

## Q4 2019 Highlights

- Total production for the Dec Quarter was 1.204 Million Wet Metric Tonnes ("WMT") mined and 1.253 Million WMT shipped;
- Total shipments for the year were 3.504 Million WMT;
- Metro achieved its revised 2019 production and shipping guidance of 3.3 - 3.5 Million WMT;
- Quarterly Sales Revenue (net) of A\$69.3M and site EBITDA of A\$12.6M;
- Average price received of A\$55.27/WMT with an average margin of A\$10.03/WMT;
- FY 2019 Sales Revenue (net) of A\$196.7M with an average operating margin of A\$12.57/WMT;
- Metro's available cash on hand and receivables as at 31 Dec 2019 was A\$39.9M;
- Metro received an offer of a Loan Facility of up to A\$47.5M from the **Northern Australia Infrastructure Facility ("NAIF")** for Bauxite Hill's Mine Stage 2 Expansion to 6.0 Million WMT pa;
- Sprott debt facility was refinanced as part of the funding structure for the Stage 2 expansion.

Bauxite Hills Production Results	2019				2018	
Period	Jun Qtr	Sept Qtr	Dec Qtr	YTD	Dec Qtr	Full Yr
Bauxite Mined (WMT) ('000)	880	1,420	1,204	3,504	743	2,047
Bauxite Shipped (WMT) ('000)	836	1,415	1,253	3,504	816	2,037
Bauxite Mined (WMT per day)	**11,282	15,435	*14,336	N/A	8,348	8,123
Bauxite Shipped (WMT per day)	**10,718	15,379	*14,919	N/A	9,170	8,084



\*Operations ceased 23 Dec therefore 84 operating days  
 \*\* Operations commenced 13 April therefore 78 operating days

# Bauxite Hills Mine Operations

## SAFETY PERFORMANCE

An excellent safety result in the December quarter with the site completing 187,937 work hours Lost Time Injury Free and High Potential Incident Free. Improvements to the safety systems identified previously and implemented throughout the quarter had a positive impact and there has once again been an increase in hazard identification and reporting across the site.

Continuous improvement to Metro's safety systems remains an ongoing priority.

## SITE BASED ACTIVITIES

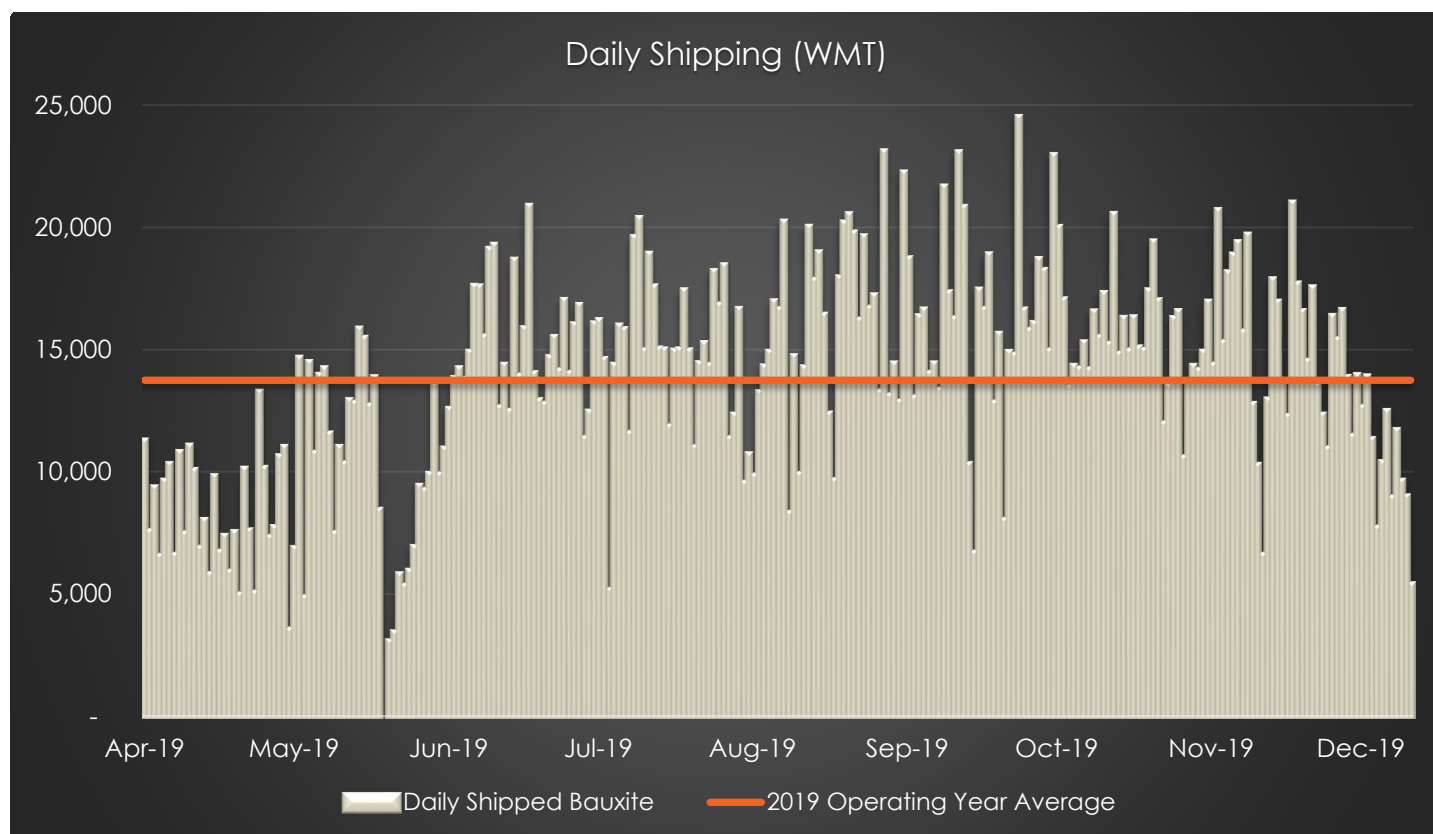
Bauxite mining for the quarter was 1.204 Million WMT with 1.253 Million WMT shipped; both of which met budget levels. This took total shipments for 2019 to 3.504 Million WMT which was at the upper end of revised guidance for the year.

