

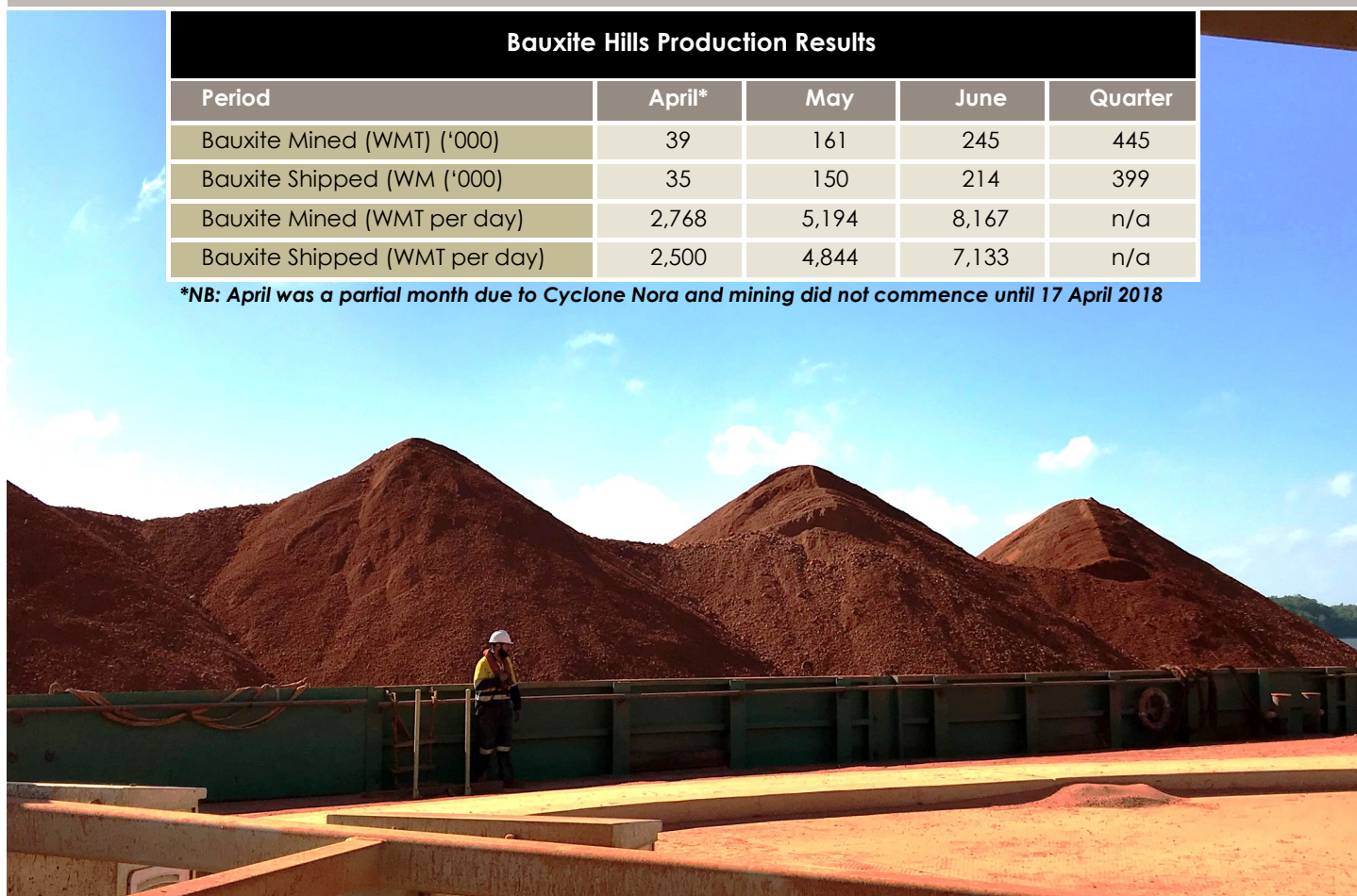
## Highlights

- The Bauxite Hills Mine was successfully commissioned during the June quarter.
- Bauxite sales totalled 399kt generating A\$25.2m of revenue.
- The Bauxite Hills Mine was profitable in the month of June.
- Six Ocean Going Vessels ("OGVs") were loaded and departed the Port of Skardon with a seventh partially loaded at financial year-end.
- By the end of the quarter, the Mine was achieving daily production required for the 2Mtpa targeted production.
- Metro remains on track to meet its production and shipping guidance of 1.980M – 2.075M Wet Metric Tonnes (WMT) for 2018 Calendar Year.
- Metro's available cash on hand and trade receivables as at 30 June 2018 was A\$30.6M.

