ANNUAL REPORT 2020

METRO MINING LIMITED

Explore | Define | Mine

Chairman's Report

My Fellow Shareholders,

It is my pleasure to present Metro Mining's Annual Report.

I look forward to providing an update in my shareholder address at our AGM on 26 May.

Total shipments from the Bauxite Hills Mine for the calendar year (our financial year) were 3.504 Million Wet Metric Tonnes (WMT). We mined and shipped the upper end of our revised guidance, achieving a 71% increase in production over 2018, which was pleasing given 2019 was our first year as an owner/operator.

For the year ended 31 December 2019, Group generated revenue was $199 Million from bauxite sales, and profit before tax of $5.984 Million, from a site EBITDA of $27.45 Million. Surplus cash flow recorded was $11.4 Million and net current assets were $26.6 Million.

Towards the end of the year there was a softening in the Chinese domestic market which resulted in lower alumina and bauxite prices and a weaker RMB/USD exchange rate. While these factors had a dampening effect on USD denominated sales revenue the Group received the benefit of a lower AUD/USD exchange rate.

All our production was sold and shipped to Chinese customers; a very satisfying result given increased competition from Guinea. Despite uncertainties in global trade conditions China imported over 100Mt of bauxite in 2019, an increase of 18Mt from 2018, with Australia and Guinea being the two biggest suppliers.

Following the completion of the Definitive Feasibility Study your Board has overseen planning of the Stage 2 Expansion to 6.0 Million WMT pa by 2021. This has been driven by a strategy to increase production and further reduce operating costs.

Importantly, Metro received an offer of a Loan Facility of up to $47.5 Million from the Northern Australia Infrastructure Facility ("NAIF") for the Stage 2 Expansion. At time of writing Queensland Treasury had notified Metro of the State Government's "No Veto" decision for the previously announced Loan Facility from NAIF.

In addition to our own team who spent many months on NAIF loan documentation, I would like to acknowledge the extensive contribution of NAIF officers and Board together with Federal and State Governments, Local Members, Ministers and officials.

By end 2019, tenders had been received for all major work packages associated with the Floating Terminal, which is 84% of the cost of the Stage 2 Expansion, and final Board decision will follow financial close of the NAIF loan.

Currently, everything we do and achieve pivots around production at the Bauxite Hills Mine. I congratulate Metro's on-site team, our contractor partners and our suppliers on their achievements. I also acknowledge the continued support provided by the Brisbane and Cairns based management team and support staff.

In December 2018, the Board made the decision to transition to an owner-operator model for the mining and haulage functions. This change generated significant efficiencies and cost reductions across site. The transition and implementation of other changes in operational processes led to an improved site production unit cost, from an average of $24.23 per WMT for the 2018 production period to an average of $20.68 per WMT for the 2019 production period; a reduction of 15%.

I thank all my fellow Board members for their dedication and hard work. In addition to its management oversight accountabilities, your Board has continued to work diligently on its Governance, social and environment responsibilities. It is pleasing to note that Metro's first Sustainability Report will be available at the AGM.

We are proud of our continued engagement with our Traditional Owners, who remain at high levels of employment and re strongly supportive.

Whilst Metro is a relatively new arrival on the bauxite scene, the Board is pleased with the company's ongoing development. We have already earned a reputation as a significant, independent and reliable Australian bauxite producer and have often been applauded for doing what we say we will do.

At the time of writing, the COVID-19 Virus is becoming a major issue. The Board is taking appropriate action to safeguard the well being of our employees, contractors and the company as a whole and I will provide an update in my AGM presentation to shareholders.

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

I thank all shareholders, large and small, for your ongoing support. In particular, I thank and acknowledge our established financiers.

Sincerely,

Stephen Everett | **Chairman**

Managing Director's Report

Fellow Shareholders,

As reported, we achieved a 71% increase in production to 3.504 Million WMT from 2018 levels – an excellent achievement! I personally congratulate the Metro team together with our contractor partners and service providers on their efforts.

We loaded 56 vessels for our Chinese customers and all deliveries were within contractual specifications.

All those at Bauxite Hills Mine should be justifiably proud, as should those who support the mine's operations in a myriad of ways. A great deal of effort goes on behind the scenes at our administrative offices in Cairns and Brisbane.

Along with the production uplift we achieved significant efficiencies and overall cost reductions across site. Various changes in the logistics processes and upgrades to site systems have delivered an improvement in unit costs from an average of $24.23 per WMT for the 2018 production period to an average of $20.68 per WMT for the 2019 production period.

The expansion and upgrade projects delivered during the 2019 wet season hiatus, including duplication of the screening plant and stacker, the addition of higher payload triple-set trailers and a further two 7,000 tonne barges, all added to the successful delivery of increased production rates. In the second half of 2019 the daily mining and shipping rates averaged approximately 15,000 WMT per day, easily exceeding those achieved in same period of the preceding production year.

In addition to another incremental production increase on site, this year much of our focus is on the Stage 2 Expansion and everything it entails. The aim is to produce 6 Million tonnes per annum at Bauxite Hills Mine delivering increased revenue and, most importantly, lower unit costs of production. The largest component of the expansion is the construction and mobilisation to site of a floating terminal which will enable loading of vessels up to Capesize at a significantly improved rate. This will give us the double benefit of lower ocean freight and more capacity in the bauxite loading system.

The North Australian Infrastructure facility ("NAIF") loan facility of up to $47.5 Million will fund the floating terminal. At time of writing Queensland Treasury had notified Metro of the State Government's "No Veto" decision for our previously announced NAIF loan facility. To enable acceptance of the loan we have restructured our other debt funding, allowing the NAIF loan to be senior secured first ranking. I will provide a detailed update during my presentation at the AGM.

Our financial results are contained within this Annual Report and in summary I was particularly pleased with the increase in revenue to $199 Million and a profit before tax of $5.984 Million.

Our marketing strategy for 2020 will focus on executing further long-term offtake agreements to support our stage 2 expansion. At the time of writing we have 63% of our planned 2020 operating production sold.

We continue to enjoy the strong support of the Ankamuthi people, the traditional owners of the land at the Bauxite Hills Mine. I am particularly pleased we continue to have high levels of Ankamuthi people, and other indigenous employees, well in excess of our pledged target in the Ancillary Agreement. In this regard our record is second to none.

We believe it is very important to be supportive members of the local community in which we operate and, as such, we regularly engage and sponsor community events that encourage and maintain the cultural heritage of the region. We also promote cultural awareness among all our people with compulsory Cultural Awareness Training, delivered by Ankamuthi presenters, attended by all staff.

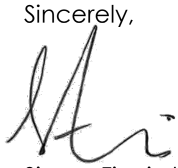
While the operation and continuous improvement of our activities at Bauxite Hills Mine are critical to our success, we are constantly seeking to examine how we can sensibly grow the business.

As the Chairman mentioned we will release our first Sustainability Report at the AGM, detailing our sustainability targets and achievements in 2019 as well as plans for further development in 2020 and beyond.

As we go to print COVID-19 is having a significant impact on all business and the way we do things. It is a highly fluid situation that requires constant modification and change. We have instituted a number of different Policies, Procedures and directives to protect our people and the integrity of our business.

In summary, while not without challenges, it has been another very good year for your Company and we are constantly striving to increase shareholder value.

Sincerely,



Simon Finnis | **Managing Director**

Stephen Everett
Independent Non-Executive Chair

Mr Everett has 40 years' Management and Board experience in the resources and construction industries and has held Chairman and Non-Executive Director positions on Government Development Boards and private, ASX listed and TSX listed companies.

Mr Everett has also held senior Executive positions including MD and CEO of private and publicly listed companies.

Mark Sawyer
Non-Executive Director

Mr Sawyer co-founded Greenstone Resources in 2013 after 16-years in the mining sector. Previously Mr Sawyer was GM and co-head of Group Business Development at Xstrata plc responsible for originating, evaluating and negotiating new business development opportunities. Mr Sawyer has also held senior roles at Cutfield Freeman & Co, a corporate advisory firm in the mining industry and Rio Tinto plc.

Simon Finnis
Managing Director & CEO

Mr Finnis is a mining executive with 30+ years experience.

Mr Finnis joined Metro as CEO in early 2015, becoming MD in January 2017, and has since successfully overseen capital raisings, Traditional Owner Agreements, Government permitting and product marketing.

Formerly, Mr Finnis was CEO of Grande Côte Minerals Sands operations in Senegal and responsible for $650 Million greenfield development.

Philip Hennessy AO
Independent
Non-Executive Director

Over the past 30 years, Mr Hennessy has been involved in corporate insolvency and reorganisation across a variety of industries and currently serves as an Independent Director and advisor to public, private and not-for-profit organisations. Previously he has served as Chair and Director of several Government owned Corporations and a Director of various not-for-profit organisations.

Fiona Murdoch
Independent
Non-Executive Director

Ms Murdoch has 30 years resource and infrastructure experience in Australia and overseas holding senior operational roles with AMCI Investments, MIM Holdings and Xstrata Qld. Ms Murdoch is a NED for KGL Resources Ltd and Chair of KGL's Risk and Audit Committee.

In addition, Ms Murdoch is on the Building Queensland Board and the JV Committee for West Pilbara Iron Ore Project.

2019 represented Metro Mining's second full period as an operating company. Pleasingly this has resulted in strong financial results and a sound year-end balance sheet.

OPERATING RESULTS

During the twelve months to December 2019, the Bauxite Hills Mine shipped and sold 3.504 Million WMT of bauxite at an average price of $56.79 per tonne, generating $199 Million of revenue. This compares to the first full year of operations (April 2018 to December 2018) where the Bauxite Hills Mine shipped and sold a total of 2.037 Million WMT of bauxite at an average price of $58.20 per tonne generating revenue of $115.7 Million.

The site operating costs during the production period were $20.68 per tonne and total operating costs, including non-site costs (i.e. freight costs and royalty payments), were $43.57 per tonne. This resulted in an average operating margin of $12.57 per tonne.

Gross profit (after depreciation and amortisation) from the Bauxite Hills Mine during the twelve-month 2019 period totalled $25.977 Million and group profit before tax was $5.984 Million.

BALANCE SHEET

Metro Mining maintained a strong financial position during this 12-month period. Cash on hand and trade receivables totalled $39.9 Million at the end of the 2019 calendar year. In addition, Metro held $7.1 Million of restricted cash comprising financial assurance for environmental bonds and other security deposits.

Metro's finance facilities totalled $35 Million. This is made up of $7.5 Million from Lambhill Pty Ltd and $27.5 Million from Ingatatus AG Pty Ltd (a related party of Balanced Property). These facilities have been structured with maturity profiles to match the anticipated increase in cashflow from Bauxite Hills Mine over the next two years.

- The $7.5 Million facility with Lambhill Pty Ltd will amortise in three equal repayments on 1 July 2021, 30 September 2021 and 1 January 2022.
- The $27.5 Million Ingatatus AG Pty Ltd will amortise in three equal repayments on 1 July 2021, 30 September 2021 and 1 January 2022

BAUXITE SALES

Metro experienced good appetite for its bauxite throughout 2019. The company executed new sales agreements to complete sales in 2019 and all shipments were delivered within contractual specifications. Metro currently has sales contracts in place to cover approximately 63% of the upgraded 2020 production target of 4.0M WMT.

Metro continues to engage with existing and new customers from refineries located in inland Chinese provinces where supply of domestic bauxite has been hindered by resource depletion, recent mine closures and environmental audits. Bauxite Hills' product specifications are well suited to the processing requirements of these refineries.

Approximately 2.2 Million WMT of planned 2020 production will be sold under a long–term off-take to Xinfa. Under this contract, prices received are linked to an RMB denominated alumina price index. Pricing of the remainder of product sales in 2020 are expected to be linked to the prevailing market price. This provides good exposure to both bauxite and alumina prices.

The demand outlook for bauxite continues to remain positive. Chinese bauxite imports hit a record level in 2019 of over 100Mt and market predictions are for China to continue to import record levels of bauxite in 2020 due in part to continued environmental sanctions on mines in China which have led to a tightening of domestic bauxite supply in the inland provinces.

Bauxite Hills Mine

THE BAUXITE HILLS MINE

Metro's, Bauxite Hills Mine is located on western Cape York in Queensland. The Mine has an estimated Reserve of 109.5Mt* and a total Resource of 138.2Mt* as of July 2019 and has been operating successfully, now, for two years.

In 2019 the Bauxite Hills Mine remained Metro's main focus. Total production was over 3.5 Million WMT of bauxite which was a 71% increase to production in 2018.

As 2018 was the mine's first year of mining, achieving just over 2 Million WMT of shipping, the growth to 3.5 Million WMT was a pleasing result, showing the scalability of the operation with little change to the operating strategy. Metro's target of 4 Million WMT in 2020 is a continuation of the company's growth profile, with the Stage 2 Expansion being the next logical step.

The fundamental advantage at Bauxite Hills is the simplicity of its mining operations. As the mines Direct Shipping Ore (DSO) is located near the surface it does not need blasting and following extraction is trucked to the nearby Port where, after being screened to 100mm, it is loaded onto barges. The barges then tow the DSO out to sea for transhipment into ocean going vessels.

In addition, late in 2018 the decision was made to transition to an owner-operator model for the mining and haulage functions at the mine and this resulted in further operational efficiencies and cost reductions across site.

STAGE TWO EXPANSION

Metro's Board has announced a Stage 2 Expansion to an annualised rate of 6.0 Million WMT.

The largest component of the Stage 2 Expansion is the construction and mobilisation of a floating terminal which will facilitate faster loading of larger ocean-going vessels.

Metro retained Rocktree Consulting to determine which floating terminal design is best suited to the Bauxite Hills Mine. Rocktree Consulting is an International company specialising in transhipping and have been instrumental in the design, engineering and construction of more than 20 floating terminals over the past twenty years. Detailed engineering and design of the Bauxite Hills Mine floating terminal is well underway.

As part of financing for the expansion, Metro received an offer for a loan facility of up to $47.5 Million from the Northern Australia Infrastructure Facility (NAIF). In addition, Metro restructured its existing debt funding arrangements to enable the NAIF loan, when drawn, to be senior secured first ranking.

*ASX Release 17 July 2019 & subject to mining depletion since July 2019

LOCAL EMPLOYMENT FOCUS

Proudly, the mine enjoys strong community support. Native Title and Land Access Agreements are in place and indigenous workers make-up a significant proportion of the mine's workforce.

As at 31 December 2019, the traditional owners of the land, the Ankamuthi people, and other indigenous employees, held 33%* of the positions at the Bauxite Hills Mine.

This exceeded Metro's indigenous workforce target of 20% during the 2019 operating year.

We are proud of our continued engagement with our Traditional Owner partners, and we continue to promote such engagement with the local communities in which we operate and to sponsor community events that encourage and maintain the cultural heritage of the region.

Late in 2019 Metro welcomed representatives of Seven Rivers Aboriginal Corporation (SRAC), Old Mapoon Aboriginal Corporation (OMAC), and Mapoon Land and Sea Rangers to the mine site to undertake the annual infrastructure review. Ancillary Agreement and Cultural Heritage Management Agreement reviews are to be undertaken in May 2020.

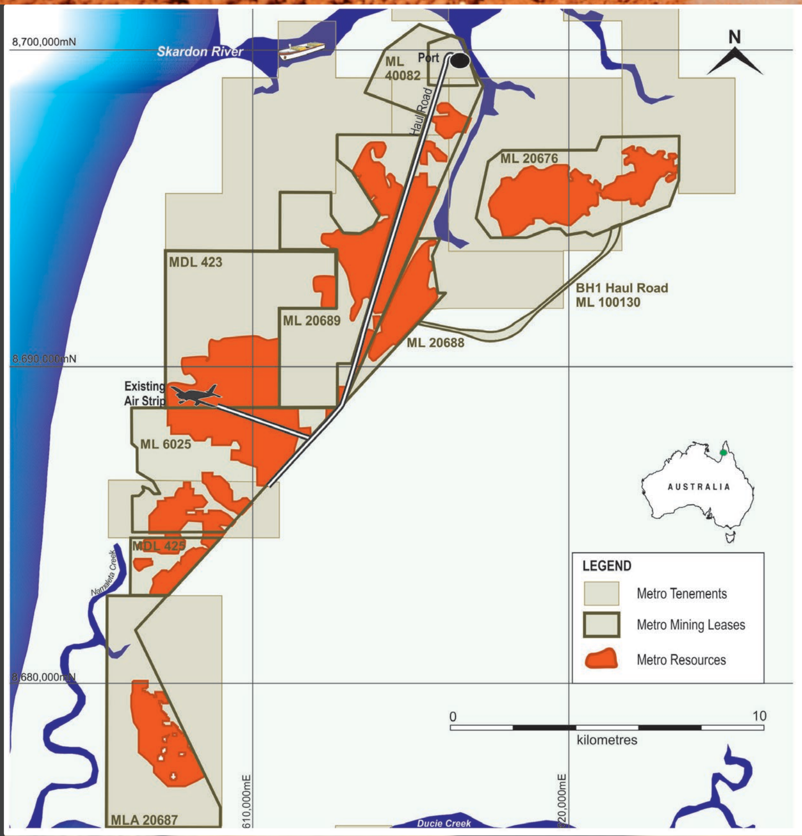
SAFETY

Metro's continuous improvement to safety systems at the Bauxite Hills Mine remained an ongoing priority in 2019. Increased hazard and incident reporting have enabled timely and appropriate action to occur. In addition, a new Safety Health Management System was successfully implemented at the Mine in the last quarter.

In 2019 Metro significantly increased its annual work hours from 187,937 in 2018 to 514,860. A sound safety result for the year was recorded with only two lost time injuries reported during 2019 and Metro's goal to achieve Zero lost time injuries in 2020 remains of paramount importance.

*At time of publication

Bauxite Hills Mine Location



Key Statistics

Project Overview				
Ownership:	Metro (100%)		**Location:**	Cape York, Qld
Commodity	Bauxite		**Product Type**	Direct Shipping Ore
Mine Type	Surface mining		**Status**	Operational
Contained Mineral:	**Reserves**	109.5Mt*	**Resources**	138.2Mt*
Operational Overview				
Commenced Mining	April 2018		**Operations**	Mining & transhipment
2018 Production	~2.04M WMT		**Workforce**	~200 personnel
2019 Production	~3.5M WMT		**Future Production****	~6M WMT pa (from 2021)
2020 Production Guidance	~4.0M WMT		**Mine Life**	18 years

**ASX Release 17 July 2019 & subject to mining depletion since Jul 2019 | ** Subject to Board Approval*

COMMUNITY & TRADITIONAL OWNERS

Metro Mining believes a fundamental requirement of successful business is supporting the communities where we operate. We recognise our licence to operate rests on our sustainable performance which incorporates achieving positive social and economic outcomes in the Cape York region.

In 2019 the Bauxite Hills Mine Liaison Committee met four times with elected representatives from the Native Title holders (Ankamuthi people), Aboriginal landowners (Old Mapoon Aboriginal Corporation) and Metro in attendance. Liaison Committee Members work together to achieve best possible outcomes at the Bauxite Hills Mine and associated communities. Liaison Committee members report opportunities, upcoming events and mine achievements to their communities as well as provide a voice from the community back to the mine.

In addition to the Liaison Committee, Metro directly employs two Ankamuthi Community Liaison Officers that are based in the local communities and who divide their time between Injinoo, Mapoon, Hopevale and Cairns, interspersed with time on the mine site to support the Indigenous workforce.

Metro strives to understand the cultural significance of the lands in which we operate and take appropriate measure to ensure Cultural Heritage is respected and preserved. In 2019, Metro employees, including Board Directors, undertook specific Cultural Awareness Training conducted by Ankamuthi people.

Metro Mining's Cultural Heritage Management Agreement (CHMA) requires Metro to work with the Ankamuthi-appointed Heritage Body to ensure land at Bauxite Hills Mine site is not disturbed without a detailed archaeological survey and identified cultural management practices being undertaken. Cultural Heritage Monitors from the Ankamuthi people are engaged during the initial archaeological survey and during any vegetation clearing that occurs on site.

In 2019 Metro hosted NAIDOC celebrations onsite with employees and Liaison Committee members attending. Celebrations commenced with Traditional Owner employees preparing and cooking a Kup-murri meal for all participants to enjoy with traditional dancers playing an important role in making the occasion a success.

Metro also provided a number of sponsorships in the local communities over 2019 including community meetings, NAIDOC week celebrations in Mapoon, the Angkamuthi Tribal Aboriginal Corporations Connect-to-Country, for students during school holidays, to experience cultural food collection and hunting methods, the Northern Peninsula Area Show, the Red Dust Rodeo and the sponsorship of two Ankamuthi representatives to attend the Darwin Indigenous Economic Development Summit to stimulate ideas and business opportunities for the Ankamuthi people.

Bauxite Hills Mine newsletters are distributed to Indigenous and non-Indigenous stakeholders giving information on activities at the mine and communities.

Traditional dancers at the Kup-murri dinner held onsite during NAIDOC week.

ENVIROMENT

Metro Mining is committed to delivering returns through the implementation of sustainable environmental management programs across all aspects of our business, including offices, mine sites and tenements.

A significant achievement in 2019 was completion of the first area of site rehabilitation after only two years of operation. An initial area of approximately 15ha was reshaped, topsoiled and seeded as a trial for planned rehabilitation methods. All tree and shrub seeds were supplied from the Injinoo and Mapoon Indigenous seed collection program, run by Metro, and seed application was completed by an Ankamuthi business.

Metro recognises the science of climate change and acknowledges we are living in a changing climate influenced by anthropogenic activities. Greenhouse gas emissions for Bauxite Hills mining operations up to 5Mtpa were modelled to be 10,921 tonnes of CO_2 equivalents. This is well below the 25,000 tonnes of CO_2 equivalents that trigger the National Greenhouse and Energy Reporting (NGER) requirements, therefore no specific greenhouse gas emissions have been monitored for 2019. However, with planned expansion in 2021 Metro will be focussed on updating emissions modelling and also seeking opportunities to improve efficiency of operations to reduce our emissions in line with the International Council on Metals and Mining (ICMM) position statement on climate change.

The Bauxite Hills Mine does not operate an on-site landfill with all waste either re-used, recycled or shipped off-site for final disposal. Each waste stream is separated and recycled or disposed of in compliance with relative regulations.

During 2019 Metro continued to improve waste procedures, including establishing a waste segregation and transfer area and by the continuous education of our workforce to minimise waste generation and ensure proper segregation of waste streams.