The final ship for the year completed loading on 23 December. Subsequently, the planned shut-down of operating activities for the far north Queensland wet season was successfully implemented and operations are scheduled to re-commence in April 2020.

Over the next three months there will be reduced activity at site and focus will be on equipment and road maintenance, mine planning for the 2020 year and general site improvements.

The quarter produced another solid result for Bauxite Hills with mining and shipping levels as anticipated. All aspects of the logistics chain performed well. Mining and haulage continue to benefit from high machine availabilities, the barge loading facility is operating at or above required levels, and shiploading rates have been assisted by high operator productivity.

Despite initial signs of commencement of the wet season from mid-December, operating conditions both on land and in the sea-state continued to be favourable during the quarter.



# Bauxite Hills Mine Operations

Daily mining rates were lower during the quarter as there were sufficient stockpiles available to meet shipping requirements. Mechanical availability of equipment (+90%) remained high, allowing the operation to continue to be efficient and productive.

Rehabilitation activities accelerated given the internal and in-pit access roads are now at a stage to facilitate the required access. A total of 38 Ha of mined-out area have been prepared for revegetation during 2019 with both sub-soil and top soil replaced. These are ready for seeding and that will commence during the wet season. Continual rehabilitation will be a key feature of future mining activities.

Transshipment activities wound down in December in preparation for the changing weather conditions and sea-state during the wet season. A total of 56 Ocean Going Vessels were loaded during 2019, up from 33 in 2018. The last shipment of the year encountered some issues relating to crane operation and when coupled with a partial month of shipping, reduced the monthly shipping average for December.

The underlying site unit costs for the quarter were A\$21.19/WMT. This was higher than the September quarter and largely reflected the lower operating volumes in December, and the impact of inventory adjustments as stockpiles were eliminated prior to the cessation of the operating season.

As anticipated, unit costs of ocean freight were higher this quarter due to a strengthening ocean freight market. There was increased demand and vessels started transitioning towards the use of higher cost, low sulphur fuel as part of new regulations being enforced by the International Marine Organisation as at 1 January 2020.

In preparation for 2020, a number of activities were completed during the quarter.

- Minor upgrades were implemented to the Barge Loading Facility to increase belt speed, which in turn will increase throughput rates in preparation for the 2020 year. These upgrades were successfully commissioned in December;
- Initial mining areas for 2020 have been cleared, which will allow mining to commence immediately following the wet season;
- 3 new triple trailers were ordered which will result in the haulage fleet for 2020 comprising entirely of these 200t capacity sets; and
- Parts were ordered to complete prime mover modifications required to tow the new triple trailers.

