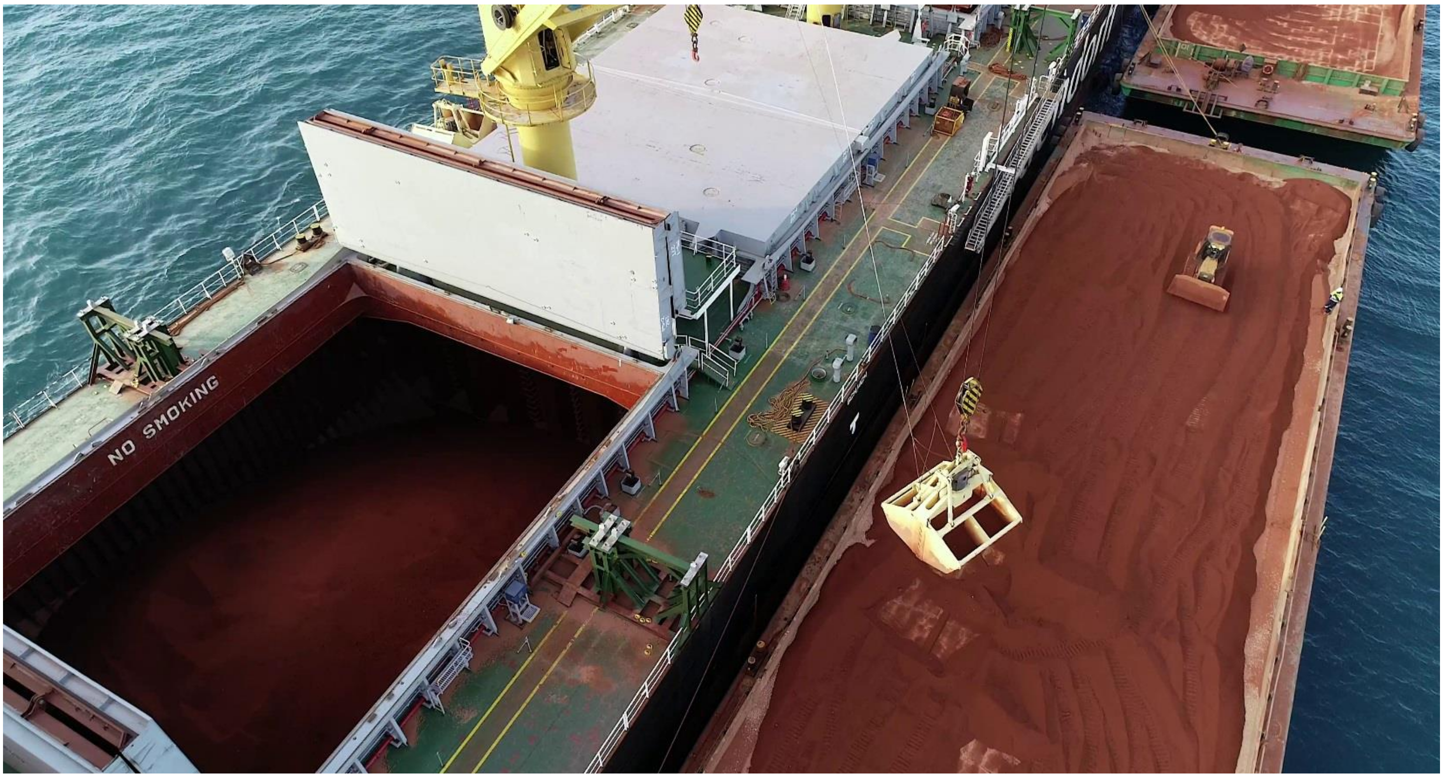
Highlights

- September quarter shipments were 822k Wet Metric Tonnes (WMT), more than double the ore shipped in the June quarter (399k WMT).
- Bauxite was shipped to five different Chinese customers including Metro's foundation customer Xinfa.
- Metro remains on track to meet its production and shipping guidance of 1.980M – 2.075M (WMT) for 2018 calendar year.
- Sales revenue (gross) of A$43.8M was generated.
- Unit costs averaged A$46/WMT in the September quarter.
- 2018 production is fully sold and negotiations are well advanced to finalise 2019 sales program.
- Metro's available cash on hand and trade receivables as at 30 September 2018 was A$38.2M. (June Qtr A$30.6M)

