ANNUAL REPORT 2021

METRO MINING LIMITED

From the Chairman & Managing Director and CEO

Welcome to Metro Mining Ltd.'s Annual Report of activities and results. This year we have also combined the Sustainability Report into this document commencing on page 16.

There can be no doubt the year covered by this report was tough for the bauxite supply industry, Metro Mining and our shareholders.

The low market prices and extremely high freight rates in the first half of the year quickly eroded Metro's cash position. Although clearly in a difficult environment, the vision of the Company was supported by existing and new shareholders through the $25Million (M) capital raising. It was also deemed prudent to inject new expertise and capabilities into both board and management to capture the significant opportunities and address the challenges in realising the vision.

The 2021 financial results are disappointing. Revenues were $160.1M and there was an underlying loss of $25.5M - with a full year loss after tax of $105.5M. This included an impairment of $55.3M announced at half year.

As shareholders will be aware whilst revenue was up by 25%, the most notable influence on the financial outcome was the increase in cost of sales driven by decade high ocean freight costs - up 132% from 2020. The effects of COVID-19 on the whole bauxite supply chain can also not be overstated.

In the final six months of the year, we built a very experienced and capable team and, together with our partners, made considerable progress towards returning your Company to profitability, de-risking the business and avoiding the need for further fund raising. We sincerely thank everyone for their efforts. In partnership with Transhipment Services Australia (TSA), we moved quickly to transform our interface to the freight market by acquiring a floating crane to allow us to load large Capesize vessels. At the same time, the Bauxite Hills team worked hard to increase productivity and reduce costs whilst maintaining a key focus on safety.

In tandem with the efforts on site and at sea, we worked diligently to secure additional customers. Xiangsen Aluminium is now our second baseload customer with a strategic agreement that anticipates 1.7M Wet Metric Tonnes (WMT) per year offtake from 2022 to 2024. The 2022 tranche is already secured under binding terms.

These actions have positioned Metro to commence 2022 in a strong position. On 21 March 2022, we announced additional offtake agreements with Xinfa to take Metro's contracted tonnage for 2022 to 3.8M WMT with approximately 60% fully priced.

Additionally, we have secured Contracts of Affreightment (COA's) for 2.0M WMT in 2022, including a three-year contract with Berge Bulk for approximately 1.5M WMT per year with fixed price and bunkers. Along with the new floating crane, these agreements substantially mitigate Metro's exposure to the freight market.

Despite the difficult market and operating environment, including the impact of COVID-19 on work processes and the camp environment, we are extremely proud of our Metro and contract partner workforce who implemented changes to shift rosters and work process, sometimes in difficult weather conditions, but continued to work safely and deliver productivity and cost improvements across the site. We are also proud, that in these very difficult conditions, Metro continued to deliver very high levels of Indigenous employment, improved its environmental monitoring and compliance and increased its contributions to the Queensland State and Cape York communities.

On 28 February 2022, Stephen Everett announced his resignation from the Board after nine years as a non-executive director of the Company. Stephen was Chairman of the Board for seven years and a member of Metro's Audit and Risk Committee and Remuneration and Nominations Committee and was the longest serving of the current directors. We acknowledge his outstanding contribution to the Board. His expertise, experience, common sense and pragmatism will be greatly missed.

At the same time, we announced the appointment of Andrew (Andy) Lloyd as a non-executive director. Andy has over 30 years' experience in the global resources value chain from development, operations, mining and stakeholder engagement. We welcome Andy to the Board.

We thank shareholders for their ongoing faith and support. We also thank fellow Board members for their tireless efforts.

Doug Ritchie | **Chairman**

Simon Wensley | **Managing Director and CEO**

Board of Directors

Douglas Ritchie
Independent Non-Executive Chair
Doug has over 40 years' experience in the resources industry having worked for Rio Tinto for 27 years. Doug was a member of Rio Tinto's Executive Committee and the Group Executive responsible for China. During his vast career with Rio Tinto, he held positions as Managing Director of Rio's Dampier Salt Ltd, Rio's Head of Business Evaluation, Managing Director of Rio Tinto Diamonds, Chief Executive of Rio Tinto Coal Australia, Rio's Managing Director of Strategy, Chief Executive of the Energy Product Group and Group Executive Strategy. Doug retired in 2013. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Simon Wensley
Managing Director and CEO
Simon is a proven leader with 30 years' experience in the metals and minerals industry, including Research and Development, strategy formulation, finance, sales, marketing and trading, large scale capital projects, radical asset turnaround/business improvement, Mergers and Acquisition and divestments. Simon began his career at Kobe Steel (Japan) in coal chemistry Research and Development and major projects and spent 20 years with Rio Tinto in operational, project and leadership roles. Simon is an Oxford University honors graduate in Chemistry and holds an MBA from INSEAD.

Mark Sawyer
Non-Executive Director
Mark co-founded Greenstone Resources, a private equity fund specialising in international mining and metals sector. Formerly, Mark was GM and co-head of Group Business Development at Xstrata plc responsible for originating, evaluating and negotiating new business development opportunities. Mark also held senior roles at Cutfield Freeman & Co, a boutique corporate advisory firm in the mining industry, and at Rio Tinto plc.

Fiona Murdoch
Independent Non-Executive Director
Fiona has 30+ years' experience in the resources and infrastructure sectors in Australia and internationally with senior operational roles with AMCI Investments, MIM Holdings and Xstrata Queensland. Currently, Fiona serves as a Non-Executive Director for NRW Holdings Limited and Ramelius Resources Limited. In addition, Fiona serves on the Joint Venture Committee for Australian Premium Iron Ore Project. She is also Chair of The Pyjama Foundation, a not-for-profit organisation providing learning-based activities for children in foster care. Fiona has an MBA and Honours Degree in Law.

Andy Lloyd
Independent Non-Executive Director
Andy has over 30 years' experience in the resources industry, having retired from Rio Tinto in July 2013. He has held a number of senior commercial, project development and board positions with the Rio Tinto group in PNG, Australia, and the UK. He is currently the independent Chair of Jabiru Kabolkmakman Ltd, a not-for-profit development initiative of the NT Government and the Gundjeihmi Aboriginal Corporation. Andy has degrees in science and commerce, and extensive experience in adding value to mining projects, corporate governance, and in dealing with governments.

FINANCE AND MARKETING

2021 continued to be a challenging time for Metro Mining and the Bauxite Hills Mine. The market environment remained difficult with demand still soft as alumina refiners struggled to ramp up post COVID, and competition from Guinea, Indonesia and Australia. Unprecedented high ocean freight rates were experienced for most of 2021 which presented a significant risk to the Bauxite Hills Mine.

Operating Results

During the April to December 2021 operating period, the Bauxite Hills Mine shipped and sold 2.8 Million (M) Wet Metric Tonnes (WMT) of bauxite at an average price of $57.23 per tonne, generating revenue of $160.1M, compared to 2020 when a total of 2.481M WMT of bauxite was shipped and sold at an average price of $49.87 generating revenue of $128.2M. A further 0.3M WMT was loaded onto vessels from 1 January to 15 February 2022.

Site operating costs during the production period were $22.71 per WMT compared to $19.90 per WMT in 2020. The increase was due primarily to increased maritime costs from the floating crane and lower tonnages mined.

Underlying EBITDA from ordinary activities during the 12-month 2021 period totalled $25.6M and a Net Loss after Tax on a group basis was $105.5M, including a non-cash impairment of $55.7M.

Balance Sheet

Cash on hand totalled $13.8M at the end of the 2021 calendar year. Metro's finance facilities totalled $35M, made up of one facility of $7.5M from Lambhill Pty Ltd and two facilities totalling $27.5M from Ingatatus AG Pty Ltd (a related party of Balanced Property). During the financial year, Metro completed the restructuring of these facilities and amended the loan repayment terms as follows;

- $20.0M facility with Ingatatus AG Pty Ltd will amortise in three equal repayments on 1 June 2023, 1 Sept 2023 and 1 December 2023
- $7.5M facility with Lambhill Pty Ltd will amortise in three equal repayments on 1 June 2023, 1 Sept 2023 and 1 December 2023
- $7.5M facility with Ingatatus AG Pty Ltd will amortise in three equal repayments on 1 July 2023, 1 October 2023, and 1 August 2024.

Bauxite Sales

Metro's marketing strategy remains focused on executing further spot and long-term offtake agreements to ensure Bauxite Hills will achieve the forecast of 4.0M WMT for 2022, and support the planned Stage 2 expansion of production which provides a pathway to 6.0M WMT per annum.

Foundation customer Xinfa Aluminium Group continued to support the Company, with $1.7M WMT of sales in 2021 at prices lined to the Chinese alumina price.

The Group took a significant step forward this year by signing a second long term customer, Xiamen Xiangsen Aluminium Limited (Xiangsen Aluminium). In 2021, 1.1M WMT was supplied to Xiangsen Aluminium. In November 2021, the Group announced an expanded and extended arrangement with Xiangsen Aluminium for 5M WMT with annual shipments approximately 1.7M WMT for the next three years. Subsequent to this announcement, the 2022 portion was converted into a binding offtake agreement.

The Group has been progressing sales opportunities along several fronts in a very volatile environment and is pleased that most of the planned 2022 production season production is contracted.

Figure 1 Prepositioning of floating crane to commence loading activities

BAUXITE HILLS MINE

Metro's Bauxite Hills Mine is located 95 kilometres north of Weipa on Western Cape York in Queensland. The Company holds a total tenement package covering approximately 1,900 square kilometres. The Mine has an estimated Reserve of 98.7Mt and a total Resource of 128.4Mt and has been operating since April 2018.

One of the advantages at Bauxite Hills is the simplicity of mining operations. The bauxite is located near the surface and does not need blasting. After extraction, the ore is trucked to the nearby port, screened, loaded onto barges and towed to sea for transhipment into ocean going vessels.

In October 2021, with support from our tug and barge partner – Transhipment Services Australia (TSA), Metro mobilised a floating crane barge to Bauxite Hills. This allowed the loading of much larger ocean-going vessels to mitigate the extremely high freight rates resulting from COVID-19 related supply chain issues. Metro is now the only Australian producer capable of supplying ore in Capesize vessels. The addition of the floating crane had immediate impact by almost halving freight rates.

In 2018, the mine's first year of production, Metro shipped just over 2M WMT of bauxite. This increased to 2.5M WMT in 2020 and 2.8M WMT in 2021 (excludes 0.3M WMT shipped in January and February 2022).

A summary of the Bauxite Hills Mine key statistics is provided at Table 1.

Table 1. Bauxite Hills Mine Key Statistics

Project Overview					
Ownership	Metro (100%)	**Location**	Cape York, Qld	**Commodity**	Bauxite
Mine Type	Surface mining	**Product Type**	Direct Shipping Ore	**Status**	Operational
Operational Overview					
Operations	Mining and transhipment	**Started Mining**	April 2018	**Workforce (incl contractors)**	~250
2019 Production	~3.5 M WMT	**2020 Production**	~2.5 M WMT	**2021 Production**	~2.8 M WMT
Targeted 2022 Production	~4.0M WMT	**Future Production**	~5-6 M WMTpa (targeted from 2023)	**Current Mine Life**	17 years

Metro paid approximately $13.5M in wages during 2021 and in line with its preference to supporting residents and businesses in local communities to the extent practicable, approximately $11.8M (equating to approximately 87%) was paid to residents of far north Queensland. In addition to wages Metro contributed approximately $364,261 in payroll tax and approximately $6.87M in royalties to the Queensland Government.

In addition to salaries and taxes, benefits of $1.33M were paid to the Native Title Parties and royalties of approximately $281,130 to the Trustee in accordance with the *Aboriginal Land Act 1991*.

Stage Two Expansion

Metro's Stage 2 Expansion remains the core strategy for the future of the Bauxite Hills Mine. Timing for the formal commitment to Stage 2 will depend upon economic conditions across the aluminium supply chain and the resulting ability for Metro to secure long-term offtake agreements with customers. As part of financing for the expansion, Metro has a facility from the Northern Australia Infrastructure Facility (NAIF) through to 30 June 2022, however with the refreshing of the Definitive Feasibility Study (DFS), the credit approval process is required to be refreshed.

Local Employment Focus

In 2021, Metro continued to focus on our partnerships with local communities in the Cape York Region, supporting employment hubs in Cairns, Hope Vale, Mapoon and the Northern Peninsula Area (NPA).

Positive relationships with our Cape York host communities assisted Metro to reach collaborative solutions to the challenges of COVID-19. New measures were implemented to ensure Metro protected all employees, their families and our communities and keep the Bauxite Hills Mine operating as efficiently as possible.

The traditional owners of the land in which we operate, the Ankamuthi people and other Indigenous employees held 28% of the positions at the Bauxite Hills Mine on average during 2021.

While this is slightly lower than the target of 30%, it is the highest average since the commencement of operations.

Community seed collecting

Health and Safety

The health and safety of our people and our contractors will always be the main priority at Metro. The aim is for all of our workforce to return home safely after a day's work.

Strict adherence to Metro's Health and Safety Policies is an essential requirement for a successful and sustainable operation. A mature and supportive culture is also essential to generating the discretionary effort that delivers safe outcomes for the whole mine community.

It is part of our practice to regularly review the previous operational years with intent to systematically improve and update our Health and Safety procedures. Effective "pre-shift" meetings will always be a strong Metro focus, as pre-shift discussion has proven to be the optimum way to mitigate risk to workers and assist communication throughout the work force. These 'Pre-shift" meetings are short daily safety discussions held on-site prior to commencement of each work shift. The objective is to identify risks in the day's activities along with relaying critical safety information and ensuring the team is engaged and focused on safe outcomes for each other.

Metro's emphasis in 2021 continued to be safeguarding our workers and communities during COVID-19 pandemic, whilst ensuring compliance with all Government regulatory bodies.

The Bauxite Hills Mine Health and Safety Team monitors and mitigates risk on-site utilising the DAMSTRA (Fitness for Work platform) and the Qudos Compliance and Risk Management System. These support hazard identifications and actions contributed to the continuation of zero Lost Time Injuries (LTI's) recorded in 2021. Metro is proud of the strong health and safety culture that has been established at the Bauxite Hills Mine which has been supported by expanded monitoring and audit activities and the fostering of risk awareness and compliance. An overview of the Bauxite Hills Mine health and safety outcomes for 2021 is provided at Table 2.

All contractors at the Bauxite Hills Mine are required to apply and adhere to Metro's Policies and Procedures and to utilise Metro's Health and Safety systems. This is part of the 'One Team' focus at Metro.

Metro is compliant with the respiratory health surveillance legislation that will be mandatory for all Queensland mine and quarry workers by the end of 2022.

Table 2. Bauxite Hills Mine Health and Safety Statistics

Bauxite Hills Mine Health and Safety Statistics	2019	2020	2021
Serious Accident	1	0	0
High Potential Incident	1	0	2
Lost Time Injury (LTI)	2	0	0
Diseases	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)(TRIFR Industry Standard 13.3)	4.17	0	0
Lost Time Injury Frequency Rate (LTIFR) (LTIFR Industry Standard 12.2)	4.17	0	0
Medical Treatment Injuries	2	0	0
Near Miss / Damage Incidents	115	49	14
First Aid Injuries	65	124	26
Total Work hours	**514,860**	**255,854**	**249,705**

Environmental Stewardship and Community Engagement

Metro's mining operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker health and safety and mine development. A failure by Metro to timely obtain the necessary permits and approvals may adversely affect its ability to conduct current and future mining operations.

Environmental incidents and real or perceived threats to the environment or the useful amenity of our local communities could lead to a loss in Metro's social licence, potentially culminating in disruptions to our operations or indeed operational shutdowns. Potential environmental and safety risks include failure of mining and materials handling equipment resulting in harm occurring to the receiving terrestrial environment and barge and transhipment equipment failure causing harm in the marine environment.

Metro follows an enterprise risk management framework consistent with ISO31000 to identify, evaluate and manage these risks. Risk management practices occur across all levels of the business (including all operating sites, development projects and corporate activities) and address a range of risks, including financial, operational, environmental, health, safety and social risks. Metro also has a dedicated community relations team that engage with local communities to ensure that community issues are understood and addressed appropriately.

Further details in relation to how Metro engages effectively with the communities in which we operate and the steps in which the Company takes to maintain its social licence are provided in the sustainability section included within this Annual Report.

Barge loading facility on Skardon River

Material Business Risks

Strategic, financial, operational, environmental, health, safety and social risks are evaluated in terms of inherent risk, mitigation in place and further actions to be undertaken. Risk assessments are updated by management and reported to the Board each month. The Audit and Risk Committee monitor and evaluate the effectiveness of the Company's enterprise risk management framework.