**\*Relates to operating season**

Unit Operating Results	2019 *			2018 *
	Sept Qtr	Dec Qtr	YTD	Full Year
<b>Revenue A\$/WMT</b>	56.22	55.27	56.13	58.20
<b>Costs</b>				
Site Cost A\$/WMT	18.62	21.19	20.68	24.23
Non-Site Cost				
▪ Freight A\$/WMT	15.87	18.74	17.12	18.06
▪ Royalties A\$/WMT	5.95	5.30	5.77	5.73
<b>TOTAL</b>	<b>40.44</b>	<b>45.24</b>	<b>43.57</b>	<b>48.03</b>
<b>EBITDA MARGIN A\$/WMT</b>	<b>15.78</b>	<b>10.03</b>	<b>12.57</b>	<b>10.17</b>





# Bauxite Hills Mine Operations

## BAUXITE HILLS MINE STAGE 2 EXPANSION

Work proceeded on the detailed engineering and design work related to the Stage 2 Expansion to an annual operating production rate of 6.0 Million WMT by 2021. Rocktree Consulting (EPCM Consultants for the Floating Terminal) are tendering for the long lead time items and the project costs remain in line with DFS estimates. At the end of the quarter, tenders had been received for all major work packages.

The final board decision will follow completion of the detailed engineering and design work.

## FINANCING

During the quarter, Metro announced changes to its debt facilities and funding plans related to the Stage 2 expansion.

### North Australian Infrastructure Facility

- The Board of NAIF made an Investment Decision to offer a Loan Facility for Metro Mining Limited's Bauxite Hill's Mine Stage 2 Expansion;
- The Facility is for up to A\$47.5 Million provided through a loan for up to 9 years;
- The NAIF funding is to be used for the construction and mobilisation of a Floating Terminal at Skardon River. The Floating Terminal is the main component of Stage 2 comprising around 85% of the total estimated capital costs;
- Metro and NAIF continue to work together to finalise documentation and satisfy customary Conditions Precedent to drawdown including all Government approvals in relation to the financing.

### Re-Financing of Existing Debt Facilities

Metro made an early repayment of the existing Sprott Private Resource Lending ("**Sprott**") facility totaling US\$9.65M plus accrued interest;

- Metro has entered into new loan facilities totaling A\$15.0 Million with Metro's existing lender Ingatatus AG (\$7.5 Million) and, new lender, Lambhill Pty Ltd (\$7.5 Million);
- This is part of finalising the debt funding package of the Stage 2 expansion at Bauxite Hills in conjunction with the offer of a NAIF loan. The facility will enable the NAIF loan to be senior secured first ranking. The key terms of the new facilities are;
  - Maturity on 1 January 2022;
  - Three equal repayments (of an aggregated \$5.0M) on 1 July 2021, 30 Sept 2021 and 1 Jan 2022;
  - Senior secured, second ranking behind the NAIF debt facility.





# BAUXITE SALES

All production during the December quarter 2019 was sold and shipped to Chinese customers and deliveries were within contractual specifications.

Approximately 2.3 Million WMT of the 2019 production was sold under the long-term off-take to Xinfu. Under this contract prices received were linked to an RMB denominated alumina price index. Pricing of the rest of 2019 product sales was linked to the prevailing spot market price.

Average price received pricing for the December quarter was in line with the June and September quarters. Through the year there has been softening in the Chinese domestic market generally which is reflected in lower alumina and bauxite prices and a weaker RMB/US\$ exchange rate.



## INDIGENOUS ENGAGEMENT

Metro hosted representatives of the Seven Rivers Aboriginal Corporation (SRAC), Old Mapoon Aboriginal Corporation (OMAC) and the Mapoon Land and Sea Rangers at the mine site to undertake the annual infrastructure review and also assess erosion monitoring locations along the Skardon River. These reviews were then discussed at the final Liaison Committee meeting for the Bauxite Hills Mine that was held in Cairns at the end of November. In addition to the standard agenda of operations, environmental, employment and business opportunity updates, the meeting also set timeframes for the Ancillary Agreement and Cultural Heritage Management Agreement reviews, to be undertaken in May 2020.