### Bauxite Hills Production Results

Period	April*	May	June	Quarter
Bauxite Mined (WMT) ('000)	39	161	245	445
Bauxite Shipped (WM ('000)	35	150	214	399
Bauxite Mined (WMT per day)	2,768	5,194	8,167	n/a
Bauxite Shipped (WMT per day)	2,500	4,844	7,133	n/a

**\*NB: April was a partial month due to Cyclone Nora and mining did not commence until 17 April 2018**



# Bauxite Hills Operations

## SAFETY

An excellent result was achieved in the first quarter of production at Bauxite Hills, completing a total of 172,939 worked hours Lost Time Injury Free. This success is a result of strong commitment to safety by personnel across all levels of our organisation and our contractor partners.

## OPERATIONS

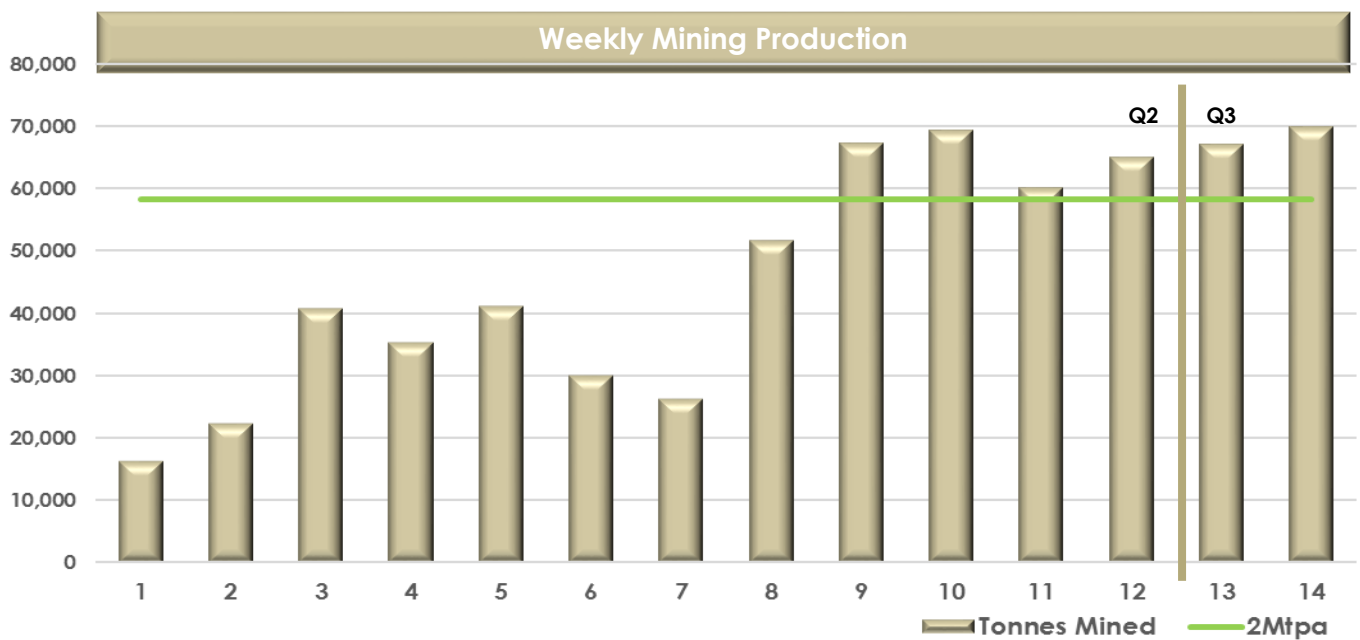
The Bauxite Hills Mine was successfully commissioned during the June quarter. Bauxite mined and shipped was within or above the quarterly (re-stated) guidance. Six Ocean Going Vessels ("OGVs") were loaded and departed the Port of Skardon River with a seventh being loaded at quarter end.

