

Explore | Define | Mine

# Noosa Mining

20 July 2017

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# Investment Highlights

- 1 Proven Board & management team focused on shareholder value**
- 2 Fully financed to first production**
- 3 Transformational growth in China's seaborne bauxite demand driven by fundamentals**
- 4 Simple DSO project well located in Cape York with significant competitive advantage**
- 5 Compelling economics, high margin, long life & average annual Life of Mine EBITDA of ~\$145m**
- 6 ~60% of production for first 4 years subject to firm Offtake Agreement or Letter of Intent (LOI)**
- 7 Set to be a leading independent Cape York bauxite producer with significant upside**



# Equity Raising Overview

Offer Structure & Size	<ul style="list-style-type: none"> <li>Two tranche placement (Placement) to raise \$38 million<sup>1</sup> <ul style="list-style-type: none"> <li>Tranche 1 to raise \$33.9 million with 251.0 million new Metro shares (New Shares) to be issued under Metro's existing placement capacity</li> <li>Tranche 2 to raise \$4.1 million with 30.5 million New Shares to be issued subject to shareholder approval to be sought at a General Meeting in late August 2017</li> </ul> </li> </ul>
Offer Pricing	<ul style="list-style-type: none"> <li>Offer price of \$0.135 per New Share represents a:           <ul style="list-style-type: none"> <li>10.0% discount to the last closing price of \$0.15; and</li> <li>9.8% discount to the 5 day VWAP of \$0.1497; and</li> <li>5.7% discount to the 30 day VWAP of \$0.1432.</li> </ul> </li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New shares issued under the Equity Raising will rank equally with existing Metro shares.</li> </ul>
Use of Proceeds	<ul style="list-style-type: none"> <li>Proceeds from the Equity Raising (combined with the Debt Facilities) will be used to fully fund the construction and development of Bauxite Hills Mine and includes:           <ul style="list-style-type: none"> <li>Bauxite Hills Mine project capex</li> <li>Financial Assurance &amp; environmental costs</li> <li>Pre-production costs (including wet season holding costs)</li> <li>Corporate costs and financing costs</li> <li>Purchase of haulage equipment that will decrease operating costs at the Bauxite Hills Mine</li> <li>Working capital and liquidity reserves</li> </ul> </li> </ul>
Cornerstone Investors	<ul style="list-style-type: none"> <li>Leading Institutional Investors both existing and new including international Tier 1 Institutions have taken up 90% of this raising</li> </ul>
Lead Manager	<ul style="list-style-type: none"> <li>Argonaut Securities Pty Limited</li> </ul>
Co-Managers	<ul style="list-style-type: none"> <li>Morgans Financial Limited and Tamesis Partners LLP</li> </ul>

<sup>1</sup> Metro will have 1,285,503,657 shares on issue following the completion of the Equity Raising



# Sources & Uses to First Production

Sources <sup>1</sup>	Amount
Equity Raising	\$38.0m
Debt Financing Package <sup>2</sup>	\$40.0m
Cash on Hand (30-June-2017)	\$15.3m
<b>Total</b>	<b>\$93.3m</b>

1. Values in Sources and Uses table have been rounded to one decimal point  
2. US\$ debt converted at an USDAUD Exchange Rate of \$0.75

Uses <sup>1</sup>	Amount
Remaining Capital Costs <i>(Including truck haulage fleet)</i>	\$38.0m
Drilling (exploration & grade control)	\$4.0m
Financial Assurance & Environmental Costs	\$4.0m
Pre-production Costs	\$5.0m
Corporate Office	\$4.0m
Financing Costs (including 12 months interest)	\$5.1m
Refinanced short-term Loan Facility	\$15.0m
Working Capital & Liquidity Reserves	\$16.3m
Costs of the Equity Raising	\$1.9m
<b>Total</b>	<b>\$93.3m</b>



# Corporate Snapshot

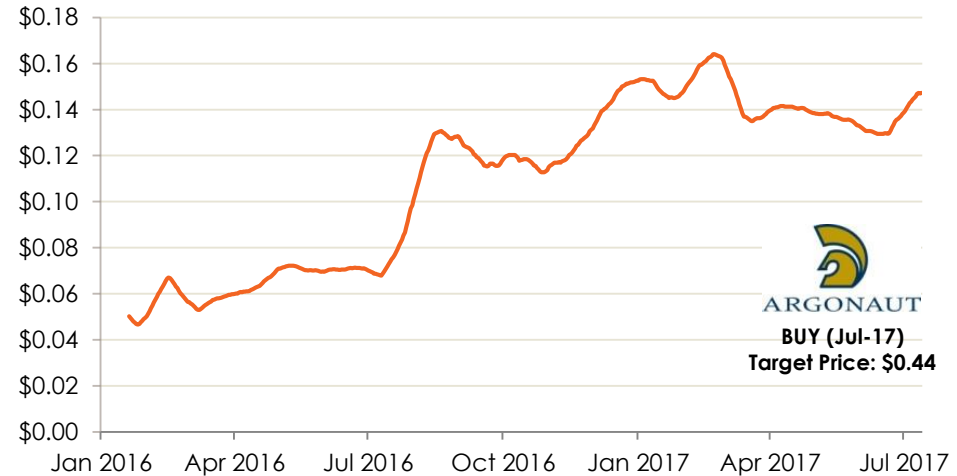
## Capital Structure (Post-Equity Raising)

Share Price (14-July-17)	\$0.175
Shares on Issue	1,285.5M
<b>Market Cap</b>	<b>\$224.9M</b>
Options Unlisted	11.7M
Cash (30-June-2017 Post Equity)	\$51.4M
Unsecured Debt (30-June-17)	\$15.0M
<b>Enterprise Value</b>	<b>\$188.5M</b>

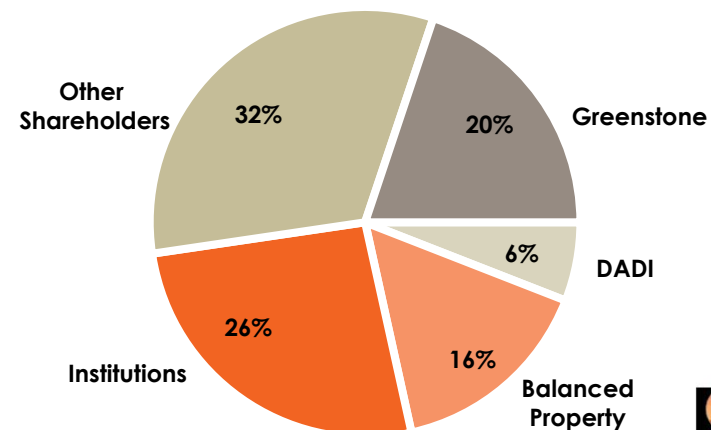
## Board of Directors

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

## Share Price



## Share Register (Post-Equity Raising)





# Recent Achievements & Value Platform

- Metro has completed several value adding milestones in 2017 to be primed for near term production