Metro is committed to complying with the laws, regulations and authorisations that apply to the many facets of our business. We acknowledge the importance of meeting compliance obligations to maintaining our social licence. Management provides regular reports to the Board and to each Audit and Risk Committee on compliance with key obligations.

During 2021, Metro established practices to address the requirements of the Payment Times Reporting Scheme and Modern Slavery federal legislation. Metro operates in compliance with these legislative obligations.

The COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of businesses to operate. Metro implemented a range of strategies to mitigate the risks posed by COVID-19 which included Policies and Procedures relating to travel, personal protective equipment and work procedures. All Policies and Procedures were diligently enforced to minimise risk to Metro employees, contractors and our local communities.

Metro operates in an environment subject to varying and sometimes severe weather conditions. During the year, work was undertaken to review and enhance Emergency Response Plans to plan and manage risks of severe weather affecting the Bauxite Hills Mine. In addition, work was undertaken to review, enhance and test IT Disaster Recover Plans and Cyber Security controls across the organisation.

Metro is exposed to a range of economic, financial, operational and strategic related risks which are inherent when operating 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 Metro that may have a material impact include the following:

Novel Coronavirus (COVID-19)

Metro's business has been and will continue to be adversely affected by the global outbreak of COVID-19 as have other businesses in the Australian and global economy. The pandemic continues to evolve as do the measures and recommendations introduced by governments Australia and in the countries where Metro's customers and suppliers are located.

The health and safety of every person working at Metro, their families and our communities is paramount. Policies, procedures and plans have been established to minimise risks to our people and our communities. These are frequently reviewed and updated based on government advice and as local conditions change.

Metro has actively supported and encouraged all personnel, employees and contractors to be vaccinated which has resulted in a high percentage of the workforce, including Traditional Owners, being vaccinated. A policy requiring all employees returning to site in 2022 to be vaccinated, or to hold a valid medical exemption, has been established.

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 Metro's control which would materially affect the operations and profitability of the business. Metro maintains local agents who advise on any material changes to the operating environment in China.

Metro has a small number of long-term offtake partners and is exposed to the counter-party risk and credit risk of these organisations.

Metro seeks to manage this risk by increasing customer diversification through its marketing strategy, dealing with credit worthy customers, and making sales made through irrevocable letters of credit. Additional contracted offtake volumes will support the Group's expansion strategies and increase diversity in our customer base.

Fluctuation in Commodity Prices and the Australian Dollar

Metro's revenue is entirely derived from bauxite sales. Currently there are no bauxite derivative products available in the market and accordingly Metro is not able to manage commodity price exposures directly.

In order to manage United States dollar (USD)exposures, which include USD revenues, ocean freight expense, and anticipated USD denominated capital commitments, Metro's risk management framework incorporates a currency hedging program to manage the risks to sales revenue associated with a strengthening of the Australian dollar against the United States dollar.

There were no hedging instruments in place at 31 December 2021.

Fluctuation in Ocean Freight Rates

Metro's customers are currently based in China, Metro sells to these customers on a delivered basis (INCO terms CIF), therefore Metro is exposed to fluctuations in Ocean Freight rates. During 2021, Metro was exposed to unprecedented high ocean freight rates, which presented a significant risk to the Bauxite Hills Mine's ongoing viability.

In July 2021, the Group secured a floating crane and on 15 October 2021 it was commissioned. This strategic initiative allows the Group to be able to load Capesize vessels, which significantly mitigated the risk that ocean freight rates present and has resulted in a transformational improvement to the Group's delivered cost base.

In addition, Metro intends to establish a book of varying Contracts of Affreightment (COA) to secure fixed priced shipments to minimise Metro's exposure to fluctuating ocean freight.

Mineral Resources and Ore Reserves

The Bauxite Hills mineral resources and reserves are estimates, 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 Metro's mineral resources constitute, or will be converted into, ore reserves.

Market price fluctuations of bauxite, demand for Metro's bauxite products, as well as increased operating and capital costs may render Metro's ore reserves unprofitable 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 Metro to reduce its mineral resource and ore reserves, which could have a negative impact on Metro's financial results.

Replacement of Depleted Reserves

Metro looks to 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 speculative in nature. Metro's exploration projects involve many risks and are sometimes unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

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 new mining approaches, 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

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

Metro has a policy to maintain insurance where available to cover the most common of these risks and hazards. 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

Metro 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 Metro's future cash flows, profitability, results of operations and financial condition.

Metro'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.

Metro'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 Metro 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 a greater impact than anticipated.

Exploration

Exploration Activities

With Metro Mining's focus being firmly on the Bauxite Hills Mine the Company's exploration strategy is geared primarily towards delineating near-mine bauxite resources that can be developed and shipped via the Mine's infrastructure. The Company has identified a number of lateritic plateaus located north of the Skardon River that have been underexplored historically. In the short term the Company intends to access these areas to undertake reconnaissance drilling programs to identify potentially economic bauxite deposits. A Conduct and Compensation agreement has been successfully negotiated with the Landholders to facilitate exploration work.

Systematic exploration programs undertaken by Metro and its associated companies, Cape Alumina and Gulf Alumina, since 2006 not only discovered the export-grade Direct Shipping Ore (DSO) bauxite at Bauxite Hills but outlined large resources of beneficiated bauxite at Pisolite Hills. Much of the resource at Pisolite Hills has been sterilised by the gazetting of a nature reserve in 2013. Following a review of the Company's exploration assets during the year only those tenements that were deemed to have strategic value were retained. This resulted in a portfolio of exploration tenements covering approximately 750 km^2 of the prospective Weipa Bauxite Plateau adjacent to the world-class Weipa and Amrun deposits owned by Rio Tinto.

In the medium term the Company will look to add value to these assets either through exploration activities or partnerships with other parties.

The Company also continues to look for new bauxite opportunities both within Australia and overseas to grow its business.

Figure 2. Metro Mining bauxite tenements

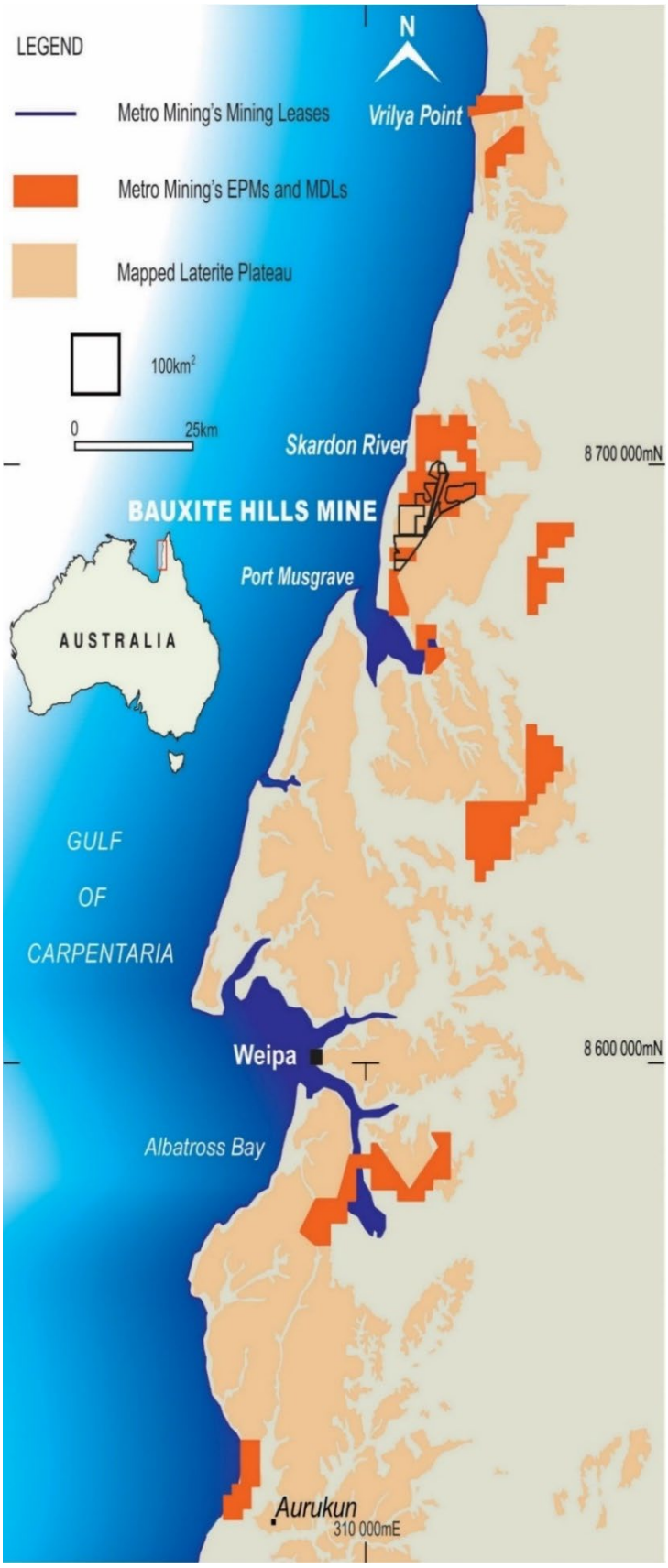


Table 3. Metro's bauxite mining tenements

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
MDL 423	Skardon North	Gulf Alumina P/L	Granted (30/09/2026)	2162.5	Bauxite
MDL 425	Skardon South	Gulf Alumina P/L	Granted (30/09/2026)	363.3	Bauxite
EPM 15278	Pisolite Hills North	Cape Alumina P/L	Granted (29/09/2026)	49	Bauxite
EPM 15376	Ducie River	Cape Alumina P/L	Granted (29/09/2024)	27	Bauxite
EPM 15984	Port Musgrave	Cape Alumina P/L	Granted (23/02/2024)	4	Bauxite
EPM 16755	Skardon River North	Gulf Alumina P/L	Granted (16/09/2023)	12	Bauxite
EPM 16899	Skardon River	Cape Alumina P/L	Granted (16/12/2024)	8	Bauxite
EPM 17499	Eucid	Cape Alumina P/L	Granted (30/10/2025)	3	Bauxite
EPM 18242	Skardon River Gap	Gulf Alumina P/L	Granted (16/12/2023)	2	Bauxite
EPM 18384	Skardon Channel	Gulf Alumina P/L	Granted (16/12/2024)	8	Bauxite
EPM 25878	Nthn Cape York	Cape Alumina P/L	Granted (12/07/2026)	27	Bauxite
EPM 25879	Southern Cape York	Cape Alumina P/L	Granted (12/07/2026)	64	Bauxite
EPM 26144	Skardon West	Cape Alumina P/L	Granted (29/01/2027)	8	Bauxite
EPM 26198	Skardon Gap West	Gulf Alumina P/L	Granted (5/12/2026)	1	Bauxite
EPM 27611	Skardon Nth West	Cape Alumina P/L	Granted (28/02/2026)	8	Bauxite

Sustainability Undertaking and Report

Metro recognises that developing and implementing a long-term commitment to sustainability is integral to its ongoing success.

To present Metro's overall performance in a transparent manner, Metro has taken the decision to combine its 2021 annual financial and governance reporting with its sustainability performance outcomes.

Metro's annual sustainability reporting is an important component of its resolve to be open and accountable to its shareholders and stakeholders. Metro firmly believes it demonstrates a clear commitment to sustainable development within the communities in which Metro undertakes its operations.

This section of the Annual Report presents Metro's 2021 Environmental, Social and Governance (ESG) performance highlights.

Metro is pleased to report its sustainability priorities that confirm its determination to achieve positive outcomes. Metro strives to be responsible stewards of the environment within which Metro's operations occur, and its clear intentions to execute sound sustainability practices through the life-of-mine cycle from development and operations through to rehabilitation and, ultimately, closure. Metro continues to work with local Indigenous communities, business groups, councils, charitable organisations and local service providers to share the social and economic outcomes of mining. This is integral to maintaining Metro's social licence to operate.

Metro is particularly proud of its ongoing reputation for employing and buying locally. Metro is also proud of its achievements over the past year in the broader social and environmental context and also in realising sustainable economic achievements. For example, our rehabilitation activities continued through 2021 and despite starting later than normal, our community focused seed collection program remained a demonstrable success.

In spite of the continuation of the challenges Metro continued to face during 2021 as the world evolved and adapted to a continuation of the COVID-19 pandemic, Metro maintained its sustainable development focus. In the year ahead, Metro will continue on its journey to increase its sustainable future in the best interests of all concerned.

Progressive rehabilitation

GOVERNANCE

The Metro Mining Board is responsible for setting the Company's sustainability goals and strategies as well as monitoring performance.

The Board comprises five members and is supported by the following Committees:

- Audit and Risk Committee
- Remuneration and Nominations Committee.

The functions and responsibilities of the Board and each of the Committees are set out in their respective Charters which can be found on Metro's website.

Four members of the Board are Non-Executive Directors including the Chair.

A list of Board and Committee members is set out in the Directors' Report. Since the adoption of the 2021 Directors' Report, Mr Stephen Everett resigned as a Director and Mr Andrew Lloyd has been appointed a Director.

Metro is committed to building the business sustainably, operating ethically and safely, minimising the environmental footprint and ensuring good governance and social responsibility. To achieve these objectives, the Metro Board fosters a culture of accountability, integrity, transparency and compliance.

Good corporate governance is critical to the long-term, sustainable success of Metro. Governance is the collective responsibility of the Board and all levels of management. Metro has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Our Corporate Governance Statement is available in the Corporate Governance section of our website www.metromining.com.au.

Metro's commitment to good governance practices, operating ethically and with integrity is guided by a suite of Board approved Policies including:

- Share Trading Policy
- Finance and Corporate Governance Policy
- Occupational Health and Safety Policy
- Community and Social Responsibility Policy
- Environmental Policy
- People Policy
- Diversity Policy
- Anti-bribery and Corruption Policy
- Mental Health and Well-being Policy
- Continuous Disclosure Standard
- Whistle-blower Standard.

These Policies are available on Metro's website.

The Metro Mining Board together with Executive Management are accountable for ensuring the Company operates in accordance with governance principles and in a sustainable manner. Policies and Standards are regularly reviewed to ensure observance to, and maintenance of the highest standards of Corporate Governance. Board and Management review compliance with Policies and Standards throughout the year and any significant incidents are reported to the Board.

The Audit and Risk Committee assist the Board in identifying, understanding and monitoring risk and sustainability related matters and ensuring appropriate strategies and controls are implemented. In particular, the Committee ensures material risks are identified, objectively

assessed and where appropriate risk mitigation actions are affected to reduce residual risk. The Committee also assists the Board in overseeing the internal financial control systems including external financial reporting and audit processes.

The Remuneration and Nominations Committee assists the Board with remuneration matters of Directors and Executive Management, Board appointments and succession planning, as well as diversity and inclusion in the workforce and Metro's people and culture strategy.

Management assists all Committees to ensure they have the appropriate level of information and are aware of any material issues. Committees are able to seek independent professional advice if considered appropriate.

In early 2022, Management and the Board undertook a review of Metro's Vision, Mission, Values and Code of Conduct. The refreshed Values and Code of Conduct will be delivered to all employees in 2022. In addition, for employees that participate in the Company's Short-Term Incentive Plan a proportion of their overall performance assessment is attributed to their demonstration of living Metro's Values.

Risk management

Metro has established an enterprise risk management framework consistent with ISO31000 to identify, evaluate and manage risks. Risk management is linked to strategy, business objectives and decision making. Risk activities are integrated across operations, projects and corporate activities.

An overview of Metro's Material Business Risks is discussed previously in the report.

ENVIRONMENTAL STEWARDSHIP

Metro Mining is committed to maintaining or improving the environment in which we operate.

Our approach to effective environmental stewardship is based upon minimising environmental impacts to the extent possible, ensuring unavoidable environmental impacts are mitigated to the extent practicable, only disturbing land necessary to support mining operations and progressively rehabilitating mined areas.

Metro undertakes its mining operations pursuant to two Environmental Authority's issued by the Department of Environment and Science under Chapter 5 of the *Environmental Protection Act 1994* (EP Act) and two approvals issued under the *Environment Protection and Biodiversity Act 1999* (EPBC Act). Our day-to-day operations are undertaken in accordance with a range of aspect specific management plans. The operational management plans include:

- Bauxite Hills Mine Marine Management Plan
- Bauxite Hills Mine Offset Strategy
- Bauxite Hills Mine Significant Species Management Plan
- Bauxite Hills Mine Water Management Plan
- Bauxite Hills Mine Integrated Marine Monitoring Plan
- Bauxite Hills Mine Water Management Plan
- Bauxite Hills Mine Land Use Monitoring Plan.

