



1 March 2017

Not for release or distribution in the United States

Dear Shareholder

Metro Entitlement Offer – Notice to Ineligible Shareholders

On 24 February 2017, Metro Mining Limited (**Metro**) announced a \$52.4 equity raising through a placement to institutional investors to raise approximately \$15.9 million (**Institutional Placement**) and a one for two non-renounceable entitlement offer of fully paid ordinary shares in Metro (**New Shares**) to raise approximately \$36.5 million (**Entitlement Offer**).

The proceeds of the Institutional Placement and Entitlement Offer (collectively, the **Equity Raising**), together with a 12 month \$40 million loan facility that Metro has established, will be used to repay the outstanding balances of the bridging loan facilities with cornerstone investors Greenstone and the Baffle Box Mining Trust and otherwise to progress the Bauxite Hills Mine toward mine development.

The Entitlement Offer is fully underwritten by Argonaut Capital Limited (**Underwriter**).

Terms of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders (defined below) will be invited to subscribe for one New Shares for every two existing Metro ordinary shares held at 7.00pm (Sydney time) on 3 March 2017 (**Record Date**) at an offer price of \$0.125 per New Share (**Entitlement**).

The Entitlement Offer is being made at the same offer price and offer ratio as the Institutional Placement.

The Entitlement Offer is being made by Metro without a disclosure document or product disclosure statement under section 708AA *Corporations Act 2001* (Cth) (**Corporations Act**).

Documents relating to the Entitlement Offer were lodged with ASX on 27 February 2017 and are being mailed to Eligible Shareholders. Shareholder approval is not required for Metro to make the offer under the Entitlement Offer.

Eligibility of shareholders to participate in the Entitlement Offer

Metro has determined, under ASX Listing Rule 7.7.1(a) and section 9A(3) *Corporations Act*, that it would be unreasonable to make offers to shareholders in all countries in connection with the Entitlement Offer. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) *Corporations Act*, this letter is to inform you that Metro has determined that you are not an Eligible Shareholder and therefore are ineligible to apply for New Shares under the Entitlement Offer.

You are not required to do anything in response to this letter

The Entitlement Offer is only available to Eligible Shareholders. An Eligible Shareholder means a holder of Metro shares at 7.00pm (Sydney time) on the Record Date who:

- has a registered address in Australia or New Zealand or is an institutional or professional investor in China, Hong Kong, Cyprus, Kenya or the United Kingdom who Metro has otherwise determined is eligible to participate;
- is not in the United States and is not a nominee, custodian or other person acting for the account or benefit of a person in the United States; and
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

As you do not satisfy the criteria for eligibility, Metro is unfortunately unable to extend the Entitlement Offer to you.

New Shares equivalent to the number of New Shares you would have been entitled to if you were an Eligible Shareholder will be allocated to Eligible Shareholders who subscribe for New Shares in excess of their entitlement under the Entitlement Offer or in accordance with the underwriting agreement.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for these entitlements in respect of any New Shares that would have been offered to you if you were eligible.

Further information

If you have any queries, please call Metro's offer information line on 1300 560 339 (within Australia) and +61 2 8011 0354 (outside Australia) on weekdays between 9.00am and 5.00pm (Sydney time). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

On behalf of the Directors, I thank you for your continued support of Metro.

Yours sincerely



Scott Waddell

Company Secretary
Metro Mining Limited

Important information

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, the New Shares have been, and will not be, registered under the United States Securities Act of 1933 (the 'US Securities Act') or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or persons acting for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws..