,085)
Total outflow on financial liabilities	(70,015)	(27,858)	-	(97,873)
Derivatives				
Foreign exchange derivative liability	(1,567)	-	-	(1,567)
Total outflow on derivative liability	(1,567)	-	-	(1,567)
Total inflow / (outflow) on financial instruments	(55,430)	(27,858)	-	(83,288)
2021				
Financial assets realisable cash flows				
Cash and cash equivalents	13,883	-	-	13,883
Receivables and contract assets	16,805	-	-	16,805
Total inflow on financial assets	30,688	-	-	30,688
Financial liabilities due for payment				
Trade payables	(16,280)	-	-	(16,280)
Other payables	(18,605)	-	-	(18,605)
Lease liabilities	(9,929)	(24,012)	-	(33,941)
Borrowings	(1,167)	(35,000)	-	(36,167)
Total outflow on financial liabilities	(45,981)	(59,012)		(104,993)
Total inflow / (outflow) on financial instruments	(15,293)	(59,012)	-	(74,305)

D6 FINANCIAL RISK MANAGEMENT (continued)

(C) Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures certain financial instruments at fair value at each reporting date using a hierarchy based on the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset / liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset / liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between levels during the financial year.

(i) Carrying amount of approximate fair values

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

The carrying amount of the Group's borrowings approximates their fair values, as commercial rates of interest are paid, and the impact of discounting is not significant.

(ii) Fair value of derivative financial instruments

The fair value of the foreign exchange forward contracts is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current foreign exchange rates. The fair value of the foreign exchange forward contracts is calculated as the present value of the estimated future cash flows and is classified as Level 2 under the fair value hierarchy.

E GROUP STRUCTURE

E1 PARENT ENTITY INFORMATION

This section presents the stand-alone financial information of the parent entity, Metro Mining Limited. The financial information has been prepared on the same basis as the Consolidated Financial Statements with the exception of interest in subsidiaries which are accounted for at cost less any impairment.

	2022 $'000	2021 $'000
ASSETS		
Current assets	6,097	15,186
Non-current assets	730,900	536,741
Total assets	736,997	551,927
LIABILITIES		
Current liabilities	(37,310)	(4,445)
Non-current liabilities	(636,916)	(495,280)
Total liabilities	(674,226)	(499,725)
Net assets	62,771	52,202
EQUITY		
Contributed equity	227,283	200,957
Other reserves	10,639	9,899
Accumulated losses	(175,151)	(158,654)
Total equity	62,771	52,202
Loss for the period	(16,497)	(84,968)
Total comprehensive loss for the period	(16,497)	(84,968)

Significant accounting policies

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries which are carried at cost less accumulated impairment losses.

E2 INTERESTS IN SUBSIDIARIES

The Consolidated Financial Statements incorporate the assets, liabilities and results of the parent entity, Metro Mining Limited and the following subsidiaries in accordance with the accounting policy described in note A2(A).

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Consolidated Entity or trust units that are held directly by the Consolidated Entity. The proportion of ownership interests held equals the voting rights held by the Consolidated Entity. Each subsidiary's country of incorporation is also its principal place of business.

			Equity holding	
	Country of incorporation	Class of shares	2022 %	2021 %
Aldoga Minerals Pty Ltd	Australia	Ordinary	100	100
Cape Alumina Pty Ltd	Australia	Ordinary	100	100
Coal International Pty Ltd	Australia	Ordinary	100	100
Gulf Alumina Pty Ltd	Australia	Ordinary	100	100
Metro Bauxite Hills Holding Pty Ltd	Australia	Ordinary	100	100
Metro Bauxite Hills Operations Pty Ltd	Australia	Ordinary	100	100
Metro Bauxite Hills Sales Pty Ltd	Australia	Ordinary	100	100
Metro International Holding Pty Ltd	Australia	Ordinary	100	100
Metrostructure Pty Ltd	Australia	Ordinary	100	100
Metro OFTCo Pty Ltd	Australia	Ordinary	100	100
Metro Mining Singapore Pte. Limited	Singapore	Ordinary	100	100
Metro Resources and Exploration Co. Ltd	Myanmar	Ordinary	100	100
Metro Mining Ltd Employee Share Trust	Australia	Ordinary	100	100

F OTHER INFORMATION

F1 SHARE-BASED PAYMENTS

The Group has established the Metro Mining Employee Incentive Plan (EIP) to enable the issue of shares, performance rights or share options in Metro Mining Limited to assist in the retention and motivation of employees. Under the EIP, the Group may offer shares or options over unissued shares in the Company. The EIP is for the benefit of all employees of the Group, or their nominee, who have been selected by the Board to participate. The EIP acts as the Group's main incentive scheme to reward eligible participants through variable remuneration.

