

Highlights

- Metro Strengthens Offtake Position with an additional MoU
- Bauxite Hills Mine Construction Largely Complete
- Mining Contract Awarded
- Cash Position as at 31 Dec 2017 A\$19 Million
- Bauxite Demand in China Remains Strong

MoU Signed with SPIC

Refer ASX Announcement 21 December 2017

Metro Mining has signed a non-binding bauxite offtake Memorandum of Understanding (“**MoU**”) with the Chinese State-owned Enterprise, SPIC Aluminium and Electric Power Investment Co. Ltd. (“**SPIC**”)

The MoU with **SPIC** is in addition to the binding 7Mtpa, 4-year Offtake Agreement signed with **Xinfa** (ASX Release 13 Oct 2016) and the non-binding Letter of Intent with **Lubei Chemicals** (ASX Release 30 May 2017). Negotiations with **Lubei Chemicals** and **SPIC** regarding binding Offtake Agreements continue.

SPIC is a very significant Chinese state-owned enterprise. The MoU covers supply of 6.5 Mt of bauxite, over 4 years from 2018.

The parent company of SPIC, State Power Investment Corporation, is a large state-owned enterprise under the administration of the Central Government with a registered capital of RMB45billion and total assets of RMB 866.1 billion.

SPIC has aluminium smelting capacity of 2.5Mt annually, and alumina refining capacity of 2.6Mt annually, the latter mainly in Shanxi Province.

The **SPIC** group have a presence in 35 countries employing 140,000 people.

Key Components of SPIC MoU

- Sales to commence May 2018;
- Initial term 4 years;
- The MoU covers the supply of 6.5 million dry metric tonnes (dmt) of bauxite;
 - 2018 - 500,000 dmt
 - 2019 - 1 million dmt
 - 2020 - 2 million dmt
 - 2021- 3 million dmt
- Additional bauxite may be requested and supplied subject to agreement between the parties.

Bauxite Hills Construction Largely Complete

Refer ASX Announcement 29 November 2017

Metro's 2017 Construction program at Bauxite Hills Mine is complete with Mining Operations on schedule to start April 2018 after the region's wet season.

Last Quarter, Metro made several ASX Releases detailing mine construction progress (See Construction Update 16 Oct, AGM Address 21 Nov and Bauxite Hills Mine Commissioning 29 Nov 2017)



Bauxite Hills Mine

In summary the marine infrastructure is complete, and the Barge Loading Facility was delivered, erected and successfully wet commissioned.

The accommodation camp is 90% complete.

The fuel farm and wash bay are onsite and commissioned.

The haul road to BH6 (the initial mining area) is complete and the road connection to BH1 is also complete with the final pavement to be completed after the wet season.

Works planned for the wet season include:

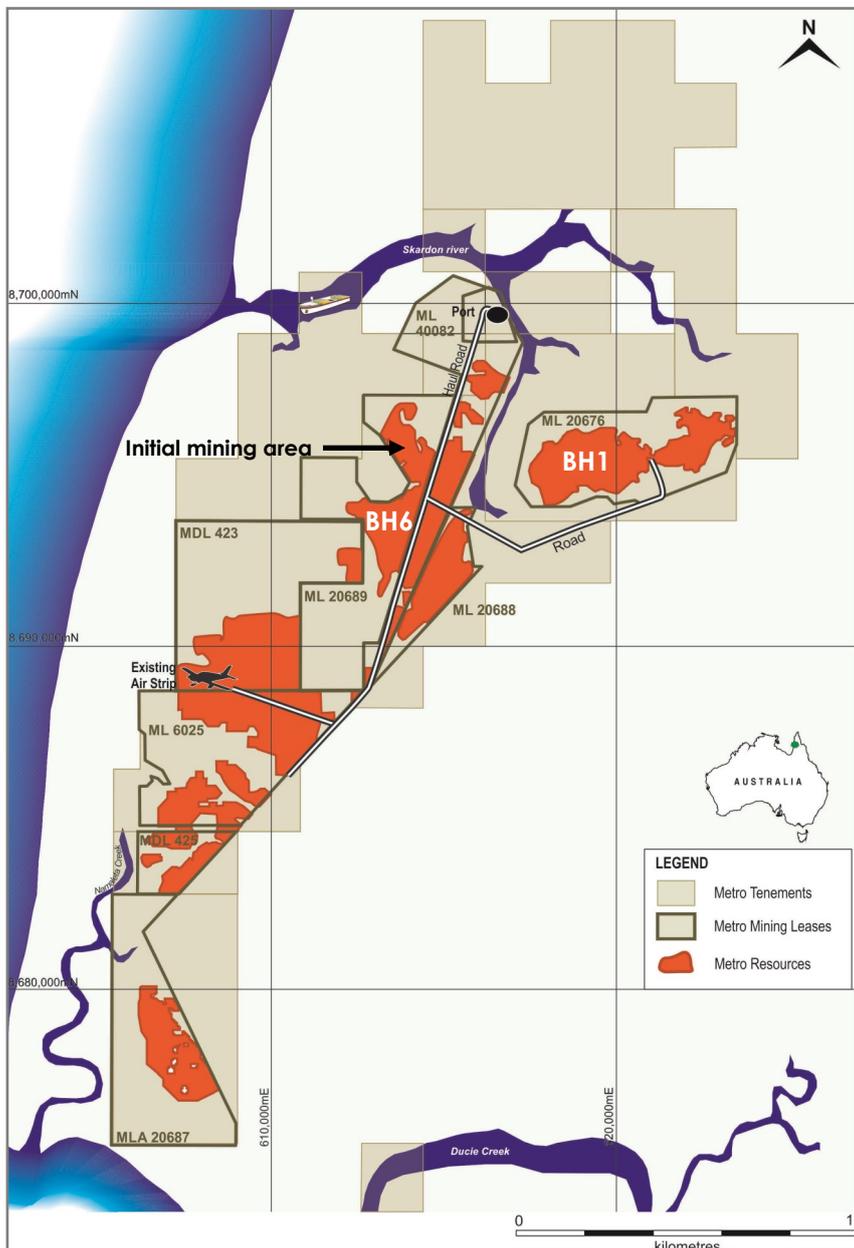
- Erection of telecommunications tower in January (subject to local development approval);
- Cabling and piping at the Port area;
- Construction of office;
- Installation of screening plant;
- Pathways and landscaping at the camp.