Originally, mining was scheduled to commence early April, with commissioning and shipping operations commencing mid-April. However due to an extended wet season and the site evacuation, caused by Tropical Cyclone Nora, mining activities actually commenced 17 April. These delays to mining impacted loading of the first OGV as the vessel arrived at Port of Skardon at the start of mining rather than after 10 days of mining as originally planned.

Minor commissioning issues, expected in any start-up operation, were magnified by wet mining conditions and wetter than usual ore but by end May, Metro had resolved the commissioning issues.

**In June, Bauxite Hills Mine shipped 214,000 WMT, mined 245,000 WMT and recorded its first monthly profit.**

As the Bauxite Hills Mine is now achieving budgeted operating rates, Metro's focus for the 2018 next quarter is to continue to increase productivity and reduce unit costs of production.



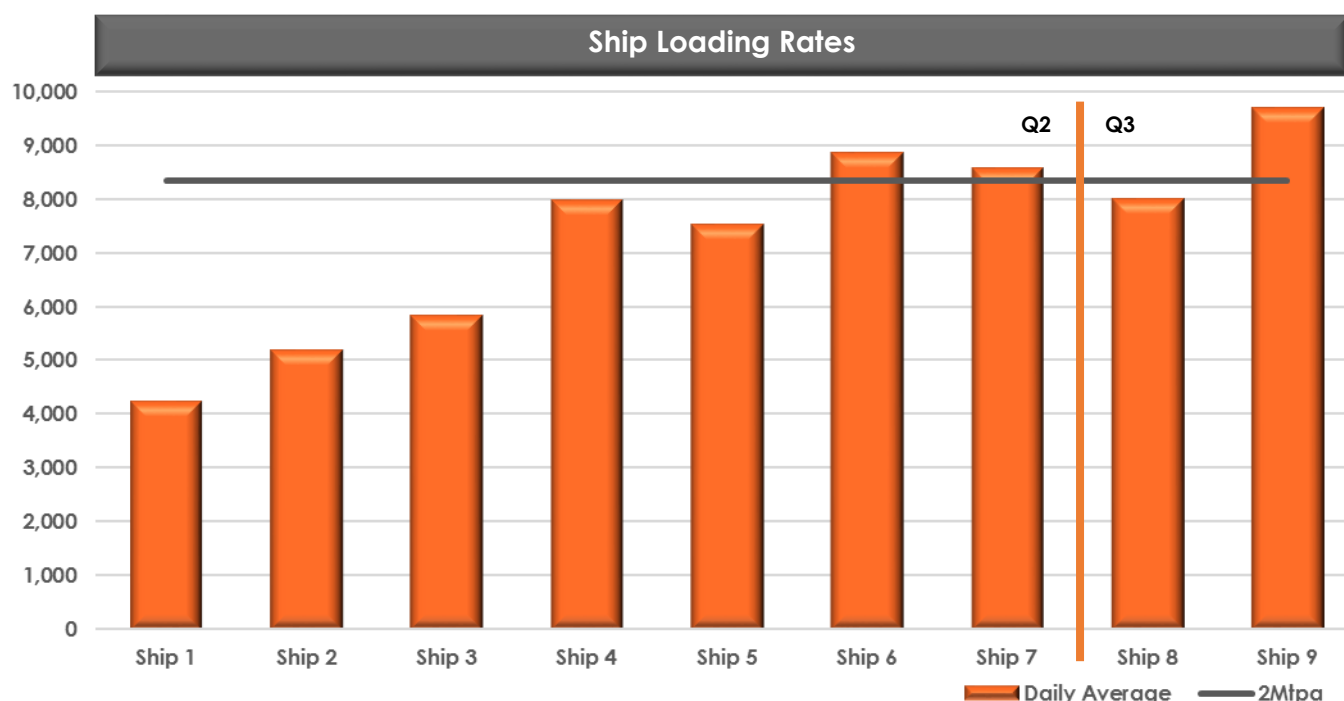
In April, mining commenced at the BH6 deposit while final haul road preparation work was completed to allow full access to the BH1 deposit. From early June, Metro was mining bauxite ore from both the BH6 and BH1 deposits and blending the ore to meet sales contract specifications.

The truck and trailer hydraulic problems that adversely impacted their availability during April and May, were remedied through on-site modifications and are now resolved. The haulage fleet is now achieving budgeted equipment availability and utilisation rates. As a consequence of the low initial availability, additional trucks were mobilised to site to supplement mining requirements. It is planned that these additional trucks will be de-mobilised from site during the current quarter however they did impact on operational costs during the quarter.