The majority of waters surrounding Bauxite Hills Mine are considered of high ecological value which places high importance on careful monitoring and managing water systems to ensure no negative impact to receiving environments. Water management on site aims to manage groundwaters, surface waters, mine water releases, stormwater and dust suppression activities in compliance with relevant water licensing and industry regulators. Monitoring is undertaken on a monthly basis for surface water and groundwater locations, with specific event monitoring also undertaken during the wet season or for any release of water from site.

In 2019, Metro self reported a number of minor environmental incidents to Department of Environment and Science (DES) including two small diesel spills and a number of minor exceedances of STP effluent irrigation water. All incidents were managed appropriately to ensure no environmental harm and DES determined no regulatory action was required.

Metro finalised planning and has reached conceptual agreement from the Commonwealth Department of Environment and Energy regarding the environmental offset research project. Further details of the offsets program will be provided over coming years as the research is established and results are accumulated.

Once again in 2019 Metro held its internal Environmental Workshop, including site and corporate teams, along with specialised consultants where required. The workshop was successful in setting expectations and priorities for the year, and ensuring all levels of the team have input into the ongoing environmental priorities.

EXPLORATION ACTIVITES

Metro Mining holds a total tenement package covering approximately 1,900sq kms of bauxite exploration tenements in western Cape York in Queensland. Western Cape York is a region world-renowned for its high-quality export-grade bauxite.

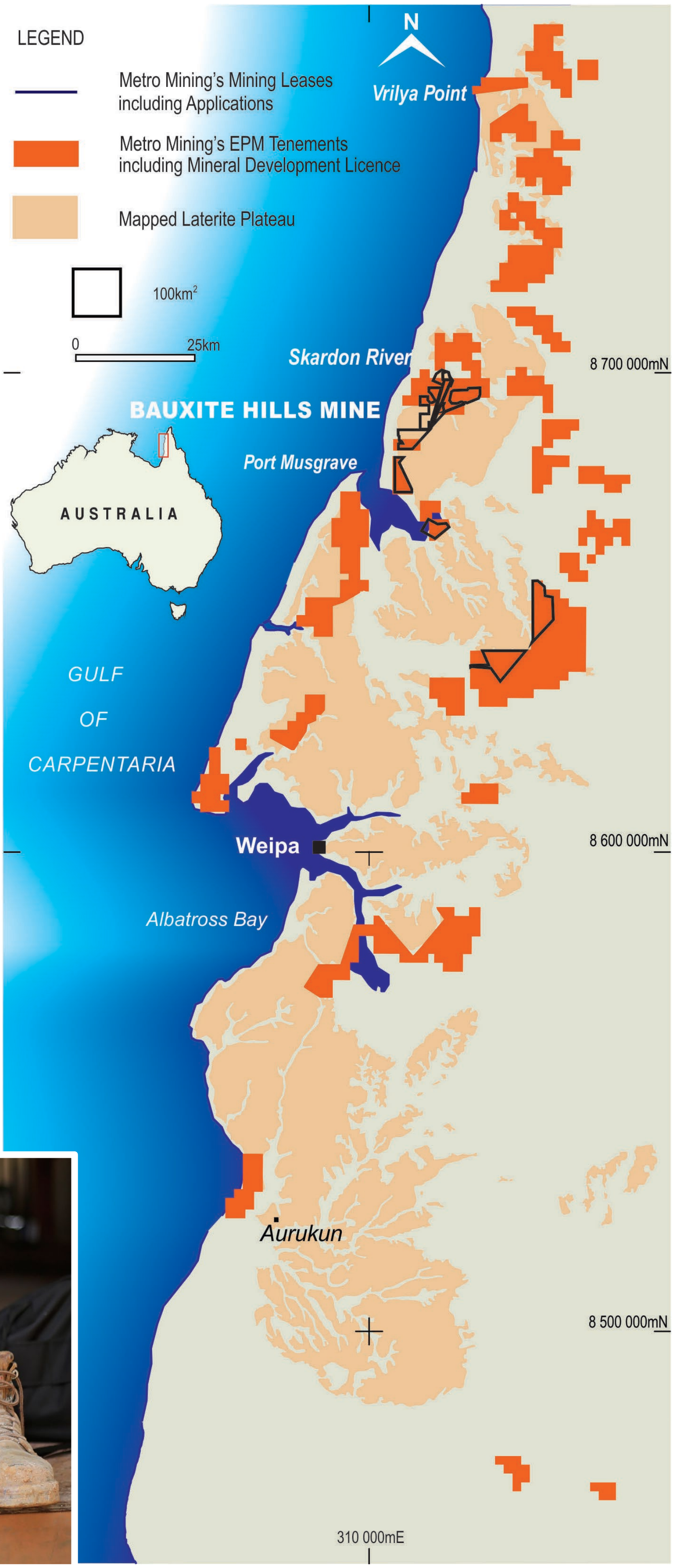
Metro's tenements cover areas of the Weipa Bauxite Plateau, which is an extensive region of aluminous laterite development that hosts the world-class Weipa bauxite deposits, and includes Metro's Bauxite Hills Mine.

Since 2006 Metro, and its associated companies Cape Alumina and Gulf Alumina, have undertaken systematic exploration programs over a number of bauxite plateaus. This exploration work led to the discovery of export-grade DSO bauxite at Bauxite Hills as well as large resources of beneficiated bauxite at Pisolite Hills however much of Pisolite Hills beneficiated bauxite was sterilised by the gazetting of a nature reserve in 2013.

Under-explored and unexplored laterite plateaus remain within Metro's tenement holding and remain the focus of initial reconnaissance-style exploration.

In the short to medium term, Metro's exploration strategy will primarily focus on delineating near-mine bauxite resources that can be developed and shipped via the Bauxite Hills Mine infrastructure. Initial reconnaissance-style exploration will be undertaken over areas more remote from the mine.

In addition, the Metro continues to look for new bauxite opportunities both within Australia and overseas.



Exploration & Mining Tenement Schedule

Tenement	Project Name	Holder/ Applicant	Status (Expiry date)	Area Ha (MLs and MDLs) No Sub Block (EPM)	Commodity Targeted
ML 6025	Skardon River No 1	Gulf Alumina P/L	Granted (29/02/2036)	1867	Bauxite-Kaolin
ML 40069	Skardon Pipeline	Gulf Alumina P/L	Granted (29/02/2036)	234.2	Bauxite-Kaolin
ML 40082	Skardon Buffer	Gulf Alumina P/L	Granted (29/02/2036)	1300	Bauxite-Kaolin
ML 20676	Bauxite Hills 1	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (31/08/2042)	1629	Bauxite
ML 20689	Bauxite Hills 6 West	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (31/08/2042)	1838	Bauxite
ML 20688	Bauxite Hills 6 East	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (31/08/2042)	461.8	Bauxite
ML 100130	BH1 Haul Road	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (30/11/2042)	130.73	Infrastructure
MLA 20573	Pisolite Hills 2	Cape Alumina P/L	Application	3207.8	Bauxite-Kaolin
MLA 20574	Pisolite Hills 3	Cape Alumina P/L	Application	3885.5	Bauxite-Kaolin
MLA 20612	Port Musgrave	Cape Alumina P/L	Application	1050.3	Bauxite
MLA 20687	Bauxite Hills 2	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Application	1647	Bauxite
MDL 423	Skardon North	Gulf Alumina P/L	Granted (30/09/2021)	2162.5	Bauxite
MDL 425	Skardon South	Gulf Alumina P/L	Granted (30/09/2021)	363.3	Bauxite
MDLA 2011	Port Musgrave	Cape Alumina P/L	Application	875.1	Bauxite
MDLA 2012	Pisolite Hills 2	Cape Alumina P/L	Application	3070.8	Bauxite
MDLA 2013	Pisolite Hills 3	Cape Alumina P/L	Application	3556.7	Bauxite
EPM 14547	Pisolite Hills	Cape Alumina P/L	Granted (19/4/2021)	48	Bauxite
EPM 14633	Merapah West	Gulf Alumina P/L	Granted (8/11/2021)	14	Bauxite
EPM 15278	Pisolite Hills North	Cape Alumina P/L	Granted (29/09/2021)	53	Bauxite
EPM 15376	Ducie River	Cape Alumina P/L	Granted (29/09/2024)	27	Bauxite
EPM 15984	Port Musgrave	Cape Alumina P/L	Granted (23/02/2019) Renewal Lodged	4	Bauxite
EPM 15985	Penefather	Cape Alumina P/L	Granted (23/07/2022)	45	Bauxite
EPM 16753	Jackson River	Gulf Alumina P/L	Granted (24/10/2022)	59	Bauxite
EPM 16755	Skardon River North	Gulf Alumina P/L	Granted (16/9/2023)	12	Bauxite
EPM 16899	Skardon River	Cape Alumina P/L	Granted (16/12/2024)	8	Bauxite
EPM 17499	Eucid	Cape Alumina P/L	Granted (30/10/2021)	3	Bauxite
EPM 18242	Skardon River Gap	Gulf Alumina P/L	Granted (16/12/2020)	2	Bauxite
EPM 18384	Skardon Channel	Gulf Alumina P/L	Granted (16/12/2024)	8	Bauxite
EPM 18457	Branwell	Gulf Alumina P/L	Granted (29/05/2021)	34	Bauxite
EPM 25877	Central Cape York	Cape Alumina P/L	Granted (12/07/2021)	50	Bauxite
EPM 25878	Northern Cape York	Cape Alumina P/L	Granted (12/07/2021)	86	Bauxite
EPM 25879	Southern Cape York	Cape Alumina P/L	Granted (12/07/2021)	82	Bauxite
EPM 26144	Skardon West	Cape Alumina P/L	Granted (29/01/2022)	8	Bauxite
EPM 26198	Skardon Gap West	Gulf Alumina P/L	Granted (5/12/2021)	1	Bauxite

Coal Assets

Metro Mining holds substantial coal assets in the Surat Basin in the Bundi Project (100% owned by Metro) and the Columboola and Goombi Projects (49% owned by Metro, 51% owned by China Coal). These projects contain significant high energy thermal coal Resources.

As the company focus is bauxite, no exploration or field work was undertaken in 2019. All coal tenements are in good standing and Metro is actively seeking opportunities to create value from these assets.

Project	Metro Ownership	Resources (Mt)			Reserves (Mt)	JORC
		Indicated	Inferred	Total		
Bundi (incl Juandah)	100%	296	1705.6	2001.6		2012
Columboola*	49%	242.6	974.0	1216.6		2012
Goombi	49%	4.9	13.8	18.7	26.2	2004
TOTAL		**543.5**	**2693.4**	**3236.9**	**26.2**	

**Resource updated at Columboola May 2018 following the partial relinquishment of EPC1165 | ASX Release 24 Oct 2013 – Bundi Project Update*
ASX Release 19 July 2012 – Bundi Resource Upgrade & Project Update | ASX Release 19 Dec 2012 – Goombi Maiden Reserve Announced

Exploration & Tenement Schedule

Tenement	Project Name	Holder/ Applicant	Status (Expiry date)	Area Ha (MLs & MDLs) No Sub Block (EPC)	Commodity Targeted
MDL 3003	Columboola A	SinoCoal Resources P/L (51%) Metro Mining Ltd (49%)	Granted (31/08/2022)	8047	Coal
MDLA 3038	Columboola B	SinoCoal Resources P/L (51%) Metro Mining Ltd (49%)	Application	6474	Coal
EPC 1164	Wandoan West	Coal International P/L	Granted (11/12/2022)	129	Coal
EPC 1165	Columboola	SinoCoal Resources P/L (51%) Metro Mining Ltd (49%)	Granted (9/12/2022)	153	Coal
EPC 1251	Wandoan West 2	Coal International P/L	Granted (16/09/2021)	12	Coal
EPC 1609	Wandoan West 3	Coal International P/L	Granted (29/01/2022)	5	Coal

Disclaimer

FORWARD-LOOKING STATEMENT: Statements & material contained in this Report, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining, 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. Although reasonable care has been taken to ensure facts stated in this 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 Report should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.
COMPETENT PERSON'S STATEMENT: Technical information about the Bauxite Hills Mine and information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.AusIMM). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.
COMPETENT PERSON'S STATEMENT: The information in this report that relates to Bauxite Hills Mine Mining & Reserves is based on information compiled by MEC Mining and reviewed by Edward Bolton, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Edward Bolton is full-time employee of MEC Mining Pty Ltd. Edward Bolton has sufficient experience relevant to the style of mineralization, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Edward Bolton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
COMPETENT PERSON'S STATEMENT: The information in this report that relates to the Bauxite Hills Mine Mineral Resource is based on information compiled by Ed Radley. In addition, the information that relates to Metro's Thermal Coal Resource in the Surat Basin is also based on information compiled by Mr Ed Radley and relates to the compilation of existing data and Exploration Results. Mr Ed Radley is a consultant to Metro Mining and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM)). Mr Ed Radley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ed Radley has consented in writing for inclusion in this Report the matters based on the information in the form and context it appears.

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE DIRECTORY

Directors	Mr Stephen Everett	Independent Non-Executive Chairman
	Mr Simon Finnis	Executive Managing Director
	Mr Lucas Dow	Independent Non-Executive Director - Appointed 1 Nov 2019
	Mr Philip Hennessy	Independent Non-Executive Director
	Ms Fiona Murdoch	Independent Non-Executive Director - Appointed 11 Mar 2019
	Mr Mark Sawyer	Non-Executive Director
	Mr Michael Haworth	Alternate Director for Mr Sawyer
	Mr Lindsay Ward	Independent Non-Executive Director - Resigned 26 Feb 2019
Joint Company Secretaries	Mr Mitchell Petrie Mr Duane Woodbury	
Notice of Annual General Meeting	The annual general meeting of Metro Mining Limited will be held at 11am on Tuesday, 26 May 2020 at the office of KPMG, Level 16, Riparian Plaza, 71 Eagle Street, Brisbane, QLD 4000.	
Registered Office	Level 2, 247 Adelaide Street Brisbane, Queensland 4000 T +61 7 3009 8000 F +61 7 3221 4811	
Principal Place of Business	Level 2, 247 Adelaide Street Brisbane, Queensland 4000	
Share Register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane, Queensland 4000	
Auditor	Ernst & Young 111 Eagle Street Brisbane, Queensland 4000	
Stock Exchange Listing	Metro Mining Limited shares are listed on the Australian Securities Exchange (ASX code: MMI)	
Website Address	www.metromining.com.au	

Your Directors present their report on the consolidated entity (referred to herein as the Consolidated Entity or the Group) consisting of Metro Mining Limited (the Company or Parent Entity) and its controlled entities for the year ended 31 December 2019. All amounts are in Australian Dollars unless otherwise stated.

Directors

The following persons were Directors of Metro Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr S. Everett

Mr S. Finnis

Mr L. Dow (Appointed 1 Nov 2019)

Mr P. Hennessy

Ms F. Murdoch (Appointed 11 Mar 2019)

Mr M. Sawyer

Mr M. Haworth (Alternate for Mr M. Sawyer)

Mr L. Ward (Resigned 26 Feb 2019)

OPERATING AND FINANCIAL REVIEW

Overview

The Group's key project is the Bauxite Hills Mine located on western Cape York in Queensland. This has been the focus of Group activities during 2019 with the mine achieving a 71% increase in production compared to the 2018 operating year and transitioning to an owner-operator model for its mining and haulage activities.

Total production was 3.504 Million Wet Metric Tonnes (WMT) of bauxite, which was at the upper end of the Company's 3.3 Million – 3.5 Million WMT guidance for 2019.

Work is well advanced on the detailed engineering and design related to the Stage 2 expansion to an annual operating production rate of 6.0 Million WMT of bauxite. The largest component of the expansion is the construction and mobilisation to site of a floating terminal which will facilitate the faster loading of larger ocean-going vessels in the project's transhipment activities.

As part of the financing for the expansion, the Group received an offer for a loan facility of up to A$47.5 Million from the Northern Australia Infrastructure Facility (NAIF) to fund the majority of the cost of Stage 2. In addition, the Company restructured its existing debt funding arrangements by entering into new Australian dollar denominated debt facilities of $15 Million provided by existing and new financiers, and repaying in full the United States dollar denominated debt facility with Sprott Private Resource Lending. This restructure will enable the NAIF loan to be senior secured first ranking when drawn.

Financial Performance Summary

For the year ended 31 December 2019, the Group generated revenue of $199 Million from bauxite sales and recorded a net profit after tax of $3.623 Million. Surplus cash flow recorded by the Group was $11.352 Million and net current assets at year-end were $26.651 Million.

The current financial year of the Group is the 12-month period 1 January 2019 to 31 December 2019. The comparative figures are for the six-month period 1 July 2018 to 31 December 2018.

	12 Months 31 Dec 2019 $'000	6 Months 31 Dec 2018 $'000
Revenue from contracts with customers	199,000	93,235
Cost of sales	(173,023)	(83,278)
Gross profit	**25,977**	**9,957**
Other income and expenses	(11,906)	(3,603)
Profit before income tax and net finance expenses	**14,071**	**6,354**
Financial income	519	179
Financial expenses	(8,606)	(4,341)
Profit before income tax benefit / (expense)	**5,984**	**2,192**
Income tax benefit / (expense)	(2,361)	7,165
Profit after income from continuing operations	**3,623**	**9,357**

Underlying EBITDA Result (non-IFRS measure)

Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group. These numbers have not been audited.

Profit before tax from continuing operations	**5,984**	**2,192**
Foreign exchange loss	2,959	181
Cost of transition to owner-operator	1,898	497
Amortisation of deferred borrowing costs	2,213	1,298
Underlying profit before tax	**13,054**	**4,168**
Net finance costs (excluding leasing expense)	4,489	2,543
Depreciation and amortisation	9,907	3,167
Underlying EBITDA from ordinary activities	**27,450**	**9,878**

Cashflow

In the year to 31 December 2019, net cash inflow was $11.352 Million. The net inflow from operating activities was $37.942 Million. Cash outflows from investing activities were $9.875 Million; primarily attributable to expansionary capex. The net outflow of $16.715 Million from financing activities relates to the payment of interest on finance facilities, the net repayment of loan principal and lease payments.

Net cash at the beginning of the year/ period	**23,367**	**23,295**
Net cash from operating activities	37,942	3,822
Net cash from investing activities	(9,875)	(3,685)
Net cash from financing activities	(16,715)	(288)
Net increase / (decrease) in cash held	**11,352**	**(151)**
Net foreign exchange difference	(2,172)	223
Net cash at the end of the year / period	**32,547**	**23,367**

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Bauxite Hills Project – Cape York, Queensland

Bauxite Production and Sales Review

	12 Months 31 Dec 2019 WMT '000	6 Months 31 Dec 2018 WMT '000
Key Statistics		
Bauxite mined	3,504	1,602
Bauxite shipped	3,504	1,638
	2019 $	**2018 $**
Average sales price per tonne shipped	56.79	56.92

Mining and transhipment activities at the Bauxite Hills Mine commenced on 13 April 2019 after the planned wet season shutdown. During the production year, 56 vessels were loaded with a total of 3.504 Million WMT of bauxite; an increase of 71% on the 2018 operating year. All production during the financial year was sold and shipped to Chinese customers and deliveries were within contractual specifications.

The Group's revenue from the sale of bauxite is denominated in United States dollars (USD). Approximately 2.3 Million WMT of 2019 production was sold under a long-term off-take agreement with Shandong Xinfa Import and Export Co., Ltd (Xinfa). Under this agreement, prices received are linked to an alumina price index denominated in RMB, the official Chinese currency. Pricing for the rest of the 2019 sales was linked to the prevailing spot market price for bauxite.

During the year there was a softening in the Chinese domestic market which resulted in lower alumina and bauxite prices and a weaker RMB / USD exchange rate. While these factors had a dampening effect on USD denominated sales revenue, the Group received the benefit of a lower AUD / USD exchange rate.

The Group's marketing strategy for the 2020 production year is focused on executing further long-term offtake agreements to support the planned expansion of the Bauxite Hills Mine to a 6.0 Million WMT per annum operating rate in 2021.

In December 2018, the Board made the decision to expand production in 2019 from 3.0 Million WMT to 3.5 Million WMT and to transition to an owner-operator model for the mining and haulage functions at the Bauxite Hills Mine. These changes generated significant efficiencies and overall cost reductions across the site. This transition, and the implementation of other changes in the logistics process, led to an improvement in site production unit costs from an average of $24.23 per WMT for the 2018 production period to an average of $20.68 per WMT for the 2019 production period.

Daily mining and shipping rates averaged approximately 15,000 WMT per day in the second half of the 2019 production year exceeding the daily rates achieved in the preceding production year. The improvement in daily rates was the result of a number of expansion and upgrade projects undertaken prior to the commencement of the 2019 production year. These included:

- Duplication of the screening plant and stacker,
- The addition of higher payload triple-set trailers,
- The mobilisation to site of additional 7,000 tonne barges, and
- Improvements to the port area layout and stockpile management processes.

The cost of ocean freight averaged A$17.12 per WMT for the year (2018: A$18.06 per WMT) with the cost of individual ships varying significantly over the course of the production year in line with global demand for vessels and varying fuel costs. The cost of royalties was $5.77 per WMT (2018: $5.73 per WMT).

Prior to the commencement of the wet season shutdown in December 2019, a number of activities had already been completed which focused on 2020 production. These included:

- Minor upgrades to the barge loading facility to increase belt speed. This in turn will increase future throughput rates,
- Clearance of the initial mining areas for the new production year, and
- The ordering of 3 new triple-set trailers to expand the capacity of the haulage fleet. The 2020 haulage fleet will be comprised entirely of 200 tonne capacity trailer sets.

Stage 2 Expansion

During the year, the Group completed the Definitive Feasibility Study (DFS) for Stage 2 expansion of the Bauxite Hills Mine to an annual operating production rate of 6.0 Million WMT in 2021. The key components of Stage 2 are:

- The construction and mobilisation to Skardon River of a floating terminal with the ability to load 6.0 Million WMT of bauxite per annum,
- The scale up of the current mining, haulage and transhipment fleets, and
- The optimisation and upgrading of the existing port and barge loading facilities.

The largest component of the expansion program is the construction and mobilisation to site of a floating terminal. It represents approximately 85% of the total estimated capital cost of the program. The Group retained Rocktree Consulting to determine which floating terminal design is best suited to the Bauxite Hills project, its expanded production rate and the prevailing conditions at Skardon River. Rocktree Consulting has been involved in the design, engineering and construction of more than 20 floating terminals over the past two decades.

The preferred floating terminal design consists of a 100m barge equipped with two cranes and a materials-handling conveyor and stacker system that will have the ability to load up to 40,000 tonnes of bauxite per day. The floating terminal will be able to load different sized ocean-going vessels, allowing the Group to take advantage of chartering Cape Size vessels and realise significant freight savings whilst maintaining customer flexibility with the ability to continue to load smaller vessels as required.