Adherence to these and our other operational management plans is monitored by the Department of Environment and Science on an annual basis and independently audited at least every three years.

Metro also reports its performance against its' Federal environment approval conditions. These reports are available on our website.

Climate change and greenhouse gas emissions

Metro acknowledges and supports the Australian Government's whole-of-economy Long-Term Emissions Reduction Plan to achieve net zero emissions by 2050. In particular, the strategy to achieve net zero emissions by 2050 in a practical, responsible way that will take advantage of new economic opportunities while continuing to serve our traditional markets. In this regard Metro remains committed to ongoing efforts to reduce our operational emissions from energy use and haulage.

Metro acknowledges that the effects of a changing climate have the potential to impact its business. Potential impacts of climate change are entwined within its everyday business operations, potentially impacting its assets and operations at the Bauxite Hills Mine and more broadly the markets and locations where its bauxite is traded. These impacts may include increased severity and frequency of adverse weather conditions, changes to domestic and international regulatory environment and product demand as the global community transitions towards a decarbonised environment.

The Bauxite Hills Mine is situated in western Cape York on the Skardon River with bauxite ore being transhipped directly to ocean-going vessels anchored at sea. In this location, climate change presents some clear and present risks in relation to increased extreme weather events and rising sea levels.

Metro has recognised the economic risks associated with the increasingly stringent regulatory regime and associated changes to operations that may be required to meet greenhouse emissions reduction targets.

Our main sources of greenhouse gas emissions are from fuel consumption (diesel) during mining operations (Scope 1 emissions). In October 2021, Metro submitted its annual greenhouse gas (GHG) emissions and energy production and consumption emissions reporting to the Australian Government's Clean Energy Regulator (CER). Our reporting followed the requirements of the National Greenhouse and Reporting (NGER) Scheme established under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). The NGER scheme is a single, national framework for reporting on energy production, consumption and emissions. The reported greenhouse gas emissions for 2021 are presented at Table 4.

The combined activities of the controlling corporation do not exceed the corporate reporting threshold; however, the Bauxite Hills Mine facility exceeds the facility threshold and as such Metro must submit a report under S19 of NGER Act.

Bauxite Hills Mine does not exceed 100,000 tonnes of $CO_{2\text{-}e}$ emissions per year threshold for inclusion in the Safeguard Mechanism.

Table 4. Bauxite Hills Mine 2021 Greenhouse Gas Emissions

Bauxite Hills Mine Greenhouse Gas Emissions ($t\ CO_{2\text{-}e}$)	**2021**
Scope 1 Emissions	11,803
Scope 2 Emissions	5
Total of Scope 1 and 2 Emissions	11,808

As the Bauxite Hills Mine has no access to grid electricity, supply of all on-site power is provided by diesel-driven generators. Diesel is the only fuel supply for equipment and machinery used on site. Most of the mine's greenhouse emissions are related to the use of this fuel. Optimising Bauxite Hills Mine diesel usage or replacing diesel with non or lower emitting power sources will be a key area for potential future greenhouse emission reduction targets.

To demonstrate Metro's commitment to reducing its diesel usage, in Quarter 4 2021 Metro commissioned into service a floating crane that enables the loading of larger ocean-going vessels (i.e. Capesize and Post-Panamax class vessels). The introduction of the larger class vessels will result in a material reduction in the number of vessels required to service the operations. Previously approximately 67 vessels where required to export bauxite. This equates to approximately 1-2 bulk vessel required per week. The use of Capesize class vessels will result in Metro utilising approximately 23 vessels to deliver the same volumes of bauxite. This reduction in the number of ocean-going vessels required for the freighting of bauxite will result in a significant decrease in fossil fuel consumption and also the associated greenhouse gas emissions per tonne of exported bauxite.

Metro will be evaluating renewable-energy sources such as solar and battery storage for the operation of the Bauxite Hills Mine. The integration of renewable energy sources will be an input into ongoing studies looking at opportunities to grow of the mine. Continued investigation into renewable energy sources will remain integral to the partial decarbonisation of energy supply and consumption at the mine.

Waste

A range of waste types are generated during the operation of the mine. Mineral waste (i.e. the overburden material above the bauxite) is the main waste generated on site. Non-mineral wastes generated as part of the mining operations include recyclable and non-recyclable general waste and wastes associated with the operation and maintenance of plant and machinery (i.e. waste oils, oily / hydrocarbon wastes and tyres).

Mineral waste (i.e. top soil and overburden) are segregated and stored in stockpiles within the mining pit, typically within 200 metres of the operating mine face. The mineral waste stockpiles are maintained in manner that is safe, stable and non-polluting. Stockpiles are progressively shaped within the pit to support progressive rehabilitation activities.

During 2021 Metro resumed the backfilling operations of legacy overburden stockpiles to the old kaolin mine pits. This will continue in 2022 and will culminate with the spreading of topsoil and seeding of the infilled pit landforms.

Bauxite Hills Mine does not use landfill on-site, with all waste shipped off-site.

General wastes and recyclable materials are segregated at site and collected by licensed waste contractors and taken by barge to licenced facilities for recycling or disposal. A waste disposal register is maintained on site.

Regulated wastes such as waste hydrocarbons, including contaminated diesel, oils, greases and degreasers are collected and segregated from general waste and stored in appropriate hydrocarbon storage containers. Regulated wastes are removed from site by licenced contractors and taken to appropriately licenced facilities for recycling or disposal.

No used tyres are disposed of on site. Used tyres are stockpiled and periodically removed from site by licenced contractors.

Initiatives to improve waste management that will be implemented during 2022 include:

- Clean up of inherited waste at the legacy kaolin wet plant
- Scrap metal clean-up for offsite recycling
- Completion of backfilling operations of legacy waste stockpiles to the old Kaolin Mine pits
- Dewatering of processed sewage sludge for trials and approvals for potential beneficial re-use onsite in rehabilitation activities.

Noise

Metro did not receive any noise complaints during its 2021 operations. Notwithstanding, Metro will continue to investigate opportunities to further reduce its noise footprint.

Air quality

Metro did not receive any complaints about reduced air quality during its 2021 operations. Metro implements a range of methods to reduce impacts on air quality including:

- The use of water carts on light vehicle and haul roads onsite
- Minimising drop heights and using water sprays during barge loading operations
- Dust suppressants on stockpiles associated with historical kaolin mining
- Dust suppression on drills
- Progressively rehabilitate land to minimise areas exposed to the generation of dust.

Water

The mine has approval to extract 55 megalitres (ML) of groundwater annually. In 2021 approximately 11.1 ML, or approximately 20% of its licenced allocation, was extracted to supply potable water to the accommodation camp and offices at the port. This represented a reduction of approximately 35% groundwater usage from 2020 whereby 17.2 ML of groundwater was used on site. A 65% reduction in the consumption of groundwater (approximately 1.8 ML in 2021 compared to 5.1 ML in 2020) was achieved at the port and a 23% reduction (approximately 9.2 ML in 2021 compared to 12.1 ML in 2020) was achieved at the accommodation camp. Operations in 2020 ceased at the mine in October, whereas operations continued through December in 2021, making the reductions in groundwater consumption in 2021 more notable.

Raw water is supplied from the three inherited kaolin mine pits that act as water storages following the capture of rainfall during the wetter months of the year. The raw water requirement for operations was approximately 0.85 ML per day over the April to December operational period in 2021. Approximately 224.2 ML of raw water, used for dust suppression from mining and haulage activities during 2021, resulting in an increase in consumption of approximately 14% (31 ML) when compared to the shorter operating period of 2020. No groundwater was extracted for operational purposes during 2021.

Metro has developed a range of management plans to protect both surface water and groundwater systems around the Bauxite Hills Mine. Compliance with these management plans is routinely audited and where identified, measures to improve water management are implemented. For example, Metro's comprehensive review of surface water and groundwater monitoring programmes, with specialist consultants and have been working closely with Department of Environment and Science to contemporise our Environmental Authority operating conditions.

Metro will continue to look for opportunities to reduce its potable and operational water consumption in 2022 particularly at the accommodation camp in regard to recycling of greywater to use for watering in the greenspaces and recovery and reuse of waste water from the STP.

Biodiversity

Metro is committed to the protection and management of the land currently being mined and the development of a post-mine landscape which incorporates a range of desired biodiversity values. We take a precautionary approach to environmental management, with an emphasis on compliance with all relevant environmental laws and obligations as an absolute minimum standard. The management of biodiversity, and more broadly the natural landscape, is embedded within our environmental policy. Our EAs authorise the extent of disturbance which can occur and our specific management plans outline our strategies to minimise environmental harm.

Fundamental to preserving the biodiversity values on site, we avoid environmental disturbance and impacts wherever possible. We acknowledge our activities have the potential to impact upon biodiversity values and where disturbances are unavoidable we undertake progressive rehabilitation of disturbed land according to best practice and regulatory requirements.

Our environment team are responsible for protecting biodiversity and ensuring that a proactive management approach is implemented. Metro is supported by specialist consultants to collect, analyse and interpret ecological data which is use to inform onsite operational decisions. The outcomes of these ecological assessments further assist with

developing our knowledge and allow for the development and implementation of sound biodiversity protection measures such as:

- Ensuring vegetation clearing is minimised, significant buffers are maintained around all waterways and wetlands and ecological corridors are incorporated wherever possible
- Flora and fauna spotter-catchers undertake surveys prior to clearing to identify any potential areas of higher biodiversity value, and are present during all clearing activities to capture and relocate any fauna species as necessary during the clearing process
- Progressive rehabilitation focuses on developing post-mining ecosystems that have similar ecological values to pre-mining conditions.

The following case highlights and example of Metro's approach to managing the biodiversity values on land and in water where our activities occur.

Case Study - Sawfish and Speartooth Shark survey in the Skardon River, Namaleta Creek and Port Musgrave

CSIRO were engaged by Metro to deliver a study of the Sawfish and Speartooth Shark (*Glyphis glyphis*) in the Skardon River, Namaleta Creek and Port Musgrave.

Following three years of bi-annual surveys their research report contains 'summaries of fishing effort, location of gillnet and long line sets, and catch data for sawfish and Speartooth Sharks'. Data on the movement of these species, tracked with acoustic and satellite tags, are presented.

The report provides a summary of water quality measurements collected for the duration of the project, as well as changes to the bathymetry of the Skardon River mouth as a result of port construction and bed levelling activity.

Three species of sawfish (Largetooth Sawfish (*Pristis pristis)*, Green Sawfish (*Pristis zijsron*) and Narrow Sawfish (*Anoxypristis cuspidata*)) as well as one adult Speartooth Shark were captured during the surveys. No Speartooth Shark (juveniles or adults) were captured in the Skardon River. A combination of low turbidity, high salinity and lack of upstream habitat in the Skardon River make it unsuitable as a nursery area for juvenile Speartooth Sharks

One Green Sawfish was captured in the Skardon River, tagged with an internal acoustic tag, and its movement monitored by an array of acoustic receivers in the Skardon River and Port Musgrave. This 3.57 m female was detected in the Skardon River and Port Musgrave over a 17-month period

This data is the first long-term data on the movement of Green Sawfish in Queensland and highlight the importance of nearshore coastal habitats – including estuaries and downstream reaches of rivers – for this species.' Metro was very pleased to fund this important research and continue to look for ways in partnering with organisations to under mutually beneficial research.

Information on the project can be obtained from: Pillans, R.D., Fry, G.C. and Carlin, G. March 2020 Skardon River sawfish and Speartooth Shark surveys: Skardon River Bauxite Mine — final report.

Progressive rehabilitation

Progressive rehabilitation remained a key focus for our operation during 2021; however, our target of rehabilitating 100 hectares during CY 2021 was not achieved, with only approximately 33 hectares rehabilitated. This was due to the later than expected start of rehabilitation works and numerous challenges arising from COVID-19 restrictions to workforce.

Our approach to rehabilitation is to backfill and spread top-soil progressively as areas become available as close as possible to active mining areas. This reduces costly double handling. This approach allows the immediate replacement of topsoil which preserves the viability of the soil seed bed. Metro uses native seeds endemic to the Cape York region, sourced as much as possible by our local Indigenous communities under Metro's Seed Collection Program. Occasionally when necessary, third party contractors augment seed collection. The application of seed and fertilizer is undertaken by a local Ankamuthi contractor.

In 2021 Metro Mining commenced preparing its Progressive Rehabilitation and Closure Plans (PRCP) for the Bauxite Hills Mine. Under the transitional arrangements, Metro is required to provide the PRCPs to the regulator by 30 November 2022. Metro will consult with interested government and non-government parties during the preparation of the PRCPs.

The PRCPs are underpinned by Metro's approach to implementing its progressive rehabilitation program, which commenced in 2019. The PRCPs, when completed, will set out the proposed stages required to rehabilitate disturbed land and includes annual rehabilitation schedules, operating budgets, and rehabilitation design drawings incorporating landform and anticipated design contours for the site. As the rehabilitation activities progress, the PRCPs will be updated to include drawings showing rehabilitation progress, planned future rehabilitation schedules and updated operational budgets. Progressive certification will be sought as the rehabilitated areas reach the desired criteria described in the PRCPs.

Chloe Czepulkowski in the seed collection room

Kaolin mine rehabilitation

Rehabilitation of the pre-existing kaolin mine pits, inherited by Metro with the mining leases, commenced during 2021. Rehabilitation works were focused on the fluvial pit, the closest pit to Namaleta Creek, and involved the partial infill of the first of three cells. These works are programmed to be completed in 2022, in line with our Environmental Authority conditions.

Environmental Compliance

The Bauxite Hills Mine operates under two separate mining approvals which means two EAs and two Commonwealth approvals are in place. Through 2021 Metro undertook a review of its compliance requirements and management plans. Following the review, Metro commenced a range of actions focused on contemporising its management regime, in respect to its statutory responsibilities. This includes working with the relevant Government Departments to update is approvals and operating licences.

The following sections discuss compliance with Commonwealth and State approvals.

Compliance with Commonwealth Environmental Approvals

Metro reported a number of non-compliances with its Federal environmental approvals in its compliance report for the reporting period 1 July 2020 to 30 June 2021. The non-compliances were a result of administrative oversights and were promptly rectified when the non-compliances were identified. No environmental harm occurred as a consequence of the non-compliances.

Following identification of the non-compliances, Metro revised its internal compliance register and undertakes regular monitoring of the compliance requirements attached to its approvals granted under the EPBC Act.

Compliance with State Environmental Approvals

In 2021, Metro self-reported a number of minor surface water and groundwater quality trigger exceedances. The existing surface water and groundwater trigger values are based on nominal values and do not adequately resolve the range of natural background variability in several parameters and sites. In light of this, Metro has undertaken extensive investigations of groundwater and surface water data and is working with the relevant Department to establish site specific trigger values that consider the environmental attributes present at the Bauxite Hills Mine and will be used to update the existing EAs.

SOCIAL

Training

Metro encourages all employees to develop their careers and provides regular training to all personnel to enable them to undertake their work safely and efficiently.

Employees can also apply for a "Metro Career Development Grant" should they wish to undergo additional training in their field.

Metro conducts monthly employment reviews to ensure the workplace continues to be fulfilling and develops a culture that promotes individual accountability and rewards initiative. The promotion of cultural awareness among Metro's employees and contract partners is a priority.

Cultural awareness training update was planned to be provided by our Ankamuthi representatives in 2021. Due to ongoing COVID-19 restrictions and challenges faced by our Indigenous partners, the cultural awareness training was postponed. The importance of our personnel undertaking this training is key to maintaining our awareness of tangible and intangible Ankamuthi Cultural Heritage. Consequently, cultural awareness training has been scheduled to occur in quarter 1 of 2022, commencing with our Board, senior leadership, and site leadership. Training will be rolled out to all remaining Metro personnel in quarter 2 2022.

Traditional owner engagement

Metro acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Australia. We recognise the Ankamuthi People as the custodians of the land and water on which we operate and we recognise the important and significant enduring role maintained by the Ankamuthi People in maintaining a connection to country and the preservation and protection of Ankamuthi Cultural Heritage.

Metro aims to ensure Ankamuthi Peoples remain connected to country and culture. We seek to provide economic independence to Ankamuthi Peoples through rewarding careers in our mining operations, through the provision of services to our mining operations and via payment of benefits to the Ankamuthi People and Old Mapoon Aboriginal Corporation (OMAC) as set out in the Ancillary Agreement (AA). We recognise the challenges faced by Indigenous communities in Cape York and we remain committed to continuing to work with the Ankamuthi People to develop and implement strategies aimed at overcoming these challenges.