2017 Mine construction program was completed on time and within budget with the civils crew demobilized on 22 December 2017.



Operational Readiness

- Mobilisation of all remaining earthmoving and haulage equipment is being planned and likely to occur mid March;
- First fills and store inventory being progressively ordered, consolidated in Cairns and shipped to site;
- Site environmental monitoring protocols have been implemented;
- Grade control drilling at BH6 is complete and detailed mine planning is well underway;
- Grade control drilling at BH1 is underway;
- The area at bauxite deposit BH6, where mining will commence, has been cleared and stripped of topsoil ready for mining;
- Recruitment is on schedule.



SAB Mining Contract Awarded

Refer ASX Announcement 14 September 2017

Metro Mining announced it had awarded the Mining Contract for the operation of the Bauxite Hills Mine.

The contract was awarded to SAB Mining (SAB) a private Queensland mining services company that also provides services for the Sonoma coal mine in the Bowen Basin.

SAB has been on-site at Bauxite Hills undertaking civils works during mine construction.

The mining Contract encompasses all land based activities including

- Clearing and pre-strip;
- Mining bauxite in accordance with mine plan;
- Operation of haulage trucks;
- Loading of barges via barge loading facility;
- Rehabilitation of mined areas;
- Maintenance of plant & equipment.

The Key terms of the contract are:

- 2-year term + 2 year option at Metro's election;
- Key mining equipment provided by SAB at fixed monthly rate and ancillary equipment provided on an agreed hourly schedule of rates;
- Labour provided by SAB on agreed schedule of rates.

Financial details of the SAB Contract are in line with estimates in Metro's Bankable Feasibility Study.



2017 Metro Mining Milestone Achievements

Acquired Gulf Alumina – Consolidated Project

- Doubled Reserves / Resources
- Gained Infrastructure

Project Scale Expanded

- Incorporated Gulf Assets
- Staged Development
- BFS produced post tax NPV₁₀ of \$601M and IRR of 81%

Customer Base Growing

- Binding Sales Agreement for 7Mt over 4 years
- Non-binding Lol with Lubei for 2.5Mt
- Non-binding SPIC MoU for 6.5 Mt over 4 years
- Further interest from customers across China and internationally

Equity Issues & Debt Provide Project Finance

- \$90M total Equity Raisings to strengthen Balance Sheet and provide Project Funding
- \$39.4M flexible, low cost debt facility secured

Environmental Approvals Received

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

Project Construction on time and within Budget

- BLF and Marine infrastructure complete
- BLF wet commissioned and complete
- All other construction aspects on target
- Operational readiness on track
- First Shipment April 2018

AGM Resolutions Approved

Refer ASX Announcement 22 November 2017

All 8 Resolutions put at the Annual General Meeting of shareholders, on 21 November 2017, were passed by a show of hands.

The Resolutions put forth were set out in the Notice

of Meeting released to the ASX on 1 October 2017.

The Metro Mining 2017 Annual Report was released to the ASX on 12 October 2017.