# Bauxite Hills Operations

Heavy rainfall, caused by Tropical Cyclone Nora, resulted in higher bauxite moisture content causing material handling issues at the Barge Loading Facility (BLF) and constrained throughput. Metro addressed these issues by making modifications to chutes and transfer points, minimizing blockages and spillage. These adjustments, combined with drier mining and operating conditions, have assisted with increased throughput and will ensure no repeat next year. Additional modifications to further increase throughput are planned for Q3.

The transshipping component consisting of barge loading, delivery of barges to vessels and unloading them, has proceeded according to the original concept without issue. As planned, the initial fleet of 3 X 3,000t barges was supplemented in June with commissioning of a larger, and additional, 7,000t barge. Barge and OGV loading rates steadily trended higher in the quarter with bauxite loaded from site to ship averaging over 8,000t per day by the end of the quarter.



OGVs chartered to transport bauxite to China were predominately Ultramax vessels with an approx 62,000 tonne capacity. On the back of rising oil prices and tightening supply, global ocean freight rates have risen significantly during 2018 resulting in higher freight costs during this quarter. Conversely, ships booked post quarter end have been at lower prices indicating a softening in the freight market.

**Quality specifications of bauxite delivered to China have met contractual obligations. All sales have been undertaken under a Letter of Credit, allowing revenue to be received in a timely manner.**

Based on anticipated mining and shiploading rates for the remainder of 2018, Metro expects to achieve its targeted production of 2Mt for the 2018 Calendar Year. Given the June quarter was essentially a commissioning and ramp-up quarter operating costs were not representative of long-term expectations. It is anticipated that detailed cost analysis will be provided in future quarterly reports.

Bauxite Production Guidance (WMT)					
	June '18 Qtr Actual	Sept '18 Qtr Actual	Dec '18 Qtr	2018 – CY	2019 – CY
Bauxite Mined ('000t)	445	825 – 875	710 – 755	1,980 – 2,075	3,000
Bauxite Shipped ('000t)	399	825 – 875	750 – 801	1,974 – 2,075	3,000



# Bauxite Hills Operations

## Indigenous Engagement

Metro Mining continues to promote engagement with the local communities in which we operate.

On 21 April, representatives from the Ankamuthi people, Native Title holders of the land on which the Bauxite Hills Mine operates, conducted a "Welcome to Country" ceremony. George 'Papa Rusty' Williams performed the official ceremony with a number of Ankamuthi Elders in support. The event, held on site, was attended by Simon Finnis (CEO) and Stephen Everett (Board Chair) and a large number of Bauxite Hills Mine workers.

In late May, Metro held meetings in Cairns and Injinoo with the Ankamuthi People, including a number of Elders, to provide input into the Bauxite Hills Mine Cultural Heritage Induction and Awareness training packages prepared by an Ankamuthi consultant. Final presentations are due to be implemented in the next quarter.

On 26 June, Metro Mining presented a project update at a community meeting for the Ankamuthi People held in Injinoo, to progress the handover of the Ancillary Agreement to the Native Title holders prescribed body corporate and determination of the nominated entity. It was pleasing to be able to report at this meeting that the Bauxite Hills Mine continues to exceed the Traditional Owner employment targets, identified in the Ancillary Agreement, with a 38% Traditional Owner workforce which is well above the 20% target for the first year of operations.

Metro Mining also provided sponsorship to the Northern Peninsula Area Regional Council (NPARC) for the Biennial Cultural Festival, "Keep the Flame of Culture Burning", that is held across all five communities in the region. The Festival was held from 4 – 7 July with sponsors receiving significant exposure within the local communities through marketing materials, radio interviews and speaking opportunities during the event.



Metro shows its support and sponsorship at the NPARC "Keep the Flame of Culture Burning", Festival in Injinoo



Ankamuthi Elders George Williams & Richard Woosup with Metro's Environmental heritage Support Officer Barunah "Bruno" Sagiba

# Exploration Activities

As planned, Metro did not conduct any exploration activities during the quarter.

Exploration activities are anticipated to begin in July and are aimed at identifying areas in the tenements in the vicinity of the Bauxite Hills Mine infrastructure that warrant detailed, grid-based drilling.