Traditional Owner engagement is an important element of Metro's Stakeholder Engagement Plan. Our approach to engagement is based upon open and effective communication, which is underpinned by shared respect for each other and an understanding and acknowledgement of concerns and reasonable expectations.

Our commitment is enshrined in our partnering AA which is established between Metro, the Traditional Owners – the Ankamuthi People and the Northern Cape York #1 People - and OMAC (the trustee landowner). The AA includes a Cultural Heritage Management Agreement (CHMA).

Metro recognises that a failure to appropriately manage local community stakeholder expectations, including Metro's commitments on Indigenous employment, has the potential to disrupt production and exploration activities.

The three Indigenous organizations involved in the operation of the AA are:

- Seven Rivers Aboriginal Corporation (SRAC)
- Old Mapoon Aboriginal Corporation (OMAC)
- Ipima Ikaya Aboriginal Corporation (IIAC).

The AA stipulates a range of commitments, including employment and training opportunities; cultural obligations; business development and contracting opportunities for Indigenous businesses; payment of mining benefits to both the Ankamuthi People and OMAC for the life of the projects; and the establishment of a Liaison Committee.

In line with Metro's commitment to working with the Traditional Owner Parties to achieve financial independence, Metro paid $1.33 million in benefits to the Ankamuthi People. These benefits are administered by an appointed Trustee that works closely with the Ankamuthi Trust to determine the most appropriate uses for the benefits. In addition to direct benefits paid to Ankamuthi People, funds from the trust have been used for cultural activities, improving education and improving access to on-line learning.

Metro also paid royalties of $281,130 to the Trustee, on behalf of OMAC in accordance with the *Aboriginal Land Act 1991*.

The Liaison Committee provides a forum for all parties to meet and discuss Traditional Owner opportunities and ways to optimise communications.

Metro with OMAC members

Metro engaged with SRAC and OMAC during late 2020 and early 2021 to commence the review of the AA and CHMA. As a result of a number of personnel changes within SRAC and OMAC has delayed the formal review of these agreements.

Completion of the AA and CHMA reviews is an agenda item for the Liaison Committee and a key priority for Metro in 2022.

We continue working with our Indigenous partners in the spirit of shared value and mutual obligation to create sustainable benefits by leveraging, developing and building on our shared aspirations, while protecting and respecting country and culture.

Metro established a new role in 2021 with the specific focus of delivering Metro's community engagement and development. The role works closely with Metro's management team and its two Indigenous Community Liaison Officers to deliver on our community engagement and development initiatives.

Metro with SRAC members

Cultural heritage

We recognise the significance of country to the Ankamuthi people, as well as our shared responsibility to protect and preserve cultural heritage and of the land and water in which we operate.

Cultural heritage clearance

Cultural heritage clearances were undertaken by Ankamuthi peoples prior to clearing activities occurring. Items of potential Cultural Heritage were identified during these clearance surveys and were managed in accordance with the guidance of Senior Ankamuthi advisers and the requirements of the CHMA.

In 2021 Metro collated and reviewed all cultural heritage survey related documents and the collected data was used to populate a newly created "Bauxite Hills Mine Cultural Heritage Register". The Bauxite Hills Mine Cultural Heritage Register has been created to enable Bauxite Hills Mine site personnel to appropriately manage risks to identified cultural heritage within the Bauxite Hills Mine mining leases. The register contains information about Cultural Heritage sites and items identified over a period of approximately 10 years including geographical location details, relevant cultural heritage survey reports, photos, mapping and other documentation. During this process all Cultural Heritage sites previously identified within the Bauxite Hills Mine mining leases have been subject to a status check in the field by the Bauxite Hills Mine environment department ensuring locations, descriptions and reports are accurate.

The register will remain updated at all times documenting any newly identified culturally significant artefacts encountered during pre-clearing surveys, clearance monitoring particulars, inspection photos and maps identifying the locations of culturally significant artefacts. Culturally sensitive areas such as Big Footprint Swamp (see plate below) are also afforded specific management through the implementation of disturbance buffer areas around its boundary.

Big Footprint Swamp

Community sponsorship and partnership

Metro encourages sponsorship requests from local community groups and organisations that deliver positive outcomes for the broader community.

The major partnership activity in 2021 was the sponsorship of an Indigenous art and literacy program for primary schools in the communities of Mapoon, Bamaga, Injinoo, Hope Vale, Weipa and Aurukun. Following on from the success of the previous years, Metro was excited to again be part of this program.

The Indigenous art and literacy program is an art and writing mentoring platform, called the "Young Indigenous Art and Literacy Program". The art and writing workshops were specifically designed to assist Indigenous children to make connection to their oral history through writing and art. Unfortunately, as a result of COVID-19, the program was run as a virtual engagement program; however, Metro remains pleased to be part of the program in 2022 which will see the art and writing mentors return to the Northern Peninsula Area and run the program as a classroom- based program. The program culminated in the award of the Metro Mining Young Indigenous Art, as part of the wider 2021 Young Australian Art and Literacy Awards.

The Metro Mining Indigenous Art Award for 2021 went to Chloe Rodney for her painting titled 'The Rainbow Snake' (see Figure 3).

Figure 3. 2021 Young Australian Art Awards Winner

Additional activities that occurred during 2021 were:

- Northern Peninsula Area Regional Council's (NPARC) "Keep the Flame of Culture Burning" Festival, that held Indigenous cultural events across all five communities in the NPARC
- OMAC, Mapoon Aboriginal Council and Tangaroa Blue's Beach Clean-up initiative at the start of NAIDOC Week, with the theme Healing Country
- Events associated with the NAIDOC week festivities included meetings with the Wuchopperen Health Service and the Kunjur First Nations Men's Group.

Tangaroa Blue's Beach clean-up initiative

Keep the Flame of Culture Burning Festival

Diversity

Our people are our greatest strength.

Working relationships are encouraged and based on mutual trust and respect. We seek to be a major employer of Indigenous People, centred around a workplace that encourages a balance incorporating work, family and social commitments whilst achieving the Company's business goals.

We advocate an inclusive culture and employ a diverse workforce with a wide range of backgrounds, values, skills and experience.

Metro recognises the intrinsic importance of diversity in building operational strength and the future growth that comes from incorporating a wide variety of capabilities, ideas and insights in decision making, problem solving and policy development.

All employees are selected for positions on merit and provided equitable access to employment and professional development. Metro recognizes all individuals are unique and encourage behaviours of fairness, equity and respect for all.

Where are you from? *Mossman*

Where did you grow up/Family life? *A bit of everywhere. Early years in Cape Flattery and Mossman State Primary School; Weipa for 4 years, then back to Mossman High School; Cooktown; Tablelands at Mount St Bernard College for a year. Then I got a bit home sick and came back to Mossman to do 2 years at Mossman High as my father was the CEC (Community Education Councillor) there; followed by Hopevale for my last year of schooling at Cooktown State School, graduating in 2014.*

What motivates you? *My 7 younger siblings every day.*

Hobbies*: Rugby league, touch football, some fishing with the family, swimming in the lovely cold creeks in Mossman and mostly spending time with family and friends.*

What drew you to applying for a job in the Environmental Field? *Something different, like to have a change, very interested in the whole environmental world.*

What things have you got out of the training so far? *A lot of things, for example bore sampling, had no idea what a bore was and how it worked.*

What hopes do you have for the future? *To keep excelling in everything and anything I continue to do.*

In 2021 we were able to achie1ve a 28% Indigenous employment average, against a target of 30%, between April and December 2021. Increasing Indigenous employee numbers to be above 30% is a key focus for 2022.

In addition, female participation has declined in 2021 compared to 2020. Metro is committed to gender diversity of our workforce and will be making efforts in 2022 to attract more females to Bauxite Hills Mine site. Employee diversity statistics are shown at Figure 4.

Figure 4. 2021 Employee diversity statistics

To improve our position as an employer of choice within the Cape York Indigenous communities we will continue to:

- Expand and strengthen our existing Indigenous employment strategies
- Offer a wider range of roles to Indigenous employees
- Provide professional development to our Indigenous employees to enable career progression.

Human rights

Metro is committed to identifying, assessing and mitigating human rights impacts, providing access to remedy through effective grievance mechanisms and continually strengthening our actions.

We have zero tolerance of Human Rights abuse and Modern Slavery and expect this of our employees, suppliers and partners.

Modern slavery

We recognise Modern Slavery as a global issue that requires addressing and prevention by businesses.

During the year we commenced the establishment of a process to understand and respond to the risk of modern slavery from our supply chain. A risk assessment process was undertaken with particular emphasis on suppliers of ocean freight services to identify the risk profile of our suppliers. We currently have no identified instances of modern slavery in our supply chain. However, we acknowledge the challenges in gaining and improving transparency across the tiers of our supply chain. Verifying supplier data at multiple levels is difficult and resource intensive and we are continuing to refine this process.

Community investment

Our efforts to create long-term value for our local communities extend into our employment and procurement practices. We seek to employ local people where possible and preferentially purchase goods and services within the region or state where we operate.

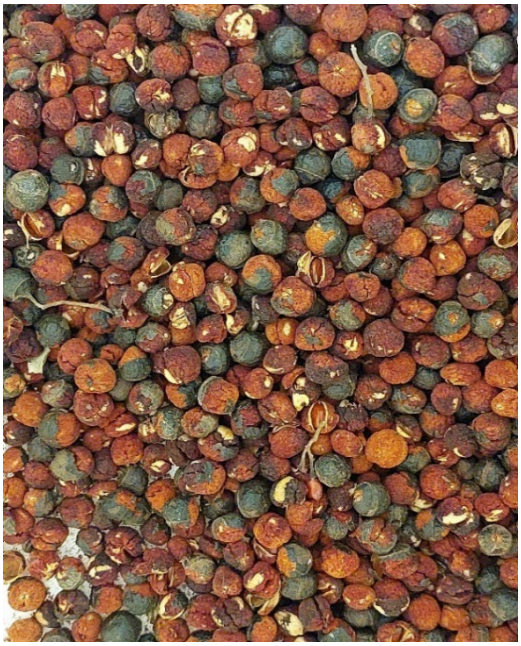
A key to Metro's approach is for local communities to benefit from partnerships developed resultant from mining operations; in areas such as employment, increasing existing business viability, creating new business opportunities, supporting community initiatives, education and training and general economic wellbeing within the community.

Preference is given to local suppliers wherever possible. Bauxite Hills Mine endeavours to employ and buy locally to foster mutually beneficial relationships and to create benefits that flow through to local communities and the State of Queensland. Metro recommenced the community seed collection program in July 2021, with community workshops in Injinoo and Mapoon. Seed collection has continued between August and December.

We purchased approximately 263 kg of seed from the communities of Mapoon, Napranum and the Northern Peninsula Area, providing a direct contribution of $91,240 into these communities.

Approximately 84kg of grass seed was purchased from Cape York Natural Resource Management at a cost of $29,295. This seed was collected by communities outside of the communities relevant to the operation of the mine. Consequently, Metro has commenced working with the Mapoon and NPA communities regards the collection of grass seed to avoid having to purchase the seed outside of the local communities.

Metro identified a number of commercial opportunities for delivery at site (i.e. the provision of cultural heritage services and cultural heritage inductions) and these will go out to the community for tender in early 2022. In 2022 the focus is to increase the benefits over time, regularly review the procurement spend and develop a list of preferred FNQ and Indigenous suppliers.



Metro Mining Limited
and Controlled Entities

ABN 45 117 763 443

Financial Report for the Year Ended
31 December 2021

Metro Mining Limited
Corporate Directory
31 December 2021

Directors	Mr Douglas Ritchie	Independent Non-Executive Chairman
	Mr Simon Wensley	Managing Director & Executive Managing Director
	Mr Stephen Everett	Independent Non-Executive Director
	Ms Fiona Murdoch	Independent Non-Executive Director
	Mr Mark Sawyer	Non-Executive Director
Company secretary	Mr Mitchell Petrie	
Notice of annual general meeting	The annual general meeting of Metro Mining Limited will be held at 11 am on 31 May 2022 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)	
Australian business number	45 117 763 443	
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 2021. 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 Douglas Ritchie – Appointed 5 July 2021
Mr Stephen Everett
Ms Fiona Murdoch
Mr Mark Sawyer
Mr Simon Wensley – Appointed 5 July 2021
Mr Simon Finnis - Resigned 5 July 2021
Mr Phillip Hennessy – Resigned 16 May 2021

The alternate directors who served during the financial year and to the date of this report were:

Mr Michael Haworth, alternate for Mr Mark Sawyer – Resigned 27 July 2021

Operating and Financial Review

Overview

The Group's flagship project is the Bauxite Hills Mine located on western Cape York in Queensland. The mine re-commenced operations in early April 2021 and mined 3.0 million wet metric tonnes (WMT) and shipped 2.8 million WMT of bauxite by 31 December. This production level compared to 2.5 million WMT produced in 2020, which closed early in mid-September due to Covid-19 issues affecting the market conditions across the aluminium supply chain in China and globally.

With supply commitments and favourable pricing, the Group has continued the 2021 production season, mining through to the end of January 2022 and shipping through to 15 February 2022. The activities delivered a further 0.3 million WMT and will generate cashflow to allow the Group to operate through the remainder of the current wet season and commencement of the 2022 operating season.

The Group took a significant step forward this year with signing a second long term customer, Xiamen Xiangsen Aluminium Limited (Xiangsen Aluminium). In 2021, 1.1 million WMT was supplied to Xiangsen Aluminium and in November 2021, the Group announced an expanded and extended arrangement with Xiangsen Aluminium to supply approximately 1.7 million WMT per annum for the next three years.

The Group's Stage 2 expansion, which provides a pathway to 6.0 million WMT per annum, remains a core strategy for the long-term future of the Bauxite Hills Mine. Timing for the formal commitment to Stage 2 remains influenced by economic conditions across the aluminum supply chain in China and the resulting ability of the Group to secure further long-term offtake agreements. The floating crane, which was commissioned in October 2021, has provided an alternative expansion route, with the expansion Definitive Feasibility Study (DFS) to be refreshed during 2022, including a comparison of the floating terminal and a second floating crane.

The Northern Australia Infrastructure Facility (NAIF) loan facility sunset date has been extended to 30 June 2022, however with the refreshing of the DFS, the credit approval process is required to be refreshed. The Group has reached an agreement with its debt holders, Ingatatus AG Pty Ltd and Lambhill Pty Ltd, to restructure and extend the repayment terms of its debt facilities, extending the repayment obligations into 2023.

Financial Performance Summary

For the year ended 31 December 2021, the Group generated revenue of $160.1 million from bauxite sales and recorded a net loss after tax of $105.5 million. The 2021 loss includes an impairment loss of $55.7 million, reflecting the adverse trading conditions and sustained historically high ocean freight rates. There was a net reduction in Group cash balances of $12.1 million over the financial year and net current liabilities at year-end were $6.3 million.

	31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue from contracts with customers	160,137	128,250
Cost of sales	(189,946)	(130,738)
Gross profit / (loss)	**(29,809)**	**(2,488)**
Other income and expenses	(4,524)	(6,954)
Impairment loss	(55,686)	-
Profit / (loss) before income tax and net finance expenses	**(90,019)**	**(9,442)**
Financial income	550	74
Financial expenses	(6,875)	(6,096)
Profit / (loss) before income tax benefit / (expense)	**(96,344)**	**(15,464)**
Income tax benefit / (expense)	(9,156)	4,339
Profit / (loss) after income from continuing operations	**(105,500)**	**(11,125)**

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 / (loss) before tax from continuing operations	**(96,344)**	**(15,464)**
Foreign exchange loss	(1,102)	1,685
Cost of transition to owner-operator	-	-
Amortisation of deferred borrowing costs	39	96
Underlying profit / (loss) before tax	**(97,407)**	**(13,683)**
Net finance costs (excluding leasing expense)	4,258	4,484
Depreciation and amortisation	11,955	10,179
Impairment loss	55,686	-
Underlying EBITDA from ordinary activities	**(25,508)**	**980**

Cashflow

In the year to 31 December 2021, net cash outflow was $12.1 million. The net outflow from operating activities was $17.6 million. Cash outflows from investing activities were $ 3.7 million. The net inflow of $9.2 million from financing activities, reflecting the capital raise of $25.6 million, offset by payment of interest on finance facilities, the net repayment of loan principal and lease payments.