Bauxite Hills Production Results						
Period	July	Aug	Sept	Sept Qtr	June Qtr	YTD
Bauxite Mined (WMT) ('000)	285	277	297	859	445	1,304
Bauxite Shipped (WMT) ('000)	253	297	272	822	399	1,221



Bauxite Hills Operations

SAFETY

The second quarter of production at Bauxite Hills saw 140,412 man-hours completed lost time injury free. Unfortunately, the operations experienced one serious incident during the quarter involving a truck running off the haul road. This was rated as a High Potential Incident, albeit with no personnel being injured, and was reported to the Mines Department.

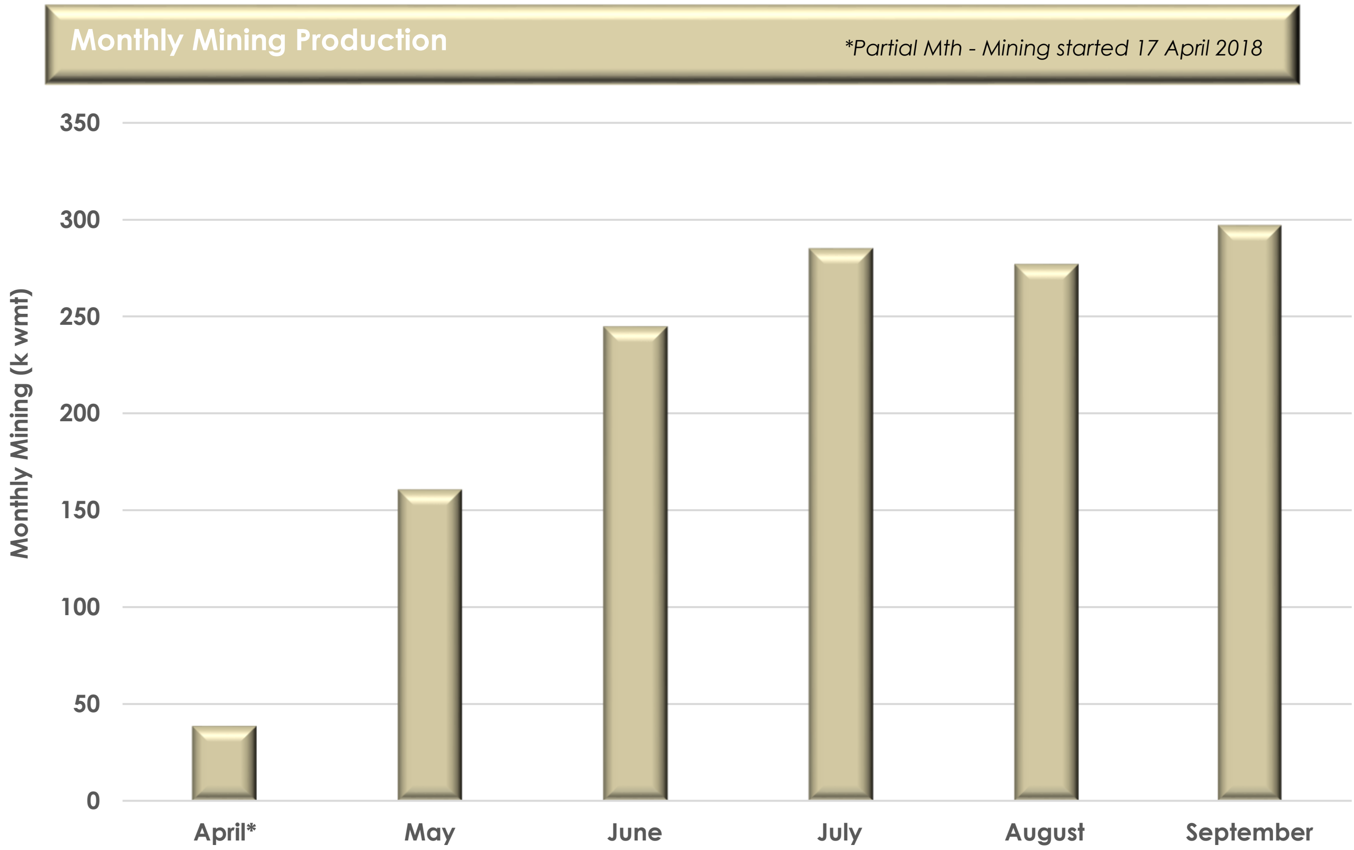
Focus remains on Metro's fundamental operating philosophy that no business objective will take priority over health and safety. Metro has a strong safety culture on site, where all personnel have a shared responsibility and accountability for all health and safety matters.