1

## Acquired Gulf

- Doubled reserves
- Gained infrastructure



4

## Developed Customer Base

- Binding Sales Agreement for 7Mt over 4 years & LOI for 2.5Mt over 3 years
- Positive response from customers across China and internationally



2

## Expanded Project Scale

- Incorporated Gulf assets
- Staged development
- Post tax NPV<sub>10</sub> of \$601m and IRR of 81%



5

## Secured Debt Finance

- Competitive and rigorous process
- Secured flexible, low cost debt facility of A\$40m



3

## Strengthened Balance Sheet & Share Register

- Raised \$52m of equity & repaid \$40m bridge loan
- Completing a \$38m share placement



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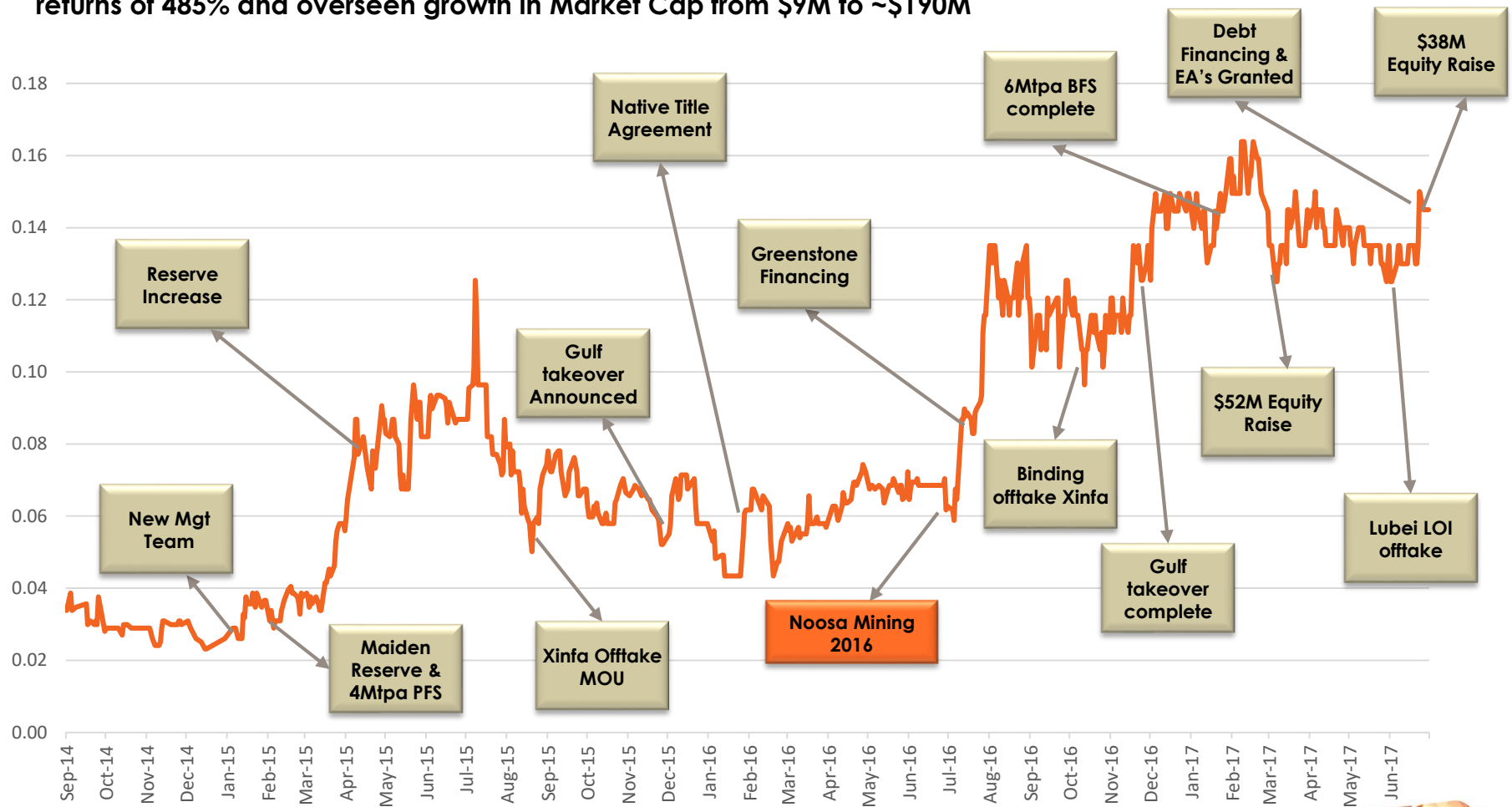
## Received Environmental Approval

- All environmental approvals received
- Approval for up to 10Mtpa production



# Key Achievements

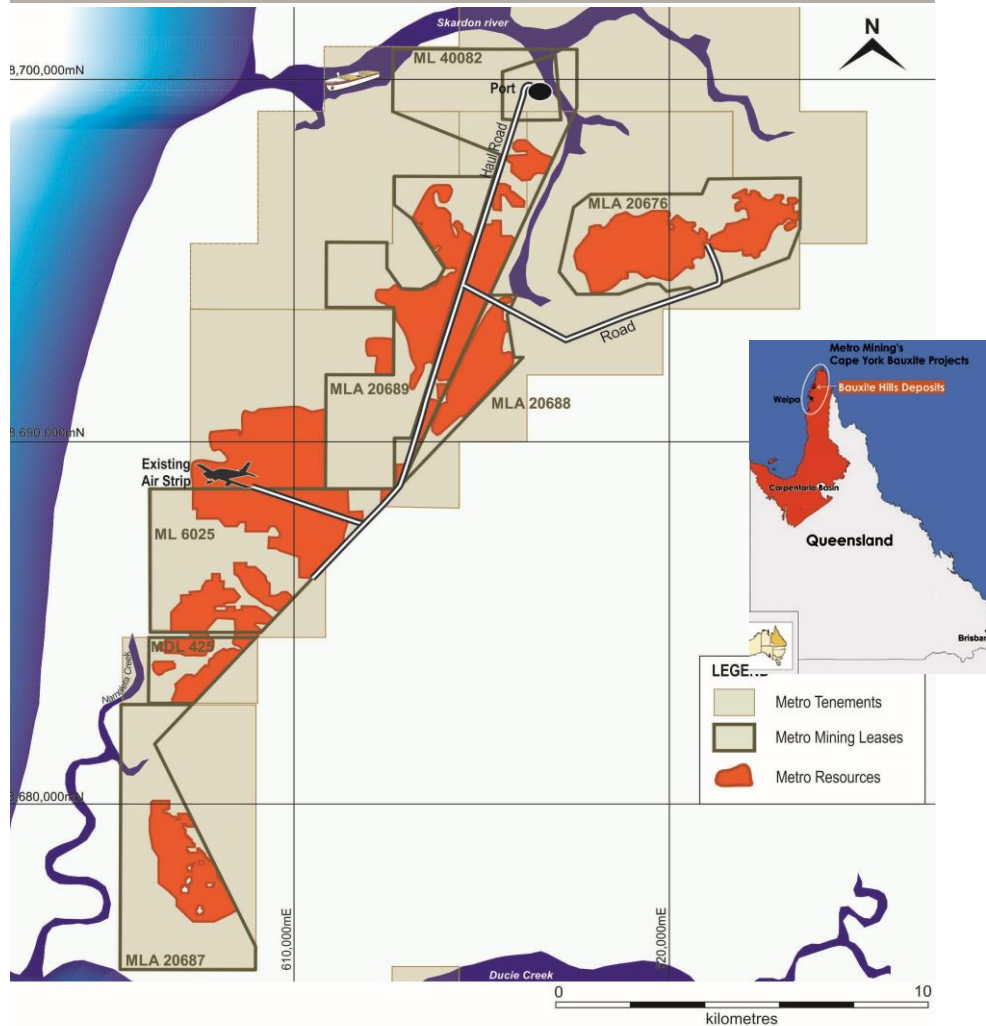
- New Management Team and shift of focus to Bauxite Hills has delivered shareholder returns of 485% and overseen growth in Market Cap from \$9M to ~\$190M