This initial exploration will involve ground traversing, mapping and wide-spaced reconnaissance drilling, where justified, using a tractor-mounted RC drill rig. Timing of the work programs will be dependent on Cultural Heritage surveys and necessary permissions from the traditional land owners.

## Corporate and Finance

Metro's available cash on hand and trade receivables as at 30 June 2018 was A\$30.6M. A share placement of 87.5M shares was completed in June 2018, at \$0.20 per share to raise a total of \$17.5M (before costs). Of this amount Metro received \$14.1M during the quarter and has a share subscription receivable of \$3.4M at quarter end (now fully settled). Metro also holds A\$7.4M of restricted cash, comprising financial assurance bonds and other security deposits.

- Bauxite sales recorded in the June quarter were 399kt.
- Attributable sales revenue totalled A\$25.2 Million

Metro's outstanding debt facilities, including accrued interest, were A\$40.6M (at A\$/US \$0.739) comprising:

- Fully drawn principal amount of A\$20.0M with Ingatatus AG Pty Ltd (a related party of Namrog Investments Pty Ltd) – a facility with a three-year term expiring on 29 September 2020.
- Fully drawn principal amount of US\$15.0M (A\$20.3M) with Sprott Private Resources Lending – repayment of the loan principal commences in January 2019 at US\$1m per month until the loan account balance is repaid.

Metro's risk management framework incorporates implementing a currency hedging program to manage the risks to sales revenue associated with a strengthening A\$ against the US\$ during the first 15 months of operation.

As part of this strategy Metro holds US\$/A\$ put options for US\$52.4 million at an average strike price of \$0.85 with expiry dates staggered monthly during the Bauxite Hills operating periods in 2018 and 2019. These options will protect revenue should the A\$ strengthen above 0.85. The company continues to monitor currency markets closely and may look to increase its hedging position if attractive pricing opportunities arise.

During the quarter, Metro was notified by PanAust Limited of its election to terminate the Investment Agreement between the two parties over the Mahar San project in Myanmar after the expenditure of US\$0.71M on the initial exploration program. Metro is currently assessing future options for the project.

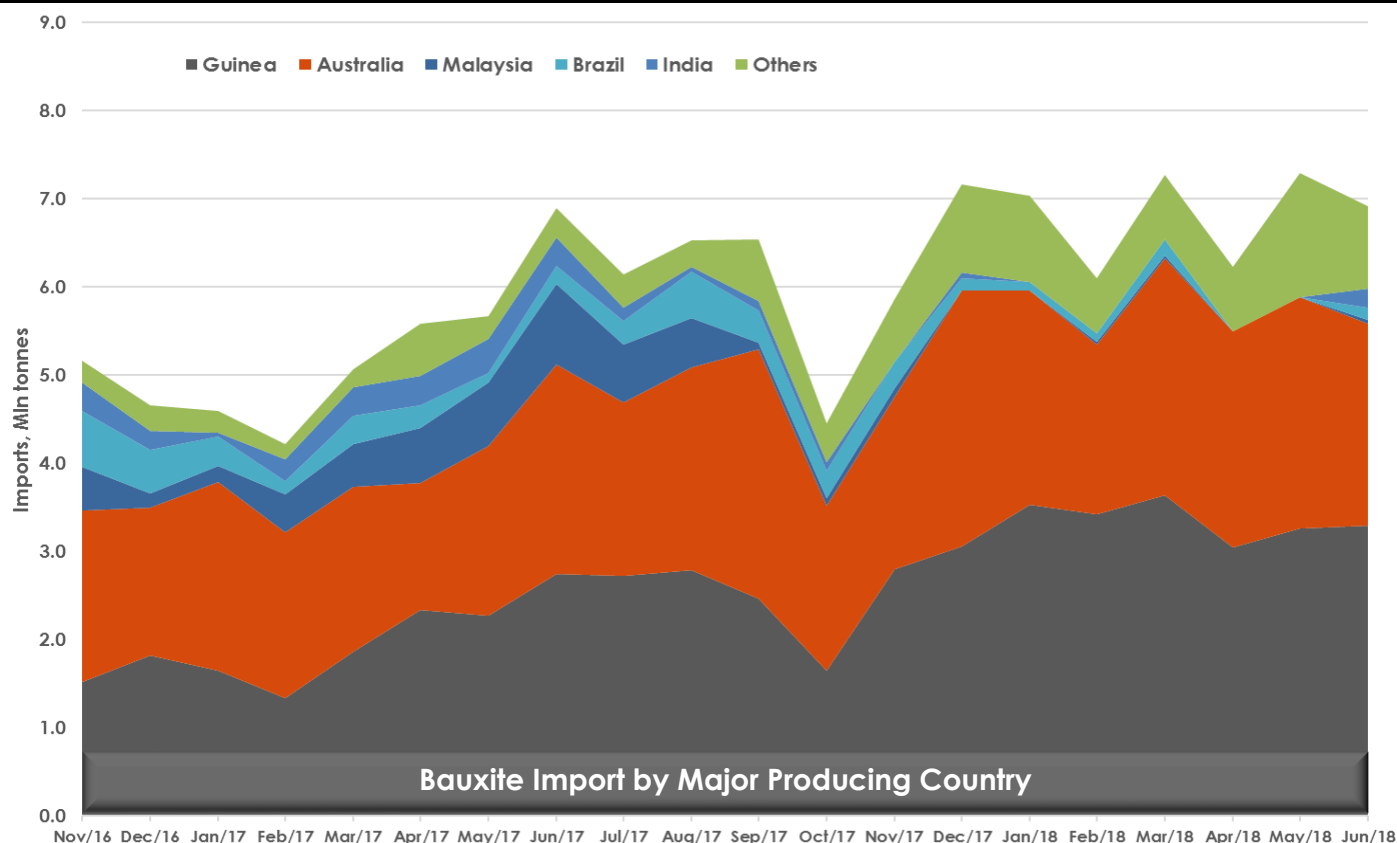
After a comprehensive recruitment process including both internal and external candidates Duane Woodbury was appointed as Metro's Chief Financial Officer (previously interim CFO).