Market Update

As Presented 21 November 2017

Managing Director & CEO, Simon Finnis, provided a Bauxite Market update in his AGM presentation.

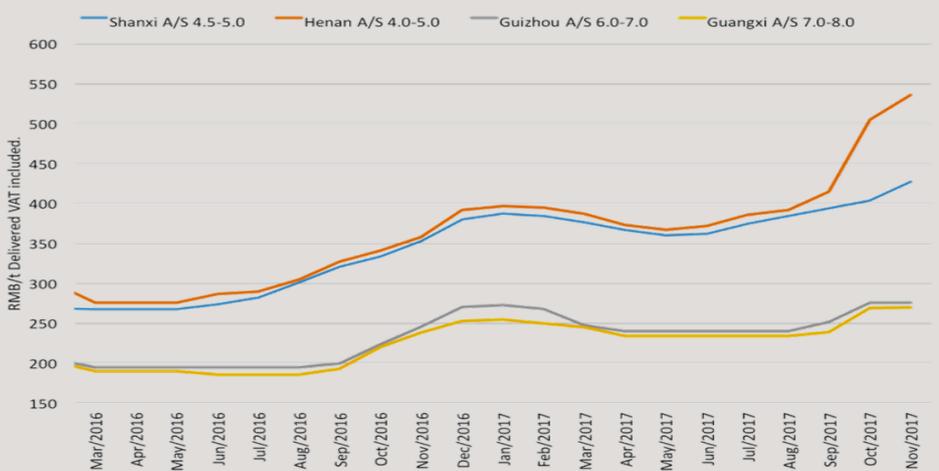
Highlights included:

- Domestic bauxite shortages have emerged in north China – particularly in Henan Province but also Shanxi. Shortages were driven by environmental compliance audits, deteriorating grades and mine closures.

- High caustic prices and scarcity of supply have combined to force Chinese inland refiners to seek bauxite from southern China and overseas;
 - At least 3 inland refineries are either using or trialling imported bauxite with a further 3 expressing interest to trial imported bauxite.
- Domestic bauxite prices in Henan Province have risen from ~RMB350/t a year ago to over RMB500/t (del incl. VAT). Prices in other provinces have also increased, although to a lesser extent.
- Potential new alumina refinery projects have emerged in south & north China seeking long-term, high volume bauxite supply from international sources.

China's Domestic Bauxite Prices on the Rise

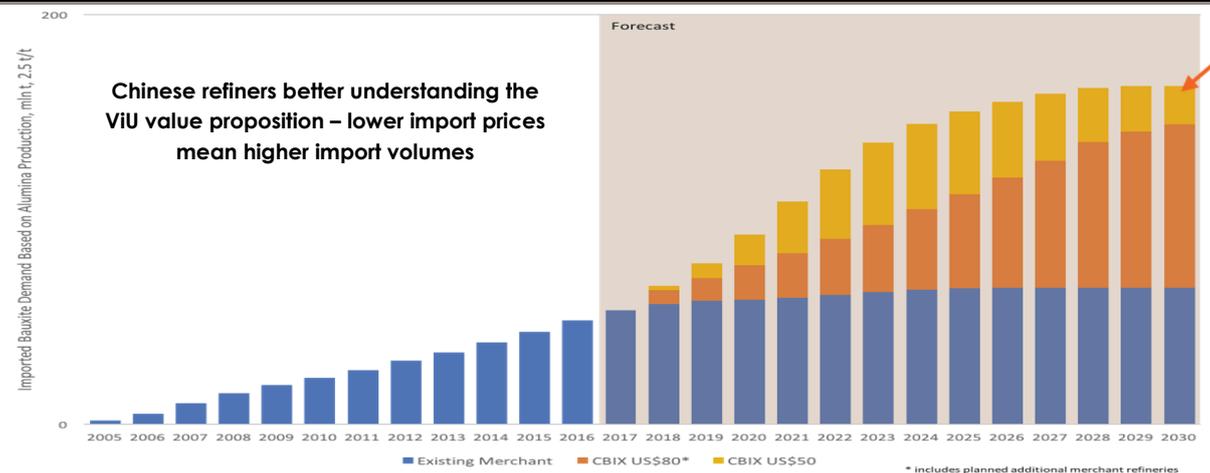
Source: CM Group



- Prices in Henan & Shanxi increased in response to tightening supply.
- Northern refiners drawing down on stockpiles & processing lower quality bauxite (A/S ratio 3-4.5) to continue production.
- Sourcing bauxite at A/S ratio 4.0 material currently difficult in Henan.
- Northern refiners sourcing 20-30kt per mth of bauxite from Guizhou, have increased traded prices in Sth China.
- Domestic bauxite tightness forecast to continue into 2018.