# Bauxite Hills Mine Snapshot

## Location



## Key Statistics <sup>1</sup>

### Project Overview

<b>Ownership:</b>	Metro (100%)
<b>Location:</b>	Cape York, Qld
<b>Commodity</b>	Bauxite
<b>Product Type</b>	Direct Shipping Ore
<b>Mine Type</b>	Surface mining
<b>Contained mineral:</b>	<ul style="list-style-type: none"> <li>Reserves: 92.2Mt*</li> <li>Resources: 144.8Mt*</li> </ul>
<b>Status</b>	EA Granted, ML Pending

### Operational Overview

<b>Construction</b>	H2 2017
<b>First Production</b>	April 2018
<b>Start-up Production</b>	~2Mtpa**
<b>Steady State Production</b>	~6Mtpa (year 4)**
<b>Pre Production Capex</b>	~\$35.8m <sup>1</sup>
<b>Expansion Capex</b>	~\$36.7m
<b>Costs (LOM Avg)</b>	<ul style="list-style-type: none"> <li>Onsite: \$16.4/t</li> <li>Incl Royalty: \$23.0/t</li> </ul>
<b>Mine Life</b>	17 years
<b>Operations</b>	Contract mining & transhipment
<b>Workforce</b>	~185 personnel

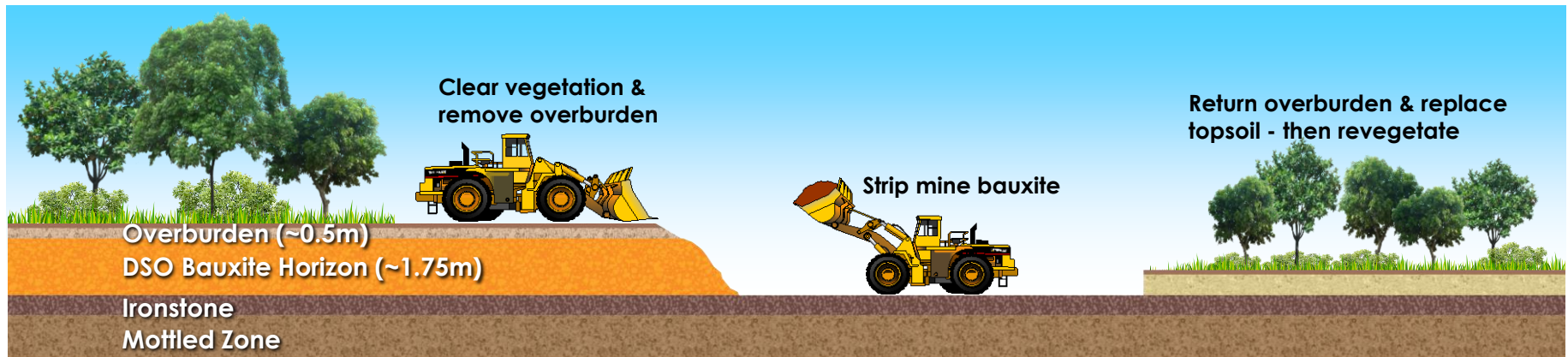


\*Refer ASX Announcement 15 March 2017 | \*\*Metro confirms all material assumptions underpinning production target & corresponding financial information continue to apply & have not materially changed 1. Note this Capex & analysis excludes the purchase of Haul Trucks

# Simple DSO Project

- Operational simplicity and specialist mining and transhipment contractors enables easy to manage operations
- Proven, well known operator TSA to be transhipment contractor and will supply all vessels
- Existing infrastructure provides numerous development advantage

## Mining



## Existing Infrastructure



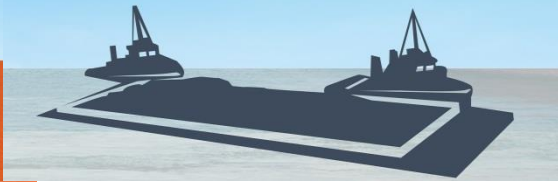
# Low Logistics Costs

- Metro's low cost shipping is a sustainable cost advantage to China relative to competing bauxite producers

Haul ore 5 – 22km to stockpile and barge loading



Tranship ore down Skardon River



Load bauxite on bulk carrier for transport to China



# Compelling Economics \*

- Compelling project economics provide attractive investment upside <sup>3</sup>

## High Margin

Avg. LOM OPEX<sup>1,2</sup> vs. Avg. LOM Price Received (CIF)