OPERATIONS

The Bauxite Hills mine operated at, or close to, budgeted monthly production and shipping levels during the September quarter after formally reaching commercial production during the June quarter. Focus was on optimising the mining, haulage and transhipment areas of the project to improve efficiency of the logistics chain and maximise bauxite production and sales. As expected this will be an ongoing focus during the initial operating quarters of 2018, excellent progress has already been achieved and several opportunities have been identified that will continue to positively impact both Q4 2018 and the 2019 operating year.

Total shipments in the quarter totalled 822kWMT which is more than double that shipped in the June quarter. Record shipments were recorded in August of 297kWMT representing an annualised shipping rate of approximately 2.4MWMT.

Stockpiles of oversize bauxite totalled 46kWMT by the end of the quarter which is in line with expectations. This material is good quality bauxite and will be crushed and shipped during the December quarter of 2018.



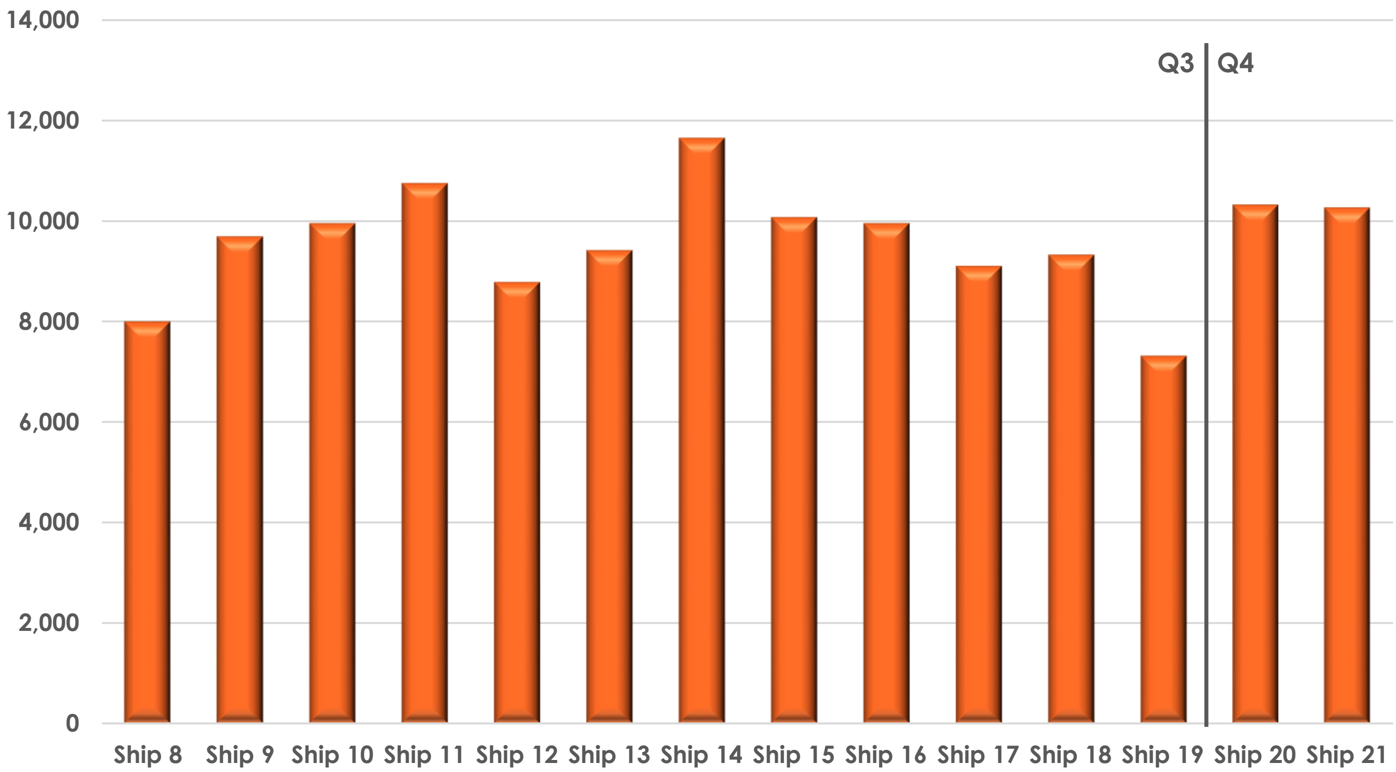
OPERATIONS

Performance at the Barge Loading Facility continued to improve through the quarter with increasing operating rates reducing loading time for the barges and resulting in shorter turnaround times. Modifications to the chutes and transfer points were completed to eliminate blockages and spillages and further calibration was made to the On-Belt Analyser to optimise quality control. The moisture content in the bauxite is reducing as the operation moves through the dry season which will continue to assist in the performance of the screen and grizzly.

The transhipping component consisting of barge loading, delivery of barges to vessels and unloading them, continues to exceed expectations. With the increased mining rates, work was undertaken to optimize tug and barge movements in line with the tide windows. Performance during the quarter highlighted that loading rates into the Ocean-Going Vessels (OGV's) can exceed the planned mining rates providing confidence in the targeted production for 2019.

OGVs chartered to transport bauxite to China were predominately Ultramax vessels with an approx 62,000 tonne capacity. Whilst global ocean freight rates rose significantly during the first half 2018 on the back of rising oil prices and tightening supply, rates stabilised during the quarter, albeit at higher than anticipated levels.

Average Shiploading Rate (tonnes per day)



Quality specifications of bauxite delivered to China continue to meet 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 December quarter of 2018, Metro expects to achieve its targeted production of ~2Mt for the 2018 Calendar Year.

