

25 February 2022

Financial Report for the year ended 31 December 2021

Today, Metro Mining Ltd. (ASX: MMI) releases its financial results for the full calendar year 2021.

Based on revenues of \$160.1 Million Metro made an underlying EBITDA loss of \$25.5 Million and full year loss after tax of \$105.5 Million, including an impairment of \$55.3 Million already announced at the half year.

Bauxite shipped during the year was 2.8 Million wet metric tonnes (WMT), up 13% from 2.5 Million WMT in 2020. As well as increased tonnage, increased prices meant that revenue was up from 2020 by 25%. A further 0.33 M WMT was loaded in January and February 2022 to complete commitments under 2021 contracts following delays caused by weather, COVID-19 impacts and supply chain issues.

The most notable influence on the financial outcome was the increase in cost of sales almost totally driven by decade high ocean freight costs in delivering bauxite to customers through the year, up 132% from 2021. Although mined production was up by 22% in 2021, production expenses were restricted to a rise of 7%.

In June 2021, a rights issue was undertaken raising \$25.6 Million to provide working capital, with \$13.9 Million in cash and equivalents on hand as at 31 December 2021. Also, in June 2021, Metro's two senior lenders, Ingatatus AG Pty Ltd and Lambhill Pty Ltd, agreed to support a restructure in principal loan repayments to commence in mid-2023.

The Metro Board and management recognise that the 2021 results will be disappointing to shareholders but thank them for their faith and support during the equity raise and subsequently. The Board is also pleased to report that the potential further fund raising flagged in June 2021 is not anticipated to be required at this time due to a significant turnaround in the business' fundamentals.

This was driven by the following factors in the second half of the year:

- As a result of successful technical trials and contract structuring, a 2nd baseload customer has been established, Xiangsen Aluminium. A strategic agreement anticipates 1.7 Million WMT per year offtake from 2022 to 2024, with the 2022 tranche already under binding terms.
- Together with tug and barge partner, TSA, a floating crane barge was rapidly procured and mobilised to the Bauxite Hills mine site by mid October 2021 allowing Metro to load much larger ocean-going vessels in an attempt to mitigate the extremely high freight environment. The floating crane barge underwent commissioning towards the end of the year but the full impact of its operation will only be evident in 2022 coupled with a more strategic approach to freight procurement.

- An aggressive approach to productivity to better align fixed costs to the scale of production and reduce variable costs. This approach was able to offset the costs related to the mobilisation / establishment, associated lease and operating expenses related to the floating crane and also the impact of COVID-19 and turnover on the site.

Looking forward, Metro starts 2022 in a strong position with 74% of the 4 million WMT sales target contracted. By being the only Australian bauxite producer capable of supplying in Capesize vessels, Metro anticipates further reductions in costs and ocean freight during the year to come. Metro is in active discussions with several potential off-take customers to fill the remaining capacity for 2022 and in due course, underpin formal commitment to Metro's stated long term strategy of expansion up to 6 Million WMT per annum and to be one of the lowest cost producer in the world on a delivered China basis.

Simon Wensley, CEO and MD of Metro said: "This has been a very tough year for the bauxite supply industry and for Metro Mining. When I assumed the CEO role in July 2021, I saw in Metro a potentially strong business but with a number of strategic challenges. In the last six months I have built a very experienced and capable team and together with our partners we have made great strides to return to profitability, de-risk the business and avoid the need for further fund raising. We have moved quickly to secure additional customers and also transform our interface to the freight market with the floating crane barge which can load large Capesize vessels. At the same time, the team at Bauxite Hills have been driving productivity and cost reduction hard whilst maintaining an excellent safety record. With the global energy transition driving demand and a structural price re-rating of aluminium, I have confidence that Metro will be successful in implementing its expansion timed appropriately for the market."



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This ASX Announcement has been authorised by, Metro Mining Director, Simon Wensley.

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