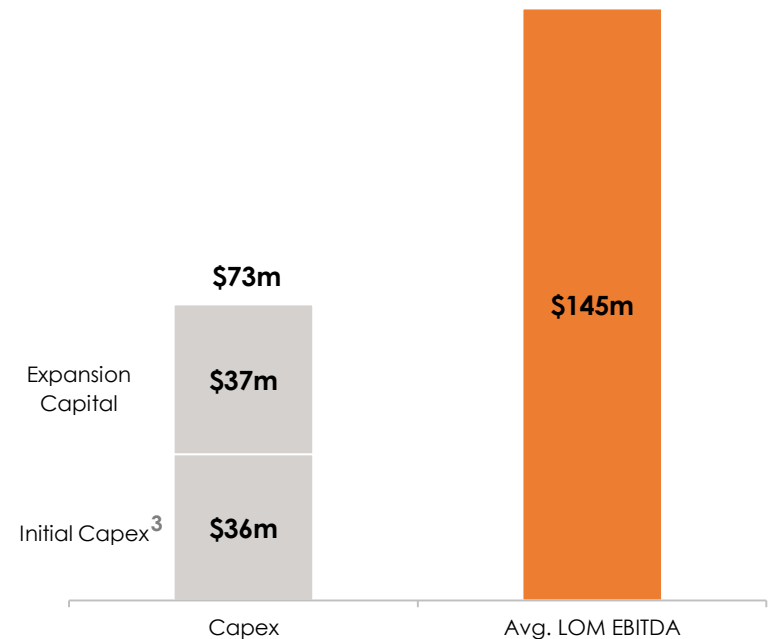
- ~43% margin



## Low Capex

CAPEX vs. Avg. LOM EBITDA

- Payback within 1.7 years



\*Refer ASX Announcement 15 March 2017 | Metro confirms all material assumptions underpinning production target & corresponding financial information continue to apply & have not materially changed | 1. Includes royalties and ocean freight | 2. Purchase of truck and haulage equipment has the potential to reduce operating costs by up to \$1/WMT | 3. Note this Capex & analysis excludes the purchase of Haul Trucks

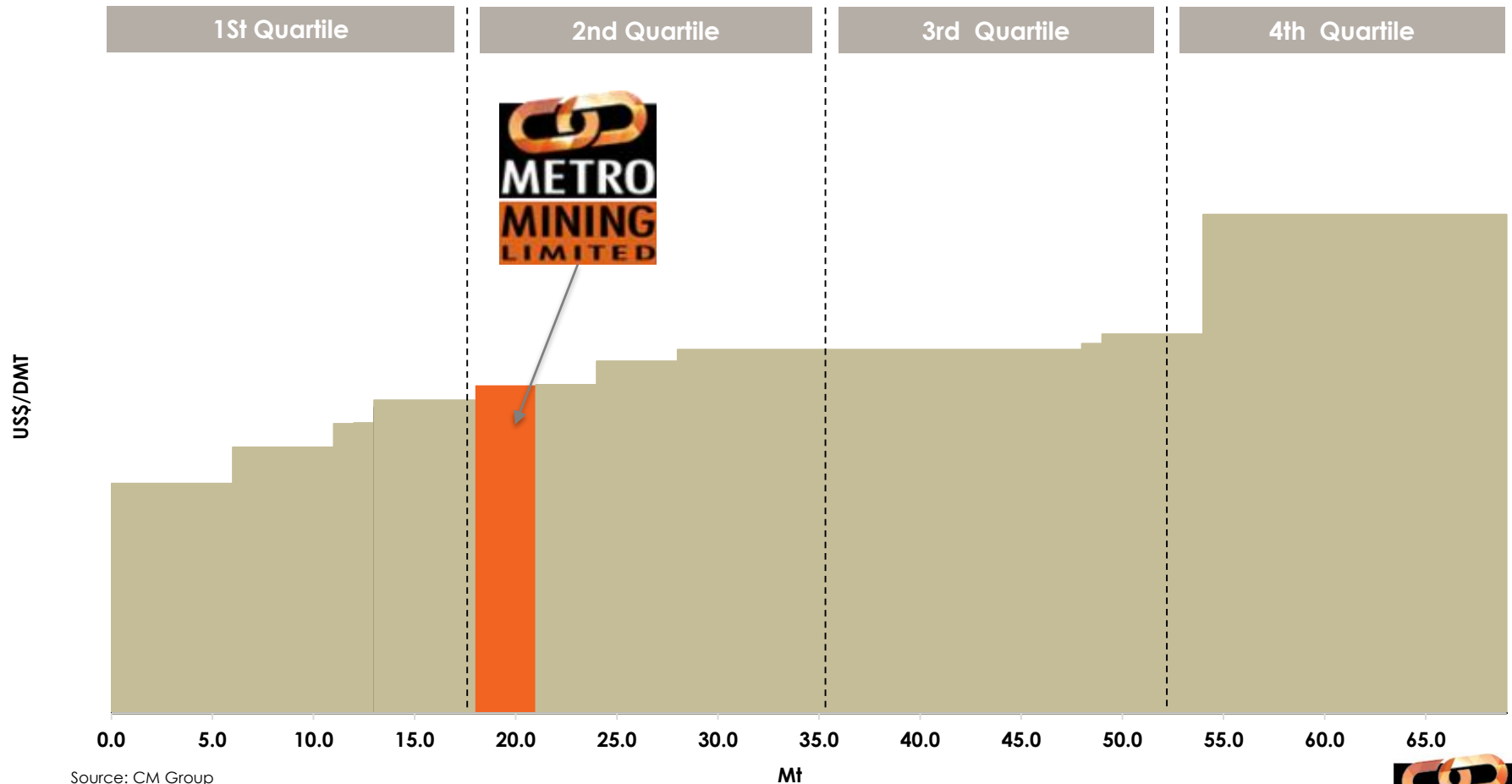




# Strong Cost Curve Positioning

- 2nd quartile cost curve positioning provides attractive long term competitive advantage

China Seaborne Bauxite Supply Cost Curve 2019 – Value-in-use Adjusted US\$/Dmt (CFR)



# Construction Team



- Brisbane / Mackay / Gladstone
- Feasibility & engineering
- Owner's team project construction management



- Queensland
- Civil works
- Haul Roads



- Queensland
- Piling works
- Marine installation



- North Queensland operations
- Camp management



- Marine infrastructure management
- Logistics



- Brisbane
- Feasibility
- Mine planning



- Cairns fabrication
- Conveyor system
- Product sampling



- Cairns
- Fuel and lubricants



- Townsville
- Electrical engineering and design



- Cairns
- Marine logistics





# Early Construction Underway



## Bauxite Hills Village

- New camp under construction
- Installation planned for Nov 2017
- Existing camp used during construction

## Barge Load-Out Facility

- TSA appointed as marine infrastructure manager
- Fabrication of piles completed and due for August 2017 arrival
- Conveyor design being finalised with fabrication commencement in July 2017



## Civil Works

- SAB Mining awarded contract including haul roads
- Mobilisation in July 2017

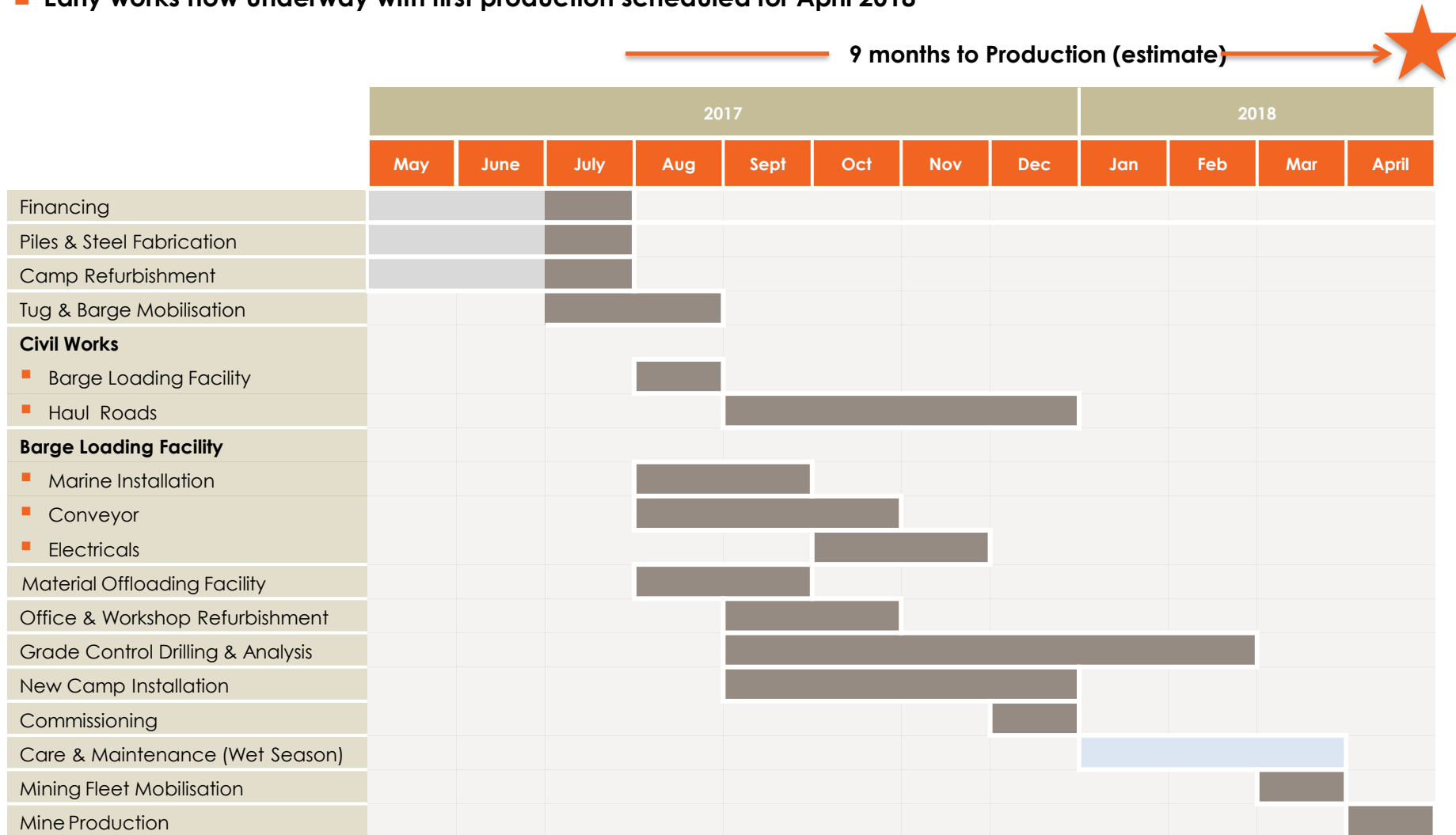
## Mining Works

- SAB Mining selected as preferred contractor
- Hybrid owner mining/contracting model being assessed



# Rapid Pathway to Production

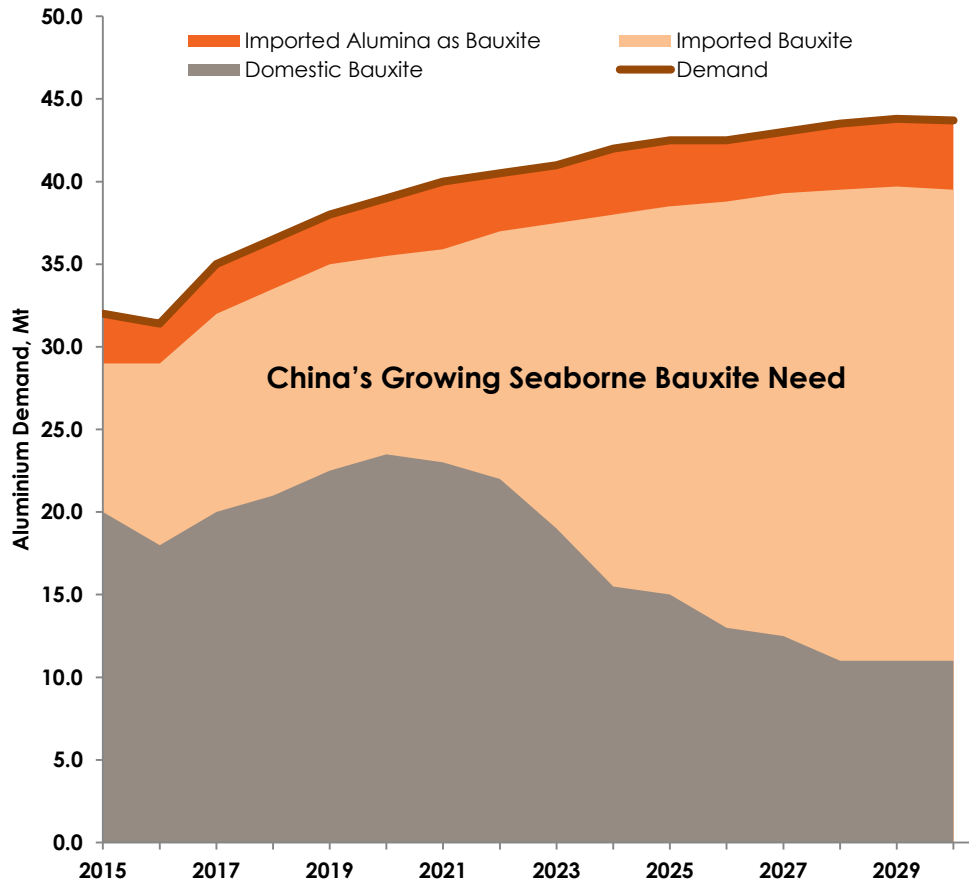
- Early works now underway with first production scheduled for April 2018