China Imported Bauxite Demand Forecast

Source: CM Group



Additional Bx imports at CBIX ~US\$50/dmt

Bx imports at CBIX ~US\$80/dmt



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FORWARD LOOKING STATEMENT Statements and material contained in this ASX Report, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Graphs used in this ASX Report (including data used in the graphs) are sourced from third parties and Metro Mining has not independently verified the information. Metro Mining is at an early development stage and while it does not currently have an operating bauxite mine it is taking early and preliminary steps (such as but not limited to Prefeasibility studies etc.) that are intended to ultimately result in the building and construction of an operating mine at its project areas. Although reasonable care has been taken to ensure that the facts stated in this ASX report are accurate and or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this ASX Report should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Metro Mining Limited

ABN

45 117 763 443

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
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1 Cash flows from operating activities

1.1 Receipts from customers	183	186
1.2 Payments for		
(a) exploration & evaluation	(166)	(309)
(b) development (1)	(18,096)	(33,778)
(c) production	0	0
(d) staff costs	(542)	(1,188)
(e) administration and corporate costs	(1,212)	(2,141)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	126	209
1.5 Interest and other costs of finance paid	(574)	(1,125)
1.6 Income taxes paid	0	0
1.7 Research and development repayment	0	0
1.8a Other - pre operations expenses	(3,508)	(3,761)
1.8b Other - financial assurance deposits	(4,687)	(4,687)
1.9 Net cash from / (used in) operating activities	(28,476)	(46,594)

(1) Includes allocated staff costs and development overheads

2 Cash flows from investing activities

2.1 Payments to acquire:		
(a) property, plant and equipment	(847)	(990)
(b) tenements (see item 10)		
(c) investments	0	0
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)	0	0
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Payments for business combination	0	0
2.6 Net cash from / (used in) investing activities	(847)	(990)

3 Cash flows from financing activities

3.1 Proceeds from issues of shares	343	38,343
3.2 Proceeds from issue of convertible notes	0	0
3.3 Proceeds from exercise of share options	0	0
3.4 Transaction costs related to issues of shares, convertible notes or options	(12)	(2,156)
3.5 Proceeds from borrowings (2)	6,542	33,254
3.6 Repayment of borrowings	0	(15,470)
3.7 Transaction costs related to loans and borrowings	(2)	(2,664)
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	(38)	(59)
3.10 Net cash from / (used in) financing activities	6,833	51,248

(2) During the quarter, USD\$5million was drawn down on the Sprott Private Resource Lending ("Sprott") facility.

4 Net increase / (decrease) in cash and cash equivalents for the		
4.1 Cash and cash equivalents at beginning of period	41,518	15,346
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(28,476)	(46,594)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(847)	(990)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,833	51,248
4.5 Effects of foreign exchange	7	25
4.6 Cash and cash equivalents at end of period	19,035	19,035

5 Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter	Previous quarter
	\$A'000	\$A'000
5.1 Bank balances	9,035	19,497
5.2 Call deposits	10,000	22,021
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,035	41,518

6 Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees

Current quarter
\$A'000

99

-

7 Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

n/a

Current quarter
\$A'000

-

Financing facilities available**8***Add notes as necessary for an understanding of the position*

8.1 Loan facilities (3)

8.2 Credit standby arrangements

8.3 Other (please specify)

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000
39,568	33,158
-	-
-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

(3) The total loan facilities consist of two secured loans. The Sprott facility amount is USD\$15 million, of which USD\$10 million is drawn down at the end of the quarter. The remaining USD\$5 million Sprott facility may be drawn down on the satisfaction of remaining conditions precedent. The term of the facility is approximately 3 years, at commercial interest rates. Interest is payable monthly, and principal repayments on this facility commence January 2019.

The Inगतatus facility is for AUD \$20million and a term of 3 years at a commercial interest rate, with interest payable quarterly and the principal repayment due at the end of the loan term. The Inगतatus facility (AUD\$20million) is fully drawn down at the end of the quarter.

9 Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	185
9.2 Development	2,527
9.3 Production - pre ops exps	2,872
9.4 Staff costs	600
9.5 Administration and corporate costs	922
9.6a Other - Payment for Financial Assurance Bond and other security deposits	1,250
9.6b Other - Financing and interest costs	888
9.7 Total estimated cash outflows	9,244

10 Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPM 4068, Skardon River, QLD EPM 16899, Skardon River, QLD	80% 100%	9 Sub-blocks 14 Sub-blocks	1 Sub-block 8 Sub-blocks
10.2 Interests in mining tenements and petroleum tenements acquired (*) or increased	ML100130, Skardon River, QLD	100%	Nil	130.73 hectares

Compliance statement

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

Sign here:[Signature on file].....

Date:18 January 2018.....

Print name: .Scott Waddell.....

Notes

The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.