Bauxite Hills Operations

Metro's product has met with strong acceptance by our Chinese customers which has resulted in the company assessing ways to increase production in 2019 above the current targeted rates. Preliminary work has identified several low-cost initiatives to achieve an increase in planned production.

Unit operating costs averaged A$46/WMT during the quarter as outlined in the following table. This is an excellent result given the September quarter was the first full operating period for Bauxite Hills. While beneficial to A$ revenue, the lower A$/US$ exchange rate has increased non-site unit costs (freight costs and royalties) during this quarter.

Unit Operating Costs

Costs	July	August	Sept	Sept Qtr
Site Cost A$/WMT	24.51	24.25	22.44	23.73
Non-Site Cost				
▪ Freight A$/WMT	16.60	16.99	18.42	17.34
▪ Royalties A$/WMT	6.30	5.02	4.69	5.31
TOTAL	**47.42**	**46.26**	**45.54**	**46.38**

On a unit cost basis, going forward operating costs will benefit from anticipated higher monthly shipping volumes and a number of opportunities already identified to improve efficiency and lower costs. Whilst these will start to positively impact in Q4 2018, the full benefits will be realised in the 2019 operating year.

Bauxite Production Guidance (WMT)

	June '18 Qtr Actual	Sept '18 Qtr Actual	Dec '18 Qtr Forecast	2018 – CY Forecast	2019 – CY Forecast
Bauxite Mined ('000t)	445	859	676 – 771	1,980 – 2,075	3,000
Bauxite Shipped ('000t)	399	822	759 – 854	1,980 – 2,075	3,000

Bauxite Hills Operations

INDIGENOUS ENGAGEMENT

Metro Mining continues to promote engagement with the local communities where it operates and is pleased to sponsor community events that encourage and maintain the cultural heritage of the region.

- In early July, Metro sponsored the Northern Peninsula Area Regional Council Biennial Cultural Festival "Keep the Flame of Culture Burning". Metro employees attended and manned the Metro tent speaking with members of the local communities and answering questions on employment and mining operations.
- On 10 July Metro chaired the quarterly Liaison Committee meeting in Cairns with representatives from the Ankamuthi people, Native Title holders of the land and OMAC, the owners of the land. The Liaison Committee addresses native title and land access responsibilities.
- In September Metro met with the Mapoon Land and Sea Rangers, who are a significant Stakeholder in the region, to extend cooperative arrangements for land management.
- On 28-30 September, Metro Mining representatives attended the Mapoon Aboriginal Shire Council Paanja Festival "Strength in Unity". Metro was one of the major sponsors, and General Manager Operations, Graham Tanner, gave a short speech at the commencement of the Festival.