Following completion of the DFS, work has proceeded on the detailed engineering and design work for the expansion project. Rocktree Consulting are currently tendering for procurement of the long lead time items and project costs remain in line with the DFS estimates. As at 31 December 2019, tenders had been received for all major work packages.

Associated with the Stage 2 expansion, the Group reviewed its existing debt facilities and developed additional funding plans. Integral to this process was the preparation of an application to the Northern Australia Infrastructure Facility (NAIF) for funding for the Stage 2 expansion and the restructuring of existing debt facilities.

On 12 November 2019, the Group announced that the board of NAIF had made an investment decision to offer the Company a loan facility of up to A$47.5 Million to assist with Stage 2 expansion. The loan will be provided for a term of up to 9 years and will be used for the construction and mobilisation to site of the floating terminal. As at the date of this report, the Company and NAIF continue to work to finalise documentation and satisfy customary Conditions Precedent to drawdown including obtaining all required Government approvals.

Indigenous Engagement

As at 31 December 2019, the Traditional Owners of the land, the Ankamuthi People, and other indigenous employees, held 33% of the positions at the Bauxite Hills Mine. This exceeds the Group's indigenous workforce target of 20% during the 2019 operating year.

The Group continues to promote engagement with the local communities in which it operates and is pleased to sponsor community events that encourage and maintain the cultural heritage of the region. Included among the activities undertaken during the year were:

- The commencement of a native seed collection program in Injinoo and Mapoon. The program is focused on native seed collection by the Indigenous Communities that form part of the Group's Bauxite Hills Ancillary Agreement. Seed collection workshops are now held in Mapoon and Injinoo on a monthly basis. All seed collected is used at the mine in the rehabilitation process.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Indigenous Engagement (continued)

- The Group sponsored the Connect to Country program organised by the Angkamuthi Tribal Aboriginal Corporation. The program brought together Ankamuthi school children and Ankamuthi Elders out on country to share traditional customs and stories.
- Two Ankamuthi community members were sponsored to the Indigenous Business Development Summit in Darwin. This forum was focused on gathering ideas and information to assist development of local Indigenous business opportunities.
- The Group hosted representatives of the Seven Rivers Aboriginal Corporation, Old Mapoon Aboriginal Corporation and the Mapoon Land and Sea Rangers at the Bauxite Hills Mine site to undertake the annual infrastructure review and assess erosion monitoring locations along the Skardon River.

The Group views the promotion of cultural awareness among its employees and contract partners as a priority. Cultural Awareness training, delivered by Ankamuthi presenters, was attended by all staff, including corporate staff and the Board of Directors, during the financial year. All employees and contract partners are now required to complete this training prior to commencement of their work on site.

Safety Performance

The Group is committed to providing a safe working environment for its employees and contract partners and to fostering a good safety culture. All incidents are thoroughly investigated and the findings acted on to continuously improve the Group's safety systems.

Exploration

Exploration activities on the Company's Cape York tenements focused on areas in the vicinity of the Bauxite Hills Mine. As the main plateaus with deemed bauxite potential outside of the Bauxite Hills Resource lie within tenure north of the Skardon River, a Conduct and Compensation Agreement has been negotiated and concluded with the Apudthama Land Trust. This Agreement will facilitate exploration work that will be undertaken during 2020.

Other Assets

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

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

Staff and Board Changes

There were several changes to the Board of Directors during the financial year. Mr Lindsay Ward announced his resignation with effect from 26 February 2019. Mr Ward had served on the Board of Directors of Metro Mining Limited since October 2011 and the Board acknowledges the significant contribution made by Mr Ward over a long tenure.

Two new Board members were appointed during the financial year; Ms Fiona Murdoch on 11 March 2019 and Mr Lucas Dow on 1 November 2019. The new Board members bring with them valuable experience.

With the exception of a change to the company secretary in March 2019, all senior executive position holders within the Group have remained unchanged during the financial year.

Debt Facilities

The Group restructured its existing debt funding arrangements by making early repayment of the United States dollar denominated facility provided by Sprott Private Resource Lending. A total of US$9.65 Million, plus accrued interest, was repaid in December 2019 from the proceeds of new Australian dollar loan facilities totalling A$15 Million. The new loan facilities were provided by the Group's existing financier Ingatatus AG Pty Ltd (A$7.5 Million) and a new lender, Lambhill Pty Ltd (A$7.5 Million). The repayment terms for the existing A$20 Million facility provided by Ingatatus AG Pty Ltd were also renegotiated.

At 31 December 2019, all of the Group's debt facilities are denominated in Australian dollars. The key terms of the new and renegotiated facilities are:

- Maturity on 1 January 2022,
- Repayment in three equal instalments of $11.667 Million (in total) on 1 July 2021, 30 September 2021 and 1 January 2022, and
- Senior secured second ranking behind the proposed NAIF debt facility.

A new $47.5 Million Australian dollar loan facility was negotiated with the Northern Australia Infrastructure Facility (NAIF) during the financial year. Conditions precedent to the agreement remain outstanding at 31 December 2019 but are anticipated to be satisfied in the first half of the 2020 financial year.

MATERIAL BUSINESS RISKS

The Group is exposed to a range of economic, financial, operational and strategic related risks which are inherent when operating in a mining business. The Board and its committees understand the importance of effectively managing these risks for the success of the business, and regularly evaluate and assess such business risks. The material business risks faced by the Group that may have a material impact include the following:

Fluctuation in Commodity Prices and the Australian Dollar

The Group is not currently able to manage commodity price exposures directly as there are no bauxite derivative products available in the market. In order to manage United States (USD) dollar exposures, which include USD revenues, ocean freight expense, and anticipated USD denominated capital commitments, the Group's risk management framework incorporates the implementation of a currency hedging program to manage the risks to sales revenue associated with a strengthening of the Australian dollar against the United States dollar.

The Group's Board approved currency hedging policy is to establish, as appropriate, a rolling program within the following parameters:

- Up to 100% of the next month's USD FOB revenue,
- Between 50-75% of months 2 and 3 forecast USD FOB revenue, and
- Up to 50% of months 4 through to 6 forecast USD FOB revenue.

There was no hedging in place as at 31 December 2019.

Mineral Resources and Ore Reserves

The Group's Mineral Resources and Reserves are estimates and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of bauxite or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual geological conditions may differ from those predicted. No assurance can be given that any part, or all, of the Group's Mineral Resources constitute or will be converted into ore reserves.

Market price fluctuations of bauxite, as well as increased operating and capital costs may render the Group's Ore Reserves unprofitable to develop for periods of time or may render Ore Reserves containing relatively lower grade material uneconomic. Estimated Reserves may have to be re-estimated based on actual production experience. Any of these factors may require the Group to reduce its Mineral Resource and Ore Reserves, which could have a negative impact on the Group's financial results.

Replacement of Depleted Reserves

The Group must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

MATERIAL BUSINESS RISKS (CONTINUED)

There is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions. The mineral base of the Group may decline if reserves are mined without adequate replacement and the Group may not be able to sustain production beyond current mine life, based on current production rates.

Mining Risks and Insurance Risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unavailability of material and equipment and weather conditions (including flooding, cyclones and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation, particularly as the Group currently produces from only one mine site.

The Group has a policy to maintain insurance to cover the most common of these risks and hazards where available. The insurance is maintained in amounts that are considered appropriate depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Production and Cost Estimates

The Group prepares estimates of future production, site costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates, or material increases in costs, could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition.

The Group's actual production and costs may vary from estimates for a variety of reasons, including; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, and unexpected labour shortages.

Current estimates of future production, site costs and capital costs of production are dependent upon the successful execution of the Stage 2 Bauxite Hills Mine expansion project.

The Group has contracts in place with third parties for the provision of marine transport and provision of mining equipment. If these key contractors do not perform to the Group's requirements, this could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation.

Sovereign Risk and Concentration of Customers

The Group currently ships all of its bauxite production to China and is therefore exposed to the sovereign risks of China. There could be changes to Chinese Government policy outside of the Group's control which could materially affect the operations and profitability of the business. The Group maintains local agents who advise on any material changes to the operating environment in China.

The Group also has a concentration of revenue with one customer and is therefore exposed to the counter-party risk and credit risk of this major customer. The Group manages this risk with customer diversification through its marketing strategy, dealing with credit worthy customers and sales made through irrevocable letters of credit.

On 30 January 2020, the World Health Organization Director-General declared the outbreak of novel coronavirus (2019-nCoV) a Public Health Emergency of International Concern. This emerging macro-economic risk may adversely affect demand in 2020 for the Group's bauxite, and also may impact the ability of the Group to complete Stage 2 expansion works within forecast timeframes.

Marketing Risk

The Group has approximately 60% of planned 2020 operating production sold under the existing long-term binding offtake agreement and through contracted spot sale agreements. There is a risk that the uncontracted planned production may not be sold.

Environmental, Health and Safety, and Permits

The Group's mining operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species. The Group's ability to obtain permits and approvals may adversely affect the Group's mining operations, including its ability to continue operations.

While the Group has implemented health, safety and community initiatives at its site to ensure the health and safety of its employees, contractors and members of the community affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries or damage to property and, in certain instances, such occurrences could give rise to regulatory action or fines and / or civil liability.

The Group's mining operations and exploration activities are in a region which occasionally experiences severe weather events such as cyclones, floods, and higher than average wave conditions. The region also experiences an annual wet season. Production and shipment cannot occur in the wet season nor during periods of severe weather events. While the Group includes allowances in its forecasts for interruptions to production and shipment during the wet season and periods of severe weather events, there is a risk that such periods have greater impact than anticipated.

As regulatory agencies respond to climate change, costs of inputs may rise and restrictions may be placed on how certain resources are obtained, transported and used. This may adversely impact the Group's cost of production. Regulatory changes in response to climate change also have the potential to be a catalyst for growth in industries that choose to increase their use of bauxite related products.

Community Relations

The Group has an established community relations function which manages the community engagement, local employment, indigenous business opportunities, and sponsorships. The Group meets with representatives of the Bauxite Hills Mine native title holders, the Ankamuthi People, and the trustee owners of the land, Old Mapoon Aboriginal Corporation, on a minimum of a quarterly basis. The Group recognises that a failure to appropriately manage local community stakeholder expectations has the potential to disrupt production and exploration activities.

The Company is in the process of preparing its first Sustainability Report which is planned to be published and released at the 2020 Annual General Meeting. The Sustainability Report will provide details of the Company's Sustainability targets and achievements in 2019 as well as plans for further development in 2020 and beyond.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or returns of capital by the Group during the year ended 31 December 2019. The Directors do not recommend the payment of a dividend and no amount has been declared or paid by way of a dividend since 31 December 2019 and to the date of this report.

ADDITIONAL INFORMATION

The earnings of the Group for the five periods / years to 31 December 2019 are summarised below:

	31 Dec 2019 12 months $'000	31 Dec 2018 6 months $'000	30 Jun 2018 12 months $'000	30 Jun 2017 12 months $'000	30 Jun 2016 12 months $'000
Income	199,720	93,747	25,838	9,033	1,114
Net profit /(loss) after tax	3,623	9,357	(17,378)	(2,372)	(6,834)

The factors that are considered to affect total shareholders' return are summarised below:

	31 Dec 2019 12 months Cents per share	31 Dec 2018 6 months Cents per share	30 Jun 2018 12 months Cents per share	30 Jun 2017 12 months Cents per share	30 Jun 2016 12 months Cents per share
Share price at financial period / year end	13.5	16.0	21.5	14.5	7.0
Basic profit / (loss) per share	0.262	0.677	(1.38)	(0.33)	(1.83)

SHARES UNDER OPTION OR SUBJECT TO PERFORMANCE RIGHTS

At the date of this report, the unissued ordinary shares of the Company under option or subject to performance rights are as follows:

Grant Date	Expiry Date	Exercise Price	# of Options / Performance Rights
Options granted 28/08/2017	28/08/2022	$0.183	11,100,000
Options granted 25/10/2017	25/10/2021	$0.250	3,531,689
Performance rights granted 01/01/2019	31/12/2019	n/a	1,573,856
Performance rights granted 01/01/2019	31/12/2021	n/a	2,717,637
Performance rights granted 01/01/2020	31/12/2020	n/a	4,709,322
Total shares under option or subject to performance rights			23,632,504

No shares relating to the exercise of options have been issued since the end of the financial year. No amounts are unpaid on any shares. Holders of options and performance rights do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

Other than the performance rights with a grant date of 1 January 2020 which were approved on 27 February 2020 (listed in the table above), there have been no options or performance rights granted over unissued shares or interests in any controlled entity within the Group since the end of the financial year. For details of options and performance rights issued to Directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 31 December 2019, ordinary shares in the Company were issued on exercise of options and performance rights granted, as follows:

Description	Grant Date	Exercise Price	Exercise Date	Number of Shares Issued
Employee Incentive Plan – Exercise of Vested Performance Rights	01/02/2018	n/a	28 Feb 2019	689,534
Options granted to financial advisors	04 Jan 2017	$0.08	13 Dec 2019	4,000,000

INDEMNITY AND INSURANCE OF OFFICERS

Each of the Directors and the secretaries of the Company has entered into a deed of indemnity and access with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and secretaries. The Company has insured all the Directors and officers of Metro Mining Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year end.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds all necessary licences issued by the relevant State and Commonwealth environmental protection authorities. These licences specify environmental management standards to be achieved, and put limits on any emissions to the air, land and water. In accordance with these licences, the Group has developed and implemented environmental management plans for all operations associated with the Bauxite Hills Mine.

The Group maintains awareness of current environmental management standards, changes to existing legislation and incoming environmental regulations through representation on the Queensland Resource Council Environment Committee and Environmental Strategic Advisory Group.

The Group has reported to the Department of Environment and Science (DES) Pollution Hotline a number of minor non-compliances with licence conditions relating to effluent irrigation triggers, a small release of hydrocarbon to water that did not result in any off-lease impacts, and the release of water from mine storages over the 2018-2019 wet season.

ENVIRONMENTAL REGULATION AND PERFORMANCE (CONTINUED)

Whilst no environmental harm occurred as a result of these non-compliances and DES has not requested any additional action following these reports, action has been taken to minimise the risk of recurrence.

NON-AUDIT SERVICES

No amounts have been paid or are payable to the auditor for non-audit services provided during the financial year. Refer to note 36 to the financial statements.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF ERNST YOUNG

There are no officers of the Company who are former audit partners of Ernst &Young.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22 of the financial report.

INFORMATION ON DIRECTORS

Name:	**Mr Stephen Everett**
Title:	Independent Non-Executive Chairman, appointed 12 July 2012
Qualifications:	Bachelor of Engineering (Chem Eng. Honours), MAICD
Experience and Expertise:	Mr Everett has forty years' management and board experience in the resources and construction industries and has held Chairman and Non-Executive Director positions on government development boards and private, ASX listed and TSX listed companies. Mr Everett has also held senior executive positions including Managing Director and Chief Executive Officer of private and publicly listed companies.
Other Current Directorships:	None.
Former Directorships (in the last 3 years):	▪ Chairman of Agrimin Limited (formerly Global Resources Corporation Limited) Appointed April 2009, Resigned April 2016.
Special Responsibilities:	Member of the Audit and Risk Committee and Member of the Remuneration and Nomination Committee.
Interests in Shares:	4,391,078 ordinary shares.
Interests in Options:	None.

Name:	**Mr Simon Finnis**
Title:	Managing Director and Chief Executive Officer, appointed as CEO on 19 January 2015 and as MD on 6 January 2017
Qualifications:	Master of Business and Technology
Experience and Expertise:	Mr Finnis has over 30 years' experience in underground and open cut mining operations nationally and internationally. Immediately prior to joining the Company, Mr Finnis was chief executive officer of Grand Cote Operations in Senegal. He previously served as Managing Director of Global Resources Corporation Limited and was General Manager for the Pooncarie Mineral Sands project in the Murray Basin, NSW, where he oversaw development from feasibility through to operations. At Metro Mining Limited, Mr Finnis has successfully overseen capital raisings, government permitting, product marketing, traditional owner agreements and the commencement of production at the Bauxite Hills Mine.
Other Current Directorships:	▪ None.
Former Directorships (in the last 3 years):	▪ None.
Special Responsibilities:	Managing Director and Chief Executive Officer.
Interests in Shares:	4,752,565 ordinary shares.
Interests in Options:	1,595,069 options.
Interests in Performance Rights:	1,896,141 performance rights (issued 01 January 2019).

Name:	**Mr Lucas Dow**
Title:	Independent Non-Executive Director, appointed 1 November 2019
Qualifications:	Bachelor of Engineering (Mining) Honours
Experience and Expertise:	Mr Dow is an experienced mining engineer and senior executive with a proven track record across diverse commodities. He has managed multi-billion-dollar businesses and capital projects in Australia and overseas. Mr Dow spent 12 years with BHP Billiton including almost two years as Chief Executive Officer and Asset President at the BHP Billiton Mitsubishi Alliance joint venture.
Other Current Directorships:	▪ None.
Former Directorships (in the last 3 years):	▪ None.
Special Responsibilities:	Member of the Remuneration and Nomination Committee.
Interests in Shares:	2,000,000 ordinary shares.
Interests in Options:	None.

INFORMATION ON DIRECTORS (CONTINUED)

Name:	**Mr Philip Hennessy, AO**
Title:	Independent Non-Executive Director, appointed 30 September 2014
Qualifications:	Bachelor of Business (Accountancy) and Fellow, Chartered Accountants Australia and New Zealand
Experience and Expertise:	Over the past 30 years, Mr Hennessy has been involved in corporate insolvency and reorganisation across a variety of industries including construction, real estate, mining, manufacturing, professional services, hospitality, tourism, agriculture and financial services. He has served as a Chairperson and Director of a number of government owned corporations focused on water storage, treatment and transport services to industrial and mining customers and for household use, and also involving the construction of pipelines, dams and other infrastructure. Mr Hennessy has been a Director of various not-for-profit organisations serving intellectually disabled women, children with chronic health issues, hospitals and education. He is currently an independent director and advisor to public, private and not-for-profit organisations.
Other Current Directorships:	▪ None.
Former Directorships (in the last 3 years):	▪ Blue Sky Alternative Investments Limited. Appointed February 2017. Resigned 10 December 2018, ▪ Blue Sky Alternatives Access Fund Limited. Appointed 15 April 2014. Resigned May 2017, and ▪ Collection House Limited. Appointed 28 August 2013. Ceased 28 November 2017.
Special Responsibilities:	Chairman of the Audit and Risk Committee and Member of the Remuneration and Nomination Committee.
Interests in Shares:	3,178,573 ordinary shares.
Interests in Options:	None.

Name:	**Ms Fiona Murdoch**
Title:	Independent Non-Executive Director, appointed 11 March 2019
Qualifications:	LLB (Hons), MBA, GAICD
Experience and Expertise:	Ms Murdoch has 30 years' experience in the resources and infrastructure sectors in Australia and internationally with senior operational roles held with AMCI Investments, MIM Holdings and Xstrata Queensland. Currently, Ms Murdoch serves as a Non-Executive Director for KGL Resources Ltd (KGL) as well as Chair of KGL's Risk and Audit Committee. In addition, Ms Murdoch serves on the Board of Building Queensland and on the joint venture committee for the West Pilbara Iron Ore Project. She is also Chair of The Pyjama Foundation Limited, a not-for-profit organisation providing learning-based activities for children in foster care.
Other Current Directorships:	▪ KGL Resources Limited. Appointed 12 June 2018. ▪ NRW Holdings Limited. Appointed 24 February 2020.
Former Directorships (in the last 3 years):	▪ None.
Special Responsibilities:	Member of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee.
Interests in Shares:	150,000 ordinary shares
Interests in Options:	None.

Name:	**Mr Mark Sawyer**
Title:	Non-Executive Director, appointed 28 July 2016
Qualifications:	LLB (Hons)
Experience and Expertise:	Mr Sawyer co-founded Greenstone Resources in 2013 after a 16-year career in the mining sector. Prior to establishing Greenstone Resources, Mr Sawyer was General Manager and co-head of Group Business Development at Xstrata plc where he was responsible for originating, evaluating and negotiating new business development opportunities. Prior to Xstrata plc, Mr Sawyer held senior roles at Cutfield Freeman & Co, a boutique corporate advisory firm in the mining industry, and at Rio Tinto plc. Mr Sawyer holds a law degree and is also a graduate of the College of Law program (First Class Honours). Mr Sawyer is a Director and a joint 50% owner of Greenstone Management Limited (GML). GML is the indirect owner of 100% of Greenstone Management (Delaware) II LLC which holds 273,388,740 ordinary shares in the Company.
Other Current Directorships:	▪ North River Resources Plc, ▪ Heron Resources Limited, ▪ Serabi Gold plc, and ▪ Rockcliff Metals Corp.
Former Directorships (in the last 3 years):	▪ None.
Special Responsibilities:	Member of the Audit & Risk Committee and Member of the Remuneration & Nomination Committee.
Interests in Shares:	None other than as noted above.
Interests in Options:	None.

INFORMATION ON DIRECTORS (CONTINUED)

Name:	**Mr Michael Haworth**
Title:	Alternate Director for Mr Mark Sawyer, appointed 1 September 2016
Qualifications:	Chartered Accountant (SA)
Experience and Expertise:	Mr Haworth co-founded Greenstone Resources in 2013 after a 20-year career in the mining sector including roles as Managing Director at JP Morgan and head of Mining and Metals Corporate Finance in London. Mr Haworth is a Director and a joint 50% owner of Greenstone Management Limited (GML). GML is the indirect owner of 100% of Greenstone Management (Delaware) II LLC which holds 273,388,740 ordinary shares in the Company.
Other Current Directorships:	▪ Excelsior Mining (TSX), ▪ Coro Mining (TSX), ▪ Adventus Zinc (TSX), ▪ Northern Vertex Mining Corp (TSX), and ▪ Ncondezi Energy Ltd (AIM).
Former Directorships (in the last 3 years):	▪ Zanaga Iron Ore Co (AIM)(retired 5 Sep 2018).
Special Responsibilities:	Member of the Audit and Risk Committee and the Remuneration and Nomination Committee both as Alternate for Mr Mark Sawyer.
Interests in Shares:	None other than as noted above.
Interests in Options:	None.

Name:	**Mr Lindsay Ward**
Title:	Independent Non-Executive Director, appointed 4 October 2011, resigned 26 February 2019
Qualifications:	Graduate Diploma of Business Management, Bachelor of Applied Science (Geology), Diploma of Mining, Graduate Member of the Australian Institute of Company Directors.
Experience and Expertise:	Mr Ward is an experienced senior executive having worked for over 30 years in a broad range of industries including mining, exploration, ports, mineral processing, rail haulage, electricity generation, gas transmission, alternative waste treatment, transport and logistics at General Manager, Chief Executive Officer, Managing Director, Non-Executive Director and Chairman level. Mr Ward is currently Chief Executive Officer of Palisade Asset Management with responsibility for a range of infrastructure assets including gas transmission pipelines, wind farms, rural livestock exchanges, alternative waste treatment plants and a power station. Prior to this, Mr Ward was Managing Director of Dart Mining NL (ASX: DTM), a Victorian based exploration and development company.
Other Current Directorships:	▪ Whitehaven Coal Ltd, appointed 6 February 2019.
Former Directorships (in the last 3 years):	▪ None.

'Other Current Directorships' quoted above are current Directorships for listed entities only and exclude Directorships in all other types of entities, unless otherwise stated.

'Former Directorships (in the last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and exclude Directorships in all other types of entities, unless otherwise stated.

JOINT COMPANY SECRETARIES

Mr Mitchell Petrie

Mr Petrie is a Chartered Accountant. Until the end of 2015, Mr Petrie was a partner at KPMG, where he was head of the Queensland Risk Advisory practice. Mr Petrie has provided assurance and advisory services to many national and international participants in the resource industry including acting as leader of the co-sourced assurance services team for Rio Tinto. Mr Petrie also brings extensive experience in providing services to publicly listed companies and is currently an adjunct lecturer at the Bond University Business School as well as being a member of a number of governing boards and committees in the public and private sectors.

Mr Duane Woodbury

Mr Woodbury holds a Bachelor of Economics (Honours) Accounting & Finance from Macquarie University and is an associate of CPA Australia. Mr Woodbury has more than 25 years' experience in the resource industry with comprehensive resources knowledge gained through many years working nationally and internationally in various roles including as a Resource Analyst, Broker, Banker and Chief Financial Officer. Mr Woodbury was previously Chief Financial Officer of Australian Securities Exchange listed company Kingsgate Consolidated Limited and has held senior roles with Macquarie Bank in New York, Singapore and Sydney. Due to Mr Woodbury's international experience, he also has extensive regulatory experience with the London, New York, Singapore and Hong Kong stock exchanges.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Current Directors						
Mr S Everett	9	9	4	4	3	3
Mr S Finnis	9	9	-	-	-	-
Mr L Dow (i)	1	1	-	-	-	-
Mr P Hennessy	9	9	4	4	3	3
Ms F Murdoch (ii)	8	8	3	3	1	1
Mr M Sawyer	8	9	4	4	2	3
Alternate Directors						
Mr M Haworth (alternate for Mr M Sawyer)	-	-	-	-	-	-
Former Directors						
Mr L Ward (iii)	1	1	1	1	2	2

(i) Appointed 1 November 2019

(ii) Appointed 11 March 2019

(iii) Resigned 26 February 2019

'Held' represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

REMUNERATION REPORT - AUDITED

The Remuneration Report, which has been audited, outlines the Director and executive remuneration arrangements for the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The Board believes that executive remuneration is a key enabler of the delivery of the Group's strategy for the benefit of shareholders, customers, employees and our communities.

The Remuneration Report is set out under the following main headings:

A Key Management Personnel

B Key Remuneration Outcomes

C Remuneration Components

D Remuneration of Non-executive Directors

E Performance and Outcomes for 2019

F Remuneration of Executive Directors and Other Key Management Personnel

G Service Agreements

H Cash Bonuses and Share-based Payments

I Options and Performance Rights Granted as Remuneration

J Key Management Personnel Shareholdings

K Other Transactions with Key Management Personnel and / or Their Related Parties

REMUNERATION REPORT - AUDITED (CONTINUED)

A. Key Management Personnel

The Key Management Personnel (KMP) of the Group comprises the Non-Executive Directors of the Company and the Executives listed below who have significant influence over the Group's operating performance.

Name	Position	Changes in Tenure
Non-Executive Directors		
Mr Stephen Everett	Independent Non-Executive Chairman	
Mr Lucas Dow	Independent Non-Executive Director	▪ Appointed 1 Nov 2019
Mr Philip Hennessy	Independent Non-Executive Director	
Ms Fiona Murdoch	Independent Non-Executive Director	▪ Appointed 11 Mar 2019
Mr Mark Sawyer	Non-Executive Director	
Mr Michael Haworth	Alternate Director for Mark Sawyer	
Mr Lindsay Ward	Independent Non-Executive Director	▪ Resigned 26 Feb 2019
Executive KMP		
Mr Simon Finnis	Managing Director and CEO	
Mr Graham Tanner	Operations Manager Bauxite Hills Mine	
Mr Duane Woodbury	CFO and Joint Company Secretary	▪ Appointed Joint Company Secretary 22 Mar 2019

B. Key Remuneration Outcomes

Key remuneration outcomes for the financial year ended 31 December 2019 are summarised below:

Remuneration	Description
Short Term Incentive (STI) plan outcomes	The average STIP outcome for Executive Key Management Personnel for the 2019 year was 62% of the maximum opportunity based on an assessment of Shared and Individual Key Performance Indicators (KPIs). This reflects the achievement of production targets for the 2019 year as well as a number of individual KPIs. Shares issued upon the exercise of performance rights are subject to a 12-month escrow.
Long Term Incentive (LTI) plan outcomes	No share-based payments or performance rights were issued during the year in respect of the Group's LTIPs. For the 2017 LTIP, Tranche 2 (representing 20% of the maximum award) was measured and was not vested as the criteria was not achieved. No new LTIPs were issued in the 2018 year. The vesting criteria for the 2019 LTIP are not due to be measured until 31 December 2021.
Executive KMP Remuneration	The fixed remuneration of the Managing Director and the CFO were not changed during the year. From 1 November 2019 the fixed remuneration of the Operations Manager Bauxite Hills Mine was increased to $300,000, exclusive of superannuation, reflecting his increased responsibilities, performance and consideration of market conditions.
Non-Executive Director (NED) Remuneration	No changes were made to the maximum approved fees payable to NEDs in 2019.

C. Remuneration Components

What are the objectives of the Executive reward framework?	The objective of the Group's Executive Reward Framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive reward with the achievement of the strategic objectives of the Group and the creation of value for shareholders, and substantially conforms to the market best practice for delivery of Executive reward. The key principles of the framework are: ▪ Remuneration which is comparable and competitive. ▪ An appropriate balance between fixed and variable (at-risk) components. ▪ Performance based. ▪ Alignment to shareholder experience and the medium to long-term interests of shareholders. ▪ Fairness and transparency. The philosophy is to attract, motivate and retain high performance and high-quality personnel, as well as a focus on sustained growth in shareholder wealth, including growth in share price relative to peer group companies (ASX Mining and Metals Index) and delivering constant, or increasing, return on assets. The Executive Reward Framework has 4 components: 1. Fixed remuneration, compromising a base salary, employer superannuation contributions and non-monetary benefits; 2. Share-based payments (Performance Rights) and/or cash bonuses as part of a Short-term incentive (STI); 3. Long-term incentives (LTI) (Options and Performance Rights); and 4. Other remuneration such as long service leave. The combination of these comprises the Executive's total remuneration.

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Remuneration Components (continued)

The key terms of contracts for service between the Company and Executive KMPs are outlined in Section G. The Group retains the right to terminate contracts immediately by making payment as allowed under the termination provisions provided in the individual's contract of employment.

What are Performance Rights?

Performance Rights granted under the STI plan and the LTI plan are granted for no consideration. Performance Rights carry no dividend or voting rights. One ordinary share in the Company is allocated on vesting of a Performance Right.

When and how is Executive Reward Framework reviewed?

The Executive Reward Framework is reviewed by the Board each year based on recommendations received from the Remuneration and Nominations Committee.

The annual review includes consideration of the Group's remuneration policy and practice, relevant market benchmarks, the skills and experience required for each role, individual and business unit performance, and the overall performance of the Group.

What is the potential value of STI and LTI grants?

For the 2019 Performance Year (1 January 2019 to 31 December 2019) the maximum annual STI and LTI grants are:

	Annual STI Grant	Annual LTI Grant
Managing Director	35% of Base Salary	50% of Base Salary
Other Executive KMP	25% of Base Salary	30% of Base Salary

Base Salary is fixed cash remuneration inclusive of statutory superannuation entitlements.

What is included in fixed remuneration?

Fixed remuneration includes Base Salary, superannuation and non-monetary benefits. Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and adds additional value to the Executive.

Upon retirement or termination, Executive KMPs are paid employee benefits accrued to date of retirement or termination. Other than as outlined in Section G, no other termination benefits are payable under service contracts.

What is the purpose and structure of the STI plan?

STIs are performance based designed to reward high performance against challenging, clearly defined and measurable objectives. STIs are calculated over a 12-month period and include Performance Rights and/or cash bonuses at the discretion of the Board.

For the 2019 Performance Year, the Board resolved that any STI award entitlements would be settled with the issuance of Performance Rights.

Any shares issued as a result of Performance Rights are subject to a 12-month voluntary escrow agreement, which means that the employee cannot trade in those shares for a period of 12 months after the shares have been issued.

The STI is linked to Key Performance Indicators (KPIs) which are reviewed by the Remuneration and Nominations Committee at the commencement of each year and approved by the Board.

The STI KPIs in 2019 comprised 2 components: a) Shared KPIs and b) Individual KPIs.

The Shared KPI hurdles in 2019 accounted for 60% of the STI award for the Managing Director and Operations Manager Bauxite Hills Mine and 45% of the STI award for other Executive KMPs. The remaining balance was attributable to individual KPIs.

Achieving a performance hurdle entitles an Executive to 70% of the total potential score, exceeding achieves 100% and outstanding performance can result in an Executive achieving 130% of the applicable KPI score.

Shared KPIs in 2019 that applied to Executive KMP

	MD and Operations Manager Bauxite Hills % weighting	Other Executive KMP % weighting
Safety	20	15
Production	20	15
Financial	20	15

Individual KPIs

Individual KPIs vary for each Executive KMP based on their accountabilities. For commercial reasons they are not disclosed in this report, however they are aligned with the strategic objectives of the Group; examples include achievement of new offtake agreements, sales targets (volume and price) and bauxite quality measures.

When and how is Executive KMP performance reviewed under the STI plan?

At the beginning of each Performance Year, the Remuneration and Nominations Committee and Board review and approve STI KPIs for the Managing Director and each Executive KMP.

Following the completion of each Performance Year, the Chairman of the Board with the assistance of the Chair of the Remuneration and Nominations Committee reviews the performance of the Managing Director. The Managing Director reviews the performance of each of the Executive KMP and seeks the approval of the Board and Remuneration and Nominations Committee to determine award outcomes.

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Remuneration Components (continued)

What is the purpose and structure of the LTI plan?

On 1 July 2017 a long-term incentive plan was introduced to establish a relationship between the Group's financial performance, achievement of longer-term strategies, and the level of remuneration paid to key management personnel. The Board believes an LTI plan can focus and motivate employees to achieve exceptional outcomes, align performance with shareholder experience, be competitive with other comparable companies and link a reasonable portion of Executive KMP total reward with Company share price and shareholder returns.

2017 LTI Grant

The 2017 LTIs were in the form of share-based payments (options) at a strike price with a 25% premium over the VWAP market price on date of grant.

The 2017 LTI has 60% of the incentive linked to achievement of the Group's longer-term strategic objectives. The KPIs established in July 2017 included milestones such as progressing the Group's Bauxite Hills Mine toward production and successful commissioning; achievement of operating costs at better than forecast levels and achieving production ramp-up in years 2019-2020 (subject to Board approval).

The other 40% of the LTI is linked to Total Shareholder Return (TSR) which compares the Group share price against the ASX 300 Metal and Mining Index (ASX: XMM).

The Company's share price must increase by at least 20% above the change in the index for the full 40% TSR component to be granted. The incentive operates on a sliding scale to the point at which there are no TSR benefits to the Executive if the Company share price reduces when compared to the index movement. The period for measuring the TSR component is 36 months. The final awards are at the discretion of the Board and the Board may consider it inappropriate to award the LTI in the case where absolute TSR rather than relative TSR has declined in comparison to the ASX 300 Metal and Mining Index.

The 2017 LTI plan was limited to the Managing Director and his direct reports.

2018 LTI Grant

No new LTI grants were made in calendar year 2018 due to the plan being subject to further review and redesign to better align with the market expectations of such schemes.

2019 LTI Grant

The Remuneration and Nominations Committee approved the restructure the LTI plan for the 2019 calendar year, such that it operates as a 3-year rolling plan, with annual grants of Performance Rights valued at a total of 50% of base salary (for the Managing Director) and 30% for other Executive KMP.

The LTI performance hurdles are measurable over a 3-year period, subject to a minimum performance gateway (employment, and achievement of budget) and the following KPIs:

- Relative Total Shareholder Return (TSR) measured against ASX Materials Indices (XMM);
- Return (Group EBIT) on Capital Employed (ROCE) measured against the Group's Weighted Average Cost of Capital (WACC); and
- Return (Group EBIT less corporate costs) on Sales (ROS) measured against Budgeted Return on Sales.

	TSR 40% weighting	ROCE 30% weighting	ROS 30% weighting
Performance Rights not vested	TSR/XMM < or = 1.2	ROCE/WACC < 1.2	Actual ROS/Budgeted ROS < 1.1
Performance Rights vest on a pro rata basis (70% to 100% vesting)	TSR/XMM between 1.2 and 1.4	ROCE/WACC between 1.2 and 1.4	Actual ROS/Budgeted ROS between 1.1 and 1.3
Board discretion to award additional Performance Rights	TSR/XMM > 1.4	ROCE/WACC > 1.4	Actual ROS/Budgeted ROS > 1.3

The vesting criteria for each KPI will be tested on 31 December 2021.

When and how is Executive KMP performance reviewed under the LTI plan?

At the end of the Performance Year, the Remuneration and Nominations Committee and the Board assesses the performance of Executives under the LTI plan and determines the entitlement to Performance Rights for that year.

Future years' incentives and KPIs are adjusted as considered appropriate, to ensure use of the most cost effective and efficient methods to align Group performance and Executive incentives.

Does the Board have discretion in respect of the granting of STI and/or LTI awards?

All incentive awards are at the discretion of the Board. The Board can choose not to pay or to reduce the amount of an incentive otherwise payable. The Board also has the discretion to increase the amount of an incentive for exceptional performance.

What happens to Performance Rights granted under the LTI plan if an Executive ceases employment?

If an Executive's employment is terminated for cause, all unvested Performance Rights lapse unless the Board determines otherwise. In all other circumstances, milestones achieved before the individual's employment contract has ended will be awarded, with Board discretion applied to any awarding of partly achieved objectives.

Any options or performance rights issued which are not exercised on or before the date of termination lapse one (1) month after termination.

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Remuneration Components (continued)

What happens in the event of a change of control?

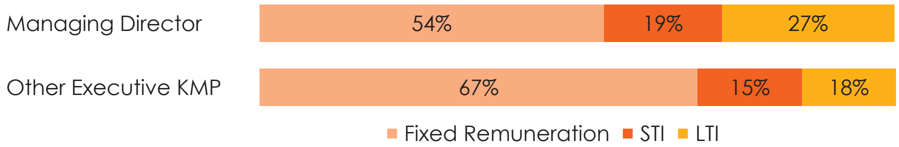
In the event of a takeover or other transaction that in the Board's opinion should be treated as a change of control event, the Board has a discretion to determine that vesting of some or all of the performance rights be accelerated and that dealing restrictions on restricted shares be released.

Is there and ability for the Company to 'clawback' LTI awards?

In 2020 the Board established an ability to clawback LTI awards in the event of fraud, dishonesty, gross misconduct or material misstatement of the financial statements. The Board has the ability in such circumstances to make a determination that could include the lapsing of unvested performance rights, the forfeiture of shares allocated on vesting of performance rights, and/or repayment of any cash payment or dividends to ensure that no unfair benefit was obtained.

What is the potential 2019 executive KMP remuneration mix?

The remuneration mix of fixed and at-risk is specific to each executive KMP. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be as follows:



What is the potential value of STI and LTI grants in 2020?

For the 2020 Performance Year (1 January 2020 to 31 December 2020) the maximum annual STI and LTI grants are:

	Annual STI Grant	Annual LTI Grant
Managing Director	50%	50%
Other Executive KMP	35%	35%

Base Salary is fixed cash remuneration inclusive of statutory superannuation entitlements.

The LTI grants will be established following the Board's April 2020 strategy meeting.

Non-Executive Director Remuneration

Non-Executive Directors do not receive any form of equity incentive entitlement, bonuses, options, other incentive payments or retirement benefits. All Directors are entitled to superannuation contributions up to the statutory capped rates.

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Remuneration and Nominations Committee, who make recommendations to the Board. The Remuneration and Nominations Committee has also agreed where necessary to seek the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

ASX Listing Rules require that the aggregate Non-Executive Directors' remuneration shall be determined periodically by a general meeting of shareholders. The most recent determination was at the Extraordinary General Meeting held on 21 August 2017, where the shareholders approved an aggregate maximum non-executive Directors' remuneration pool of up to $500,000 per annum.

In 2019 the Remuneration and Nominations Committee reviewed the value of the aggregate maximum non-executive Directors' remuneration pool and concluded that an increase to the value of the pool would not be proposed to shareholders in 2020.

No changes were made to Non-Executive Director fees in 2019.

D. Remuneration of Non-Executive Directors

In the year ended 31 December 2019, Non-Executive Directors received $351,962 (six months ended 31 December 2018: $198,983) in total fees, compared to the maximum approved fees payable of $500,000. Non-Executive Directors do not receive at-risk remuneration.

		Board Fees and Cash Benefits $	Committee Fees $	Superannuation $	Total Fixed Remuneration $
Current Directors					
Stephen Everett	2019	123,009	17,500	9,565	150,074
Non-Executive Chairman	2018 (i)	67,150	7,500	-	74,650
Lucas Dow (ii)	2019	10,926	1,250	1,157	13,333
Non-Executive Director	2018 (i)	-	-	-	-
Phillip Hennessy	2019	67,683	22,500	8,567	98,750
Non-Executive Director	2018 (i)	32,454	7,500	3,796	43,750
Fiona Murdoch (iii)	2019	52,197	15,814	6,461	74,472
Non-Executive Director	2018 (i)	-	-	-	-
Mark Sawyer	2019	-	-	-	-
Non-Executive Director	2018 (i)	-	-	-	-

REMUNERATION REPORT – AUDITED (CONTINUED)

D. Remuneration of Non-Executive Directors (continued)

		Board Fees and Cash Benefits $	Committee Fees $	Superannuation $	Total Fixed Remuneration $
Alternate Directors					
Michael Haworth	2019	-	-	-	-
Non-Executive Director	2018 (i)	-	-	-	-
Former Directors					
Lindsay Ward (iv)	2019	12,083	3,250	-	15,333
Non-Executive Director	2018	36,250	9,750	-	46,000
George Lloyd	2019	-	-	-	-
Non-Executive Director	2018	12,500	1,250	-	13,750
Xiaoming Yuan	2019	-	-	-	-
Non-Executive Director	2018	20,833	-	-	20,833

(i) 2018 disclosures are for a 6-month period ended 31 December 2018
(ii) Appointed 1 November 2019
(iii) Appointed 11 March 2019
(iv) Resigned 26 February 2019

E. Performance and Outcomes for 2019

Significant achievements in 2019 were:

- Successful transition to owner-operator model,
- Production achieved the Company's revised 2019 production and shipping guidance of 3.3 Million – 3.5 Million WMT,
- Reduced shipping cost per tonne, and
- Positive engagement with the local community.

On 27 February 2020, the Remuneration and Nominations Committee and the Board assessed the performance of executives under the STI plan KPIs for the 2019 Performance Year and a determination of the entitlement to Performance Rights for the 2019 Performance Year was made. Refer to Section I.

Shared KPI Performance

Measure	KPI	2019 Performance	Outcome
Safety	High-potential incidents Reportable incidents Recordable injury frequency rate	Whilst significant improvements were made to safety systems and culture, unfortunately there were two high-potential incidents during the year. Both were thoroughly investigated and corrective action taken to minimise the risk of recurrence.	Not achieved
Production	Wet Metric Tonnes produced	3.504 Million WMT were produced (hurdle 3.5 Million WMT).	Hurdle achieved
Financial	Unit costs	Site unit costs were \$22.78/WMT for the full year and \$20.68/WMT for the operating year (hurdle \$21.67/WMT for the full year).	Not achieved

STI Award Percentage for Executive KMPs

Executive KMP	Shared KPI performance (as a % of max performance)	Individual KPI performance (as a % of max performance)	Overall performance outcome (as a % of max performance)
Mr S Finnis	14%	26%	40%
Mr D Woodbury	11%	29%	40%
Mr G Tanner	14%	46%	60%

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Executive Directors and Other Key Management Personnel

The following table of benefits and payments represent the components of remuneration for the year ended 31 December 2019 and the comparative six-month period remuneration for each executive director and each member of key management personnel of the Group. Amounts have been calculated in accordance with Australian Accounting Standards.

		Short-term Benefits			Post-Employment Benefits		
		Cash Salary and Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Share-based Payments Equity-settled $	Total $
Managing Director							
Simon Finnis	2019	435,000	-	18,602	13,038	105,625	572,265
	2018(i)	217,500	-	18,989	16,181	127,037	379,707
Other Executive KMP							
Graham Tanner	2019	288,926	-	57,908	18,023	52,111	416,968
	2018(i)	142,380	-	9,634	13,481	24,772	190,267
Duane Woodbury	2019	269,953	-	19,918	25,047	43,841	358,759
	2018(i)	141,101	-	10,358	6,398	53,805	211,662

(i) 2018 disclosures are for a 6-month period ended 31 December 2018.