Metro presented at the Mapoon Community Meeting that was hosted by OMAC and the Mapoon Aboriginal Council, providing an update on the operations and answering questions from the local community. Interviews were undertaken in Injinoo for a new Ankamuthi Community Liaison Officer (CLO), with the successful applicant starting with Metro in November. The two Metro CLO's spent time in Injinoo, Mapoon, Cairns and Hopevale, as well as time at the mine site as support for Ankamuthi and other Indigenous employees. Seed collection workshops continued in Mapoon and Injinoo on a monthly basis.



Left to Right - Colleen Fish, Dale Salee - alternate for Polly Woosup, Tracey Ludwick, Diane Nicholls, Catherine Salee, Charles Woosup, Mark Gebadi, Delora Nixon, Graham Tanner

# \*Bauxite Price Outlook

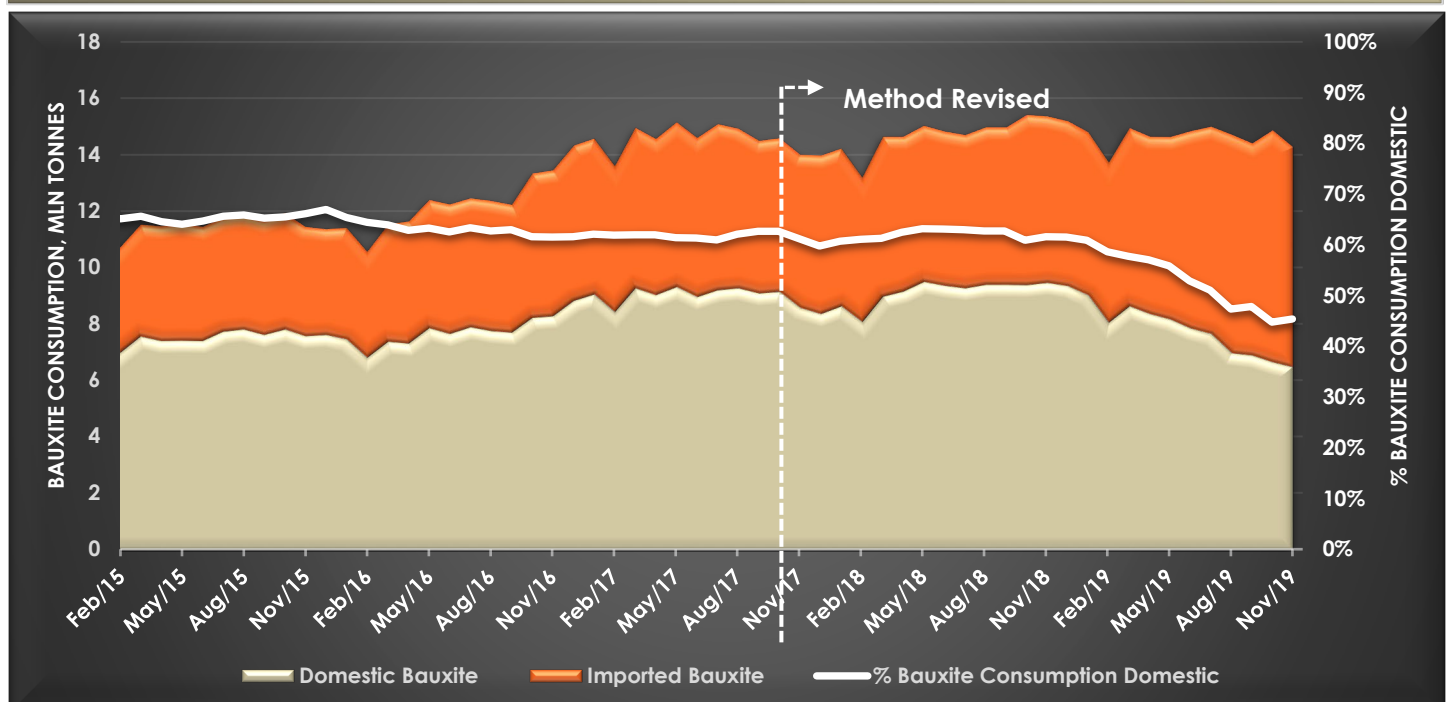
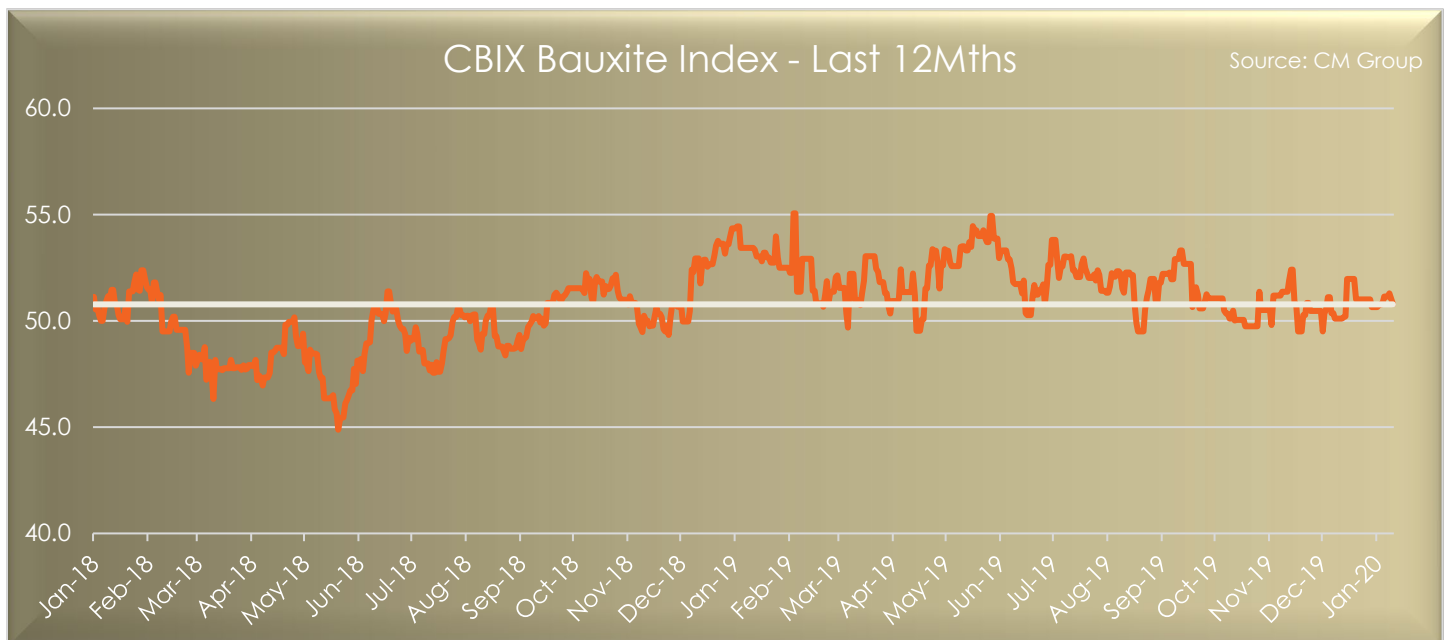
\*Source: CM Group