Mr Jijun Liu, Non-Executive Director and representative of China Xinfu Group Corporation Limited, passed away after a short illness.



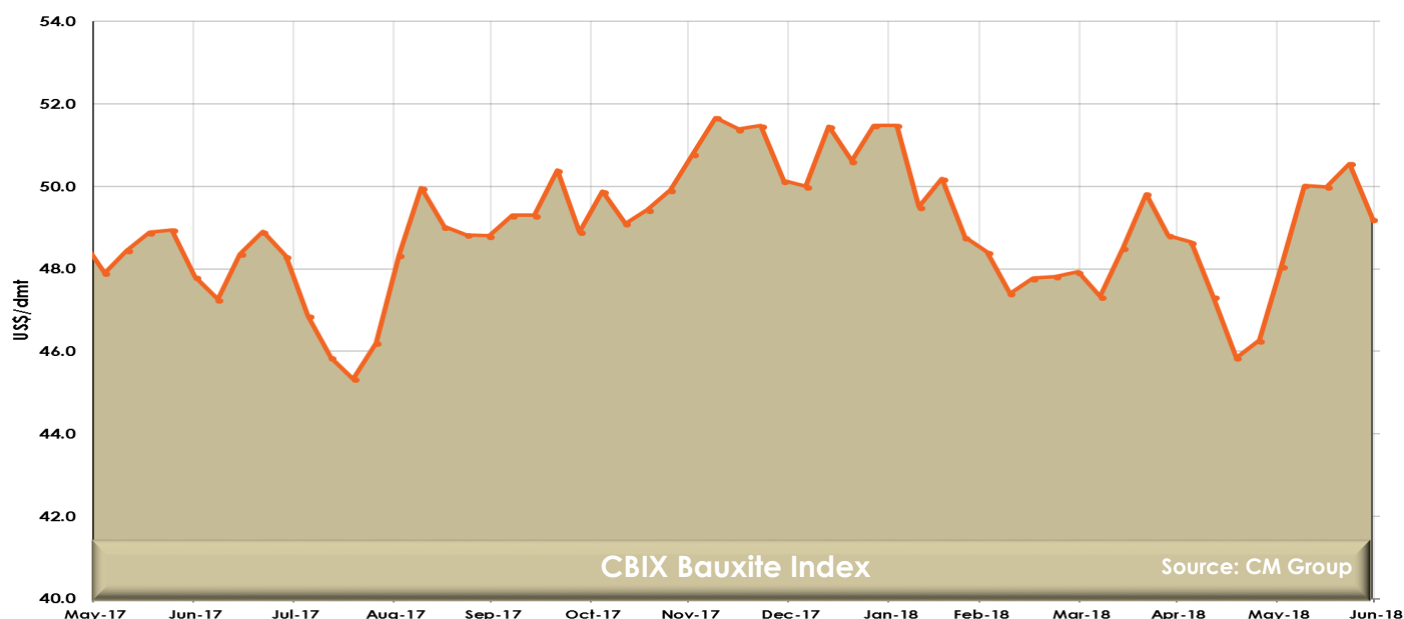
# Bauxite Market Commentary

Source: CM Group



**China Market:** China's bauxite imports remained relatively constant at around 20Mt in Q2, down 1.9% Quarter on Quarter (QoQ). Guinea remains the largest exporter to China at around 9.6Mt in Q2 although this represented a fall of 9% QoQ. Imports from India and Indonesia increased during the quarter (albeit from a low base) as China's refiners continued to diversify their supply options.

China's domestic bauxite market came under increasing tightness during Q2, resulting from a series of environmental audits and campaigns on curbing illegal mining, pushing prices sharply higher in Northern China. Under these circumstances inland refiners' profits fell significantly with some refineries closing capacity in response. Several domestic refiners are now either actively seeking imported bauxite or looking to test samples of imported bauxite.





**Bauxite Prices:** Imported bauxite prices CFR China measured by the CBIX bauxite index (a Value-in-Use Index) were relatively flat during the quarter, easing only slightly by 1.8% to US\$48.45/dmt. Third party trades continued to be marketed by Winning from SMB (Guinea) into China at nominal CFR prices of ~US\$55/dmt (US\$47/dmt Value-in-Use adjusted) being partially offset by higher ViU priced trades from Brazil & Nth Aust.

Caustic prices in Shandong feeding local alumina refineries (3rd party market) fell 2.4% QoQ to RMB2,783 tonne (100% NaOH equivalent liquid caustic). The Shanghai Cooperation Organisation (SCO) summit in Qingdao had little impact on increasing caustic supply however demand from non-alumina sectors was lower given recent environmental policy pressures. Lower caustic prices narrowed the refining cost gap between high and low silica bauxites. Inquiries from inland refiners for imported bauxite remain high.