The proportion of remuneration linked to performance and the fixed proportion is as follows:

		Fixed Remuneration %	At Risk – STI %	At Risk – LTI %
Managing Director				
Simon Finnis	2019	82	11	7
	2018	67	10	23
Other Executive KMP				
Graham Tanner	2019	88	9	3
	2018	84	16	-
Duane Woodbury	2019	88	8	4
	2018	75	8	17

Securities Received that are not Performance Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

G. Service Agreements

Remuneration and other terms of employment for key management personnel (KMP), other than non-executive Directors, are formalised in service agreements. Details of these agreements are as follows:

Name:	**Mr Simon Finnis**
Title:	Managing Director and Chief Executive Officer (CEO)
Agreement commenced:	1 January 2017
Term of agreement:	Until terminated in accordance with the provisions of the agreement.
Details:	The key terms of this agreement are as follows:

- The term is ongoing whilst Mr Finnis is CEO.
- Base salary of $435,000, exclusive of superannuation, subject to annual review by the Board.
- A short-term annual incentive of up to 35% of base annual salary assessed against agreed KPI which include maximising shareholder value, project construction, and other milestones approved by the Board. The bonus is paid as 100% performance rights or options.
- A long-term annual incentive of up to 50% of base annual salary assessed against agreed KPI approved by the Board.
- The agreement may be terminated at any time by either party giving six (6) months' notice. In the event of a change of control of the Company that leads to dismissal or material reduction in responsibilities, the employee will be entitled to six (6) months' salary and any bonuses that have accrued at the time of the event.

REMUNERATION REPORT – AUDITED (CONTINUED)

G. Service Agreements (continued)

Name:	**Mr Duane Woodbury**
Title:	Chief Financial Officer (CFO)
Agreements commenced:	1 July 2018
Term of agreement:	The agreement can be terminated by either party giving six (6) months' notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Woodbury is CFO. ▪ Remuneration of $295,000, inclusive of superannuation, and is subject to annual review by the Board. ▪ A short-term annual incentive of up to 25% of base annual salary assessed against agreed key performance indicators which include managing Metro's funding requirements and designing and scheduling an investor relations strategy and other measures as approved by the Board. The bonus is paid as 100% performance rights or options. ▪ A long-term annual incentive of up to 30% of base annual salary assessed against agreed KPI approved by the Board. ▪ In the event of a change of control of the Company that leads to dismissal or material reduction in responsibilities, the employee will be entitled to six (6) months' salary and any bonuses that have accrued at the time of the event.

Name:	**Mr Graham Tanner**
Title:	Operations Manager Bauxite Hills Mine
Appointment commenced:	25 June 2018
Term of agreement:	The agreement can be terminated by either party giving one (1) month's notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Tanner is Operations Manager – Bauxite Hills Mine. ▪ Base salary is $300,000, exclusive of superannuation, and is subject to annual review by the Board. ▪ A short-term annual incentive of up to 25% of base annual salary assessed against agreed key performance indicators as approved by the Board. The bonus is paid as 100% performance rights or options. ▪ A long-term annual incentive of up to 30% of base annual salary assessed against agreed KPI approved by the Board. ▪ In the event of a change of control of the Company that leads to dismissal or material reduction in responsibilities, the employee will be entitled to six (6) months' salary and any bonuses that have accrued at the time of the event.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

H. Cash Bonuses and Share-based Payments

The terms and conditions relating to performance rights granted as remuneration during the year to KMP are as follows:

	Remun. Type	Grant Date	Grant Value $	Reason Granted	Percent Vested/Paid %	Percent Forfeited %	Percent Remaining Unvested %	Expiry Date	Range for Future Payments
STIP									
Simon Finnis	Perform. Rights	01/01/19	159,042	(i)	40	60	-	31/12/19	N/A
Graham Tanner	Perform. Rights	01/01/19	65,288	(i)	60	40	-	31/12/19	N/A
Duane Woodbury	Perform. Rights	01/01/19	70,356	(i)	40	60	-	31/12/19	N/A
LTIP									
Simon Finnis	Perform. Rights	01/01/19	160,950	(ii)	-	-	100	31/12/21	N/A
Graham Tanner	Perform. Rights	01/01/19	55,500	(ii)	-	-	100	31/12/21	N/A
Duane Woodbury	Perform. Rights	01/01/19	59,808	(ii)	-	-	100	31/12/21	N/A

(i) The short-term incentive performance rights (STIP) were granted on 1 January 2019 in accordance with the terms of the Group's Employee Incentive Plan. Vesting of the performance rights is determined by measuring performance against key performance indicators set by the Board. All awards are at the discretion of the Board. Grant value was determined using a Black Scholes-Merton valuation model.

(ii) The vesting criteria for each KPI will be tested on 31 December 2021. Grant value was determined using a Black Scholes-Merton valuation model.

REMUNERATION REPORT – AUDITED (CONTINUED)

I. Options and Performance Rights Granted as Remuneration

Options Granted as Remuneration

No options were granted as remuneration to executive Directors and other key management personnel in the current financial year.

The number of options over ordinary shares in the Company held during the financial year by each Executive Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at Beginning of Year Number	Granted		Exercised		Lapsed Number	Balance at End of Year Number
		Number	Value $	Number	Value $		
Managing Director							
Simon Finnis	2,538,836	-	-	-	-	(943,767)	1,595,069
Other Executive KMP							
Graham Tanner	-	-	-	-	-	-	-
Duane Woodbury	780,366	-	-	-	-	(156,073)	624,293
	3,319,202	-	-	-	-	(1,099,840)	2,219,362

	Balance at End of Year Number	Vested		Unvested
		Exercisable Number	Un-exercisable Number	Un-exercisable Number
Managing Director				
Simon Finnis	1,595,069	-	398,767	1,196,302
Other Executive KMP				
Duane Woodbury	624,293	-	156,073	468,220

Movement in Options Granted as Remuneration

In a previous financial year four tranches of options were granted to certain key management personnel and other senior executives. Each tranche is subject to vesting conditions as follows:

Tranche	Vesting Period	Vesting Criteria / Assessment
Tranche 1 – 20% of award	1 Jul 2017-30 Jun 2018	Assessed - 100% awarded – Escrowed until 1 July 2020
Tranche 2 – 20% of award	1 Jul 2018-30 Jun 2019	Assessed - 0% awarded
Tranche 3 – 20% of award	1 Jul 2018-30 Jun 2020	Sliding scale of total bauxite shipped.
Tranche 4 – 40% of award	1 Jul 2017-30 Jun 2020	Sliding scale of Total Shareholder Return (TSR) greater than 40% relative to peer group index.

During the financial year, the Tranche 2 vesting criteria were reviewed and assessed as not having been satisfied. Accordingly, 554,840 Tranche 2 options issued to key management personnel lapsed on 30 June 2019. 554,840 Tranche 1 options, which vested on 30 June 2018 and can be converted into shares at the employee's request, remain escrowed until 1 July 2020. Refer to note 35 to the financial statements for further information.

On 7 April 2019, 545,000 options granted to Mr Finnis on 31 May 2017 lapsed unexercised.

Performance Rights Granted as Remuneration

The number of performance rights held during the financial year by each executive director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at Beginning of Year Number	Granted		Exercised		Lapsed Number	Balance at End of Year Number
		Number	Value $	Number	Value $		
Managing Director							
Simon Finnis	455,967	2,353,387	319,992	(227,984)	(43,773)	(824,390)	1,756,980
Other KMP							
Graham Tanner	140,856	876,801	120,788	(115,181)	(22,115)	(188,895)	713,581
Duane Woodbury	232,636	944,863	130,164	(139,581)	(26,800)	(356,891)	681,027
	829,459	**4,175,051**	**570,944**	**(482,746)**	**(92,688)**	**(1,370,176)**	**3,151,588**

REMUNERATION REPORT – AUDITED (CONTINUED)

I. Options and Performance Rights Granted as Remuneration (continued)

	Balance at End of Year Number	Vested Exercisable Number	Unvested Un-exercisable Number
Managing Director			
Simon Finnis	1,756,980	397,605	1,359,375
Other KMP			
Graham Tanner	713,581	244,831	468,750
Duane Woodbury	681,027	175,890	505,137

Performance rights that have vested and are exercisable are entitlements under the 2019 STI program which were awarded by the Board on 27 February 2020.

On 27 February 2020, the Board of Directors approved the 2020 STI program. Of the total of 4,709,322 new performance rights granted to KMP and other employees of the Group under the 2020 STI program, 1,520,979 were granted to Mr Finnis, 734,266 were granted to Mr Tanner and 662,063 were granted to Mr Woodbury. The performance rights have been value at $0.135 per right.

Description of Performance Rights Issued as Remuneration

Details of the performance rights granted as remuneration to key management personnel during the year are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price	Value Per Perf. Right at Grant Date	Amount Paid / Payable By Recipient
01/01/2019	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2020	-	$0.16	$Nil
01/01/2019	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2022	-	$0.086	$Nil
01/01/2019	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2022	-	$0.14	$Nil

J. Key Management Personnel Shareholdings

The numbers of ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, are as follows:

	Balance at Beginning of the Year Number	Granted as Remuneration During the Year Number	Issued on Exercise of Options and Performance Rights Number	Other Changes During the Year Number	Balance at the End of the Year Number
Managing Director					
Mr S Finnis	4,524,581	-	227,984	-	4,752,565
Non-Executive Directors					
Mr S Everett	4,391,078	-	-	-	4,391,078
Mr L Dow (i)	-	-	-	2,000,000	2,000,000
Mr P Hennessy	3,178,573	-	-	-	3,178,573
Ms F Murdoch (ii)	-	-	-	150,000	150,000
Mr L Ward (iii)	1,330,358	-	-	(1,330,358)	-
Other Executive KMP					
Mr G Tanner	-	-	115,181	-	115,181
Mr D Woodbury	890,170	-	139,581	-	1,029,751
	14,314,760	-	482,746	819,642	15,617,148

(i) Appointed 1 November 2019

(ii) Appointed 11 March 2019

(iii) Resigned 26 February 2019

REMUNERATION REPORT – AUDITED (CONTINUED)

K. Other Transactions with Key Management Personnel and/or Their Related Parties

Loan to Managing Director

During a prior financial year, the Board approved an interest-bearing short-term loan of $32,476 to the managing director, lent on arms' length basis terms. The loan was made to enable the managing director to satisfy personal tax liabilities at a time when he was unable to exercise his vested Metro Mining Limited share options as the Company remained in an extended closed trading window. The loan was repaid in full in the first half of the current financial year.

There were no other transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated parties.

REMUNERATION REPORT – AUDITED ENDS

EVENTS OCCURRING AFTER THE REPORTING DATE

On 30 January 2020, the World Health Organization Director-General declared the outbreak of novel coronavirus (2019-nCoV) a Public Health Emergency of International Concern. This emerging macro-economic risk may adversely affect demand in 2020 for the Group's bauxite, and also may impact the ability of the Group to complete Stage 2 expansion works within forecast timeframes.

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:

S Everett
Chairman

28 February 2020

Brisbane

Building a better working world

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Auditor's Independence Declaration to the Directors of Metro Mining Limited

As lead auditor for the audit of the financial report of Metro Mining Limited for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metro Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Andrew Carrick
Partner
28 February 2020

METRO MINING LIMITED FINANCIAL REPORT FOR THE YEAR ENDING 31 DECEMBER 2019

CONTENTS

General Information

The Financial Report covers Metro Mining Limited as a consolidated entity consisting of Metro Mining Limited and the entities it controlled (the Group or the Consolidated Entity). The Financial Report is presented in Australian dollars, which is Metro Mining Limited's functional and presentation currency.

The Financial Report consists of the financial statements, notes to the financial statements and the Directors' Declaration.

Following a resolution by Directors under S323D of the *Corporations Act 2001* to change the Group's financial year end from 30 June to 31 December, the Group applied for the change to be registered. On 23 July 2018, ASIC agreed to accept the Directors' Resolution. Accordingly, these financial statements are for the 12-month period ended 31 December 2019. Comparatives are for the six-month period ended 31 December 2018.

Metro Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 247 Adelaide Street
Brisbane Queensland 4000

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of the Financial Report.

The Financial Report was authorised for issue, in accordance with a Resolution of Directors, on 27 February 2020. The Directors have the power to amend and reissue the Financial Report.

		Consolidated	
		12 months	**6 months**
		31 Dec 2019	**31 Dec 2018**
	Note	**$'000**	**$'000**
Revenue from contracts with customers	3	199,000	93,235
Cost of sales	4	(173,023)	(83,278)
Gross profit		**25,977**	**9,957**
Other income	5	201	53
Impairment expenses	6	(115)	-
Exploration expenses		(468)	(86)
Cost of transition to owner - operator	7	(1,898)	(497)
Administrative expenses	8	(6,667)	(2,892)
Operating profit		**17,030**	**6,535**
Finance costs	9	(8,606)	(4,341)
Finance income	10	519	179
Foreign exchange losses		(2,959)	(181)
Profit before tax from continuing operations		**5,984**	**2,192**
Income tax benefit / (expense)	11	(2,361)	7,165
Profit for the year from continuing operations		**3,623**	**9,357**
Other Comprehensive Income			
Items that will be reclassified to profit or loss when specific conditions are met:			
Change in fair value of cash flow hedges		349	(85)
Foreign currency translation differences		-	1
Profit for the year		**3,972**	**9,273**
Attributable to:			
Owners of the Company		3,972	9,273
		3,972	**9,273**
		Cents	**Cents**
Basic earnings per share	37	0.262	0.677
Diluted earnings per share	37	0.260	0.674

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

		Consolidated	
		31 Dec 2019	31 Dec 2018
	Note	$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	12	32,547	23,367
Inventories	13	2,501	1,940
Trade and other receivables	14	8,481	18,335
Other assets	15	11,092	9,279
Total Current Assets		**54,621**	**52,921**
Non-current assets			
Property, plant and equipment	16	136,891	138,801
Right-of-use assets	17	19,130	-
Exploration and evaluation assets	18	2,247	1,979
Deferred tax assets	11	4,810	7,165
Total Non-Current Assets		**163,078**	**147,945**
Total Assets		**217,699**	**200,866**
Liabilities			
Current liabilities			
Trade and other payables	19	20,921	20,328
Lease liabilities	17	4,695	3,060
Borrowings	20	1,272	8,104
Other financial liabilities	21	-	242
Provisions	22	1,082	206
Total Current Liabilities		**27,970**	**31,940**
Non-current liabilities			
Lease liabilities	17	11,929	1,953
Borrowings	20	35,937	31,163
Provisions	22	7,782	6,315
Total Non-Current Liabilities		**55,648**	**39,431**
Total Liabilities		**83,618**	**71,371**
Net Assets		**134,081**	**129,495**
Equity			
Contributed equity	23	176,421	176,106
Reserves	24	9,900	9,237
Accumulated losses		(52,240)	(55,848)
Total Equity		**134,081**	**129,495**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	Contributed Equity $'000	Other Shares Subscribed $'000	Translation Reserve $'000	Cash Flow Hedge Reserves $'000	Options Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2018	171,810	3,458	(5)	(264)	9,141	(65,205)	118,935
Comprehensive income for the period							
Profit after income tax expense	-	-	-	-	-	9,357	9,357
Other comprehensive income, net of tax	-	-	1	-	-	-	1
Fair value changes in cash flow hedges	-	-	-	(85)	-	-	(85)
Total comprehensive income for the period	-	-	1	(85)	-	9,357	9,273
Transactions with owners in their capacity as owners							
Shares issued during the period	4,313	(3,458)	-	-	-	-	855
Transaction costs	(17)	-	-	-	-	-	(17)
Share-based payments – employees	-	-	-	-	449	-	449
Total transactions with owners	4,296	(3,458)	-	-	449	-	1,287
Balance at 31 Dec 2018	**176,106**	**-**	**(4)**	**(349)**	**9,590**	**(55,848)**	**129,495**

Consolidated	Contributed Equity $'000	Other Shares Subscribed $'000	Translation Reserve $'000	Cash Flow Hedge Reserves $'000	Options Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 Jan 2019	176,106	-	(4)	(349)	9,590	(55,848)	129,495
Change in accounting policy	-	-	-	-	-	(15)	(15)
Restated total equity at 1 Jan 2019	176,106	-	(4)	(349)	9,590	(55,863)	129,480
Comprehensive income for the year							
Profit after income tax expense	-	-	-	-	-	3,623	3,623
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Fair value changes in cash flow hedges	-	-	-	349	-	-	349
Total comprehensive income for the year	-	-	-	349	-	3,623	3,972
Transactions with owners in their capacity as owners							
Shares issued during the year	320	-	-	-	-	-	320
Transaction costs	(5)	-	-	-	-	-	(5)
Share-based payments – employees	-	-	-	-	314	-	314
Total transactions with owners	315	-	-	-	314	-	629
Balance at 31 Dec 2019	**176,421**	**-**	**(4)**	**-**	**9,904**	**(52,240)**	**134,081**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Consolidated 12 months 31 Dec 2019 $'000	Consolidated 6 months 31 Dec 2018 $'000
Cash Flows from Operating Activities			
Receipts from customers		208,613	83,937
Payments to suppliers and employees		(170,994)	(80,321)
		37,619	3,616
Other income		100	-
Interest received		223	206
Net cash provided by operating activities	26	37,942	3,822
Cash Flows from Investing Activities			
Payments for plant and equipment		(6,592)	(1,136)
Payments for exploration and evaluation assets		(1,057)	(261)
Payments for assets under construction		(1,918)	(2,412)
Return of / (payments for) financial assurance and other security bonds		(308)	123
Proceeds from sale of exploration and evaluation assets		-	1
Net cash used in investing activities		(9,875)	(3,685)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	4,313
Share issue transaction costs		(5)	(17)
Proceeds from exercise of options		320	-
Proceeds from borrowings		18,170	-
Repayment of borrowings		(22,525)	-
Interest paid		(6,168)	(2,734)
Principal elements of lease payments (2018: principal elements of finance lease payments)		(5,722)	(1,532)
Finance costs paid		(817)	(318)
Repayment of related party loan		32	-
Net cash used in financing activities		(16,715)	(288)
Net increase / (decrease) in cash and cash equivalents		11,352	(151)
Net foreign exchange difference		(2,172)	223
Cash and cash equivalents at the beginning of the year / period		23,367	23,295
Cash and Cash Equivalents at the end of the year / period	12	**32,547**	**23,367**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Significant Changes in the Current Reporting Year

The financial position and performance of the Group was particularly affected by the following events and transactions during the year to 31 December 2019:

- As a result of the planned wet-season shutdown, mining and transhipment from the Group's Bauxite Hills Mine in North Queensland was not undertaken in the first quarter of the year. Transhipment recommenced on 13 April 2019. Revenue from the sale of bauxite for the year ended 31 December 2019 therefore represents the result for a 263-day operational period only. Refer to note 3.
- The Group transitioned to owner-operator of the Bauxite Hills Mine. All contractual obligations and arrangements with SAB Bauxite Operations Pty Ltd, the Group's former provider of mining services, were settled during the financial year. Refer to note 7.
- The Group restructured its debt funding arrangements ahead of the Stage 2 expansion of Bauxite Hills Mine production to 6.0 MWT Tonnes per annum:
  - Repayment terms for the existing $20 Million debt facility with Ingatatus AG Pty Ltd (Ingatatus) were renegotiated with the commencement of repayment of principal deferred until 1 July 2021.
  - The Group made early repayment of the existing Sprott Private Resources Lending (Sprott) facility utilising a new A$7.5 Million loan facility provided by Ingatatus and a new A$7.5 Million facility provided by Lambhill Pty Ltd (Lambhill). Repayment of the new facilities with Ingatatus and Lambhill commence on 1 July 2021.
  - The Northern Australia Infrastructure Facility (NAIF) Board made an Investment Decision to offer the Company a Loan facility of up to A$47.5 Million to finance the Stage 2 expansion at Bauxite Hills. At 31 December 2019, conditions precedent to the initial drawdown remained outstanding. These conditions are anticipated to be satisfied in the first half of the 2020 financial year.
  - Additional equipment financing was secured during the year relating to the funding of the expansion and upgrade program.
  - Refer to note 20 for further information on financing arrangements.
- The Group adopted the new leasing standard AASB 16 *Leases* as of 1 January 2019. The transition to AASB 16 has resulted in reclassifications in the Group's balance sheet and a $15,000 increase to opening Accumulated Losses. Refer to note 40.

The Group has reviewed its exposure to climate-related and other emerging business risks during the reporting period but has not identified any risks that could impact the financial performance or position of the Group as at 31 December 2019 other than those already disclosed. The Group has sufficient capacity to enable it to meet covenants on its existing borrowings and sufficient working capital to service its operating activities.

For a detailed discussion about the Group's performance and financial position, please refer to our review of operations on pages 3 to 5.

Note 2. Segments Reporting

Identification of Reportable Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Financial information provided to the Board is currently at the consolidated level.

Accordingly, management currently identifies the Group as having only one reportable segment, being production and sales of bauxite. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group's customers are all located in one geographic area, China, with 100% of the revenue from sales of bauxite derived in the year being from that area. The Group had three individual customers that each accounted for greater than 10% of its revenue during the operating period.

Note 3. Revenue from Contracts with Customers	Consolidated	
	12 months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Revenue from sales of bauxite	199,000	93,235
Total Revenue from Contracts with customers	**199,000**	**93,235**

- The Group sold 100% of its 2019 production through a combination of the existing binding off-take agreement (with the majority of revenues recognised during this financial period being supplied as part of that agreement) and contracted spot sales. With operations commencing in mid-April 2019, fifty-six ocean-going vessels completed loading in the period ended 31 December 2019.
- The Group's bauxite is sold on the INCO terms Cost, Insurance and Freight (CIF) from the Port of Skardon River, Queensland to main ports in China. The binding off-take pricing is based on a formula linked to the published Chinese Alumina index (Aladdiny). Spot sale prices are negotiated based on the bauxite spot market price at the time of signing the spot sale contracts. Both the binding offtake and spot sales contracts contain agreed product specification ranges and have usual provisions for bonuses and penalties for variances therefrom.
- Payment is received for each shipment via irrevocable Letter of Credit for 90% of the unadjusted cargo value, with the balancing receipt (including bonus or penalty) drawn down after the product has been discharged and analysed by the customer in China.

Note 4. Cost of Sales	Consolidated	
	12 months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Production expenses	80,612	40,217
Depreciation expense	5,166	763
Amortisation expense	4,678	2,392
Selling and Distribution Expenses		
Ocean freight	59,966	29,593
Royalties expense	20,136	9,383
Marketing expense [(i)]	2,465	930
Total Cost of Sales	**173,023**	**83,278**

(i) Marketing expenses consist of commission paid to overseas marketing representatives together with the office and travel expenses for those representatives.

Note 5. Other Income	Consolidated	
	12 months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Joint venture income	100	50
Other income	101	3
Total Other Income	**201**	**53**

Note 6. Impairment Expenses	Consolidated	
	12 months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Tenement impairments	115	-
Total Impairment Expenses	**115**	**-**

Note 7. Transition to Owner - Operator	Consolidated	
	12months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Cost of transition to owner - operator	1,898	497
Total Cost of Transition to Owner-Operator	**1,898**	**497**

In the previous financial period, the Board made the decision to transition to owner-operator of the Bauxite Hills Mine. The Board considered this the next logical step for the Bauxite Hills Mine given the anticipated cost reductions and efficiency increases expected from the owner-operator model. The decision necessitated the termination of the contract between the Group and SAB Bauxite Operations Pty Ltd (SAB) for mining services at the Bauxite Hills Mine.

Additional costs were incurred as a result of this transition totalling $1.898 Million. These costs have been reported in the Statement of Profit or Loss and Other Comprehensive Income. The costs related to various items including settlement costs, mobilisation and demobilisation expenses and legal costs. All obligations with respect to the transition had been settled prior to 31 December 2019.

Note 8. Administrative Expenses	Consolidated	
	12months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Salary and wages expenses	3,015	1,312
Share-based payments	314	324
Occupancy costs	36	73
Depreciation	63	11
Professional fees	1,520	484
Bank fees	216	142
Other expenses	1,503	546
Total Administrative Expenses	**6,667**	**2,892**

Note 9. Finance Costs	Consolidated	
	12months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Interest expense - borrowings	4,675	2,236
Interest expense - leases	1,385	321
Amortisation of deferred borrowing costs	2,213	1,298
Rehabilitation provision: unwinding of discount	153	162
Other finance costs	180	324
Total Finance Costs	**8,606**	**4,341**

Note 10. Finance Income	Consolidated	
	12months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Interest income	220	179
Gain on loan modification (refer note 20)	299	-
Total Finance Income	**519**	**179**

Note 11. Income Tax		Consolidated	
	Note	12 months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Numerical reconciliation of income tax benefit to prima facie tax payable			
Profit before income tax expense / (benefit)		5,984	2,192
Income tax using the Company's domestic tax rate of 30% (31 Dec 2018: 30%)		1,796	657
Amounts that are not deductible/(taxable) in calculating taxable income:			
- Share-based payments		104	97
- Other permanent differences		451	366
- Equity adjustments		(8)	-
- Under / (over) adjustment		18	(44)
- Recognition of previously unrecognised deferred tax asset		-	(8,241)
Total Income Tax Expense/ (benefit)		**2,361**	**(7,165)**
Recognised Deferred Tax Assets			
Exploration and evaluation expenditure		-	148
Other provisions and accruals		490	128
Lease liabilities		4,987	1,504
Other deductible temporary differences		2,493	2,212
Tax effect of change in accounting policy	40	6	-
Tax losses carried forward		15,972	16,316
Tax losses and temporary differences brought to account to reduce the deferred tax liability		(19,138)	(13,143)
Total Recognised Deferred Tax Assets		**4,810**	**7,165**
Unrecognised Deferred Tax Assets			
Rehabilitation provision		2,327	1,891
Tax losses carried forward		12,691	12,691
Capital losses carried forward		2,256	2,256
Total Unrecognised Deferred Tax Assets		**17,274**	**16,838**

Note 11. Income Tax (continued)	Consolidated	
	12 months 31 Dec 2019 $'000	6 months 31 Dec 2018 $'000
Deferred Tax Liabilities		
Deferred tax liabilities comprise the estimated expense at the applicable rate of 30% on the following items:		
Exploration and evaluation expenditure	9	-
Property, plant and equipment (including other mineral assets)	12,612	10,504
Inventory	732	536
Leased assets	5,565	2,094
Borrowings	199	-
Other temporary differences	21	9
Deferred tax asset attributable to tax losses and temporary differences brought to account to reduce the deferred tax liability	(19,138)	(13,143)
Total Deferred Tax Liabilities	**-**	**-**

The deductible temporary differences and tax losses do not expire under current tax legislation. The Group has no franking credits.

Note 12. Cash at Bank	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash at bank	32,547	22,117
Cash on deposit	-	1,250
Total Cash and Cash Equivalents	**32,547**	**23,367**

Note 13. Inventories	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Bauxite inventories	62	155
Fuel, critical spares, and consumables	2,439	1,785
Total Inventories	**2,501**	**1,940**

Note 14. Trade and Other Receivables	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade debtors	4,363	15,891
Other receivables (i)	1,077	1,236
Contract asset	3,041	1,176
Loans to related parties (ii)	-	32
Total Trade and Other Receivables	**8,481**	**18,335**

(i) Other receivables include a net GST and fuel tax credit receivable of $0.986 Million (31 Dec 2018: $1.095 Million).

(ii) Loans to related parties are detailed in note 34.

Note 15. Other Assets	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Current		
Term deposits held as security	7,277	6,963
Prepayments	2,052	1,642
Other	1,763	674
Total Other Current Assets	**11,092**	**9,279**

Financial assurance security deposits are cash deposits held as security for the future rehabilitation of any environmental disturbance at various mining tenements and leases held by the Group.

Note 16. Property, Plant and Equipment	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Owned Assets		
Plant and equipment - at cost	6,050	1,690
Less: Accumulated depreciation	(241)	(24)
	5,809	1,666
Infrastructure – at cost	35,784	34,236
Less: Accumulated depreciation	(1,881)	(714)
	33,903	33,522
Ancillary assets – at cost	2,344	1,641
Less: Accumulated depreciation	(921)	(489)
	1,423	1,152
Leased Assets (i)		
Leased assets – at cost	-	8,501
Less: Accumulated amortisation	-	(1,418)
	-	7,083
Other Mineral Assets		
Other mineral assets – at cost	99,184	95,964
Less: Accumulated amortisation	(5,376)	(2,079)
	93,808	93,885
Assets under Construction		
Assets under construction – at cost	1,948	1,493
Total Property, Plant and Equipment	**136,891**	**138,801**

(i) Leased assets were reclassified as Right-of-Use Assets on implementation of AASB 16 Leases. Refer to note 17.

Movements in Carrying Amounts

Movements in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year are shown in the following table:

Note 16. Property, Plant and Equipment (continued)

Consolidated	Plant and equipment $'000	Infra-structure $'000	Ancillary assets $'000	Other mineral assets $'000	Assets under construction $'000	Leased assets $'000	Total $'000
Balance at 1 July 2018	862	34,091	1,074	92,852	208	7,738	136,825
Additions	824	-	213	2,671	1,348	99	5,155
Transferred from assets under construction	-	-	63	-	(63)	-	-
Disposals	-	-	(12)	-	-	-	(12)
Depreciation / amortisation expense	(20)	(569)	(186)	(1,638)	-	(754)	(3,167)
Balance at 31 December 2018	**1,666**	**33,522**	**1,152**	**93,885**	**1,493**	**7,083**	**138,801**
Balance at 1 January 2019	1,666	33,522	1,152	93,885	1,493	7,083	138,801
Adjustment for change in accounting policy (i)	-	-	-	-	-	(7,083)	(7,083)
Restated opening net book amount	1,666	33,522	1,152	93,885	1,493	-	131,718
Additions	1,983	1,313	731	3,220	1,918	-	9,165
Reclassifications from right-of-use assets (ii)	1,180	-	-	-	-	-	1,180
Transferred from assets under construction	1,172	236	55	-	(1,463)	-	-
Disposals	-	-	(34)	-	-	-	(34)
Depreciation expense	(192)	(1,168)	(481)	(3,297)	-	-	(5,138)
Balance at 31 December 2019	**5,809**	**33,903**	**1,423**	**93,808**	**1,948**	**-**	**136,891**

(i) Property, plant and equipment decreased on 1 January 2019 when the adoption of AASB 16 *Leases* resulted in the reclassification of leased assets as right-of-use assets. Refer to note 17 for details of the change in accounting policy.

(ii) During the year, a portable feed hopper and a track-mounted jaw crusher, which had been reclassified as right-of-use assets at 1 January 2019, were transferred to property, plant and equipment following the pay-out of the lease over these assets.

Other Mineral Assets

Amortisation of other mineral assets commenced at the formal commissioning of the mine. These assets will be amortised over the mine life on a units of production basis.

Assets Under Construction

Assets under construction includes mine related infrastructure and plant and equipment under development but not commissioned at 31 December 2019. Assets under construction are not depreciated until development is complete and the assets are available for their intended use.

Note. 17 Leases

This note provides information for leases where the Group is a lessee.

(i) *Amounts recognised in the balance sheet*

The balance sheet shows the following amounts relating to leases:

	31 Dec 2019 $'000	1 Jan 2019 $'000 (✻)
Right-of-use Assets		
Properties	202	334
Infrastructure	2,965	3,069
Equipment	15,457	3,570
Motor vehicles	506	444
Total Right-of-use Assets	**19,130**	**7,417**
Lease Liabilities		
Current	4,695	3,060
Non-current	11,929	1,953
Total Lease Liabilities	**16,624**	**5,013**

(✻) In the previous period, the Group only recognised lease assets and lease liabilities in relation to assets that were classified as 'finance leases' under AASB 117 *Leases*. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 on 1 January 2019, refer to note 40.

Additions to right-of-use assets during the 2019 financial year totalled $17.661 Million.

- Eight new light vehicles were added to the existing leased light vehicle fleet and three new triple-set trailers, two wheel-loaders and a prime mover were added to the leased heavy vehicle fleet. All additions have lease terms of 36 months. Refer to note 20 for further information regarding the additions to the heavy vehicle fleet.
- The Group entered into a contract for the dry-hire of mining equipment over a 48-month term. The terms of the agreement have been assessed as meeting the definition of a lease under AASB 16 Leases.
- The Group leased a new storage facility. The lease is for a 3-year term with no option to extend.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Note. 17 Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Note	Consolidated 12 months 31 Dec 2019 $'000	Consolidated 6 months 31 Dec 2018 $'000
Amortisation charge – Right-of-Use Assets			
Properties		165	-
Infrastructure		105	-
Equipment		4,030	-
Motor vehicles		378	-
Total Amortisation Charge	4	**4,678**	**-**
Interest expense	9	1,385	-
Expense relating to short-term leases (included in administrative expenses)		18	-
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)		11	-

The total cash outflow for leases in 2019 was $7.107 Million.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various properties, infrastructure, equipment and vehicles. Rental contracts are typically made for fixed periods of 2 to 4 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocated the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Until the financial period ended 31 December 2018, leases of property, plant and equipment were classified as either finance or operating leases (refer to note 39q for details).
From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the Group under residual value guarantees,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets are comprised of IT equipment and small items of office equipment.

Note 18. Exploration and Evaluation Assets	Consolidated 31 Dec 2019 $'000	Consolidated 31 Dec 2018 $'000
Exploration and Evaluation - at Cost	**2,247**	**1,979**

Reconciliations

A reconciliation of the written down value of exploration and evaluation assets at the beginning and end of the current year and the previous financial period is set out below:

	Exploration & Evaluation $'000
Consolidated	
Balance at 30 June 2018	1,843
Expenditure during the period	136
Written off during the period	-
Balance at 31 December 2018	**1,979**
Expenditure during the year	383
Written off during the year	(115)
Balance at 31 December 2019	**2,247**

Exploration and evaluation costs are only capitalised to the extent they are expected to be recovered either through successful development or sale of the relevant mineral interest. As required by Australian Accounting Standards, at 31 December 2019 the Group reviewed its various areas of interest for the existence of impairment indicators.

Note 18. Exploration and Evaluation Assets (continued)

This analysis identified that, with successful production from the Bauxite Hills Mine, the Group's exploration focus would be on bauxite tenements that are proximate to the existing mine and associated infrastructure.

Consistent with this strategic focus, the Group has allowed to expire, or will relinquish at the next renewal date, certain bauxite exploration tenements which are not regarded as prospective or are not proximate to the existing mine and associated infrastructure.

Note 19. Trade and Other Payables	Consolidated	
	31 Dec 2019	31 Dec 2018
	$'000	$'000
Trade payables	9,031	11,520
Accrued expenses	11,890	8,808
Total Trade and Other Payables	**20,921**	**20,328**

Refer to note 28 for detailed information on financial instruments.

Note 20. Borrowings	Consolidated	
	31 Dec 2019	31 Dec 2018
	$'000	$'000
Current		
Secured liabilities		
Loans	1,320	9,479
Deferred borrowing costs, net of amortisation	(48)	(1,375)
Total Current Borrowings	**1,272**	**8,104**
Non-Current		
Secured liabilities		
Loans	35,985	32,309
Deferred borrowing costs, net of amortisation	(48)	(1,146)
Total Non-Current Borrowings	**35,937**	**31,163**

During the financial year, the Group restructured its debt funding arrangements as follows:

Ingatatus AG Pty Ltd (Ingatatus)

(i) Modification of existing facility

The existing debt facility with Ingatatus is for a total of A$20 Million. Under the terms of the original agreement, the facility had a term of 3 years from the date of the final drawdown (29 September 2017) at which time the principal was repayable in full.

On 26 October 2019, the Company reached an agreement with Ingatatus to vary the timing of principal repayments. Under the terms of the amended agreement, the principal will be repaid in three equal tranches of A$6,666,666.67. The first tranche is payable on 1 July 2021, the second on 30 September 2021 and the final tranche on 1 January 2022. Accordingly, the principal was been classified as a non-current liability at 31 December 2019.

Under the terms of the amended agreement, the interest rate on the facility is 10% from 1 November 2019 until 31 December 2020. The interest rate will be 12% from 1 January 2021 until the final tranche of the facility is repaid on 1 January 2022.

Upon modification, the Group recalculated the amortised cost of the financial liability by computing the present value of the estimated future contractual cash flows, discounted at the facility's original effective interest rate. As a result, a gain on modification of $299,000 has been recognised in profit or loss (refer note 10). A fee paid to Ingatatus to amend the agreement is included in the carrying amount of the liability and will be amortised over the remaining term of the amended facility.

(ii) New facility

On 12 December 2019, the Group drew down on a new A$7.5 Million loan facility provided by Ingatatus. The new facility is repayable in three tranches of A$2.5 Million; the first on 1 July 2021, the second on 30 September 2021 and the final tranche on 1 January 2022. The loan incurs interest at 9% for the full term of the loan.

The current component of the Ingatatus loan balance represents accrued interest on the existing A$20 Million facility and the new A$7.5 Million facility at 31 December 2019. Interest on both loans is payable quarterly.

Lambhill Pty Ltd (Lambhill)

On 17 December 2019, the Group drew down on a new A$7.5 Million facility provided by Lambhill. The terms of this new loan facility are the same as those of the new A$7.5 Million facility provided by Ingatatus as outlined above. The current component of the Lambhill loan balance represents interest accrued on the loan at 31 December 2019.

Together, the new Ingatatus and Lambhill facilities enabled the Group to make early repayment of the Sprott Private Resource Lending, United States dollar denominated, facility on 19 December 2019.

Sprott Private Resource Lending (Sprott)

On 28 July 2017, the Company executed a US$15 Million project debt facility with Sprott. The facility had a term of 3 years from the start date and incurred an interest rate of 6.25% plus 3-month USD LIBOR (reset quarterly) for the term of the facility. The facility also incurred an anniversary fee of 2% of the loan account balance at each anniversary of its establishment.

Repayment of the loan principal commenced in July 2019 with monthly repayments of US$1.071 Million per month made over the period 1 July 2019 to 30 November 2019. On 19 December 2019, the negotiation of A$15 Million of new loan facilities with Ingatatus and Lambhill enabled the Group to make early repayment of the Sprott facility. On that date US$9.64 Million (A$14.02 Million) has paid to Sprott to settle the loan account in full.

Northern Australia Infrastructure Facility (NAIF)

On 12 November 2019, the Group announced that the board of the Northern Australia Infrastructure Facility (NAIF) had made an investment decision to offer a loan facility of A$47.5 Million to the Group to assist in the financing of the stage 2 expansion of production at the Bauxite Hills Mine to 6.0 Million WMT annually. Specifically, the funding will be used for the construction and mobilisation of a floating terminal. The floating terminal is the main component of stage 2 comprising around 85% of the total estimated capital costs of the expansion. The loan facility is for a period of up to 9 years.

Drawdown on the facility is subject to written agreements being executed and the satisfaction of a number of conditions precedent. These conditions precedent include:

- Conclusion of the Federal Minister's consideration period as outlined in the NAIF Act 2016; and
- Finalisation of the Queensland Government's consideration of the project and its agreement for the approved funds to be advanced.

The conditions precedent are anticipated to be satisfied in the first half of the 2020 financial year. On drawdown of the NAIF facility, the Ingatatus and Lambhill loans will have second ranking security behind the NAIF facility.

New Equipment Financing Arrangements

On 14 March 2019, the Group entered into a new Australian dollar denominated equipment financing facility for the purpose of re-financing some existing items of plant and equipment and increasing haulage and production capacity at the mine. A total of $5.308 Million was drawn down as at 31 December 2019.

The initial drawdown of the facility occurred in March 2019 and totalled $3.170 Million. The funding allowed the Group to re-finance its existing screen and crusher and acquire a duplicate screen. This is a fixed rate facility, carried at amortised cost. It will be repaid in monthly instalments over a 3-year term with a 10% residual payment at the completion of the facility term. Repayments commenced in March 2019.

Note 20. Borrowings (continued)

A second drawdown, totalling $1.582 Million, occurred in April 2019 and related to the acquisition of three triple-set trailers. Management has determined that, under AASB 16 *Leases*, this drawdown meets the definition of a lease and it has been accounted for accordingly. Refer to note 17.

A third drawdown, totalling $556,000 occurred in July 2019 enabling the Group to acquire an additional prime mover and two wheel-loaders. Management has determined that, under AASB 16 *Leases*, this drawdown also meets the definition of a lease and it has been accounted for accordingly. Refer note 17.

Deferred Borrowing Costs

At 31 December 2019, the loan balances include $0.096 Million of deferred borrowing costs, net of amortisation, which will be amortised over the remaining life of the loans (31 December 2018: $2.521 Million).

		Cash Movements			Non-cash Movements						
	Opening Balance 1 Jul 2019 $'000	Principal Repaid $'000	Drawn Down $'000	Interest Paid $'000	New Leases $'000	Modify Loan $'000	Amortisation of Deferred Borrowing Costs $'000	Accrued Interest $'000	Effects of Foreign Exchange $'000	Effect Of Debt Renegotiation $'000	Closing Balance 31 Dec 19 $'000
Current											
Short-term borrowings	8,104	(22,525)	1,577	(2,665)	-	71	1,256	2,504	641	12,309	1,272
Lease liabilities	3,060	(5,722)	-	(1,385)	7,357	-	-	1,385	-	-	4,695
	11,164	(28,247)	1,577	(4,050)	7,357	71	1,256	3,889	641	12,309	5,967
Non-current											
Long-term borrowings	31,163	-	16,593	(1,910)	-	(467)	957	1,910	-	(12,309)	35,937
Lease liabilities	1,953	-	-	-	9,976	-	-	-	-	-	11,929
	33,116	-	16,593	(1,910)	9,976	(467)	957	1,910	-	(12,309)	47,866
Total	**44,280**	**(28,247)**	**18,170**	**(5,960)**	**17,333**	**(396)**	**2,213**	**5,799**	**641**	**-**	**53,833**

Note 21. Other Financial Liabilities	**Consolidated**	
	31 Dec 2019 $'000	**31 Dec 2018 $'000**
Current		
Derivative liability /(asset)	-	242
Total Other Financial Liabilities / (Assets)	**-**	**242**

Note 22. Provisions	**Consolidated**	
	31 Dec 2019 $'000	**31 Dec 2018 $'000**
Current – Employee benefits	**1,082**	**206**
Non-current – Mine restoration	7,760	6,303
Non-current - Employee benefits	22	12
Total Non-Current Provisions	**7,782**	**6,315**

	Mine Restoration $'000	**Employee Benefits $'000**	**Total $'000**
Analysis of Movement in Provisions			
Opening balance at 1 January 2019	6,303	218	6,521
Additional provisions made	826	1,447	2,273
Amounts used	-	(561)	(561)
Unwinding of provision discount	153	-	153
Change in discount amount arising because of a change in mine life and the effect of a change in the discount rate	478	-	478
Balance at 31 December 2019	**7,760**	**1,104**	**8,864**

Provision for Mine Restoration

A provision has been recognised for the costs to be incurred to restore the Bauxite Hills mining tenements in accordance with the requirements of the site's environmental authorities. The estimates have been prepared using the Queensland State Government's rehabilitation calculator and are based on the current and planned disturbance under the approved plan of operations for the Bauxite Hills Mine. It is anticipated that the mine site will require restoration within 18 years. The 10-year government bond rate has been applied to discount the provision to present value.

Note 22. Provisions (continued)

Provision for Employee Benefits

The provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 23. Contributed Equity		**Consolidated**		**Consolidated**	
		31 Dec 2019	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**
		No. of Shares '000	**No. of Shares '000**	**$'000**	**$'000**
Ordinary Shares – Fully Paid		**1,388,897**	**1,384,207**	**176,421**	**176,106**
Ordinary Shares					
Balance at beginning of year / period		1,384,207	1,362,245	176,106	171,810
Shares issued during the year / period:					
Date	**Description**				
10 Jul 2018	Issue of placement shares	-	17,291	-	3,458
10 Jul 2018	Exercise of warrants	-	3,900	-	714
31 Jul 2018	Exercise of anti-dilution rights	-	771	-	141
	Sub-total	1,384,207	1,384,207	176,106	176,123
28 Feb 2019	Exercise of employee performance rights (i)	690	-	-	-
13 Dec 2019	Exercise of options	4,000	-	320	-
Transaction costs recognised during the year / period		-	-	(5)	(17)
Balance at the end of the year / period		**1,388,897**	**1,384,207**	**176,421**	**176,106**

(i) On 28 February 2019, 689,534 new ordinary shares were issued to employees in satisfaction of employee performance rights awarded under the 2018 Short Term Incentive (STI) program. A further 227,984 ordinary shares were acquired on-market by the Company to satisfy in full the obligation to issue 917,518 shares under the 2018 STI program. Refer to note 35.

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting, in person or by proxy, shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital Risk Management

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimum capital structure to reduce the cost of capital.

In common with many other mine production companies, the Parent Entity raises finance for the Group's activities through reinvestment of operating cash flows, equity raisings or debt financing, whichever is available and that maximises returns for shareholders.

The Directors consider the current capital structure in relation to the operation of the Bauxite Hills Mine appropriate for the Company's stage of growth.

Note 24. Reserves	**Consolidated**	
	31 Dec 2019	**31 Dec 2018**
	$'000	**$'000**
Options reserve	9,904	9,590
Cash flow hedge reserve	-	(349)
Foreign currency translation reserve	(4)	(4)
Total Reserves	**9,900**	**9,237**

Note 24. Reserves (continued)

	Translation Reserve $'000	Cash Flow Hedge Reserve $'000	Options Reserve $'000	Total Reserves $'000
Consolidated				
Balance at 1 July 2018	(5)	(264)	9,141	8,872
Share-based payments expense	-	-	449	449
Fair value changes in cash flow hedges	-	(85)	-	(85)
Translation of foreign subsidiaries	1	-	-	1
Balance at 31 December 2018	**(4)**	**(349)**	**9,590**	**9,237**
Share-based payments expense	-	-	314	314
Fair value changes in cash flow hedges	-	349	-	349
Translation of foreign subsidiaries	-	-	-	-
Balance at 31 December 2019	**(4)**	**-**	**9,904**	**9,900**

Nature and Purpose of Reserves

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 39d. and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Cash Flow Hedge Reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges as described in note 39m. Amounts are subsequently reclassified to profit or loss.

Options Reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration and the value of other options issued.

Note. 25 Dividends

There were no dividends paid or declared during the current financial year or the previous financial period. There were no franking credits at 31 December 2019 (31 December 2018: nil).

Note 26. Cash Flow Information	Note	Consolidated 12 Months 31 Dec 2019 $'000	Consolidated 6 Months 31 Dec 2018 $'000
Reconciliation of profit after income tax to net cash provided by operating activities			
Profit after income tax benefit for the year / period		3,623	9,357
Cash flows excluded from profit attributable to operating activities:			
Interest expense		6,060	2,557
Finance costs	9	180	324
Exploration expense		768	78
Non-cash flows in profit:			
Depreciation – property, plant & equipment	16	5,138	3,165
Amortisation – right-of-use assets	17	4,678	-
Amortisation – deferred borrowing costs	9	2,213	1,298
Amortisation – rehabilitation provision	9	153	162
Gain on loan modification	10	(299)	-
Inventory obsolescence		34	40
Share-based payments expense	8	314	324
Impairment expense	6	115	-
Loss on disposal of fixed assets		91	2
Foreign exchange movements		2,813	739
Income tax (benefit) / expense		2,361	(7,165)
Change in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables		9,664	(9,294)
(Increase)/decrease in prepayments		(839)	(1,774)
(Increase)/decrease in inventories		(595)	(112)
Increase/(decrease) in trade and other payables		1,470	4,121
Net Cash Provided by Operating Activities		**37,942**	**3,822**
Non-Cash Investing and Financing Activities			
Acquisition of plant and equipment by means of finance leases		-	99

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets - note 17
- Options and performance rights issued to employees under the Metro Mining Employee Incentive Plan (EIP) for no cash consideration – note 35

Note 26. Cash Flow Information (continued)	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Net debt reconciliation		
Loan facilities		
Facility amount	40,308	41,788
Amount utilised	(40,308)	(41,788)
Total Undrawn Loan Facilities (i)	-	-

(i) Refer to note 20 for information on the loan facility terms.

Note 27. Critical Accounting Judgements, Estimates & Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Recovery of Deferred Tax Assets – note 11

The Group recognises deferred tax assets when it becomes probable that sufficient taxable income will be derived in future periods against which to offset these assets.

At each reporting date, the Group assesses the level of expected future cash flows from the business, and the probability associated with realising these cash flows, and determines whether the deferred tax assets of the Group should be recognised.

With the Group recording a profit before tax for the year ended 31 December 2019, management has determined it is probable that an increased portion of the Group's carry forward tax losses and temporary differences will be used to offset future taxable profits.

Capitalisation of Project Development Costs – note 16

Costs that are directly attributable to expanding production at the Bauxite Hills Mine have been capitalised to the property, plant, and equipment during the year as permitted under Australian Accounting Standards. The expenses capitalised are primarily the cost of mobilisation of larger capacity barges to the mine site.

Development assets have been categorised to an appropriate group of property, plant and equipment and are being amortised over their useful lives once the assets are deemed ready for intended use.

Carrying Value of Exploration and Evaluation Assets – note 18

Exploration and evaluation costs are only capitalised where they are expected to be recovered either through successful development or sale of the relevant mineral interest. Judgement is applied in considering whether indicators of impairment exist under *AASB 6 Exploration for and Evaluation of Mineral Resources* (AASB 6) and in measuring recoverable amount under *AASB 136 Impairment of Assets* when AASB 6 impairment indicators are identified.

Measuring the recoverable amount of exploration tenements can involve significant estimation, particularly in circumstances where the exploration and evaluation activity has not yet reached a stage where reliable estimates of forecast cash flows can be determined or no offer from a third-party purchaser is available in respect of the specific tenements. In these circumstances, recoverable amount is often assessed with reference to comparable market transactions or companies. The reasonability of such assessments is predicated on the selected transaction and entities being comparable or appropriate adjustments being made to reflect the unique risks and opportunities associated with a specific exploration tenement. This is in contrast to circumstances where the Group elects to relinquish or otherwise exit a tenement. In such circumstances, recoverable amount is measured with reference to consideration receivable by the Group at the time of exit (which is typically $nil).

Rehabilitation Provision - note 22

Provisions are raised for rehabilitating the mine site and related production facilities as soon as an obligation exists.

These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. However, actual rehabilitation costs are ultimately dependent upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Note. 28. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans from third parties.

Significant Accounting Policies

Each category of financial instruments is measured in accordance with *AASB9 Financial Instruments*, as detailed in the accounting policies to these financial statements. Refer to note 39k and 39l.

Financial Risk Management Policies and Objectives

Risk management is carried out under policies set by the Board of Directors (the Board) and overseen by the Audit and Risk Committee. The Board provides principles for overall risk management, as well as policies covering specific areas. The Board monitors the financial risk relating to the operations of the Consolidated Entity. The Group does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes. The overall risk management program focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, commodity price risk, currency risk, and market risk relating to interest rate risk and other price risks. The Group seeks to hedge these risk exposures where instruments are available and are cost effective.

The other material business risk exposures of the Group are outlined in the Directors' Report.

The Group is exposed to commodity price risk (from the sale of bauxite); currency price risk from items denominated in USD, including revenues, and payables (ocean freight). The Group is also exposed to credit risk from its trade receivables derived from its Bauxite Hills operation. Since the Group's customers are 100% based in China, there are also sovereign risk exposures for the Group.

Credit Risk

Credit risk is managed on a Group basis. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group has a strict code of credit risk management, including selling all bauxite under binding contracts with irrevocable letters of credit required. The maximum exposure to credit risk to recognised financial assets at the reporting date is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. The Group only trades with credit-worthy third parties and tries to diversify its customer base where possible.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations relating to financial liabilities.

Note. 28 Financial Risk Management (continued)

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and cash balances. The parent entity raises equity for the Group's exploration and development activities in discrete tranches.

At 31 December 2019, the financial liabilities of the Group are trade payables and accruals, lease liabilities and borrowings.

Financial Liability and Financial Asset Maturity Analysis

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Within 1 Year		1 to 5 Years		Total	
Consolidated	**31 Dec 2019 $'000**	**31 Dec 2018 $'000**	**31 Dec 2019 $'000**	**31 Dec 2018 $'000**	**31 Dec 2019 $'000**	**31 Dec 2018 $'000**
Financial Liabilities due for Payment						
Trade payables	9,031	11,520	-	-	9,031	11,520
Other payables	11,890	8,808	-	-	11,890	8,808
Finance lease liabilities	-	3,060	-	1,953	-	5,013
Lease liabilities (refer note 17)	5,899	-	13,950	-	19,849	-
Borrowings	4,505	11,949	39,615	33,282	44,120	45,231
Total Contractual and Expected Outflows	**31,325**	**35,337**	**53,565**	**35,235**	**84,890**	**70,572**
Financial Assets – Cash Flows Realisable						
Cash and cash equivalents	32,547	23,367	-	-	32,547	23,367
Trade and other receivables	8,481	18,335	-	-	8,481	18,335
Loan to related party	-	32	-	-	-	32
Total Anticipated Inflows	**41,028**	**41,734**	**-**	**-**	**41,028**	**41,734**
Net (outflow)/inflow on Financial Instruments	**9,703**	**6,397**	**(53,565)**	**(35,235)**	**(43,862)**	**(28,838)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates and equity prices will affect the Group's income, balance sheet or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Foreign Currency Risk

The Group's sales transactions are denominated in United States dollars. The risk management framework for revenue includes a short-term currency hedging program to manage the risks to sales revenue associated with a strengthening A$ against the US$.

The Group's board approved currency hedging policy is to establish, as appropriate, a rolling program within the following parameters:

- Up to 100% of the next month US$ FOB revenue.
- Between 50-75% of months 2 and 3 forecast US$ FOB revenue.
- Up to 50% of months 4 through 6 forecast US$ FOB revenue.

The Group continues to actively monitor currency markets with a view to expanding the hedging program if attractive pricing opportunities arise. There was no hedging in place as at 31 December 2019.

Except for ocean freight and certain future capital costs, which are denominated in United States dollars, the Group's purchases are denominated in Australian dollars. The Group's hedging strategy incorporates managing foreign currency risk with respect to any non-Australian dollar purchases.

Price Risk

The Group's major commodity price exposures are the price of bauxite and the price of alumina. It is currently not possible to directly hedge against movement in either of these products and so the Group is exposed to fluctuations in the price of both commodities.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents. At 31 December 2019, 0% of Group debt is at a variable (LIBOR linked) rate (31 December 2018: 51.25%) and 100% at stepped-fixed or fixed rate (31 December 2018: 48.75%).

Interest Rate Sensitivity

The Group's main interest rate risk arises from cash and cash equivalents. The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group profit before tax through a decrease or an increase of 0.25% (31 December 2018: 0.25%) in interest rates at 31 December 2019 is an increase / decrease in cash and cash equivalents of $81,000 (31 December 2018: $58,000). All borrowings at 31 December 2019 are at a stepped-fixed or fixed interest rate.

Note 28. Financial Risk Management (continued)

Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

	Note	Consolidated		Consolidated	
		Carrying Amount 31 Dec 2019	Fair Value 31 Dec 2019	Carrying Amount 31 Dec 2018	Fair Value 31 Dec 2018
		$'000	$'000	$'000	$'000
Assets					
Cash and cash equivalents	12	32,547	32,547	23,367	23,367
Trade and other receivables	14	8.481	8,481	20,651	20,651
Other assets	15	11,092	11,092	6,963	6,963
Total Assets		**52,120**	**52,120**	**50,981**	**50,981**
Liabilities					
Trade payables	19	9,031	9,031	11,520	11,520
Other liabilities	19	11,890	11,890	8,808	8,808
Finance lease liabilities	17	-	-	5,013	5,013
Lease liabilities (refer note 17)	17	16,624	16,624	-	-
Loans	20	37,305	37,305	41,788	41,788
Other financial liabilities	21	-	-	242	242
Total Liabilities		**74,850**	**74,850**	**67,371**	**67,371**

Note 29. Interests in Subsidiaries

Information about Principal Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 39b.

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Consolidated Entity or trust units that are held directly by the Consolidated Entity. The proportion of ownership interests held equals the voting rights held by the Consolidated Entity. Each subsidiary's country of incorporation is also its principal place of business.

Name of Entity	Country of Incorporation	31 Dec 2019 %	31 Dec 2018 %
Aldoga Minerals Pty Ltd	Australia	100	100
Cape Alumina Pty Ltd	Australia	100	100
Coal International Pty Ltd	Australia	100	100
Gulf Alumina Pty Ltd	Australia	100	100
Metro Bauxite Hills Holding Pty Ltd	Australia	100	100
Metro Bauxite Hills Operations Pty Ltd	Australia	100	100
Metro Bauxite Hills Sales Pty Ltd	Australia	100	100
Metro International Holding Pty Ltd	Australia	100	100
Metrostructure Pty Ltd	Australia	100	100
Metro Mining Singapore Pte. Limited	Singapore	100	100
Metro Resources and Exploration Co., Ltd.	Myanmar	100	100
Metro Mining Ltd Employee Share Trust	Australia	100	100
Metro OFTCo Pty Ltd [(i)]	Australia	100	-

(i) Metro OFTCo Pty Ltd was incorporated in Australia on 19 November 2019 as a wholly owned subsidiary of Metro Mining Limited.

Note 30. Interests in Joint Arrangements

Interests in Joint Operations

Columboola joint operation (Surat Basin, Queensland)

In 2010, the Company entered into a Joint Venture Agreement (JVA) with China Coal Import & Export Company (CCIEC), a wholly-owned subsidiary of China National Coal Group Corp. Under the terms of the JVA, CCIEC acquired a 51% interest the Group's coal tenement, EPC 1165 Columboola, in the Surat Basin in Queensland, for an agreed expenditure commitment of A$30 Million on EPC 1165. Approximately A$25 Million has been expended on this project to date. The Group's interest in the Columboola assets has a carrying value of $nil (31 December 2018: $nil), having been fully impaired in prior years. No further material expenditure has been incurred.

Mahar San Copper Joint Operation (Upper Myanmar)

The Group is in the process of de-registering both its Myanmar incorporated subsidiary, Metro Resources and Exploration Co., Ltd, and the Mahar San Copper Project joint venture vehicle, Mahar San Metro Company Ltd. No expenditure, other than minor compliance expenditure, has been incurred on the project in the year to 31 December 2019.

Note 31. Contingent Liabilities and Assets

Contingent Liabilities

Rehabilitation

The Group has issued irrevocable bank guarantees (secured by term deposits - refer to note 15) which secure the estimated restoration liabilities of the Bauxite Hills Mine. Should the Group not satisfy its obligations to restore the land in accordance with the environmental licences under which it operates, these bank guarantees may be called upon to fund such rehabilitation costs.

Other than the contingent liability noted above, there are no other contingent liabilities at the date of this financial report.

Contingent Assets

There are no contingent assets at the date of this financial report.

Note 32. Commitments

Non-Cancellable Operating Leases

The Group leases various offices, storage facilities and items of office equipment under non-cancellable operating leases expiring within twelve months to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. Refer to note 17 and note 39q for further information.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Non-cancellable Operating Lease Commitments Payable:		
- Within one year	-	202
- One to five years	-	228
Total	**-**	**430**

	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Finance Lease Commitments		
Payable – minimum lease payments:		
- Within one year	-	3,394
- One to five years	-	2,042
Minimum lease payments	-	5,436
Less future finance charges	-	(423)
Present value of minimum lease payments	**-**	**5,013**

	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Capital Expenditure Commitments		
Capital expenditure commitments contracted for:		
- Within one year	690	3,019
Total	**690**	**3,019**

	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Other Expenditure Commitments		
- Within one year	15,988	7,305
- One to five years	18,701	8,582
- More than five years	2,062	2,063
Total	**36,751**	**17,950**

	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Minimum Expenditure Commitments on Exploration Tenements		
- Within one year	3,705	3,918
- One to five years	5,117	5,140
Total	**8,822**	**9,058**
Total Capital and Other Expenditure Commitments	**46,263**	**30,027**

Other expenditure commitments are contractual payments due to contractors for the provision of mining equipment, transhipping services, flight services, a sewage treatment plant and a fuel farm for the Bauxite Hills Mine. The payments above are the minimum contractual payments to be made under these agreements for the term of these agreements. The contractual terms are for between two and six years.

Commitments for exploration tenement expenditure include minimum amounts to be spent on these tenures. Where exploration expenditure commitments are not met, the Group can apply for variations of those commitments, and / or relinquish sub-blocks and /or tenements at the Group's discretion.

Note 33. Events Occurring after the Reporting Date

On 30 January 2020, the World Health Organization Director-General declared the outbreak of novel coronavirus (2019-nCoV) a Public Health Emergency of International Concern. This emerging macro-economic risk may adversely affect demand in 2020 for the Group's bauxite, and also may impact the ability of the Group to complete Stage 2 expansion works within forecast timeframes.

Note 34. Related Party Transactionse

Parent Entity

Metro Mining Limited is the ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Joint Arrangements

Interests in joint arrangements are set out in note 30.

Key Management Personnel

The totals of remuneration paid to key management personnel of the Company and the Consolidated Entity during the year are as follows:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$'000	$'000
Short-term employee benefits	1,416,519	735,149
Post-employment benefits	81,858	39,856
Share-based payments	201,578	205,614
Total Compensation to Directors and KMP	**1,699,955**	**980,619**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2019.

Short-term Employee Benefits

These amounts include fees and benefits paid to the Board of Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other key management personnel.

Post-Employment Benefits

These amounts are superannuation contributions made during the period.

Share-Based Payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefit schemes as measured by the fair value of options or performance rights granted on grant date.

Other Transactions with Key Management Personnel

During a prior financial year, the Board approved an interest-bearing short-term loan of $32,476 to the managing director, lent on arms' length basis terms. The loan was repaid in full in the first half of the current financial year.

Rights Granted to a Related Party in a Prior Financial Period

On 12 July 2016, the Company announced that it had executed binding documentation (Agreements) with Greenstone Resources II LP (Greenstone) whereby Greenstone would take up 105 Million shares in the Company and potentially provide the Company with further ongoing strategic and financial support for the development of the Bauxite Hills Mine. Greenstone is an entity in which a director of the Company holds a beneficial interest.

The Agreements also provided Greenstone with the following rights:

Anti-dilution Rights

The Agreements contain anti-dilution provisions which enable Greenstone to maintain its equity interest in the Company on issue of further shares. On execution of the Agreements, Greenstone held a 19.94% interest in the Company. Having participated in subsequent equity raisings and exercised its anti-dilution rights, at 31 December 2019, Greenstone held 273,388,740 shares in the Company; a 19.68% interest.

Customer Nomination Rights

The Agreements provide Greenstone with the right to nominate customers to purchase bauxite production, pro-rata to Greenstone's shareholding in the Company, on an arm's length basis and on no less favourable terms than could be achieved elsewhere. The customer nomination rights are only exercisable after the mine has been in production for four years.

Both the anti-dilution rights and, subject to certain exemptions, the customer nomination rights, are contingent upon Greenstone retaining at least a 10% interest in the Company.

Note 35. Share-based Payments

Employee incentive Plan

The Company has established the Metro Mining Employee Incentive Plan (EIP) to enable the issue of shares, performance rights or share options in Metro Mining Limited to employees of the Company to assist in the retention and motivation of employees. Under the EIP, the Company may offer shares or options over unissued shares in the Company.

Features of the EIP are as follows:

- The persons who are eligible to participate in the EIP are full-time or part-time continuing employees of the Company or an associated body corporate of the Company, or their nominee, who have been selected by the Board to participate in the EIP (Participants),
- The Company is entitled under the terms of the EIP to determine a period that any shares or options offered under the EIP will be unable to be transferred by Participants (Disposal Restrictions),
- The Company is entitled to determine, at its discretion, any conditions which may apply to the offer of shares or options (including the issue price, exercise price, vesting conditions and Disposal Restrictions),
- Where options subject to Disposal Restrictions are exercised, the resulting shares will be subject to the balance of the Disposal Restrictions,
- The options may be exercised wholly or in part by notice in writing to the Company received at any time during the relevant exercise period together with a cheque for the exercise price,
- The Company shall allot the number of shares the subject of any exercise notice and apply for listing of the shares issued as a result,
- Shares issued on the exercise of the options will rank pari-passu with all existing shares of the Company from the date of issue,
- The number of shares which may be acquired on the exercise of an option and the exercise price will be adjusted, as is appropriate, following any pro-rata bonus issue, rights issue, reconstruction or re-organisation of the issued ordinary capital of the Company, and
- All arrangements under the plan are equity settled.

The maximum number of shares and options that may be offered to Participants under the EIP is 5% of the issued capital of the Company at the time.

Quotation of options on the ASX will not be sought; however, quotation of shares (not subject to Disposal Restrictions) issued under the EIP will be sought. The Company will apply for quotation of shares arising upon the exercise of options.

Note 35. Share-Based Payments (continued)

Performance Rights Granted to Key Management Personnel

Performance rights granted to key management personnel during the financial year ended 31 December 2019 are as follows:

31 Dec 2019 Grant Date	Rights Granted	Expiry Date	Exercise Price	No. '000
01/01/2019	Performance rights under a short-term incentive plan (i)	31/12/2019	-	1,842
01/01/2019	Performance rights under a long-term incentive plan (ii)	31/12/2021	-	2,333

(i) On 1 January 2019, 2.957 Million short-term incentive performance rights were granted to members of the senior management team and to other Group staff members. Of these, 1.842 Million were granted to key management personnel. The weighted average fair value attributed to each performance right granted is $0.16. Vesting of the performance rights is determined by measuring performance against key performance indicators set by the Board. All awards are at the discretion of the Board.

Subsequent to the end of the financial year, 818,326 of the short-term incentive performance rights issued to key management personnel were awarded.

(ii) On 1 January 2019, in accordance with the terms of the Group's EIP, the Company issued 2.718 Million Performance Rights to members of the Senior Management team. Of these, 2.333 Million were issued to Key Management personnel. The weighted average fair value attributed to each Performance Right is $0.12. The Performance Rights granted are in three tranches with each tranche subject to vesting conditions as outlined below:

Tranche	Vesting Period	Vesting Criteria / Assessment
Tranche 1 – 40% of award	1 Jan 2019 - 31 Dec 2021	▪ Sliding scale based on Total Shareholder Return (TSR) relative to a peer group index.
Tranche 2 – 30% of award	1 Jan 2019 - 31 Dec 2021	▪ Sliding scale based on Return on Capital Employed (ROCE).
Tranche 3 – 30% of award	1 Jan 2019 - 31 Dec 2021	▪ Sliding scale based on Return on Sales (ROS).

Summary of Share-Based Payments

A summary of the movements of all options and performance rights issued for the year ended 31 December 2019 is as follows:

31 Dec 2019 Grant Date	Expiry Date	Exercise Price	Balance at Start of Year No. '000	Granted No. '000	Exercised (i) No. '000	Expired/ Forfeited/ Other No. '000	Balance at End of Year No. '000
Options							
04/01/2017	23/12/2019	$0.08	4,000	-	-	(4,000)	-
07/04/2017	07/04/2019	$0.137	545	-	-	(545)	-
27/08/2017	27/08/2022	$0.183	11,100	-	-	-	11,100
27/08/2017	27/08/2019	$0.15	10,000	-	-	(10,000)	-
25/10/2017	25/10/2021	$0.25	4,415	-	-	(883)	3,532
Perf. Rights							
01/02/2018	31/07/2019	-	1,385	-	(918)	(467)	-
01/01/2019	31/12/2019	-	-	2,957	-	(1,383)	1,574
01/01/2019	31/12/2021	-	-	2,718	-	-	2,718
Total Options & Performance Rights			**31,445**	**5,675**	**(918)**	**(17,278)**	**18,924**

(i) On 28 February 2019, 689,534 new ordinary shares were issued to employees in satisfaction of employee performance rights awarded under the 2018 Short Term Incentive (STI) program. A further 227,984 ordinary shares were acquired on-market by the Company to satisfy in full the obligation to issue 917,518 shares under the 2018 STI program.