Bauxite Hills GM Operations, Graham Tanner, and Federal Member for Leichardt, Warren Entsch MP, at the Paanja Festival.

EXPLORATION ACTIVITIES

Exploration activities during the September Quarter consisted of mapping areas of lateritic plateaus located within the Mineral Development Licences (MDLs) and Exploration Permits adjacent to the Bauxite Hills Mining Leases.

The aims of this work were to identify areas of potential bauxite as well as determine optimum access for a drill rig to undertake more detailed drilling in areas of known bauxite.

Planning of the drilling program within the MDLs has been completed with drilling expected to be underway during the next quarter. The drilling program is designed to move Inferred Resources into the Indicated or Measured categories and Measured Resources to Reserves.

Corporate and Finance

FINANCE

Metro's cash on hand and trade receivables as at 30 September 2018 was A$38.2M compared to end of the June Quarter A$30.6M. Metro also holds A$7.4M of restricted cash, comprising financial assurance bonds and other security deposits. There was a higher level of Trade Receivables at quarter end (compared to June quarter), reflecting the doubling of shipment levels and the resulting outstanding monies owed under Letters of Credit.

- Bauxite sales (ore shipped) recorded in the September Quarter were 822KWMT.
- Attributable (gross) sales revenue totalled A$43.8 Million

Metro's outstanding debt facilities, including accrued interest, were A$41.2M (at A$/US $0.722) 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$20.8M) 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 two operating years of the project. As part of this strategy Metro holds US$/A$ put options for US$33 Million at an average strike price of $0.85 with expiry dates staggered monthly during the Bauxite Hills operating periods in 2018 and 2019.

Metro's Board approved strategy also includes managing its short-term currency exposure through hedging (via forward sales) of any confirmed US$ sales receipts over a rolling 90-day basis. At end of quarter Metro has in place forward sale A$/US$ contracts of US$5m expiring on 30 October 2018 at an exchange rate of 0.7325. Accordingly, the company continues to monitor currency markets and may look to increase its current hedging position if attractive pricing opportunities arise, within these strategic guidelines.

During the quarter Mr George Lloyd resigned as a Non-Executive Director of Metro due to a potential conflict of interest arising from his role as a Non-Executive Director of TSX Listed Melior Resources which has announced a proposed merger with Metallica Minerals Limited.

Myanmar

Following notification by Pan Aust of its decision to terminate the Investment Agreement over the Mahar San Project in Myanmar, Metro decided to cease further investment in the project and is winding up its activity in the country.

Corporate and Finance

BAUXITE SALES

Metro's marketing program continues to be successful as evidenced by the project being fully sold for 2018 and already +80% sold for 2019. In particular, Metro is seeing strong demand for its bauxite from refineries located in inland Chinese provinces where supply of domestic bauxite has been hindered by recent mine closures and environmental audits. Bauxite Hills product specifications are well suited to the processing requirements of these refineries.

Approximately 50% of Bauxite Hills planned 2018 production of 2Mt (and ~65% of 2019 production) is scheduled to be sold under a long–term binding agreement with Xinfa.

Under this contract prices received are linked to an RMB denominated alumina price index. Pricing of the remainder will be linked to the market price. For these latter sales, pricing is currently lower than that received under the Xinfa contract.

Bauxite sales in the September quarter were 822kWMT.

Sales this quarter were focussed on new customers and a total of five different Chinese refineries were supplied with Metro bauxite. As a result, the majority of sales were delivered at prices lower than the June quarter.

