








Project Update – Bauxite Hills Mine

Metro Mining is pleased to announce that pre-development work on the Bauxite Hills Mine has commenced.

Highlights

-  Long lead items ordered and deposits paid
-  Tenders for all major work packages progressing on schedule
-  Significant business already generated for Queensland companies with more opportunities available
-  Environmental Approvals Being finalised
-  Native Title and Land Access Agreements combined and finalised
-  Debt Funding Term Sheets received & being reviewed
-  Reached agreement to acquire third party infrastructure and equipment located on site

Development of Bauxite Hills has Commenced

Metro remains on track to commence production in Q2 2017 through early commitment to long lead time items and award of key contracts. This strategy was foreshadowed in the recent capital raising which included \$6M for these early works.

Development of The Bauxite Hills Mine has now commenced with orders for long lead items placed, and the early key construction contracts awarded. The costs for this work form part of the \$6M raised through the recent capital raising which is to be allocated to the early works program.

Key Initiatives Include:

- Contracts for the fabrication of piles and associated steel works for the barge loading facility (BLF).
- Fabrication of mining camp and associated facilities
- Detailed engineering and design contracts awarded for the conveyor and BLF
- Final adjudication of the electrical and marine installation tenders

- Finalisation of infrastructure and equipment arrangements at the existing port located at the Bauxite Hills Mine site
- Light vehicles for the construction period ordered and undergoing modifications to suit mine site use.

A significant amount of this work has been awarded to Queensland companies, both large and small. As the construction phase proceeds, more opportunities will arise to further support the Queensland business and the State economy.

The first barge delivering equipment to site is scheduled for early June. This barge will be loaded with components of the plant, equipment and infrastructure to enable preparation of the site for the commencement of construction early in the second half once final approvals and financing have been secured.

Acquisition of Existing Infrastructure & Equipment

Metro has reached agreement to acquire third party infrastructure and equipment that is already located on site. This includes a modest sized camp, which will be used during the construction phase, and a large shed which will be converted to a workshop and warehouse for use throughout the operations. The acquisition is of strategic merit to Metro and provides a cost effective solution against constructing new infrastructure and mobilising replacement equipment.

Environmental Approvals Being Finalised

Environmental Approvals for the Metro Mining tenements are currently being finalised, separately through State Department of Environment and Heritage Protection (DEHP) and the Commonwealth Department of the Environment and Energy (DoEE). The Skardon River Bauxite Project (now a component of the Bauxite Hills Mine) previously received final Environmental Approval from DoEE in September 2016, and from DEHP in December 2016.

The timetable for receipt of all approvals and permits for the complete Bauxite Hills Project remains on track to facilitate the construction timeline.

Native Title

Metro recently announced it has executed a Native Title and Land Access Agreement jointly with the Ankamuthi People, Traditional Owners and OMAC, the Trustee owner of the land for the Bauxite Hills Mine.

The Agreement replaces the separate Agreements for the Bauxite Hills Project and the Skardon River Project and allows the seamless development of both projects as the Bauxite Hills Mine.

The Agreement includes a Cultural Heritage Management Plan, provision of employment and training opportunities for traditional owners and opportunities for Ankamuthi businesses. The Agreement also includes royalty payments to both the Ankamuthi People and OMAC for the life of the Project.

Metro has committed to employment and training targets and has commenced that process.

Metro is also working to identify business opportunities for the Ankamuthi and other local enterprises.

This new agreement shows again the commitment of all parties to work together for mutual benefit.

Employment of two Community Liaison Officers is underway and Metro will commence employment and contractor information sessions within Cape York communities at the end of May.

Once fully operational, Bauxite Hills is expected employ up to 200 people with a 30% indigenous workforce target.

Debt Funding Term Sheets Received & being Considered

The Debt funding process for the financing development of The Bauxite Hills Mine is progressing well with a strong level of interest.

Multiple Term Sheets have been received from a range of global financing groups and are currently being reviewed. The number of Terms Sheets received, and the competitive process that has resulted, support the strong economic returns of the Project. The timetable for securing debt funding is in accordance with project development timelines.

Metro continues to maintain the strong support of its major shareholders in this process.



ASX: MMI | ACN 117 763 443

For Further Information: P: +61 (0) 7 3009 8000 | F: +61 (0) 7 3221 4811 | E: info@metromining.com.au

Contact: Simon Finnis, **Managing Director & Chief Executive Officer** |

Scott Waddell, **Chief Financial Officer & Company Secretary**

Electronic copies & more information available at: www.metromining.com.au

Registered Office & Head Office: Lv 2, 247 Adelaide St, Brisbane | GPO Box 10955, Brisbane Q 4000