Operating and Financial Review (continued)

Net cash at the beginning of the year	**25,447**	**32,547**
Net cash from operating activities	(17,641)	(92)
Net cash from investing activities	(3,673)	4,392
Net cash from financing activities	9,162	(10,587)
Net increase / (decrease) in cash held	**(12,152)**	**(6,287)**
Net foreign exchange difference	588	(813)
Net cash at the end of the year	**13,883**	**25,447**

Bauxite Hills Project – Cape York, Queensland

Bauxite Production and Sales Review

	31 Dec 2021 WMT '000	31 Dec 2020 WMT '000
Key Statistics		
Bauxite mined	3,034	2,481
Bauxite shipped	2,798	2,481

	2021 $	2020 $
Average sales price per tonne shipped	57.23	49.87

Mining activities at the Bauxite Hills Mine commenced on 19 April 2021 and shipping activities on 24 April 2021 at the end of the planned wet season shutdown. Transhipment activities this year have continued up to and beyond 31 December 2021. At 31 December, the Group had loaded 2.8 million WMT of bauxite onto 39 vessels, with a further 0.3 million WMT load onto three vessels from 1 January to 15 February 2022. All production during the financial year was sold and shipped to Chinese refineries, except for a single cargo to an Australia customer, and deliveries were within contractual specifications.

The Group's revenue from the sale of bauxite is denominated in United States dollars. Production in 2021 was sold predominately under offtake agreements with Shandong Xinfa Import and Export Co., Ltd (Xinfa) and Shanxi Senze.

In December 2021, the Group announced a further LOI with Xiangsen Aluminium for 5.0 million WMT between 2022 and 2024, with annual shipments of 1.7 million WMT. Subsequent to this announcement, the LOI for 2022 was converted into a binding offtake agreement for 1.5 million DMT (approx. 1.7 million WMT). This brings the contracted sales for the 2022 production season to 2.9 million WMT or 74% of the forecast production of 4.0 million WMT.

During 2021, prices received on the Xinfa agreement were linked to an alumina price index denominated in RMB, the official Chinese currency. The Xiangsen Aluminium agreement was a fixed negotiated pricing. The average bauxite price received in 2021 increased from the average price in 2020, driven by the resurgence of the alumina price during the year. In addition, favourable movement in the AUD / USD exchange rate during the year had a positive impact on the overall result.

Operating and Financial Review (continued)

Bauxite Production and Sales Review(continued)

With 74% of the 2022 production season contracted, the Group's marketing strategy is currently focused on executing further spot and long-term offtake agreements to ensure Bauxite Hills will achieve the forecast 4.0 million WMT for 2022 and supports a pathway to expansion of production to a long-term annualized rate of 6.0 million WMT per annum.

Transhipment activities commenced in 2021 with the loading of geared ultraclass vessels, consistent with previous years. Unprecedented high ocean freight rates were experienced for most of 2021 which presented a significant risk to the Bauxite Hills Mine's ongoing viability. In July 2021, the Group secured a floating crane and on 15 October 2021 it was commissioned, ahead of schedule. This strategic initiative allows the Group to be able to load Capesize vessels, which significantly mitigated the risk that ocean freight rates present and has resulted in a transformational improvement to the Group's delivered cost base.

The Group continued to face challenges in the logistic supply chain, with volatile market conditions in the aluminium value, combined with energy shortages and alumina and caustic soda prices rising sharply. The Group has focused on initiatives which has removed $6 million of costs during the second half of 2021 through productivity and efficiency measures. For the year, site production unit costs averaged $22.71per WMT, compared to $19.90 per WMT for the 2020 production period (6 months). The increase in unit costs is a result of increased marine activity costs from the floating crane and relative tonnages mined in each year.

The cost of ocean freight averaged $30.54 per WMT for the year (2020: $16.92 per WMT) with the cost of individual ships varying over the course of the production year in line with global demand for vessels and varying fuel costs. The cost of royalties was lower at $3.80 per WMT (2019: $4.98 per WMT) reflecting the higher ocean freight costs during the period.

Rehabilitation

Progressive rehabilitation remained a key focus for our operation during 2021, with 33 hectares being rehabilitated during the year. This was down on previous years due to the later than expected start of rehabilitation works, whilst our site team transitioned back to working at site following the early shut-down in 2020 and challenges with COVID-19 restrictions.

Our approach to rehabilitation in 2021 continued to apply a staged approach as areas became available with backfilling and top-soiling progressively occurring as close as possible to active mining areas and thereby reducing costly double handling. This approach allows for the immediate replacement of topsoil and thereby preserving the viability of the soil seed bed. Native seed used for rehabilitation are endemic to the Cape York region and are sourced from the local Indigenous communities working both on and offsite under the Group's Seed Collection Program and when necessary, third-party contract seed collectors. The application of seed and fertilizer is undertaken by a local Ankamuthi contractor.

The Group commenced preparing its Progressive Rehabilitation and Closure Plans (PRCP) for the Bauxite Hills Mine. Under the transitional arrangements, the Group is required to provide the PRCPs to the Department of Environment and Science (DES) by 30 May 2022. The PRCPs are underpinned by the Group's approach to implementing its progressive rehabilitation program, which commenced in 2019. The PRCPs, when completed, will set out the stages and proposed program of actions required to rehabilitate disturbed land and includes annual rehabilitation schedules, rehabilitation design drawings incorporating landform and anticipated design contours for the site and operational budgets for rehabilitation activities. As the rehabilitation activities progress, the PRCPs will be updated to include drawings showing rehabilitation progress, planned future rehabilitation schedules and updated operational budgets. Progressive certification will be sought as the rehabilitated areas reach the desired criteria described in the PRCPs.

Rehabilitation of the old kaolin mine pits, inherited by the Group with the mining leases, commenced during 2021. Rehabilitation works were focused on the fluvial pit, the closest pit to Namaleta Creek, and involved the partial infill of the first of three cells. These works are programmed to be completed in 2022, in line with our extant Environmental Authority conditions.

COVID-19 Response

On 11 March 2020, the World Health Organization Director- General declared the outbreak of COVID-19 a global pandemic. The Group implemented a range of strategies to mitigate the risks posed by COVID-19 which included Policies and Procedures relating to travel, personal protective equipment and work procedures.

All Policies and Procedures were strictly enforced to minimise risk to the Group employees, contractors and our local communities. There were zero cases of COVID-19 reported across the Group's operations in 2020 and 2021.

As part of our COVID-19 protocols, all geared vessels are PCR tested for COVID-19 at Skardon River. These protocols did identify cases onboard one vessel which was then moved to Weipa to isolate, with no transmission beyond the vessel.

We are proud of the rapid response implemented to the risk of COVID-19 and have established Policies and Procedures which aligned with advice from the Government and industry. Directives implemented by the Group during this period included, but were not limited to:

- Strict hygiene rules;
- Specific personal protective equipment;
- Temperature testing of all employees prior to returning to site;
- Reduction in domestic and international travel;
- Rapid testing of all employees, contractors and visitors prior to flying to site;

COVID-19 continues to be a rapidly evolving situation and the Group's procedures are being continually monitored and updated by Senior Executives, Health & Safety Professionals, HR and IT teams.

Stage 2 Expansion

The Company's Stage 2 expansion remains the core strategy for the long-term development of Bauxite Hills. Timing for the formal commitment to Stage 2 remains influenced by uncertainty over recovery and growth in the aluminium sector post COVID-19. Whilst there have been recent improvements in macro conditions leading to a recovery in general confidence in the sector, customers remain reluctant to enter into long-term offtake agreements. The Group will continue to monitor market conditions prior to taking the decision to formally proceed with the expansion.

The current DFS for Stage 2 expansion of the Bauxite Hills Mine to an annual operating production rate of 6.0 million WMT, completed in 2019, includes:

- 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 most important part of the expansion project is the transhipping solution to enable loading vessels up to capesize at approximately 30,000 tonnes of bauxite per day. The current DFS assumes the construction and mobilisation to site of a floating terminal consisting of a 100m barge equipped with two cranes and a materials handling conveyor / stacker system. However, the rapid procurement and mobilization in 2021of a smaller single floating crane barge to the Bauxite Hills site has provided an alternative expansion pathway via the procurement of a second single floating crane. The expansion DFS will be refreshed during 2022, including a comparison of the floating terminal and a second floating crane.

The Northern Australia Infrastructure Facility (NAIF) loan facility sunset date has been extended to 30 June 2022, however with the refreshing of the DFS, the credit approval process is required to be refreshed.

Indigenous Engagement

The Group's Indigenous engagement-based activities are generally undertaken with reference to the Ancillary Agreement (AA) and the Cultural Heritage Management Agreement (CHMA). In implementing its obligations pursuant to the AA and CHMA, the Group has three key stakeholder organisations. These being, the Old Mapoon Aboriginal Corporation (OMAC), Seven Rivers Aboriginal Corporation (SRAC) and Ipima Ikaya Aboriginal Corporation (IIAC).

Indigenous and stakeholder engagement continued to be heavily impacted by COVID-19 restrictions through 2021. Despite the impact of COVID the Group was able to maintain a 28% Indigenous employment average, against a target of 30%, between April and December 2021. Increasing Indigenous employee number to remain above 30% will be a key focus for 2022.

The Group provided sponsorship and direct engagement opportunities through a number of events during 2021. The major partnership activity in 2021 was the sponsorship of an Indigenous art and literacy program for primary schools in the communities of Mapoon, Bamaga, Injinoo, Hope Vale, Weipa and Aurukun. This sponsorship program culminated in the award of the Metro Mining Young Indigenous Art, as part of the wider 2021 Young Australian Art and Literacy Awards. Additional activities that occurred during 2021 were:

- Northern Peninsula Area Regional Council's (NPARC) "Keep the Flame of Culture Burning" Festival, that held Indigenous cultural events across all five communities in the NPARC
- OMAC, Mapoon Aboriginal Council and Tangaroa Blue's Beach Clean-up initiative at the start of NAIDOC Week, with the theme Healing Country
- Events associated with the NAIDOC week festivities, including meetings with the Wuchopperen Health Service and the Kunjur First Nations Men's Group.

After halting the community seed collection program for the first half of 2021, the Group recommenced the community seed collection program in July 2021, with community workshops in Injinoo and Mapoon in July 2021. Seed collection has continued between August and December 2021. The Group purchased approximately 263 kg of seed from the communities of Mapoon, Napranum and the Northern Peninsula Area in 2021 for use in the site rehabilitation program. This provided a direct contribution of $91,240 into these communities.

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.

Other Assets

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.

Debt Facilities

The Group has negotiated amended loan repayment terms with its senior secured lenders, Ingatatus AG Pty Ltd (Ingatatus) and Lambhill Pty Ltd (Lambhill). The terms and conditions of the loan agreements have been amended as follows:

Ingatatus Loan Facility #1- Principal $20 million.

- The maturity date for the loan has been deferred from 1 September 2022 to 1 December 2023.
- The principal will now be repaid in three equal instalments of $6.67 million on 1 June 2023, 1 September 2023 and 1 December 2023.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 12% with accrued interest repaid quarterly.

(ii) Ingatatus Loan Facility #2 – Principal $7.5 million

- The maturity date for the loan has been deferred from 1 January 2023 to 1 December 2023.
- The principal will now be repaid in three equal instalments of $2.5 million on 1 June 2023, 1 September 2023 and 1 December 2023.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 9% with accrued interest repaid quarterly.

(iii) Lambhill – Principal $7.5 million

- The maturity date for the loan has been deferred from 1 January 2023 to 1 August 2024.
- The principal will now be repaid in three equal instalments of $2.5 million on 1 July 2023, 1 October 2023 and 1 August 2024.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 9% with accrued interest repaid quarterly.

On 16 December 2021 the Group entered into a $5 million, unsecured short term bridging facility (Bridge Facility), funded equally, with Greenstone Resources II (Australia) Holdings L.P. (Greenstone) and Lambhill Pty Limited (Lambhill). The Group intended to continue mining and shipping activities into the wet season and entered into the at-call finance facility in case the impact of severe weather forced deferment of final shipments until the second quarter of 2022. The Group generated sufficient cashflow from operations in January and February 2022, resulting in this facility not being drawn.

The Northern Australia Infrastructure Facility (NAIF) loan facility sunset date has been extended to 30 June 2022, however with the refreshing of the DFS, the credit approval process is required to be refreshed. Draw down of the facility will be dependent on meeting the outstanding conditions precedent to the agreement and the formal decision of the Board to proceed.

Information on Directors

Name	**Mr Douglas Ritchie**
Title:	Independent non-executive chairman, appointed 5 July 2021
Qualifications:	LLB (Qld), FAIMM, FAICD
Experience and expertise:	Mr Ritchie has over 40 years' experience working in the mining industry, including as a member of Rio Tinto's Executive Committee, and the Group Executive responsible for China. He has previously been a Director of Jinchuan Group International Resources (HKSE), Rossing Uranium Limited, Coal & Allied Limited (ASX 50), and various other ASX listed companies. He was also formerly Chairman of the Coal Industry Advisory Board to the International Energy Agency, a Director of the World Coal Association and a Director of the Queensland Resources Council. Between 2013 and April 2016, Mr Ritchie was Chairman of UniQuest, the main commercialisation vehicle of the University of Queensland.
Other current directorships:	▪ Neometals Limited. Appointed 14 April 2016.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	Member of the Audit and Risk Committee and Member of the Remuneration and Nominations Committee.
Interests in shares:	None.
Interests in performance rights:	2,234,849, Chair fees agreed to be paid in equity, subject to shareholder approval
Interests in options:	None.

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 over 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. He has extensive experience in corporate finance transactions, capital projects and operating in geographically diverse environments. 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):	▪ None.
Special responsibilities:	Member of the Audit and Risk Committee and Member of the Remuneration and Nominations Committee.
Interests in shares:	4,391,078 ordinary shares.
Interests in options:	None.

Name	**Mr Simon Wensley**
Title:	Managing director (MD) and chief executive officer (CEO), appointed 5 July 2021.
Qualifications:	BA, MA (Chemistry, Oxon), MBA (INSEAD), GAICD
Experience and expertise:	Mr Wensley is a proven leader with 30+ years experience in the metals and minerals industry, including R&D, strategy formulation, finance, sales, marketing and trading, large scale capital projects, radical asset turnaround/business improvement, M&A and divestments. Mr Wensley began his career at Kobe Steel Ltd. Japan in coal chemistry R&D and major projects and spent 20 years with Rio Tinto in operational, project and leadership roles working in iron ore, copper, industrial minerals, bauxite, alumina, coal and uranium. Mr Wensley Chaired the Board of Queensland Alumina Ltd and served on the Boards of Rio Tinto Marketing Pte. (Singapore), Rössing Uranium Ltd. (Namibia) and Riversdale Coal entities (Mozambique).
Other current directorships:	▪ None.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	Managing Director and Chief Executive Officer.
Interests in shares:	None.
Interests in options:	None.
Interests in performance rights:	12,677,719 performance rights, subject to shareholder approval.

Name	**Ms Fiona Murdoch**
Title:	Independent non-executive director, appointed 11 March 2019
Qualifications:	LLB (Hons), MBA, GAICD
Experience and expertise:	Ms Murdoch has over 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. She has extensive experience in logistics and supply chains as well as operating in geographically diverse environments. Currently, Ms Murdoch serves as a non-executive director of a number of publicly listed companies. In addition, Ms Murdoch serves on the joint venture committee for the Australian Premium Iron Joint Venture. 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:	▪ Ramelius Resources Limited. Appointed 1 December 2021. ▪ NRW Holdings Limited. Appointed 24 February 2020.
Former directorships (in the last 3 years):	▪ KGL Resources Limited. Resigned 14 October 2021.
Special responsibilities:	Chair of the Audit and Risk Committee and the Remuneration and Nominations Committee.
Interests in shares:	810,000 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, a private equity fund specialising in the international mining and metals sector, in 2013. 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 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 587,785,791 ordinary shares in the Company.
Other current directorships:	▪ Serabi Gold plc, ▪ Rockcliff Metals Corp, ▪ Kalium Lakes Limited.
Former directorships (in the last 3 years):	▪ North River Resources Plc, ▪ Heron Resources Limited,
Special responsibilities:	Member of the Audit and Risk Committee and Member of the Remuneration and Nominations Committee.
Interests in shares:	None other than as noted above.
Interests in options:	None.

Former Directors

Name	**Mr Simon Finnis**
Title:	Managing director (MD) and chief executive officer (CEO), resigned 5 July 2021
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 ongoing operation at the Bauxite Hills Mine.
Other current directorships:	▪ None.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	None
Interests in shares:	8,675,929 ordinary shares.
Interests in options:	None.
Interests in performance rights:	None.

Information on Former Directors (continued)

Name	**Mr Michael Haworth**
Title:	Alternate director for Mr Mark Sawyer, Resigned 27 July 2021
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), ▪ Ncondezi Energy Ltd (AIM).
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None other than as noted above.
Interests in options:	None

Name	**Mr Philip Hennessy, AO**
Title:	Independent non-executive director, resigned 16 May 2021
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 and ASX listed companies. He was also chairman of KPMG Queensland, a professional services practice with over 500 employees. 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):	▪ None.
Special responsibilities:	None.
Interests in shares:	3,178,573 ordinary shares.
Interests in options:	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.