## METRO SALES

~50% of Bauxite Hills planned 2018 production of 2Mt is scheduled to be sold under a long-term binding agreement with Xinfu. Under this contract prices received are linked to an RMB denominated alumina price index. The rest will be sold into the spot market or as part of longer term offtake agreements, not yet entered into. For these latter sales, prices received will be based on prevailing market prices, currently lower than received from the Xinfu contract.

Bauxite sales recorded in Q2 were 399kt. A significant proportion of these sales were delivered into the Xinfu contract with a modest proportion delivered into the spot market. As a result, the average price received during Q2 was heavily influenced by Chinese alumina prices, which were high as a result of:

- US sanctions announced against Rusal which led to a dramatic increase in global alumina prices;
- Partial closure of the Alunorte Alumina refinery in Brazil;
- Higher alumina production costs in China resulting from higher input costs.

All revenue is US\$ denominated and the lower A\$/US\$ exchange rate also boosted A\$ revenue. A significant increase in sales revenue is anticipated in the September quarter given the approximate doubling of planned bauxite sales. Whilst per unit revenue is anticipated to remain strong, it is likely to be lower than the June quarter impacted by several factors, namely:

- A higher proportion (compared to Q2) of bauxite sales will be delivered into the spot market;
- Towards the end of the quarter, alumina prices fell and the RMB weakened against the US\$ on the back of global economic concerns. This will impact prices received under the Xinfu contract.

As previously outlined, Metro's marketing strategy is focused on:

- Conversion of existing non-binding agreements into long-term agreements;
- Developing a broad customer base to supply bauxite into long-term evergreen contracts.

Spot cargoes, trial shipments and offtake agreements are being negotiated with a number of Chinese customers. These sales will allow new customers to gain operating experience in processing Metro bauxite with the intention of either incorporating it as part of feed stock to their existing refineries or incorporating it into the design of new coastal refineries.