(A) Performance rights granted under the EIP

Under the EIP eligible participants are invited to receive performance rights in the Company. Each performance right enables the participant to acquire a share in the Company, at a future date, subject to agreed vesting conditions. The number of performance rights allocated to each participant is set by the Board and is based on individual circumstances and performance. Detailed information regarding the features of the Employee Incentive Scheme is provided in the Remuneration Report.

(i) Movements during the year

Set out in the table below is a summary of movements in the number of performance rights under the EIP at the end of the financial year.

Grant date	Balance at the start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Unvested at the end of the year
Short Term Incentive Plan						
05 July 2021	6,551	-	554	-	5,998	-
01 January 2022	-	44,852	-	36,367	8,485	-
Long Term Incentive Plan						
05 July 2021	6,300	-	-	-	6,300	6,300
01 January 2022	-	35,382	-	11,213	24,169	24,169
Issued in lieu of remuneration						
05 July 2021	5,463	5,463	4,470	-	6,455	-
28 February 2022	-	1,188	-	-	1,188	-
01 July 2022	-	3,513	-	-	3,513	-
	18,314	90,398	5,024	47,580	56,109	30,469

F1 SHARE-BASED PAYMENTS (continued)

(A) Performance rights granted under the EIP (continued)

(ii) Rights granted under the long-term incentive plan

For the year ended 31 December 2022, there were no performance rights issued under the LTIP. As at 31 December 2022, 6,300,000 performance rights, with an expiry date of 31 December 2023 remain unvested.

The fair value of the rights has been determined based on a Black Scholes-Merton valuation model. The fair value of the unvested 6,300,000 performance rights is $0.02 per right.

In accordance with the terms of the EIP, performance rights granted under the LTIP are issued under 3 tranches and are subject to the vesting conditions outlined in the below table.

Tranche	Vesting period	Vesting criteria
Tranche 1 – 40% of award	5 July 2021 – 31 Dec 2023	Sliding scale based on Total Shareholder Return (TSR) relative to a peer group index.
Tranche 2 – 30% of award	5 July 2021 – 31 Dec 2023	Sliding scale based on Return on Capital Employed (ROCE)
Tranche 3 – 30% of award	5 July 2021 – 31 Dec 2023	Sliding Scale based on Return on Sales (ROS)

(iii) Performance rights issued in lieu of remuneration.

Upon his appointment as a Director, Mr Doug Ritchie elected to receive his director fees as performance rights. 2,234,849 performance rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $67,046. In 2022, 5,747,598 performance rights were issued with an estimated fair value of $133,788. The grant of 3,512,750 performance rights remains subject to shareholder approval.

Upon his appointment as a Director, Mr Andy Lloyd elected to receive 50% of his director fees as performance rights. 1,187,955 performance rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $32,994.

Upon his appointment as Managing Director, Mr Simon Wensley elected to receive 20% of his 2021/22 remuneration as performance rights. 3,227,719 performance rights were issued (for the period from appointment to 31 December 2022) with an estimated fair value of $51,644. In 2022, 3,227,719 performance rights were issued (for the period 1 January 2022 to 30 June 2022) with an estimated fair value of $51,644.

(iv) Weighted average remaining contractual life

As at 31 December 2022, the weighted average remaining contractual life of the unvested performance rights is 8.5 years (31 December 2021: 6.1 years)

F1 SHARE-BASED PAYMENTS (continued)

(B) Expenses arising from share-based payments

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows.

	Notes	2022 $'000	2021 $'000
Share-based payments (write-back)/ expense	B5	776	38

Significant accounting policy

The cost of share-based payments are determined on the basis of the fair value of the equity instrument at grant date. The grant date for valuation purposes is generally the relevant approval date, such as shareholder or Board approval date.

Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. The input into the valuation model includes relevant judgments such as the estimated probability of vesting and the volatility of the underlying share.
The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions is calculated at the date of grant using relevant models such as a barrier up and in trinomial option pricing model or Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions and service conditions are calculated using a Black-Scholes option pricing model.
At each Statement of Financial Position date, the entity revises its estimate of the number of convertible securities that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

F2 RELATED PARTY DISCLOSURES

(A) Parent entity and subsidiaries

The ultimate holding entity is Metro Mining Limited. Information about the Group's structure, including details of the interests in subsidiaries are set out in note E2.

(B) Key management personnel remuneration

The total remuneration for KMP of the Group is set out below:

	2022 $'000	2021 $'000
Short-term employee benefits	1,486	1,088
Post-employment benefits	106	73
Share-based payments [1]	164	(10)
Total key management personnel remuneration	1,756	1,151

[1] The performance share and rights benefits for the year ended 31 December 2022 is a net write-back. The probability of the performance conditions being satisfied is assessed at the end of each reporting period to reflect the most current expectation of vesting. The amount recorded for the year ended 31 December 2022 includes a write-back of the accounting expense recognised in prior periods. This is as a result of either the service condition not being met or a re-assessment that the relevant hurdle will not be achieved.

Detailed remuneration disclosures and information regarding compensation of individual KMP are provided in the Remuneration Report on pages 19 to 32.

(C) Other related party transactions

There are transactions between the Group and entities with which KMP have an association. During the financial reporting period, the Group provisioned services from entities that were controlled or are significantly influenced by members of the Group's KMP. The goods and services received or provided were on commercial arms-length terms. Details of these transactions is summarised in the below table.

	2022 $'000	2021 $'000
Provision of HR consulting services	15	177
Total other related party transactions	15	177

(D) Rights granted to a related party in a prior financial period

On 12 July 2016, the Company announced that it had executed binding documentation (Agreements) with Greenstone whereby Greenstone would take up 105 million shares in the Company and potentially provide the Company with further ongoing strategic and financial support for the development of the Bauxite Hills Mine. Greenstone is an entity in which Mark Sawyer, a director of the Company, holds a beneficial interest.

The Agreements also provided Greenstone with the following rights:

Anti-dilution rights

The Agreements contain anti-dilution provisions which enable Greenstone to maintain its equity interest in the Company on issue of further shares. On execution of the Agreements, Greenstone held a 19.94% interest in the Company. Having participated in subsequent equity raisings and exercised its anti-dilution rights, at 31 December 2022, Greenstone held 833,616,790 shares in the Company; a 19.10% interest.

Customer nomination rights

The Agreements provide Greenstone with the right to nominate customers to purchase bauxite production, pro-rata to Greenstone's shareholding in the Company, on an arm's length basis and on no less favourable terms

F2 RELATED PARTY DISCLOSURES (continued)

(D) Rights granted to a related party in a prior financial period (continued)

than could be achieved elsewhere. The customer nomination rights are only exercisable after the mine has been in production for four years.

Both the anti-dilution rights and, subject to certain exemptions, the customer nomination rights, are contingent upon Greenstone retaining at least a 10% interest in the Company.

F3 AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by Ernst & Young.

	2022 $	2021 $
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	204,327	170,000
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	7,100	5,500
Fees for other services	-	-
Total auditor's remuneration	211,427	175,500

F4 COMMITMENTS AND CONTINGENCIES

(A) Commitments

Significant capital expenditure and other expenditure contracted for at the end of the reporting period but not recognised as liabilities are set out below.

	2022 $'000	2021 $'000
Capital expenditure commitments		
Committed at the end of the reporting period but not recognised as liabilities, payable:		
Within one year	4,255	3,156
Total capital expenditure commitments	4,255	3,156
Other expenditure commitments		
Committed at the end of the reporting period but not recognised as liabilities, payable:		
Within one year	3,036	4,854
Later than one year but not later than five years	236	1,460
Later than five years	-	-
Total other expenditure commitments	3,272	6,314
Minimum expenditure commitments on exploration tenements		
Within one year	1,965	2,209
Later than one year but not later than five years	1,298	140
Total minimum expenditure commitments on exploration tenements	3,263	2,349
Total commitments	10,790	11,819

F4 COMMITMENTS AND CONTINGENCIES (continued)

(A) Commitments (continued)

(i) Other expenditure commitments

Other expenditure commitments are contractual payments due to contractors for the provision of mining equipment, transhipping services, flight services and offsets payable under Commonwealth mining licence conditions for the Bauxite Hills Mine. The payments above are the minimum contractual payments to be made under these agreements for the term of these agreements. The contractual terms are for between one and five years.