# Structural Change in China

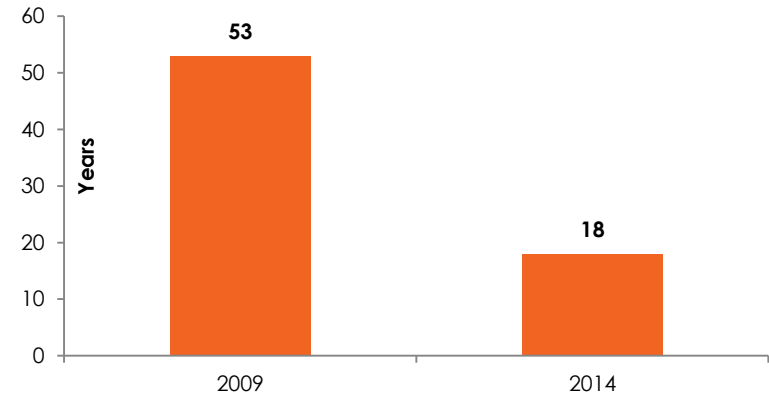
China's seaborne bauxite imports are forecast to grow from ~50mtpa in 2015 to ~150mtpa by 2030

Chinese Aluminium Production & Growing Seaborne Bauxite Demand

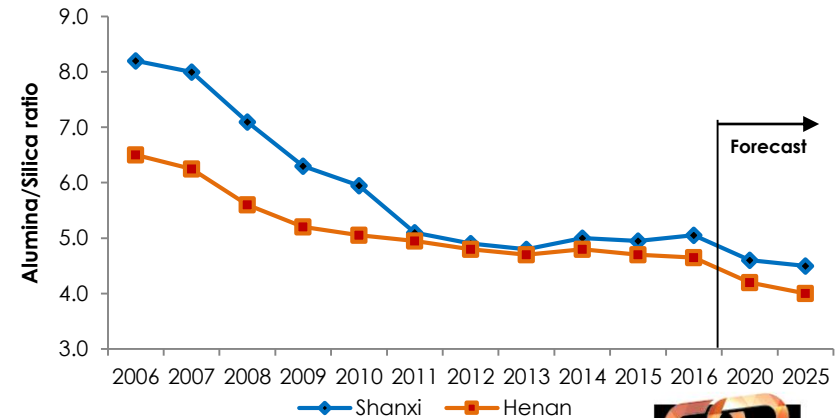


Source: CM Group

Declining Chinese Bauxite Reserve Life Years



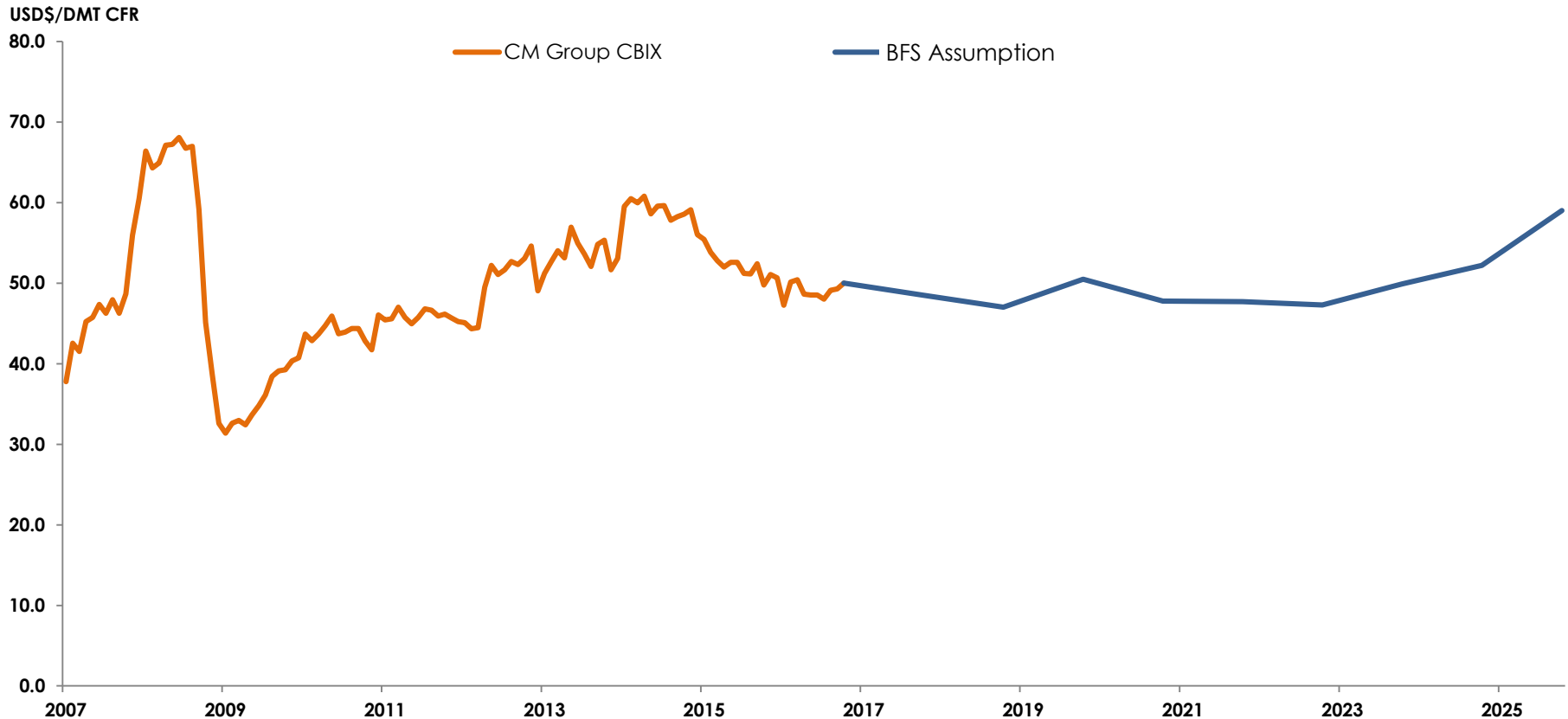
Declining Chinese Bauxite Quality



# Positive Bauxite Price Outlook

- Bauxite has experienced relatively steady and positive price growth since the GFC with growing Chinese demand to support longer term price growth

CM Group historic CBIX price & forecast



Source: CM Group



# Summary – A Compelling Investment

- 1 Metro has significant advantages and is backed by leading partners
- 2 Strong seaborne bauxite fundamentals in China drive positive outlook
- 3 Recent achievements have delivered platform for value creation
- 4 Compelling metrics provides significant share price upside
- 5 Attracting increased investor awareness and support
- 6 Exciting period ahead with first production on track for April 2018
- 7 Strategic appeal from being Australia's leading independent bauxite producer