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Contact: Simon Finnis, MD & CEO | Amy Treble: Company Secretary | Duane Woodbury: CFO

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**FORWARD LOOKING STATEMENT** Material contained within, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events & expectations and, as such, involve known & unknown risks & uncertainties. Graphs used (incl data used in graphs) are sourced from 3rd parties & Metro has not independently verified the information. Although reasonable care has been taken to ensure facts are accurate &/or opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Release 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")**

30-Jun-18

**Consolidated statement of cash flows**

**Current quarter  
\$A'000**

**Year to date (12 months)  
\$A'000**

**1 Cash flows from operating activities**

1.1 Receipts from customers	18,038	18,241
1.2 Payments for		
(a) exploration & evaluation	(385)	(784)
(b) development (Note 1)	(2,458)	(39,519)
(c) production	(15,095)	(15,095)
(d) staff costs	(722)	(2,620)
(e) administration and corporate costs	(841)	(3,256)
1.3 Dividends received	0	0
1.4 Interest received	94	383
1.5 Interest and other costs of finance paid	(918)	(2,849)
1.6 Income taxes paid	0	0
1.7 Research and development refund / EMDG Grants received	103	103
1.8a Other - pre operations expenses (Note 2)	(3,168)	(8,768)
1.8b Other - Changes in Security/ financial assurance deposits	175	(5,762)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,177)</b>	<b>(59,926)</b>

(Note 1) Includes allocated staff costs and development overheads

(Note 2) Includes inventory first fills of \$1.2million

**2 Cash flows from investing activities**

2.1 Payments to acquire:		
(a) property, plant and equipment	(1,203)	(2,639)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment (Note 3)	0	736
(b) tenements (see item 10)		
(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		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,203)</b>	<b>(1,903)</b>

(Note 3) refund of equipment deposits paid - now subject of lease arrangement

**3 Cash flows from financing activities**

3.1 Proceeds from issues of shares (note 4)	14,070	52,413
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	(633)	(2,789)
3.5 Proceeds from borrowings	(0)	39,706
3.6 Repayment of borrowings	0	(15,470)
3.7 Transaction costs related to loans and borrowings	0	(2,694)
3.8 Dividends paid	0	0
3.9a Other - Finance lease payments	(976)	(1,492)
3.9b Other	(64)	(64)
<b>3.11 Net cash from / (used in) financing activities</b>	<b>12,397</b>	<b>69,610</b>

(Note 4) Approximately \$3.4M in share subscription is receivable at 30 Jun 2018 and was received subsequent to quarter end



<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	17,144	15,346
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,177)	(59,926)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,203)	(1,903)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	12,397	69,610
4.5 Effects of foreign exchange	134	168
<b>4.6 Cash and cash equivalents at end of period</b>	<b>23,295</b>	<b>23,295</b>

<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b>	<b>Previous quarter</b>
	<b>\$A'000</b>	<b>\$A'000</b>
5.1 Bank balances	13,295	17,144
5.2 Call deposits	10,000	0
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>23,295</b>	<b>17,144</b>

**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

**Current quarter**  
**\$A'000**

(94)

(32)

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

6.1 Directors fees. 6.2 Short term loan made to director on arms length basis.

**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

**Current quarter**  
**\$A'000**

-

-

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

n/a

**8 Financing facilities available**

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities (Note 5)
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
<b>\$A'000</b>	<b>\$A'000</b>
(40,632)	(40,632)
-	-
-	-

- 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.

(Note 5) The total loan facilities consist of two secured loans. The Sprott facility amount is USD\$15 million, which is fully drawn down at the end of the quarter. 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 Inगततुस 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 Inगततुस facility (AUD\$20million) is fully drawn down at the end of the quarter.

<b>9 Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	275
9.2 Development	232
9.3 Production	34,064
9.4 Staff costs	598
9.5 Administration and corporate costs	826
9.6a Other - Payment for Financial Assurance Bond and other security deposits	0
9.6b Other - Financing and interest costs	914
<b>9.7 Total estimated cash outflows</b>	<b>36,909</b>

<b>10 Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPM15848, Central QLD	Exploration permit - Direct interest	100%	nil
10.2 Interests in mining tenements and petroleum tenements acquired (*) or increased	N/a	N/a	N/a	N/a

#### 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:



Date: 30 July 2018

Print name: Amy Treble

(Company secretary)

#### 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.