Company Secretary

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 as well as being a member of a number of governing boards and committees in the public and private sectors.

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 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nominations Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Current Directors						
Mr D Ritchie	9	9	2	2	2	2
Mr S Everett	27	27	4	4	3	3
Ms F Murdoch	27	27	4	4	3	3
Mr M Sawyer	23	27	4	4	3	3
Mr S Wensley	9	9	-	-	-	-
Former Directors						
Mr S Finnis [(i)]	18	18	-	-	-	-
Mr P Hennessy [(ii)]	7	7	1	1	1	1
Mr M Haworth [(iii)] (alternate for Mr M Sawyer)	-	-	-	-	-	-

[(i)] Resigned 5 July 2021

[(ii)] Resigned 16 May 2021

[(iii)] Resigned 27 July 2021

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

Letter from the Chair of the Remuneration & Nominations Committee

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to provide you with Metro Mining's 2021 Remuneration Report.

The Group faced some very significant challenges in 2021. Unprecedented high ocean freight rates were experienced for most of 2021 for geared ultraclass vessels which presented a significant risk to the Bauxite Hills Mine's ongoing viability. These challenges resulted in many independent bauxite producers shutting down. In addition, the challenging and ongoing impact of COVID-19 on market conditions across the aluminium supply chain continued into 2021 and negatively impacted market demand and prices. Volatile market conditions in the aluminium value chain continued through to the December 2021 quarter with energy shortages, alumina and caustic soda prices rising sharply.

In the face of these challenges, Metro's new management team identified an opportunity to secure a floating crane and rapidly implemented that solution resulting in its mobilisation at Skardon River on 15 October 2021, ahead of schedule. This strategic initiative allows the Group to be able to load capesize vessels, which significantly mitigates the risk that ocean freight rates present and has resulted in a transformational improvement to the Group's delivered cost base. Further, with the benefit of scale that comes with capsize vessels, the Group is able to leverage its geographical proximity to China. We are proud of the team's resilience and collaborative culture that enabled this critical initiative to be successfully delivered, and resulting in a positive EBITDA site margin for the December 2021 quarter.

The financial results for 2021 however were very disappointing due to the challenges highlighted above in the earlier quarters and as a Company we are focused on continuing to build on the momentum of the turnaround and deliver an improved financial position for 2022.

The Group's expansion strategy has, and continues to be, to reduce unit delivered costs by having the ability to load larger capesize vessels. The floating crane has enabled the Group to access lower unit freight costs and positioned the Group as the only bauxite exporter out of Australia currently capable of loading capesize vessels. This solution has also provided a logical progressive step towards Stage 2 expansion of Bauxite Hills, whilst also keeping the Group's options open.

Other key highlights include:

- Significant cost reductions in the 2nd half of 2021; and
- Securing Xiangsen Aluminium as a second base load customer.

Remuneration Principles

The Board is committed to securing and retaining high quality people who work in a culture that is performance-driven, motivating and which supports the Group's strategic objectives. Our people are our most important asset, particularly in times of labour resource constraints such as are currently being experienced across Australia.

The key principles of the Group's remuneration framework are:

- Remuneration which is comparable and market-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 Remuneration & Nominations Committee regularly monitors market conditions and practices when considering whether to change any aspects of the remuneration framework.

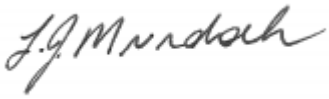
Remuneration Outcomes in 2021

- Executive management salary reductions of between 10% to 15% for the three-month period from January 2021 to March 2021, following on from the reduction since October 2020.
- Director remuneration also continued to be reduced by 20% for that same period.
- Due to the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, there was no grant under the 2020 Short-Term Incentive Plan (STIP).
- The Director's fee (exclusive of superannuation) payable to Mr Douglas Ritchie as Independent Non-executive Chairman for the period 5 July 2021 to 31 December 2021 is to be equity-settled.
- Remuneration structures for all KMP appointed in 2021 were consistent with advice received from an independent remuneration consultant.
- Strong shared and individual performances in delivering transformational initiatives such as the floating crane, cost reduction initiatives and securing further long term sale contracts resulted in the award of 50% to 55% of the maximum possible STIP performance rights to the executive Key Management Personnel.
- As advised last year, we incorporated an additional performance measure aligned to corporate culture and values into the 2021 STIP individual performance measures.
- No performance rights vested in respect of the 2019 Long Term Incentive Plan as a result of all participants in that Plan not in the employ of the Group as at 31 December 2021.

Remuneration Changes Anticipated in 2022

- The Board is confident that Metro has a positive future following the transformational changes that have occurred in the 2nd half of 2021.
- After reviewing executive remuneration, the Board has determined that there will be no changes for the 1st half of 2022 given many of the new management team commenced in the 2nd half of 2021 and their remuneration is in line with the market.
- There will also be no increase in Director remuneration for 2022.
- The STIP for 2022 will again have 100% of an executive's award entitlement that may ultimately be awarded being paid in equity
- The Long-Term Incentive Plan for 2022 to 2024 will similarly have 100% awarded in equity. Also as previously highlighted Metro intends to include an additional performance measure in the 2022-2024 LTIP to align the achievement of the Company's strategies and shareholder experience.

Thank you for your ongoing support of Metro Mining.



Fiona Murdoch
Chair
Remuneration & Nominations Committee
25 February 2022

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 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 2021
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

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 Douglas Ritchie	Independent Non-Executive Chairman	Appointed 5 July 2021
Mr Stephen Everett	Independent Non-Executive Director	
	Independent Non-Executive Chairman	Resigned 5 July 2021
Ms Fiona Murdoch	Independent Non-Executive Director	
Mr Mark Sawyer	Non-Executive Director	
Mr Michael Haworth	Alternate Director for Mark Sawyer	Resigned 27 July 2021
Mr Philip Hennessy	Independent Non-Executive Director	Resigned 16 May 2021
Executive KMP		
Mr Simon Wensley	Managing Director and CEO	Appointed 5 July 2021
Mr Nathan Quinlin	GM – Commercial	Appointed 16 June 2021
Mr Garry Smith	GM – Operations	Appointed 9 July 2021
Mr Peter Harding-Smith	Chief Financial Officer	Appointed 2 November 2021
Mr Simon Finnis	Managing Director and CEO	Resigned 5 July 2021
Mr Graham Tanner	GM – Operations	Resigned 3 June 2021
Mr Duane Woodbury	Chief Financial Officer and Joint Company Secretary	Resigned 30 June 2021

B. Key Remuneration Outcomes

Key remuneration outcomes for the financial year ended 31 December 2021 are summarised below:

<table>
<tr><th>Remuneration</th><th>Description</th></tr>
<tr><td>Short Term Incentive Plan (STIP) outcomes</td><td>For the 2021 Performance Year (1 January 2021 to 31 December 2021) the maximum annual STIP grants approved by the directors were:
<table>
<tr><th></th><th>2021</th></tr>
<tr><td>Managing Director</td><td>70% of Base Salary</td></tr>
<tr><td>Chief Financial Officer</td><td>40% of Base Salary</td></tr>
<tr><td>GM Operations</td><td>35% of Base Salary</td></tr>
<tr><td>GM Commercial</td><td>25% of Base Salary</td></tr>
</table>
Base Salary is fixed remuneration exclusive of statutory superannuation entitlements, pro-rata to reflect service periods.</td></tr>
<tr><td>Long-Term Incentive Plan (LTIP) outcomes</td><td>The vesting criteria for the 2019 LTIP was due to be measured at 31 December 2021, however all participants in that Plan resigned their positions prior to that date.

No share-based payments or performance rights were issued during the year in respect of the Group's LTIPs.

The directors approved the 2021 LTIP with the maximum annual LTIP grants being:
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Managing Director</td><td>70% of Base Salary</td><td>50% of Base Salary</td></tr>
<tr><td>Other Executive KMP</td><td>None participating</td><td>35% of Base Salary</td></tr>
</table>
Base Salary is fixed remuneration exclusive of statutory superannuation entitlements, pro-rata to reflect service periods.</td></tr>
<tr><td>Executive KMP Remuneration</td><td>The Remuneration and Nominations Committee at least annually reviews the remuneration arrangements for all KMP.

In 2021 there was a 100% turnover of the executive KMP team. The remuneration arrangements of all newly appointed executive KMP team members were reviewed by the Remuneration and Nominations Committee and approved by the Board. Remuneration arrangements were based on current market rates and conditions for those roles.</td></tr>
<tr><td>Non-Executive Director (NED) Remuneration</td><td>No changes were made to the maximum approved fees payable to NEDs in 2021.

As a result of the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, NED remuneration was reduced by 20% for a six-month period from October 2020.</td></tr>
</table>

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 better practice. The key principles of the framework are: • Remuneration which is comparable and market-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 focus on sustained growth in shareholder wealth, including growth in share price relative to peer group companies (ASX Mining and Metals Index), and deliver 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 plan (STIP), 3. Long-term incentives (LTIP) (Options and Performance Rights), and 4. Other remuneration such as long service leave. The combination of these comprises the executive's total remuneration. The key terms of contracts for service between the Company and executive KMP 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 STIP and the LTIP 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.

C. Remuneration Components (continued)

What is the potential value of STIP and LTIP grants?	For the 2021 Performance Year (1 January 2021 to 31 December 2021) the maximum annual STIP and LTIP grants are:

	Annual STIP Grant	Annual LTIP Grant
Managing Director	70% of Base Salary	70% of Base Salary
Other Executive KMP	25% - 40% of Base Salary	None participating in 2021

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 KMP 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 STIP?

STIPs are performance based and designed to reward high performance against challenging, clearly defined and measurable objectives. STIPs are calculated over a 12-month period and include performance rights and/or cash bonuses at the discretion of the Board. Participants will not be permitted to sell any shares issued under the STIP for a 12-month period following the date of issue.

For the 2021 Performance Year, the Board resolved that any STIP award entitlements would be settled with the issuance of performance rights.

The STIP 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 STIP KPIs in 2021 comprised 2 components: a) Shared KPIs and b) Individual KPIs.

The Shared KPI hurdles in 2021 accounted for 100% of the STIP award for the Managing Director and 80% of the STIP award for other executive KMP. The remaining balance for other executive KMP was attributable to individual KPIs.

Shared KPIs in 2021 that Applied to Executive KMP

	Managing Director % Weighting	Other Executive KMP % Weighting
Financial	20	20
Safety	20	20
Floating Crane Operational	25	25
Cost Reduction	25	25
Sales Agreements	10	10

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, and in 2021 an alignment with the Group's corporate values.

C. Remuneration Components (continued)

When and how is executive KMP performance reviewed under the STIP?	At the beginning of each Performance Year, the Remuneration and Nominations Committee and Board review and approve STIP 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.

What is the purpose and structure of the LTIP?

The LTIP 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 LTIP performance hurdles are measurable over a 3-year period, subject to a minimum performance gateway (employment, and achievement of budget).

The vesting criteria for each KPI will be tested on 31 December at the end of the relevant 3-year period.

2021 LTIP Grant

The Remuneration and Nominations Committee approved the LTIP for the 2021 calendar year on the same basis as outlined above, with annual grants of performance rights valued at a total of 70% of base salary for the Managing Director.

The LTIP performance hurdles are measurable over a 3-year period, subject to a minimum performance gateway (employment, and achievement of budget).

The vesting criteria for each KPI will be tested on 31 December 2023.

When and how is executive KMP performance reviewed under the LTIP plan?	At the end of the Performance Year, the Remuneration and Committee and the Board assess the performance of executives under the LTIP and determine 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.

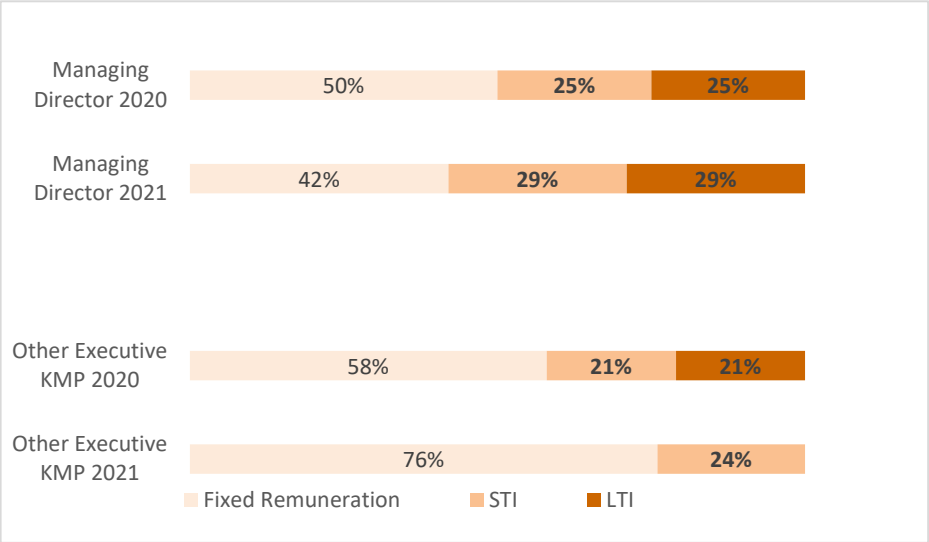
C. Remuneration Components (continued)

Does the Board have discretion in respect of the granting of STIP and/or LTIP 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 LTIP 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.

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 an ability for the Company to 'clawback' LTIP awards?	The Board has an ability to clawback LTIP 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 2021 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: 

C. Remuneration Components (continued)

Non-executive director remuneration	Generally, non-executive directors (NED) 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. Upon his appointment as a director, Mr Doug Ritchie elected to salary sacrifice his 2021 director fees for performance rights pursuant to the Group's Employee Incentive Plan. 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, which makes 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. The Remuneration and Nominations Committee regularly review the value of the aggregate maximum non-executive directors' remuneration pool and for 2021 concluded that an increase to the value of the pool would not be proposed to shareholders.

D. Remuneration of Non-executive Directors

In the year ended 31 December 2021, non-executive directors received $278,866 (31 December 2020: $339,103) 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					
Douglas Ritchie [i]	**2021**	**28,939**	**6,818**	**6,619**	**42,376**
Non-executive Chairman	2020	-	-	-	-
Stephen Everett [i]	**2021**	**87,153**	**13,636**	**9,716**	**110,505**
Non-executive Director	2020	117,043	12,292	12,116	141,451
Fiona Murdoch	**2021**	**61,331**	**21,705**	**8,115**	**91,151**
Non-executive Director	2020	63,839	15,979	7,583	87,401
Mark Sawyer	**2021**	**-**	**-**	**-**	**-**
Non-executive Director	2020	-	-	-	-
Former Directors					
Phillip Hennessy [i]	**2021**	**24,278**	**7,534**	**3,022**	**34,834**
Non-executive Director	2020	63,983	18,438	7,830	90,251
Michael Haworth [i]	**2021**	**-**	**-**	**-**	**-**
Non-executive Director	2020	-	-	-	-

[i] Refer Section A Key Management Personnel for Appointment and Resignation dates

E. Performance and Outcomes for 2021

Significant challenges and achievements in 2021 were:

- Unprecedented historically high ocean freight rates were experienced for much of the year and adversely impacted the Group's financial results.
- A placement and accelerated non-renounceable rights offer were completed (over-subscribed) and successfully raised $25.6 million.
- A new floating crane was commissioned and commenced operating in October 2021 enabling the Group to load capesize vessels and consequently secure lower ocean freight rates.
- A cost reduction program in the second half of the year has resulted in the Group now operating as one of the lowest cost miners, delivered into China, in the global bauxite mining sector.
- Additional sales offtakes secured for 2021, 2022 and beyond.

On 22 February 2022, the Remuneration and Nominations Committee and the Board assessed the performance of executives under the STI plan KPIs for the 2021 Performance Year and a determination of the entitlement to Performance Rights for the 2021 Performance Year was made.

Shared KPIs

Measure	**KPI**	**2021 Performance**	**Outcome**
Financial	Total shareholder return	Shareholder return from January 1, 2021	Not achieved
Safety	Recordable injury frequency rate	Total Recordable Injury Frequency Rate for 2021 was 0, a very good outcome	Hurdle achieved
Floating Crane Operational	Date of commissioning and operational Mobilisation/ establishment costs	The floating crane was commissioned 15 October 2021, ahead of schedule. Mobilisation/establishment costs were slightly above target.	Partially achieved
Cost Reduction at 2021 Production	Sales and unit costs	Sales target was not met by extended 2021 season and unit costs exceeded the target due to loading related issues in December resulting in less product being shipped.	Not achieved
Long Term Sales Agreements	2022 and 2023 capacity	Greater than 70% of 2022 capacity has been committed.	Partially achieved

E. Performance and Outcomes for 2021(continued)

STIP Award Percentage for Executive KMP

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)**
Simon Wensley	50%	N/A	50%
Garry Smith	40%	15%	55%
Peter Harding-Smith	40%	15%	55%
Nathan Quinlin	40%	15%	55%

F. Remuneration of Executive Directors and Other Key Management Personnel

The following table of benefits and payments presents the components of remuneration for the year ended 31 December 2021 and the comparative year's 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 $**	**Super-annuation $**	**Share-based Payments Equity-settled $**	**Total $**
Managing Director							
Simon Wensley [i]	**2021**	**203,395**	**250**	**-**	**11,607**	**121,588**	**336,840**
	2020	-	-	-	-	-	-
Simon Finnis [i]	**2021**	**250,799**	**-**	**6,987**	**11,468**	**(98,737)**	**170,517**
	2020	418,688	-	6,349	20,744	61,216	506,997
Other Executive KMP							
Nathan Quinlin [i]	**2021**	**113,884**	**250**	**-**	**11,388**	**8,600**	**134,122**
GM – Commercial	2020	-	-	-	-	-	-
Garry Smith [i]	**2021**	**133,978**	**250**	**-**	**13,398**	**27,184**	**174,810**
GM – Operations	2020	-	-	-	-	-	-
Peter Harding-Smith [i]	**2021**	**30,000**	**250**	**-**	**3,000**	**6,510**	**39,760**
CFO	2020	-	-	-	-	-	-
Graham Tanner [i]	**2021**	**179,664**	**-**	**22,185**	**9,508**	**(37,301)**	**174,056**
GM - Operations	2020	299,793	-	72,289	21,348	24,363	417,793
Duane Woodbury [i]	**2021**	**161,189**	**-**	**5,455**	**12,250**	**(38,193)**	**140,701**
CFO & Company Secretary	2020	294,082	-	8,973	24,500	24,250	351,805

[i] Refer Section A Key Management Personnel for Appointment and Resignation dates

F. Remuneration of Executive Directors and Other Key Management Personnel (continued)

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 Wensley	**2021**	**64**	**33**	**3**
	2020	-	-	-
Simon Finnis	**2021**	**100**	**-**	**-**
	2020	88	-	12
Other Executive KMP				
Nathan Quinlin	**2021**	**93**	**7**	**-**
	2020	-	-	-
Garry Smith	**2021**	**84**	**16**	**-**
	2020	-	-	-
Peter Harding-Smith	**2021**	**83**	**17**	**-**
	2020	-	-	-
Graham Tanner	**2021**	**100**	**-**	**-**
	2020	94	-	6
Duane Woodbury	**2021**	**100**	**-**	**-**
	2020	93	-	7

Securities Received that are not Performance Related

Upon his appointment as a director, Mr Doug Ritchie elected to receive his 2021 director fees as performance rights. 2,234,849 performance rights were issued (for the period from appointment to 31 December 2021) with an estimated fair value of $0.016 per right or $35,758. The grant of performance rights remains subject to shareholder approval.

Upon his appointment as Managing Director, Mr Simon Wensley elected to receive 20% of his 2021 remuneration for performance rights. 3,227,719 performance rights were issued (for the period from appointment to 31 December 2021) with an estimated fair value of $0.016 or $51,644. The grant of performance rights remains subject to shareholder approval.

No other 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, other than non-executive directors, are formalised in service agreements. Details of these agreements are as follows:

Name	**Mr Simon Wensley**
Title:	Managing Director and Chief Executive Officer (CEO)
Agreement commenced:	5 July 2021
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 Wensley is CEO. ▪ Fixed remuneration of $540,000, inclusive of superannuation, subject to annual review by the Board. ▪ A short-term annual incentive of up to 70% of base annual salary assessed against agreed KPI which include maximising shareholder value and other milestones approved by the Board. The bonus is paid as 100% performance rights or options. ▪ A long-term incentive of up to 70% of base annual salary assessed against agreed KPI approved by the Board. ▪ The employee will be entitled to six (6) months' fixed remuneration in the case of termination by the Company.

Name	**Mr Peter Harding-Smith**
Title:	Chief Financial Officer (CFO)
Agreements commenced:	2 November 2021
Term of agreement:	The agreement can be terminated by either party giving three (3) months' notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Harding-Smith is CFO. ▪ Fixed remuneration of $330,000 (full-time equivalent), inclusive of superannuation, subject to annual review by the Board. ▪ A short-term annual incentive of up to 40% of base annual salary assessed against agreed key performance indicators which include managing the Group'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. ▪ The employee will be entitled to three (3) months' fixed remuneration in the case of termination by the Company.

G. Service Agreements (continued)

Name	Mr Garry Smith
Title:	GM Operations and SSE
Agreements commenced:	9 July 2021
Term of agreement:	The agreement can be terminated by either party giving three (3) months' notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Smith is GM Operations. ▪ Fixed remuneration of $308,000, inclusive 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 key performance indicators which include managing the Group'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. ▪ The employee will be entitled to three (3) months' fixed remuneration in the case of termination by the Company.

Name	Mr Nathan Quinlin
Title:	GM Commercial
Agreements commenced:	16 June 2021
Term of agreement:	The agreement can be terminated by either party giving three (3) months' notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Quinlin is GM, Commercial. ▪ Fixed remuneration of $231,000, inclusive of superannuation, 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 the Group'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. ▪ The employee will be entitled to three (3) months' fixed remuneration in the case of termination by the Company.

Each Executive KMP may, at the discretion of the Board, be offered to participate in the Group's Long Term Incentive Plan. In 2021, the Board offered the Managing Director participation in the Plan.

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

G. Cash Bonuses and Share-based Payments

Short-term Incentives

The terms and conditions relating to short-term incentive performance rights offered as remuneration during the year to KMP are as follows:

	Remun. Type	Offer Date	Offer Value $	Reason Offered	Percent Vested/ Paid %	Percent Withdrawn %	Percent Remaining %	Original Expiry Date	Range for Future Payments
STIP									
Simon Wensley	Perform. Rights	05/07/21	119,700	(i)	50%	-	100%	05/07/31	N/A
Simon Finnis	Perform. Rights	1/01/21	201,926	(i)	-	100%	-	31/12/21	N/A
Garry Smith	Perform. Rights	09/07/21	49,425	(i)	55%	-	100%	31/12/21	N/A
Peter Harding-Smith	Perform. Rights	02/11/21	11,837	(i)	55%	-	100%	02/11/31	N/A
Nathan Quinlin	Perform. Rights	16/06/21	15,636	(i)	55%	-	100%	16/06/31	N/A
Duane Woodbury	Perform. Rights	1/01/21	98,781	(i)	-	100%	-	31/12/21	N/A
Graham Tanner	Perform. Rights	1/01/21	97,482	(i)	-	100%	-	31/12/21	N/A

(i) The short-term incentives were offered on commencement of employment in accordance with the terms of the Group's Employee Incentive Plan. The offer value was determined using a Black Scholes-Merton valuation model.

The awarding of short-term incentives is at the discretion of the Board.

Long-term Incentives

The terms and conditions relating to long-term incentive 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
LTIP									
Simon Wensley	Perform. Rights	05/07/21	51,030	(i)	-	-	100%	05/07/31	N/A
Simon Finnis	Perform. Rights	1/01/21	201,926	(ii)	-	100%	-	N/A	N/A
Duane Woodbury	Perform. Rights	1/01/21	98,781	(ii)	-	100%	-	N/A	N/A
Graham Tanner	Perform. Rights	1/01/21	97,482	(ii)	-	100%	-	N/A	N/A

(i) The long-term incentives were granted on 5 July 2021 in accordance with the terms of the Group's Employee Incentive Plan. The vesting criteria for each KPI will be tested on 31 December 2023. Grant value was determined using a Black Scholes-Merton valuation model.

Remuneration Report – AUDITED (continued)

I. Options and Performance Rights Granted as Remuneration

(ii) The long-term incentives were granted on 1 January 2021 in accordance with the terms of the Group's Employee Incentive Plan. The vesting criteria for each KPI will be tested on 31 December 2023. Grant value was determined using a Black Scholes-Merton valuation model.

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	Granted			Exercised		Lapsed	Balance at End of Year
	Number	Issue Date	Number	Value $	Number	Value $	Number	Number
Managing Director								
Simon Finnis	797,534	-	-	-	-	-	(797,534)	-
Other Executive KMP								
Duane Woodbury	312,146	-	-	-	-	-	(312,146)	-
	1,109,680		-	-	-	-	(1,109,680)	-

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 as follows:

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

Performance Rights Granted as Remuneration

	Balance at Beginning of Year Number	Granted		Exercised		Lapsed	Forfeiture	Balance at End of Year Number
		Number	Value $	Number	Value $	Number	Number	
Director								
Douglas Ritchie	-	2,234,849	37,757	-	-	-	-	2,234,849
Managing Director								
Simon Wensley	-	15,827,719	196,839	-	-	(3,150,000)	-	12,677,719
Simon Finnis	2,912,946	3,422,481	201,926	-	-	(3,422,481)	(2,912,946)	-
Other Executive KMP								
Garry Smith	-	2,601,300	49,425	-	-	(1,170,585)	-	1,430,715
Peter Harding-Smith	-	623,009	11,837	-	-	(280,354)	-	342,655
Nathan Quinlin	-	822,952	15,636	-	-	(370,328)	-	453,624
Graham Tanner	1,218,750	1,652,232	97,482	-	-	(1,652,232)	(1,218,750)	-
Duane Woodbury	1,181,387	1,674,262	98,781	-	-	(1,674,262)	(1,181,387)	-
	5,313,083	28,858,804	709,683	-	-	(11,720,242)	(5,313,083)	17,138,562

	Balance at End of Year Number	Vested		Unvested
		Exercisable Number	Un-exercisable Number	Un-exercisable Number
Director				
Douglas Ritchie	2,234,849	-	2,234,849	-
Managing Director				
Simon Wensley	12,677,719	-	12,677,719	-
Other Executive KMP				
Garry Smith	1,430,715	-	1,430,715	-
Peter Harding-Smith	342,655		342,655	-
Nathan Quinlin	453,624	-	453,624	-

On 22 February 2022, the Board approved the 2022 STIP and the 2022 LTIP. 65,931,830 new performance rights have been issued to KMP of the Group under the 2022 STIP and LTIP. 37,989,060 were issued to Mr Wensley, 10,298,487 were issued to Mr Smith, 12,127,236 were issued to Mr Harding-Smith and 5,517,047 were issued to Mr Quinlin. These performance rights represent the maximum that could be issued if all key performance indicators are fully met during the vesting period. In addition, the issue of all performance rights is subject to the Board's discretion.

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

Description of Performance Rights Issued as Remuneration
Details of the LTIP 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
05/07/2021	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2024	-	0.016	$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					
Simon Finnis (i)	4,400,170	-	-	(4,400,170)	-
Non-Executive Directors					
Stephen Everett	4,391,078	-	-	-	4,391,078
Fiona Murdoch	150,000	-	-	660,000	810,000
Former Director					
Philip Hennessy(i)	3,178,573	-	-	(3,178,573)	-
Other Executive KMP					
Peter Harding-Smith	-	-	-	524,742	524,742
Graham Tanner (i)	360,012	-	-	(360,012)	-
Duane Woodbury (i)	1,205,641	-	-	(1,205,641)	-
	13,685,474	-	-	(7,959,654)	5,725,820

(i) Resigned during the year

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

There were no transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to equity and compensation, 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

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.

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 33 of the financial report.

Events Occurring after the Reporting Date

The Group continued to run mining operations to the end of January and shipment activities to the 16 February 2022, resulting in a further 330,000 WMT being delivered.

As a result of the tonnes delivered in January and February 2022, on the 17 February 2022, the Group notified Greenstone and Lambhill, that the facility would not be called and has lapsed.

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

D Ritchie
Chairman

25 February 2022
Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2021, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene 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
25 February 2022

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Contents	Page
Consolidated statement of profit or loss and other comprehensive income	70
Consolidated statement of financial position	71
Consolidated statement of changes in equity	72
Consolidated statement of cash flows	73
Notes to the financial statements	74
Directors' declaration	124
Independent auditor's report to the members of Metro Mining Limited	125
Shareholder information	130

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.

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 22 February 2022. The directors have the power to amend and reissue the Financial Report.

Metro Mining Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated	
		31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue from contracts with customers	3	160,137	128,250
Cost of sales	4	(189,946)	(130,738)
Gross profit / (loss)		(29,809)	(2,488)
Other income		173	113
Impairment expenses	5	(55,686)	-
Exploration expenses		(103)	(3)
Administrative expenses	6	(5,696)	(5,379)
Operating profit / (loss)		(91,121)	(7,757)
Finance costs	7	(6,875)	(6,096)
Finance income	8	550	74
Foreign exchange gain / (losses)		1,102	(1,685)
Profit / (loss) before tax from continuing operations		(96,344)	(15,464)
Income tax benefit / (expense)	9	(9,156)	4,339
Profit / (loss) for the year from continuing operations		(105,500)	(11,125)
Other comprehensive income			
Items that will be reclassified to profit or loss when specific conditions are met:			
Foreign currency translation differences		-	5
Profit / (loss) for the year		(105,500)	(11,120)
Attributable to:			
Owners of the Company		(105,500)	(11,120)

		Cents	Cents
Basic earnings / (loss) per share	33	(0.05)	(0.80)
Diluted earnings / (loss) per share	33	(0.05)	(0.80)

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

Metro Mining Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated	
		31 Dec 2021 $'000	31 Dec 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	10	13,883	25,447
Inventories	11	6,400	2,044
Trade and other receivables	12	16,805	228
Other assets	13	3,534	5,213
Total current assets		40,622	32,932
Non-current assets			
Property, plant and equipment	14	79,385	137,865
Right-of-use assets	15	31,073	19,606
Exploration and evaluation assets	16	1,186	2,451
Deferred tax assets	9	-	9,156
Total non-current assets		111,644	169,078
Total assets		152,266	202,010
Liabilities			
Current liabilities			
Trade and other payables	17	35,047	11,766
Lease liabilities	15	9,929	5,554
Borrowings	18	1,167	19,810
Provisions	19	771	528
Total current liabilities		46,914	37,658
Non-current liabilities			
Lease liabilities	15	21,670	15,775
Borrowings	18	34,596	17,257
Provisions	19	7,093	8,405
Total non-current liabilities		63,359	41,437
Total liabilities		110,273	79,095
Net assets		41,993	122,915
Equity			
Contributed equity	20	200,959	176,419
Reserves	21	9,899	9,861
Accumulated losses		(168,865)	(63,365)
Total equity		41,993	122,915

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

Metro Mining Limited
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	Contributed Equity $'000	Translation Reserve $'000	Options Reserve $'000	Employee Share Acq. Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 January 2020	176,421	(4)	9,904	-	(52,240)	134,081
Comprehensive income for the year						
Loss after income tax expense	-	-	-	-	(11,125)	(11,125)
Other comprehensive income, net of tax	-	5	-	-	-	5
Total comprehensive income for the year	-	5	-	-	(11,125)	(11,120)
Transactions with owners in their capacity as owners						
Share issue transaction costs	(2)	-	-	-	-	(2)
Share-based payments – employees	-	-	6	-	-	6
Cash transfer to Employee Incentive Plan	-	-	-	(50)	-	(50)
On-market settlement of employee entitlements	-	-	(42)	42	-	-
Total transactions with owners	(2)	-	(36)	(8)	-	(46)
Balance at 31 December 2020	176,419	1	9,868	(8)	(63,365)	122,915
Balance at 1 January 2021	176,419	1	9,868	(8)	(63,365)	122,915
Comprehensive loss for the year						
Loss after income tax expense	-	-	-	-	(105,500)	(105,500)
Total comprehensive loss for the year	-	-	-	-	(105,500)	(105,500)
Transactions with owners in their capacity as owners						
Shares issued during the year	25,580	-	-	-	-	25,580
Share issue transaction costs	(1,040)	-	-	-	-	(1,040)
Share-based payments – employees	-	-	38	-	-	38
Total transactions with owners	24,540	-	38	-	-	24,578
Balance at 31 December 2021	200,959	1	9,906	(8)	(168,865)	41,993

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

Metro Mining Limited
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	Consolidated	
		31 Dec 2021 $'000	31 Dec 2020 $'000
Cash flows from operating activities			
Receipts from customers		145,216	134,708
Payments to suppliers and employees		(163,044)	(134,989)
		(17,828)	(281)
Other income		173	117
Interest received		14	72
Net cash provided by / (used in) operating activities	23	(17,641)	(92)
Cash flows from investing activities			
Payments for plant and equipment		(234)	(2,427)
Proceeds from disposal of plant and equipment		25	80
Payments for exploration and evaluation assets		(455)	(210)
Payments for right-of-use assets		(2,829)	-
Return of / (payments for) financial assurance and other security bonds		(180)	6,949
Net cash provided by / (used in) investing activities		(3,673)	4,392
Cash flows from financing activities			
Proceeds from issue of shares		25,580	-
Share issue transaction costs		(1,040)	(2)
Repayment of borrowings		(1,125)	(689)
Interest paid		(4,464)	(5,102)
Principal elements of lease payments		(9,511)	(4,063)
Payment for shares acquired by Employee Share Trust		-	(50)
Other finance costs paid		(278)	(681)
Repayment of related party loan		-	-
Net cash used in financing activities		9,162	(10,587)
Net increase / (decrease) in cash and cash equivalents		(12,152)	(6,287)
Net foreign exchange difference		588	(813)
Cash and cash equivalents at the beginning of the year		25,447	32,547
Cash and cash equivalents at the end of the year	10	13,883	25,447

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

Note 1. Significant Matters in the Current Reporting Period

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 31 December 2021, the Group had $13.9 million (2020 $25.4 million) in cash on hand, net current liabilities of $6.3 million (2020 $20.4 million) and recorded a net loss of $105.5 million (2020 loss $11.1 million) for the financial year, which included a non-cash impairment charge of $55.7 million. The Group incurred operating cash outflows for the year of $17.6 million (2020 operating cash outflow of $0.1 million).