# Background Slides

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# Board of Directors

<b>Stephen Everett</b> <b>Chairman</b>	<ul style="list-style-type: none"> <li>Chemical engineer with 40+ years experience in the resources and construction industries both in Australia and overseas</li> <li>Formerly Chair of BeMaX Resources, Australian Solomons Gold, JMS Civil &amp; Mining &amp; IronRidge Resources</li> </ul>
<b>Simon Finnis</b> <b>Managing Director</b>	<ul style="list-style-type: none"> <li>Mining executive with +30 years experience</li> <li>Former CEO of Grande Côte Minerals Sands operations in Senegal and responsible for \$650m greenfield project development</li> </ul>
<b>Philip Hennessy</b> <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Over 30 years experience in accounting and corporate experience</li> <li>Chairman KPMG Queensland for 13 years prior to retiring in 2013</li> </ul>
<b>George Lloyd</b> <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Over 30 years resource industry experience including senior executive and board roles</li> <li>Previously Chairman of Cape Alumina for 5 years and currently Chairman of Ausenco</li> </ul>
<b>Lindsay Ward</b> <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Over 25 years experience with senior executive/board roles in mining, exploration, mineral processing, ports, rail, power generation, gas transmission, logistics</li> <li>Former MD of Dart Mining and previously Mine Manager of the Yallourn Energy open cut coal mine in Victoria</li> </ul>
<b>Mark Sawyer</b> <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Senior Partner at Greenstone Capital LLP and co-founder of Greenstone Resources LP private equity fund. Co-founded Greenstone in 2013 after a 19 year career in the mining sector</li> <li>Former roles include co-head of group business development at Xstrata plc and senior roles at Rio Tinto plc and Cutfield Freeman &amp; Co Ltd</li> </ul>
<b>Jijun Liu</b> <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Engineer with over 30 years experience in energy and resources</li> <li>Managing Director of Xinfa which controls one of the largest alumina-aluminium enterprises in China</li> </ul>
<b>Dongping Wang</b> <b>Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Over 30 years experience mining &amp; prominent figure in the Chinese coal industry &amp; recognised as coal processing expert</li> <li>Chairman of Dadi Engineering which is one of China's largest coal industry engineering groups</li> </ul>



# Proven Management Team

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

## Simon Finnis | MD & CEO

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



## Operational

### Charles Easton | GM, Bauxite Hills Mine

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



### Mike O'Brien | Project Director

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



### Colleen Fish | Environmental Manager

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



## Commercial

### Scott Waddell | CFO & Company Secretary

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



### Duane Woodbury | Finance & Bus Dev

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



### Norman Ting | GM, Marketing

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



# Supportive Partners

- Metro and Bauxite Hills Mine has attractive strong support from leading product partners and financial investors

## Product Quality & Demand



- China's 2<sup>nd</sup> largest bauxite importer
- 4 year binding off-take for 7Mt
- Off-take agreed Oct 2016
- Take or pay
- Market linked pricing



- China's 5<sup>th</sup> largest bauxite importer
- 3 year LOI for 1.5 to 3Mt
- LOI agreed May 2017
- Market linked pricing



## Balanced Property

## Economics & Financial Returns

- 20% cornerstone shareholder
- Shareholder since Oct 2014
- Proven track record of identifying, developing and operating bulk commodity projects in Queensland
- Contributing to Metro's \$40m debt facility via related party
- 20% cornerstone shareholder
- Shareholder since July 2016
- Specialist metals & mining fund focused on strategic long term investment
- Significant in-house technical expertise across aluminium and bauxite
- Leading Metro's \$40m debt facility
- Globally recognised natural resource lender
- Specialises in providing flexible debt solutions



# BFS Summary

## Bankable Feasibility Study Highlights\*

- Completed by MEC Mining in March 2017
- Contract mining and transshipment
- 5 month construction period
- 6Mtpa steady state (initial 2Mtpa)
- 8 months per year dry season operation (April to Nov)

## Key Results and Assumptions <sup>1</sup>

Description	Result	Assumption	Result
NPV (10% DR, Real, after tax)	A\$601M	Annual Production rate (Steady State)	6.0Mt**
IRR	81%	LOM Production	92.2Mt
Payback Period of Initial Capital	1.7 years	Mine Life	17 years
LOM Revenue	A\$5.6B	Bauxite Price (CIF) Range`	US\$36.36-53.88/t
LOM EBITDA	A\$2.5B	Exchange Rate (AUD/USD)	0.75
LOM Average Annual EBITDA	A\$145M	Discount Rate	10%
LOM on-site Average OPEX	A\$16.42/t	Initial Capital Expenditure	A\$35.8M <sup>1</sup>
LOM Average OPEX including Royalty	A\$23.00/t	LOM Average Operating Margin	A\$26.69/t

\*Refer ASX Announcement 15 March 2017 | Metro confirms all material assumptions underpinning production target & corresponding financial information continue to apply & have not materially changed | 1. Note this Capex & analysis excludes the purchase of Haul Trucks



# BFS Capital Cost Estimates\*

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

\*Refer ASX Announcement 15 March 2017 | Metro confirms all material assumptions underpinning production target & corresponding financial information continue to apply & have not materially changed



# BFS Operating Cost Estimates\*

Operating Cost Item	BFS LOM Average
Mining, haulage and operation of BLF <sup>1</sup>	A\$7.07/t
Transshipment activities	A\$6.71/t
Site and administrative costs	A\$2.65/t
<b>Total Operating Costs (ex-royalties and ocean freight)</b>	<b>A\$16.42/t</b>
Royalties	A\$6.57/t
Ocean Freight	A\$11.71/t
<b>Total Operating Costs</b>	<b>A\$34.70/t</b>

\*Refer ASX Announcement 15 March 2017 Metro confirms all material assumptions underpinning production target & corresponding financial information continue to apply & have not materially changed | 1. Purchase of truck and haulage equipment has the potential to reduce operating costs by up to \$1/WMT





# Reserves & Resources\*

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

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

1. For BH1 and BH6 the tonnages are calculated using the following default bulk densities determined from a program of sonic drilling; 1.6g/cm<sup>3</sup> for BH1, 1.92g/cm<sup>3</sup> for BH2 and 2g/cm<sup>3</sup> for BH6. Actual values are used where measurements have been taken
2. DSO or "Direct Shipping Ore" is defined as bauxite that can be exported directly with minimal processing and beneficiation
3. Proved Reserve – the proved reserves is included in the BH1 & BH6 Measured resources
4. Probable Reserve – the probable reserve is included in the BH1 & BH6 Indicated resources

\*Refer ASX Announcement 15 March 2017 "Bauxite Hills Ore Reserve Doubles to 92.2Mt"