On 27 February 2020, the Board of Directors approved the 2020 STI program. A total of 4,709,322 new performance rights were granted to KMP and other employees of the Group under this program. The new performance rights have an expiry date of 31 December 2020.

Note 35. Share-ased Payments (continued)

Summary of Share-based Payments (continued)

The prior period summary of the movements in total options and performance rights from 31 July 2018 to 31 December 2018 is as follows:

31 Dec 2018 Grant Date	Expiry Date	Exercise Price	Balance at Start of Period No. '000	Granted No. '000	Exercised No. '000	Expired/ Forfeited/ Other No. '000	Balance at End of Period No. '000
Options							
04/01/2017	23/12/2019	$0.08	4,000	-	-	-	4,000
07/04/2017	07/04/2019	$0.137	545	-	-	-	545
27/08/2017	27/08/2022	$0.183	15,000	-	(3,900)	-	11,100
27/08/2017	27/08/2019	$0.15	10,000	-	-	-	10,000
25/10/2017	25/10/2021	$0.25	4,415	-	-	-	4,415
Perf. Rights							
01/02/2018	31/07/2019	-	1,385	-	-	-	1,385
Total Options & Performance Rights			**35,345**	**-**	**(3,900)**	**-**	**31,445**

The weighted average remaining contractual life of options and performance rights outstanding at the end of the financial year was 2.08 years (31 December 2018: 2.07 years). 11,100,000 options are exercisable at the end of the financial year (31 December 2018: 26,527,921 options exercisable). 1,573,856 performance rights are exercisable at the end of the financial year (31 December 2018: Nil).

Included under employee benefits expense in the statement of comprehensive income is $315,097 (31 December 2018: $323,734) which relates to equity-settled share-based payment transactions.

Note 36. Remuneration of Auditors	**Consolidated**	
	12 months 31 Dec 2019 **$**	**6 months 31 Dec 2018** **$**
Amounts received or due and receivable by the auditor for:		
▪ An audit or review of the financial report of the entity and any other entity in the Group	144,250	79,500
▪ Other services in relation to the entity and any other entity in the Group:		
- Other assurance procedures	5,000	-
	149,250	**79,500**

Note 37. Earnings Per Share	**Consolidated**	
	12 months 31 Dec 2019 **$'000**	**6 months 31 Dec 2018** **$'000**
Profit after income tax attributable to the owners of the Company used in calculating basic earnings per share and diluted earnings per share.	**3,623**	**9,357**

	Consolidated	
	12 months 31 Dec 2019 **Number '000**	**6 months 31 Dec 2018** **Number '000**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,385,039	1,383,371
Effects of dilution from:		
- Share options	3,803	4,096
- Performance rights	6,055	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,394,897**	**1,387,467**

Notes 37. Earnings Per Share (continued)	Consolidated	
	31 Dec 2019	31 Dec 2018
	Cents	Cents
Basic earnings per share	0.262	0.677
Diluted earnings per share	0.260	0.674

Note 38. Parent Entity Information	Parent	
	31 Dec 2019	31 Dec 2018
Set out below is the supplementary information about the parent entity:	$'000	$'000
Statement of Comprehensive Income		
Loss after income tax	(14,221)	(8,553)
Total comprehensive income	(14,221)	(8,553)
Statement of Financial Position		
Total current assets	27,298	23,524
Total non-current assets	345,378	230,800
Total assets	372,676	254,324
Total current liabilities	3,389	9,978
Total non-current liabilities	246,356	126,252
Total liabilities	249,745	136,230
Net Assets	**122,931**	**118,094**
Contributed equity	176,421	176,106
Reserves	9,904	9,241
Accumulated losses	(63,394)	(67,253)
Total Equity	**122,931**	**118,094**

Contingent Liabilities

Refer to note 31 for details of contingent liabilities.

Capital Commitments - Property, Plant and Equipment

The parent entity had no capital commitments at 31 December 2019 (31 December 2018 $Nil).

Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity which are disclosed in note 39.

Note 39. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These polices have been consistently applied to the year and comparative period presented, unless otherwise stated. The financial statements are for the group consisting of Metro Mining Limited and its subsidiaries.

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Metro Mining Limited is a for-profit entity for the purpose of preparing financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Metro Mining Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the valuation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting commencing 1 January 2019:

- AASB 16 Leases,
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation,
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures,
- AASB 2018 -1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle,
- AASB 2018 -2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement,
- Interpretation 23 Uncertainty over Income Tax Tre*atments.*

The Group had to change its accounting policies as a result of adopting AASB 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 40. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New Standards and Interpretations not yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material (AASB 101 and AASB 108)- applicable to annual reporting periods beginning on or after 1 January 2020.

The amendments ensure the use of a consistent definition of materiality throughout International Financial Reporting Standards and the *Conceptual Framework for Financial Reporting* and clarify when information is material. The standard would have no material impact on the Group's financial statements.

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (AASB 3) – applicable to annual reporting periods beginning on or after 1 January 2020.

The standard amends the definition of a business by requiring an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The standard would have no material impact on the Group's financial statements.

- Revised Conceptual Framework for Financial Reporting – applicable to annual reporting periods beginning on or after 1 January 2020.

The AASB has issued a revised Conceptual Framework which will initially only apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards (AAS) and to other for-profit entities that elect to apply it. As no changes have been made to any of the current accounting standards as a result of the revision, the *Revised Conceptual Framework for Financial Reporting* would have no material impact on the Group's financial statements.

(v) Comparatives

The current financial year of the Group is the 12-month period 1 January 2019 to 31 December 2019. The comparative figures are for the six-month period 1 July 2018 to 31 December 2018 as the Group changed its financial year end from June to December in 2018. As such, the amounts presented in this financial report are not entirely comparable.

(vi) Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the Company under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

(vii) Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated Entity has net current assets of $26.651 Million at 31 December 2019.

The Directors believe that the going concern basis of preparation is appropriate for the following reasons:

- The Group is generating positive cash flow. The Group achieved the upper end of its 2019 production guidance of 3.3 – 3.5 Million WMT of bauxite shipped from the Bauxite Hills Mine. $37.942 Million in cash was generated by the Group's operating activities and there has been a net increase in cash of $11.352 Million after investing and financing costs were paid.
- The Group continues to have the support of its major debt financiers Ingatatus A.G. Pty Ltd (Ingatatus) and Lambhill Pty Ltd (Lambhill). The Group repaid an existing Sprott Private Resource Lending facility in full during the financial year utilising A$15 Million of additional funding provided in equal shares by Ingatatus and Lambhill. Repayment of the Ingatatus facility (totalling A$27.5 Million) and the Lambhill facility (totalling A$7.5 Million) does not commence until July 2021.
- The Group has received an offer for a loan facility of up to A$47.5 Million from the Northern Australia Infrastructure Facility (NAIF) to assist with financing the Stage 2 expansion of the Bauxite Hills Mine to a 6.0 Million tonnes per annum project by 2021. Conditions precedent to the agreement remain outstanding at 31 December 2019 but are anticipated to be satisfied in the first half of the 2020 financial year.

(viii) Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 27.

Note 39. Significant Accounting Policies (continued)

b. Principles of Consolidation

Parent Entity Information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 38.

The consolidated financial statements incorporate all the assets, liabilities and results of the parent, Metro Mining Limited, and all its subsidiaries.

Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and can use its power to affect those returns. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the parent. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the Business Combinations accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the chief operating decision makers (CODM). The CODM are responsible for the allocation of resources to operating segments and for assessing their performance.

d. Foreign Currency Translation

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ($), which is Metro Mining Limited's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss on a net basis within total foreign exchange gains / (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e. Revenue

The Group early adopted *AASB 15 Revenue from Contracts with Customers*, as permitted from 1 July 2017.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer,
2. Identifying the performance obligations,
3. Determining the transaction price,
4. Allocating the transaction price to the performance obligations, and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is predominately sourced from the sale of bauxite from the Group's Bauxite Hills mining operation.

Sale of Bauxite

The Group has determined that revenue from the sale of bauxite is to be recognised when the mined bauxite is loaded into the ocean-going vessel. At this point, the Group has satisfied all contractual service obligations under the sales agreement with the customer. The revenue is recognised at 100% of the sale value, calculated based on the ship's draft survey at the loading port (to determine loaded volume) and a quality estimate (to determine moisture and specification) from samples taken at the loading port, issued by an independent laboratory. This represents the best estimate of the fair value of the cargo at the time of issuing the provisional invoices. Once the vessel is discharged in China, a reconciliation is performed between the customer's draft survey and the customer's quality analysis and the final price is adjusted for accordingly.

Interest Income

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 39. Significant Accounting Policies (continued)

e. Revenue (continued)

Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Consolidated Entity will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase or development of assets, including exploration and evaluation activities, are deducted from the carrying value of the asset.

f. Income Tax

Metro Mining Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity, Metro Mining Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

The income tax expense or benefit for the year is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses, and under and over provisions in prior years where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits, or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority or either the same taxable entity, or different taxable entities which intend to settle simultaneously.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h. Trade and Other Receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

i. Stores Inventories

Bulk inventories (fuel, oils, etc) are carried at and consumed at a weighted average cost price.

The carrying value of critical spares and other consumables stock is determined on a first in, first-out basis.

j. Bauxite Inventories

Bauxite inventories are carried at the weighted average cost of extraction to the stage of processing the material has reached, or net realisable value, whichever is the lower. All direct costs of extraction plus site overheads are apportioned to determine the cost of extraction. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

k. Financial Assets

Classification, initial Recognition and Measurement

The Group early adopted *AASB 9 Financial Instruments*, as permitted from 1 July 2017.

Financial assets are classified in the following categories: financial assets at amortised cost, fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the assets were acquired.

- Amortised cost – Applies to instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.
- FVTPL - Applies to instruments that are within a business model where the objective is neither to hold to collect contractual cash flows nor hold to sell.
- FVOCI - Applies to instruments that satisfy the requirements of the business model test and contractual cashflow test. It also applies to some held for trading financial assets whereby the FVOCI election was made.

Management classifies its investments at initial recognition and re-evaluates this classification each reporting date.

Regular purchases and sales of financial assets are recognised on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognised at fair value plus transaction costs. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income.

Subsequent Measurement

(i) Financial Assets at Amortised Cost

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss and other comprehensive income. This category generally applies to trade and other receivables.

(ii) Financial Assets at Fair Value through Profit or Loss

Financial assets at FVTPL are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in the statement of profit or loss and other comprehensive income within other income or other expenses in the period in which they arise. Income such as interest and dividends from financial assets at FVTPL is recognised separately to gains or losses in the statement of profit or loss and other comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Note 39. Significant Accounting Policies (continued)

k. Financial Assets (continued)

(iii) Financial Assets at Fair Value through other Comprehensive Income

Financial assets classified as FVOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in other comprehensive income with the exception of impairment which is recognised in the statement of profit or loss immediately. When instruments classified as FVOCI are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full, without material delay, to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group applies a general and simplified approach to the measurement of expected credit losses (ECLs).

Under the general approach the Group applies a three-stage model for measuring ECLs based on changes in credit quality since initial recognition including:

- Stage 1: 12-month ECL - Recognised on "good" exposures where there has not been a significant increase in credit risk since initial recognition, the loss represents the probability of default from events that are possible over the next 12 months and not the cash flows the Group expects to lose over that period.
- Stage 2: Lifetime ECL - Where there has been a significant increase in credit risk since initial recognition however default has not yet occurred, the loss represents the credit losses expected over the remaining life of the asset.
- Stage 3: Lifetime ECL (credit impaired) - Financial asset becomes credit impaired as a result of an event which has had a detrimental impact on future cash flows.

The Group assesses the credit risk and probability of default of financial assets by reference to external rating agencies, where available, on an asset by asset basis. The Group has determined a financial asset has low credit risk when it is equivalent to an investment grade quality. Where forward looking information is not available, the Group applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due (entry into stage 2: Lifetime ECL) and, when contractual payments are greater than 90 days past due, the asset is credit impaired (entry into stage 3: Lifetime ECL).

For trade and other receivables which do not contain a significant financing component, *AASB* 9 offers a policy choice between the application of the general model, as detailed above, or a simplified approach. Under the simplified approach, the tracking of changes in credit risk is not required, but instead requires the recognition of lifetime ECLs at all times and allows the use of a provision matrix, incorporating the probability of default, as a practical expedient. The Group has elected to apply the simplified approach for trade and other receivables.

i. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by *AASB 9 Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in *AASB* 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

(ii) Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income, unless capitalised as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset in accordance with *AASB 123 Borrowing Costs*. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 20.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

m. Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Note 39. Significant Accounting Policies (continued)

m. Derivative Financial Instruments and Hedge Accounting (continued)

Hedges that meet the strict criteria of hedge accounting are accounted for as described below.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and the time value of options, which are recognised in other comprehensive income and later reclassified to profit and loss when the hedged item affects profit or loss.

Cash flow hedges are those derivatives that hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting periods for which they were designated.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs.

n. Property, Plant and Equipment

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on either a straight-line basis or on a units of production basis to write off the net cost of each item of property, plant and equipment over its expected useful life as follows:

- Plant and equipment — Units of production
- Infrastructure — Units of production
- Ancillary assets
  - Software — 20% per annum
  - Office equipment — 33% per annum
  - Field equipment — 20% per annum
  - Motor vehicles — 33% per annum
  - Heavy equipment — 33% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Other Mineral Assets

Other mineral assets include the following types of assets:

- Capitalised expenditure from 'Exploration and evaluation assets' which is transferred to 'Other mineral assets' once work completed to date supports the future development of the property and such development receives appropriate approvals,
- The cost of rehabilitation recognised as a rehabilitation asset which is amortised to the profit or loss over the period of rehabilitation, usually being the mine life, and
- The fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

Other mineral assets are deprecated over the life of the mine on a units of production basis.

Mine Development Assets

Mine development expenditure incurred is capitalised as a 'Mine Development Asset' and is depreciated over the life of the mine on a units of production basis.

Assets Under Construction

All expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Assets under construction', a sub-category of 'Property, Plant and Equipment, until such time as they are completed and capable of intended use. At this time, these assets will be transferred to the relevant category of Property, Plant and Equipment to be depreciated over their assessed useful lives.

o. Exploration and Evaluation Assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production of assets that necessarily take a substantial period of time to prepare for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

q. Leases

As explained in note 39a.(iii)above, the Group has adopted the new accounting standard AASB 16 *Leases* where the Group is the lessee. The new policy is described in note 17(iii) and the impact of the change in note 40.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership, were classified as finance leases (refer to note 17(iii)). Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there was no reasonable certainty that the Group would obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (refer to note 32). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Note 39. Significant Accounting Policies (continued)

r. Restoration, Rehabilitation and Environmental Expenditure

Costs of site restoration for development activities are provided for over the life of the area of interest. When development commences, site restoration costs would include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

s. Impairment of Non-Financial Assets

Where applicable, goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

t. Joint Arrangements

The Consolidated Entity undertakes a number of business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. The Consolidated Entity's joint arrangements are joint operations.

Joint Operations

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

In relation to interests in joint operations, the financial statements of the Consolidated Entity include:

- Assets, including the Consolidated Entity's share of any assets jointly held,
- Liabilities, including the Consolidated Entity's share of any liabilities incurred jointly,
- Revenue from the sale of the Consolidated Entity's share of the output arising from the joint operation, and
- Expenses, including the Consolidated Entity's share of any expenses incurred jointly.

All such amounts are measured in accordance with the terms of each arrangement which are in proportion to the Consolidated Entity's interest in the joint operation.

Reimbursement of the Costs of the Operator of the Joint Arrangement

When the Consolidated Entity charges a management fee to cover general costs incurred in carrying out activities on behalf of the joint arrangement, the general overhead expenses and the management fee are recognised in the statement of profit or loss as an expense and income, respectively.

u. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

v. Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

w. Employee Benefits

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-Based Payments

Equity-settled share-based compensation benefits are provided to Directors and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 39. Significant Accounting Policies (continued)

w. Employee Benefits (continued)

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

x. Dividends

Dividends are recognised when they are declared during the financial year and are no longer at the discretion of the Company.

y. Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

During the current financial year, there have been no changes to the business combination provision accounting applied in the prior period.

z. Investments in Associates

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Consolidated Entity holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Consolidated Entity's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date that significant influence commences until the date that significant influence ceases.

When the Consolidated Entity's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Consolidated Entity has an obligation or has made payments on behalf of the investee.

aa. Earnings per Share

Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Metro Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

ab. Goods and Services Tax (GST) and Other Similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 40. Change in Accounting Policies

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements.

As indicated in note 39q above, the Group has adopted AASB 16 *Leases* retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 17(iii).

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.2%.

Note 40. Change in Accounting Policies (continued)

For leases previously classified as finance leases the entity recognised the carrying value of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

(i) Practical Expedients Applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Relying on previous assessments of whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019,
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of the initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining Whether an Arrangement Contains a Lease*.

(ii) Measurement of Lease Liabilities

	1 Jan 2019 $'000
Operating lease commitments disclosed as at 31 December 2018	430
Discounted using the Group's incremental borrowing rate of 6.2% at the date of the initial application	(26)
Less: Short-term leases recognised on a straight-line basis as expense	(12)
Less: Low-value leases recognised on a straight-line basis as expense	(37)
Add: Finance lease liabilities recognised as at 31 December 2018	5,013
Lease liability recognised as at 1 Jan 2019	5,368
Of which are:	
Current lease liabilities	3,222
Non-current lease liabilities	2,146
	5,368

(iii) Measurement of Right-of-Use Assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

(iv) Adjustments Recognised in the Balance Sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Property, plant and equipment - decrease by $7.083 Million
- Right-of-use assets - increase by $7.417 Million
- Lease liabilities - increase by $0.355 Million
- Deferred tax assets - increase by $0.006 Million

The net impact on accumulated losses on 1 January 2019 was an increase of $0.015 Million.

In accordance with a resolution of the Directors of Metro Mining Limited, the Directors of the Company state that:

1. In the Opinion of the Directors:

   a. the financial statements and notes of Metro Mining Limited for the financial year ended 31 December 2019 are in accordance with *Corporations Act 2001*, including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date: and

      ii. complying with Accounting Standards and the Corporations Regulations 2001;

   b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 39; and

   c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2019.

On behalf of the Board of Directors

S Everett
Chairman

28 February 2020
Brisbane

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working world

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Independent Auditor's Report to the Members of Metro Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metro Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Adoption of AASB 16 *Leases*

Why significant	How our audit addressed the key audit matter
The Group adopted the new Australian Accounting standard AASB 16 *Leases* effective 1 January 2019. In doing so, the Group has elected to apply the modified retrospective approach. The new standard requires the Group to recognise its lease commitments as liabilities in the statement of financial position, along with an associated right of use asset. Effective on the date of transition a $5.4 million lease liability and $7.4 million right of use asset were recognised. The key inputs used in derivation of the lease liability and right of use asset are: • Lease term, including termination clauses and option periods; • Incremental borrowing rate ('IBR'); • Lease contractual terms including payments. This was considered to be a key audit matter due to the judgment and assumptions involved in identifying contracts containing leases and the calculation of right of use assets and associated lease liabilities on transition.	Our audit procedures included the following: • Assessed the Group's processes relating to the identification of contracts containing leases, recognition and measurement of lease liabilities and right of use assets; • Assessed key inputs and assumptions applicable to a sample of lease contracts; • Assessed the incremental borrowing rate applied by the Group; • Tested mathematical accuracy of a sample of lease calculations; and • Evaluated adequacy of the Group's disclosures in relation to leases.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Metro Mining Limited for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Andrew Carrick
Partner
Brisbane
28 February 2020

The shareholder information set out below was applicable as at 25 February 2020.

a) Distribution of Equitable Securities

Analysis of number of equitable security holders by size of holding:

Category (size of holding):	Number of holders of ordinary shares
1 to 1,000	143
1,001 to 5,000	344
5,001 to 10,000	432
10,001 to 50,000	905
50,001 to 100,000	324
100,001 and over	492
	2,640

The number of shareholdings held in less than marketable parcels is 323.

b) 20 Largest Shareholders – Ordinary Shares	Ordinary Shares	
	Number held	% of total shares Issued
Greenstone Management (Delaware) II LLC	273,388,740	19.68
HSBC Custody Nominees (Australia) Limited	195,035,485	14.04
Balanced Property Pty Ltd	168,301,124	12.12
Dadi (Australia) Engineering Co Pty Ltd	47,250,000	3.40
Balanced Property Pty Ltd	42,402,909	3.05
National Nominees Limited	41,869,644	3.01
Mr Gregory Ian Williams	35,447,530	2.55
J P Morgan Nominees Australia Pty Limited	33,759,927	2.43
Dadi (Australia) Engineering Co Pty Ltd	30,918,678	2.23
Netwealth Investments Limited	27,986.675	2.02
China Xinfa Group Corporation Limited	20,327,883	1.46
Mr Charles Victor Alexander	18,750,000	1.35
Ms Qing Xia	17,527,838	1.26
Bondline Limited	16,050,223	1.16
Edale Capital Pty Ltd	14,515,247	1.05
Wildflower Investments Pty Ltd	13,909,166	1.00
Balanced Property Pty Ltd	13,216,296	0.95
Equity & Permanent Investment Capital Limited	11,550,000	0.83
Citicorp Nominees Pty Ltd	10,818,639	0.78
BNP Paribas Nominees Pty Ltd	10,476,858	0.75
	1,043,502,862	**75.12**

c) Unquoted Equity Securities

Options and performance rights over unissued shares

	Number on issue	Number of holders
Options and performance rights issued under the Metro Mining Employee Share Incentive Plan	7,823,182	15
Warrants issued to senior secured lender	11,100,000	1
	18,923,182	**16**

d) Substantial Holders

The names of the substantial shareholders listed in the Company's register are:

	Ordinary shares	
	Number Held	% of total Shares Issued
Greenstone Management (Delaware) II LLC	273,388,740	19.68
Balanced Property Pty Ltd	223,920,329	16.12
Dadi (Australia) Engineering Co Pty Ltd and related entities	78,168,678	5.63

e) Voting Rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Share Registry: Link Market Services
L21, 10 Eagle Street, Q, 4000 | P: 1300 554 474
Auditor: Ernst & Young, 111 Eagle Street, Brisbane, Q 4000
ASX: Metro Mining Limited shares are listed on the Australian Securities Exchange Limited LTD | ASX Code: MMI

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