Price and demand outlook for bauxite were stable during the quarter. Whilst Chinese demand was higher, supply from Guinea increased with the conclusion of their wet season (which in 2019 particularly disrupted shipments) and weak domestic alumina prices continued to impact refiner profit margins.

China's November bauxite imports were up 11.4% to 7.2 Million WMT (month-on-month) with strong growth from Guinea and Indonesia being partially offset by lower shipments from Australia. Year to date imports were 10Mt higher than the same period last year and total 2019 imports were on track to exceed 100 Mt for the first time.

Demand from inland refineries, after a period of strong growth, has started to moderate. This is being driven by the lower domestic alumina prices which are impacting profit margins given higher import costs and some supply/inventory issues relating to the onset of winter. These issues are likely to continue in the short term which will moderate overall demand growth during this period.

Imported bauxite prices CFR China, as measured by the CBIX bauxite index, remained at recent levels of US\$50.80/DMT (dry metric tonne).





# Corporate

**CASH POSITION:** Metro's cash on hand and trade receivables at 31 December 2019 was A\$39.9 Million compared to \$43.5 Million at the end of the Sept 2019 quarter with the reduction related to lower outstanding creditors with operations moving to care and maintenance, and debt repayments made to Sprott prior to the refinancing. In addition, Metro holds A\$7.1 Million of restricted cash, comprising financial assurance bonds and other security deposits.

**DEBT FACILITIES:** At Quarter end, Metro had two drawn project debt facilities, including accrued interest, totalling A\$35 Million.

- The A\$7.5 Million facility with Lambhill Pty Ltd which will amortise in three equal repayments on 1 July 2021, 30 September 2021 and 1 January 2022.
- Total of A\$27.5 Million outstanding to Ingotatus AG Pty Ltd (a related party of Metro's substantial shareholder Balanced Property). These will amortise in three equal repayments (due on 1st July 2021, 30th September 2021 and 1st January 2022) with the new repayment date of 1st January 2022.