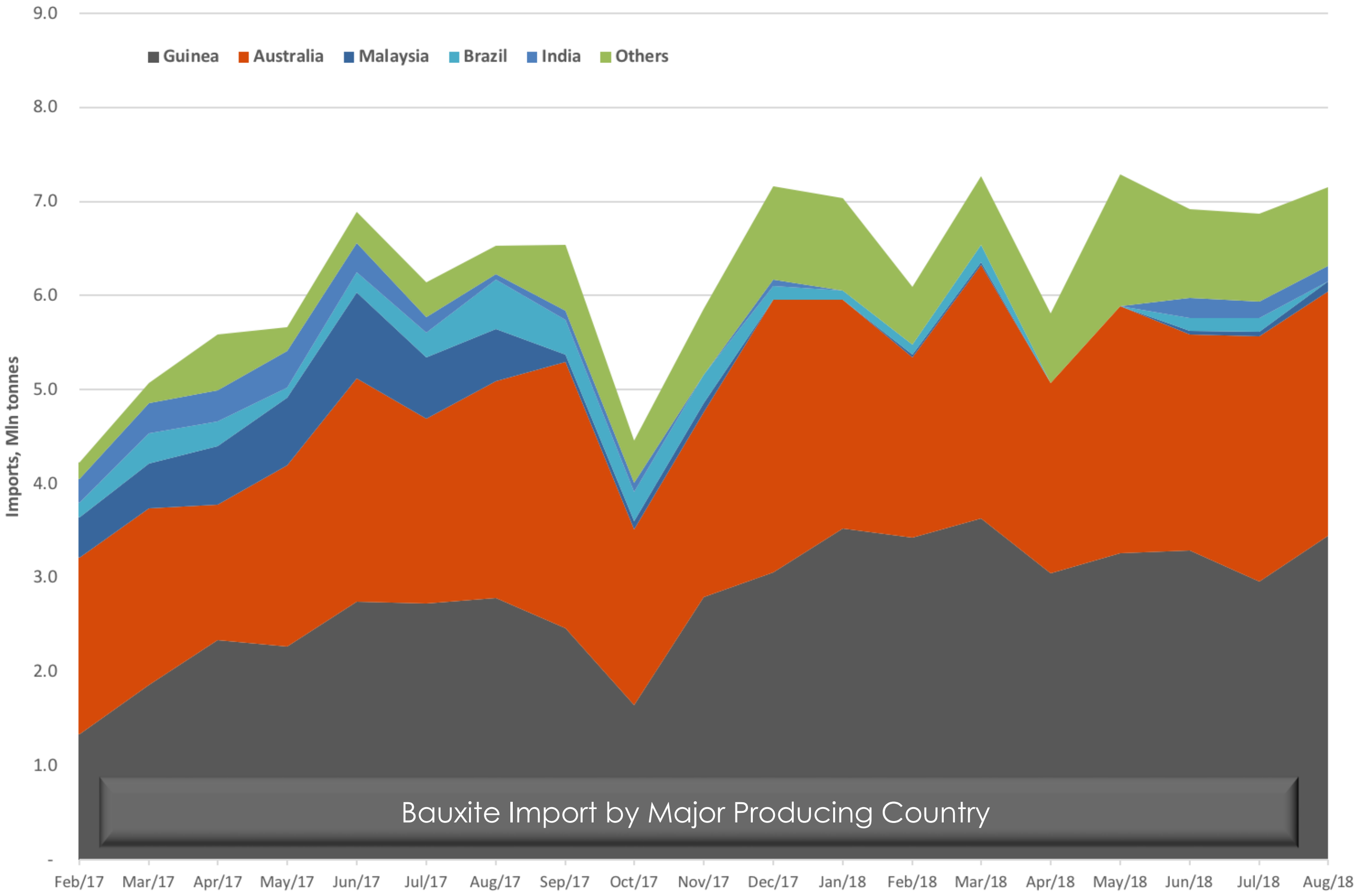
It is anticipated that sales in the December quarter will be more even product split meaning a positive impact on average prices received compared to the September quarter.

It should be noted that Alumina prices continue to remain strong as a result of:

- Uncertainty over US sanctions announced against Rusal;
- Uncertainty surrounding the partial closure of the Alunorte Alumina refinery in Brazil;
- Higher alumina production costs in China resulting from higher input costs.
- Residual impact of strike action by unions at Alcoa's Western Australian alumina operations

Given all revenue is US$ denominated, the lower A$/US$ exchange rate continues to have a positive impact on Metro's A$ revenue.