# Key Market End Users & Off-take \*

## Summary of Xinfu Off-take

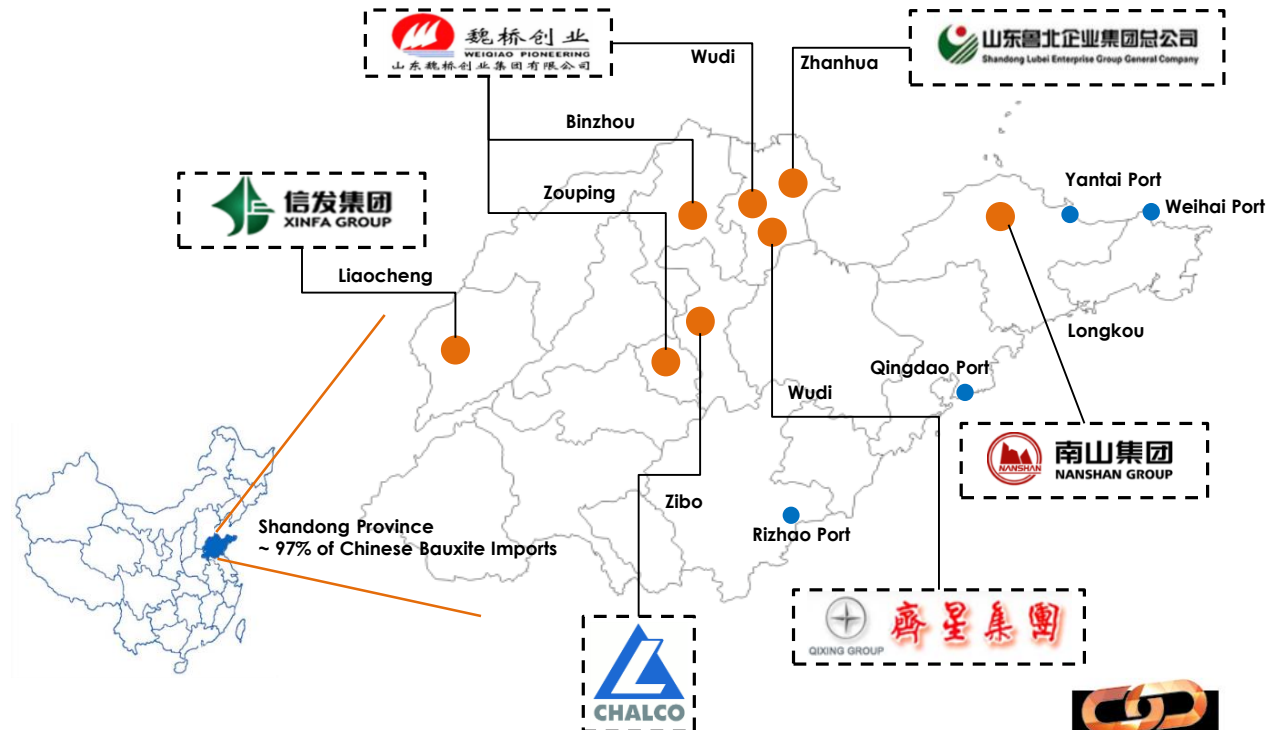
Term	4 years
Total Tonnage	7Mt
Tonnage	1Mt for year 1   2Mt for years 2 to 4
Pricing	CIF basis
Reference Price	Established alumina index
Payment Terms	Irrevocable Letter of Credit for each shipment
Product Spec	Defined parameters with bonus / penalty arrangements
'Take or Pay'	Yes
Shipping	Agreed annually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

## Summary of Lubei LOI

Term	3 years
Tonnage	0.5 – 1.0 Mt pa for a minimum of 3 yrs
Extension	Mutual Agreement
Binding	Non-binding currently. Binding agreement being negotiated
Payment Structure	Market Linked pricing

- Binding off-take secured (Xinfu), China's 2nd largest private bauxite importer. Agreement covers ~50% of first 4 years production with market linked pricing.
- Lubei LOI (non-binding) for 0.5-1.0mt pa for a minimum three years
- Further strong off-take interest from traders and end users, within and outside of China. Detailed discussions underway

## Overview of Key China End Users & Port Locations – Shandong Province



# Attractive Debt Facility

## Debt Financing Secured to Underpin Project Construction

Quantum	<ul style="list-style-type: none"><li>■ \$40m</li></ul>
Providers	<ul style="list-style-type: none"><li>■ Sprott Resource Lending</li><li>■ Inगतatus AG (a related party of Balanced Property)</li></ul>
Term	<ul style="list-style-type: none"><li>■ ~3 years</li></ul>
Security	<ul style="list-style-type: none"><li>■ Yes</li></ul>
Coupon	<ul style="list-style-type: none"><li>■ Low</li></ul>
Repayment Schedule	<ul style="list-style-type: none"><li>■ Flexible drawdown schedule</li><li>■ No principal repayment before January 2019</li><li>■ \$20m payment at maturity date</li></ul>
Equity Upside	<ul style="list-style-type: none"><li>■ Modest level of options</li></ul>
Covenants	<ul style="list-style-type: none"><li>■ Simple and minimal</li></ul>
Conditions Precendent	<ul style="list-style-type: none"><li>■ Standard for financings of this nature</li><li>■ Includes raising project equity requirements and receipt of all Mining Leases</li></ul>
Cash Reserve	<ul style="list-style-type: none"><li>■ Low cash reserve balance, no cash-flow sweeps, no reserve accounts, no cost overrun requirements</li></ul>
Hedging	<ul style="list-style-type: none"><li>■ None</li></ul>
Drawdown	<ul style="list-style-type: none"><li>■ Subject to customary conditions precedent for a facility of this nature, including documentation and Metro contributing project equity requirements prior to debt drawdown</li><li>■ First drawn expected August 2017</li></ul>

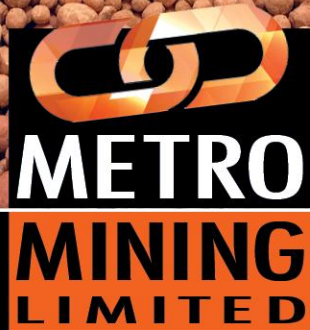


# Bauxite Market Update

- **Five (5) alumina refineries planned in China with a potential stage 1 capacity of 8-10Mtpa which could increase imported bauxite into China by 20-25Mtpa**
  - ▶ These planned refineries support the view that new refineries will be built in coastal locations to take advantage of the seaborne bauxite market
- **Chinese Government imposed alumina refinery and aluminium smelter shut-downs have had negligible impact on bauxite imports into China**
- **Exports from Guinea continue to increase with May being a record month of approx 3Mt**
  - ▶ To date recent local unrest has had little impact on exports
  - ▶ Two other mines under development have the potential to export 10Mtpa of bauxite
- **Malaysian bauxite export ban in Kuantan now extended to the election due in 2018**
- **Indonesian Government has granted modest export licenses with strict conditions and minimum sale prices related to product quality**
- **Amrun Mine being developed by Rio Tinto should begin production in 2019 and should add 10Mtpa to the seaborne bauxite market**

Source: CM Group





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For Further Information

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