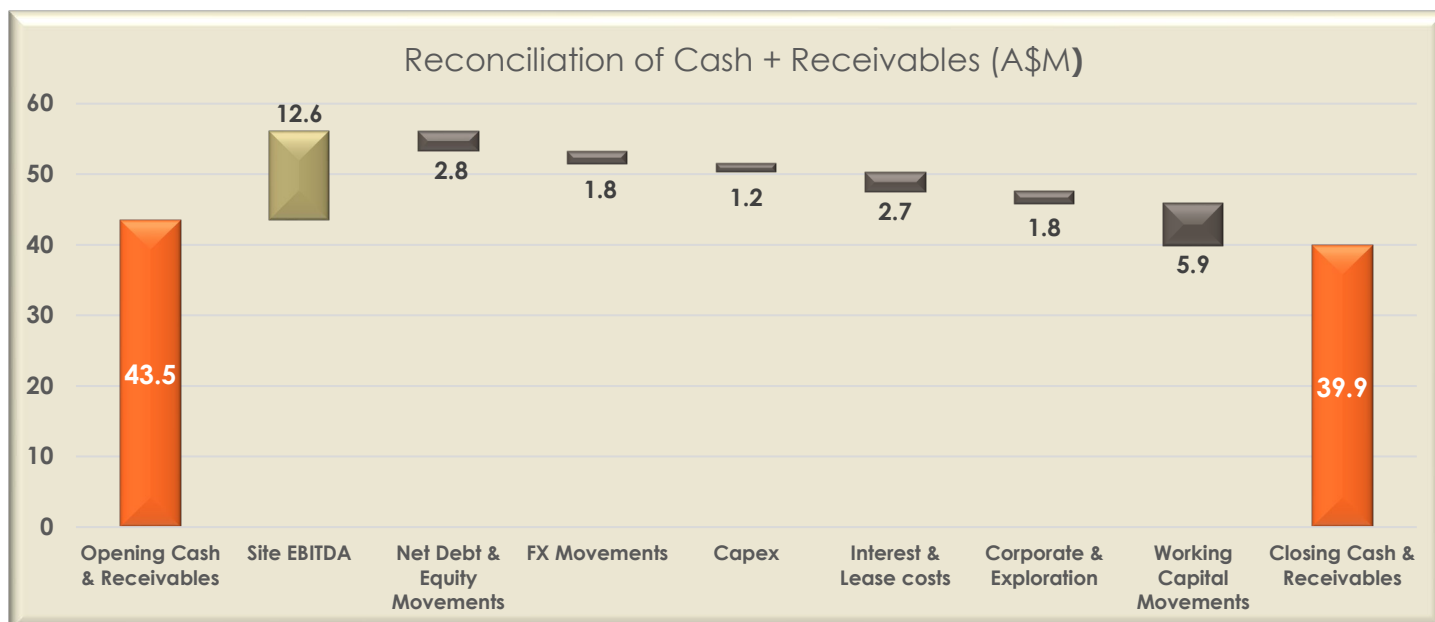
**HEDGING:** No forward sale, A\$/US\$ contracts were in place as at quarter end.

**OTHER:** During the quarter, Metro announced the appointment of highly respected mining executive Lucas Dow to the Board, effective 1 November 2019.

Given Metro's focus on bauxite, opportunities continue to be assessed to divest Metro's coal assets in a value accretive way.

Through Metro's business development initiatives, several opportunities in the bauxite industry are under review and assessment as part of the company's long-term strategic growth plans.

**CASHFLOW:** Reconciliation of cash & trade receivables movements during Quarter is below.



ASX: MMI | ACN 117 763 443

For Further Info: P: +61 (0) 7 3009 8000 | E: [info@metromining.com.au](mailto:info@metromining.com.au) | W: [www.metromining.com.au](http://www.metromining.com.au)

Contact: Simon Finnis, MD & CEO | Mitchell Petrie, Company Secretary | Duane Woodbury, CFO

Address: Lvl 2, 247 Adelaide St, Brisbane | GPO Box 10955, Brisbane Q 4000

This ASX Announcement has been authorized by, Metro Mining Director, Simon Finnis.

This Announcement has been prepared for publication in Australia and may not be released or distributed in the USA. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the USA or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.