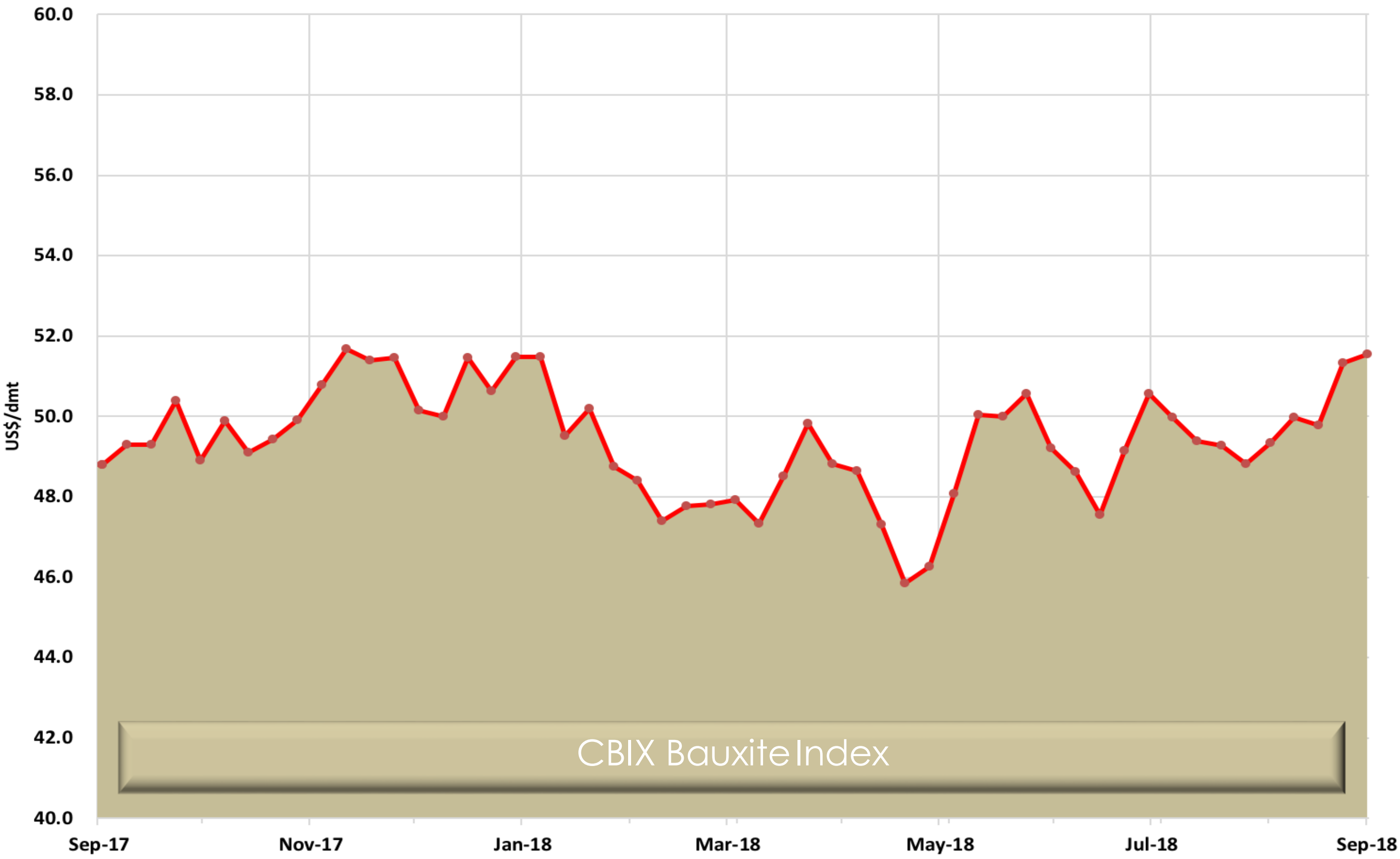
Commentary



China Market: China imported 6.9mt and 7.1mt of bauxite during July and August, representing an annualised rate of 84mt pa for Q3. Guinea still holds its position as the largest bauxite exporting nation into China during the first two months of Q3, with a total of 6.4mt of bauxite landed in China. Wet season in Guinea has shown little effect on bauxite exports. Notably during Q3, another Guinea bauxite miner Alufer commenced mining production at its Bel Air operation with export designated for Chinese refineries expected to arrive in Q4.