(ii) Expenditure commitments on exploration tenements

Commitments for exploration tenement expenditure include minimum amounts to be spent on these tenures. Where exploration expenditure commitments are not met, the Group can apply for variations of those commitments, and / or relinquish sub-blocks and /or tenements at the Group's discretion.

(B) Contingent liabilities

The Group has no contingent liabilities as at 31 December 2022 (31 December 2021: nil).

(C) Contingent assets

The Group has no contingent assets as at 31 December 2022 (31 December 2021: nil).

DIRECTORS' DECLARATION

In the opinion of the Directors of Metro Mining Limited (the Company):

(a) the attached Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) note A1 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Douglas Ritchie
Chairman of the Board

28 February 2023

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Independent Auditor's Report to the Members of Metro Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metro Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. Except for the matter described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Metro Mining Limited for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Matthew Taylor
Partner
Brisbane
28 February 2023

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OTHER INFORMATION

ASX ADDITIONAL INFORMATION

In accordance with the ASX Listing Rules, the following information as at 27 February 2023, is provided:

SUBSTANTIAL HOLDERS

Set out below are all substantial holders who have a holding of more than 5% of a Company's voting rights.

	Number of shares held	% of total shares held
GREENSTONE MANAGEMENT (DELAWARE) II ILC	833,616,780	19.10
CITICORP NOMINEES PTY LTD	280,304,217	6.42
BALANCED PROPERTY PTY LTD	243,301,124	5.58

DISTRIBUTION OF EQUITABLE SECURITIES

	Number of holders	Number of shares held	% of total shares held
1 - 1,000	156	27,986	0.00
1,001 - 5,000	233	844,079	0.02
5,001 - 10,000	304	2,439,580	0.06
10,001 - 100,000	1660	75,358,553	1.72
100,001 over	1630	4,285,159,441	98.20
Total equitable securities	3983	4,363,829,639	100

There were 1,594 shareholders with less than a marketable parcel totalling 25,297,318 shares.

UNQUOTED EQUITY SECURITIES

There are 56,108,706 performance rights (with the potential to take up ordinary shares) issued to 10 eligible participants under Metro Mining Limited's Employee Securities Incentive Plan (none holding more than 20% of this class of security).

There are no voting rights attached to the unquoted equity securities.

QUOTED EQUITY SECURITIES

The voting rights attaching to the ordinary shares are:

(a) On a show of hands every shareholder present at a meeting in person or by proxy shall have one vote; and

(b) Upon a poll, each share shall have one vote.

For details of registered office and share registry details refer to Shareholder Information and Enquiries on page 1 of this Financial Report.

TOP 20 SHAREHOLDERS

	Number of shares held	% of total shares held
GREENSTONE MANAGEMENT (DELAWARE) II LLC	833,616,790	19.10
CITICORP NOMINEES PTY LIMITED	280,304,217	6.42
BALANCED PROPERTY PTY LTD	243,301,124	5.58
LAMBHILL PTY LTD	169,750,001	3.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	164,082,124	3.76
SANDHURST TRUSTEES LTD	138,441,311	3.17
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	108,977,584	2.50
BNP PARIBAS NOMS PTY LTD	82,023,825	1.88
DADI (AUSTRALIA) ENGINEERING CO PTY LTD	78,168,678	1.79
MR GREGORY IAN WILLIMS	70,895,060	1.62
BOND STREET CUSTODIANS LIMITED	55,619,205	1.27
AURORA PROSPECTS PTY LTD	50,500,000	1.16
NATIONAL NOMINEES LIMITED	50,055,000	1.15
RIADIS HOLDINGS PTY LTD	36,000,000	0.82
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	35,242,951	0.81
JAMAX HOLDINGS PTY LTD	31,064,990	0.71
ALL-STATES FINANCE PTY LIMITED	30,000,000	0.69
BNP PARIBAS NOMINEES PTY LTD	28,794,997	0.66
NATIONAL NOMINEES LIMITED	23,960,269	0.55
WILLIMS SUPERANNUATION PTY LTD	22,857,354	0.52
Total top 20 holders of fully paid ordinary shares	2,533,655,480	58.05