Environmental and other regulatory pressures continue to weigh on domestic bauxite supply. Furthermore, as authorities increase the frequency of environmental audits and regulatory compliance checks of targeted industries and regions in the lead up to the 2018/19 winter season, domestic prices were pushed to reach new record highs over Q3. Prices in Shanxi and Henan experienced increases of 19% QoQ and 10% QoQ respectively. Amid the price surge, inland refineries are ramping up importing activities this quarter, with bauxite from Guinea, Australia, and Greece landing in China during July and August, plus a growing number of inland refineries seeking opportunities for imported bauxite.

Commentary



Bauxite Prices: Imported bauxite prices CFR China measured by the CBIX bauxite index (a Value-in-Use Index) trended 4% higher QoQ during the quarter, to US$50.4/dmt. On a ViU adjusted basis, over 55% of the traded tonnages were concluded higher than the Q3 CBIX standard bauxite price, representing good sale value.

Caustic soda prices in Shandong eased 4.7% over the quarter to RMB 2,650/t (100% NaOH equivalent liquid caustic, delivered, VAT excl.), while coal prices edged 1.1% higher QoQ to RMB563/t (VAT incl. FAW). Increasing coal prices as well as government initiatives to reduce coal consumption, especially in those environmentally sensitive areas, put inland HT refineries at a greater disadvantage compared with coastal LT plants.

METRO MINING LIMITED
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Contact: Simon Finnis, **Managing Director & Chief Executive Officer** | Amy Treble, **Company Secretary**
Duane Woodbury, **Chief Financial Officer**
Registered Office & Head Office: Level 2, 247 Adelaide St, Brisbane | GPO Box 10955, Brisbane Q 4000

+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	Quarter ended ("current quarter")
45 117 763 443	30-Sep-18

Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1 Cash flows from operating activities		
1.1 Receipts from customers (Note 1)	35,890	35,890
1.2 Payments for		
(a) exploration & evaluation	(104)	(104)
(b) development		
(c) production	(35,543)	(35,543)
(d) staff costs	(758)	(758)
(e) administration and corporate costs	(858)	(858)
(f) marketing fees	(379)	(379)
1.3 Dividends received		
1.4 Interest received	119	119
1.5 Interest and other costs of finance paid	(1,413)	(1,413)
1.6 Income taxes paid		
1.7 Research and development refund		
1.8 Other - inventory build up	(188)	(188)
1.9 Net cash from / (used in) operating activities	**(3,234)**	**(3,234)**

(Note 1) - Receipts from customers are only cash received and excludes amounts outstanding under letters of credit

2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(559)	(559)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	1	1
(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		
2.5 Payments for business combination		
2.6 Net cash from / (used in) investing activities	**(558)**	**(558)**

3 Cash flows from financing activities		
3.1 Proceeds from issues of shares	4,313	4,313
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(17)	(17)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9a Other - Finance lease payments	(926)	(926)
3.9b Other		
3.11 Net cash from / (used in) financing activities	**3,370**	**3,370**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	23,295	23,295
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,234)	(3,234)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(558)	(558)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,370	3,370
4.5	Effects of foreign exchange	45	45
4.6	**Cash and cash equivalents at end of period**	**22,918**	**22,918**

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** **$A'000**	**Previous quarter** **$A'000**
5.1	Bank balances	13,463	13,295
5.2	Call deposits	9,455	10,000
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)**	**22,918**	**23,295**

6	**Payments to directors of the entity and their associates**	**Current quarter** **$A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	(113)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0

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

6.1 Directors fees

7	**Payments to related entities of the entity and their associates**	**Current quarter** **$A'000**
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

8	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end** **$A'000**	**Amount drawn at quarter end** **$A'000**
8.1	Loan facilities (Note 2)	(41,177)	(41,177)
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

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.

(Note 2) 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 Ingatatus 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 Ingatatus 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	489
9.2	Development	1,000
9.3	Production	38,581
9.4	Staff costs	711
9.5	Administration and corporate costs	722
9.6a	Other - Payment for Financial Assurance Bond and other security deposits	1,127
9.6b	Other - Marketing costs	445
9.6c	Other - Financing and interest costs	1,216
9.7	**Total estimated cash outflows**	**44,291**

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	Exploration permit - Direct interest 1 sub block	80%	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: 15 October 2018

Print name: Amy Treble (Company secretary)

Notes

1. 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.
2. 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.
3. 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.