A significant portion of the loss, excluding impairment, was driven by volatility in ocean freight costs. In July 2021, the Group secured the use of a floating crane, which was commissioned in October 2021 and enabled the Group to load and ship using Cape size vessels. This allows Metro to achieve significantly lower ocean freight costs and thereby improve margins and cashflows.

The Group also undertook a number of costs saving initiatives during the second half of 2021, including optimising road haulage fleet, improvements to the roster, productivity improvements in mining equipment, removal of all discretionary spending within the business and a 15% reduction in staff and workforce through natural attrition. The Group continues to perform a detailed review of its operating and corporate costs seeking further efficiencies.

The Group also completed a significant capital raise during the middle of the year, raising $25.6 million via a placement and accelerated rights issue, which has recapitalised the balance sheet. The Group continues to have the support of its major debt financiers Ingatatus AG Pty Ltd and Lambhill Pty Ltd, re-negotiating the repayment terms on the senior debt which has resulted in $35 million being classified as non-current liability at 31 December 2021. The Northern Australia Infrastructure Facility (NAIF) loan facility sunset date has been extended to 30 June 2022, however with the refreshing of the DFS, the credit approval process is required to be refreshed.

For the first time, Metro has operated deep into the wet season, delivering a further 330,000 WMT since 1 January 2022. These tonnes will generate sufficient cashflow to allow the Group to operate through the remaining wet season and commence operations for the 2022 production season.

In the directors' opinion, the going concern basis of preparation remains appropriate because of the matters set out below:

- The business has fundamentally changed with the introduction of the floating crane. The crane allows Metro to access any vessel, with cape vessels the most competitive and will be the principal vessel used by Metro moving forward;
- The introduction of a second base load customer underpins Metro's ability to produce and sell 4 mtpa. Metro starts the 2022 production season in its strongest historical sales position with 74% of 2022 production contracted. The move to cape vessels has also opened further customer options, which the Group is currently pursuing.
- Through the tactical management of cashflow, Metro seeks opportunities to secure favourable freight rates, exchanges rates and reduce exposure to volatility of consumables, such as fuel. The Metro Board and management take an active approach to monitoring and managing its cash reserves.

The directors are of the view that, given the range of actions available to the Group as outlined above, the Group will be able to continue to satisfy its capital and operating commitments as and when they fall due.

However, Covid-19 continues to bring a level of uncertainty to both global activities and activities at the Bauxite Hills mine. Metro is currently exploring opportunities to hedge both freight and foreign exchange for 2022. Until these hedges are entered, Metro remains exposed to volatility.

Note 1. Significant Matters in the Current Reporting Period (continued)

Going Concern (continued)

The requirement to repay the senior debt in 2023 remains. The lenders have demonstrated a level of flexibility and the Group is currently working through refinancing opportunities. The Group is also optimising the pathway to grow production to 6 mtpa, the Group's Stage 2 expansion strategy and how it will utilise the NAIF debt facility. At this stage, neither of these processes have been finalised.

These matters may give rise to uncertainty about the Company's ability to continue as a going concern. The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

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 the production and sale 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 contracted customers are all located in one geographic area, China, with 99% of the revenue from sales of bauxite derived in the year being from that area.

Note 3. Revenue from Contracts with Customers

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue from sales of bauxite	160,137	128,250
Total revenue from contracts with customers	160,137	128,250

- The Group sold its 2021 production through an existing binding offtake agreement with Xinfa Group and a non-binding Letter of Intent with Shanxi Liulin Senze Aluminium Company Limited, delivering a total of 2.8 WMT by 31 December 2021.
- Operations commenced in mid-April 2021 with thirty-nine ocean-going vessels loaded in the period up to the 31 December 2021.
- 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 offtake pricing for Xinfa Group is based on a formula linked to the published Chinese Alumina Index (Aladdiny). If spot sales can be negotiated, prices are based on the bauxite spot market price at the time of signing the spot sale contracts. Both the binding offtake and any 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.

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 4. Cost of Sales		
Production expenses	69,017	64,564
Depreciation expense – Property, plant and equipment	3,193	3,905
Depreciation expense – Right-of-use assets	8,633	6,227
Selling and distribution expenses		
Ocean freight	96,578	41,620
Royalties expense	10,829	12,394
Marketing expense (i)	1,696	2,028
Total cost of sales	189,946	130,738

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

Note 5. Impairment Expenses		
Impairment – Bauxite Hills cash generating unit	55,316	-
Impairment – tenements	370	-
Total impairment expenses	55,686	-

Refer Note 24 Critical Accounting Judgements, Estimates and Assumptions, for further details on the impairment of the Bauxite Hills cash generating unit.

Note 6. Administrative Expenses		
Salary and wages expense	2,145	2,910
Share-based payments	38	6
Occupancy costs	-	19
Depreciation expense – Property, plant and equipment	129	137
Professional fees	1,523	934
Bank fees	77	99
Other expenses	1,784	1,274
Total administrative expenses	5,696	5,379

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 7. Finance Costs		
Interest expense - borrowings	4,669	4,414
Interest expense - leases	2,030	1,442
Amortisation of deferred borrowing costs	39	96
Rehabilitation provision: unwinding of discount	95	89
Other finance costs	42	55
Total finance costs	6,875	6,096
Note 8. Finance Income		
Interest income	6	74
Gain on loan modification	544	-
Total finance income	550	74
Note 9. Income Tax		
Income tax expense / (benefit)		
Current tax		
Current tax expense / (benefit) on profit / (loss) for the year	-	(6,452)
Total current tax expense / (benefit)	-	(6,452)
Deferred income tax		
Decrease / (increase) in deferred tax assets	34,543	184
(Decrease) / increase in deferred tax liabilities	(25,387)	1,929
Total deferred tax expense / (benefit)	9,156	2,113
Total income tax expense / (benefit)	9,156	(4,339)
Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable		
Profit / (loss) before income tax expense / (benefit)	(96,344)	(15,464)
Income tax expense / (benefit) using the Company's domestic tax rate of 30% (31 December 2020: 30%)	(28,903)	(4,639)
Amounts that are not deductible / (taxable) in calculating taxable income / (loss):		
- Share-based payments	12	2
- Other permanent differences	(365)	199
- Current tax loss not brought to account	29,255	-
- Derecognition of prior year DTA	9,242	-
- Under / (over) adjustment	(85)	99
Total income tax expense / (benefit)	9,156	(4,339)

Note 9. Income Tax (continued)

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Recognised deferred tax assets		
Other provisions and accruals	798	488
Lease liabilities	9,480	6,399
Other deductible temporary differences	51	913
Tax losses carried forward	-	22,424
Tax losses and temporary differences brought to account to reduce the deferred tax liability	(10,329)	(21,068)
Total recognised deferred tax assets	-	9,156

Refer to note 24 for information about recognised tax losses and significant judgements made in relation to them.

Unrecognised deferred tax assets		
Rehabilitation provision	2,128	2,511
Other deductible temporary differences	1,144	-
Tax losses carried forward	50,356	12,777
Capital losses carried forward	2,256	2,256
Total unrecognised deferred tax assets	55,884	17,544

Deferred tax liabilities		
Deferred tax liabilities comprise the estimated expense at the applicable rate of 30% on the following items:		
Exploration and evaluation expenditure	32	123
Property, plant and equipment (including other mineral assets)	-	14,520
Inventory	774	619
Leased assets	9,149	5,708
Borrowings	137	52
Other temporary differences	237	46
Deferred tax asset attributable to tax losses and temporary differences brought to account to reduce the deferred tax liability	(10,329)	(21,068)
	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation.

The Group has no franking credits.

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 10. Cash at Bank		
Cash at bank	13,883	25,447
Total cash and cash equivalents	13,883	25,447

Note 11. Inventories		
Bauxite inventories	3,821	-
Fuel, critical spares, and consumables	2,579	2,044
Total inventories	6,400	2,044

Note 12. Trade and Other Receivables		
Trade debtors	15,530	84
Other receivables [(i)]	1,275	144
Total trade and other receivables	16,805	228

(i) Other receivables is a net GST and fuel tax credit receivable of $1.275 million (31 December 2020: $0. 144 million).

Note 13. Other Assets		
Current		
Term deposits held as security	636	393
Prepayments	2,622	2,700
Other	276	2,120
Total other current assets	3,534	5,213

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 14. Property, Plant and Equipment		
Owned assets		
Plant and equipment - at cost	6,085	6,085
Less: Accumulated depreciation	(544)	(384)
	5,541	5,701
Infrastructure – at cost	40,242	39,483
Less: Accumulated depreciation	(3,725)	(2,939)
Less Accumulated Impairment	(15,689)	-
	20,828	36,544
Ancillary assets – at cost	2,836	3,030
Less: Accumulated depreciation	(1,873)	(1,478)
	963	1,552
Other mineral assets		
Other mineral assets – at cost	98,332	99,703
Less: Accumulated amortisation	(9,565)	(7,698)
Less Accumulated Impairment	(38,586)	
	50,181	92,005
Assets under construction		
Assets under construction – at cost	1,872	2,063
Total property, plant and equipment	79,385	137,865

Movements in carrying amounts

Refer to note 24 for critical accounting judgements with respect to the carrying value of property, plant and equipment.

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 14. Property, Plant and Equipment (continued)

Consolidated	Plant and Equipment $'000	Infra-structure $'000	Ancillary Assets $'000	Other Mineral Assets $'000	Assets Under Construction $'000	Total $'000
Balance at 1 January 2020	5,809	33,903	1,423	93,808	1,948	136,891
Additions	34	901	408	519	977	2,839
Reclassifications from right-of-use assets	-	2,569	-	-	-	2,569
Transferred from assets under construction	-	74	430	-	(862)	(358)
Disposals	-	-	(34)	-	-	(34)
Depreciation expense	(142)	(903)	(675)	(2,322)	-	(4,042)
Balance at 31 December 2020	5,701	36,544	1,552	92,005	2,063	137,865
Balance at 1 January 2021	5,701	36,544	1,552	92,005	2,063	137,865
Additions	-	-	-	-	211	211
Reclassifications from right-of-use assets	-	377	-	-	-	377
Transferred from assets under construction	-	350	52	-	(402)	-
Disposals	-	-	(100)	-	-	(100)
Change in rehabilitation provision	-	-	-	(1,371)	-	(1,371)
Depreciation expense	(160)	(754)	(541)	(1,867)	-	(3,322)
Impairment Expense	-	(15,689)	-	(38,586)	-	(54,275)
Balance at 31 December 2021	5,541	20,828	963	50,181	1,872	79,385

Note 14. Property, Plant and Equipment (continued)

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 2021. Assets under construction are not depreciated until the assets are available for their intended use.

Note 15. 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:

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Right-of-use assets		
Properties	149	147
Infrastructure	334	720
Equipment	30,457	18,381
Motor vehicles	133	358
Total right-of-use assets	31,073	19,606
Lease liabilities		
Current	9,929	5,554
Non-current	21,670	15,775
Total lease liabilities	31,599	21,329

Refer to note 24 for critical accounting judgements with respect to the carrying value of right-of-use assets.

Additions to right-of-use assets during the 2021 financial year included:

- In January 2021, the Group refinanced heavy equipment leases resulting in additions of $2.5 million.
- In September 2021, the Group commenced a lease with Transhipment Services Australia (TSA) for a floating crane, for $14.7 million. In addition, as part of the commissioning of the floating crane, the Group agreed to pay certain costs associated with the mobilisation and critical spares for $2.8 million.

Refer to 24 for information on critical accounting judgements with respect to lease term.

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.

(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	
		31 Dec 2021 $'000	31 Dec 2020 $'000
Depreciation charge – Right-of-Use Assets			
Properties		175	172
Infrastructure		9	18
Equipment		8,224	5,664
Motor vehicles		225	373
Total depreciation charge	4	8,633	6,227
Interest expense	7	2,030	1,442
Expense relating to short-term leases (included in administrative expenses)		23	15
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)		30	41

The total cash outflow for leases in 2021 was $9.5 million (2020 $5.5 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 5 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.

Note 15. Leases (continued)

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

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 information technology equipment and small items of office equipment.

Note 16. Exploration and Evaluation Assets

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Exploration and evaluation - at cost	1,186	2,451

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 year is set out below:

	Exploration and Evaluation $'000
Consolidated	
Balance at 1 January 2020	2,247
Expenditure during the year	204
Written off during the year	-
Balance at 31 December 2020	2,451
Expenditure during the year	146
Written off during the year	(370)
Impairment expense [(i)]	(1,041)
Balance at 31 December 2021	1,186

(i) Refer Note 24 for critical accounting judgements with respect to the Impairment expense

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 2021 the Group reviewed its various areas of interest for the existence of impairment indicators. All remaining areas of interest continue to be under consideration for further exploration and potential development.

Note 17. Trade and Other Payables

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Trade payables	16,280	9,621
Accrued expenses	18,767	2,145
Total trade and other payables	35,047	11,766

Refer to note 25 for detailed information on financial instruments.

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 18. Borrowings		
Current		
Secured liabilities		
Loans – senior secured lenders	459	18,724
Loans - other	708	1,125
Deferred borrowing costs, net of amortisation	-	(39)
Total current borrowings	1,167	19,810
Non-current		
Secured liabilities		
Loans – senior secured lenders	34,596	16,549
Loans - other	-	708
Total non-current borrowings	34,596	17,257

Ingatatus AG Pty Ltd (Ingatatus) and Lambhill Pty Ltd (Lambhill)

On 21 June 2021, the Company announced that amended loan repayment terms had been agreed with its senior secured lenders, Ingatatus and Lambhill. The terms and conditions of the loan agreements have been amended as follows:

(i) Ingatatus Loan Facility #1- Principal $20 million.

- The maturity date for the loan has been deferred from 1 September 2022 to 1 December 2023.
- The principal will now be repaid in three equal instalments of $6.67 million on 1 June 2023, 1 September 2023 and 1 December 2023.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 12% with accrued interest repaid quarterly.

(ii) Ingatatus Loan Facility #2 – Principal $7.5 million

- The maturity date for the loan has been deferred from 1 January 2023 to 1 December 2023.
- The principal will now be repaid in three equal instalments of $2.5 million on 1 June 2023, 1 September 2023 and 1 December 2023.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 9% with accrued interest repaid quarterly.

(iii) Lambhill – Principal $7.5 million

- The maturity date for the loan has been deferred from 1 January 2023 to 1 August 2024.
- The principal will now be repaid in three equal instalments of $2.5 million on 1 July 2023, 1 October 2023 and 1 August 2024.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 9% with accrued interest repaid quarterly.

For each of the three facilities, the facility principal has been classified as a non-current liability at 31 December 2021 with the accrued interest on the facility classified as a current liability.

Note 18. Borrowings (continued)

Upon modification of the loan terms, the Group recalculated the amortised cost of each financial liability by computing the present value of the estimated future contractual cash flows, discounted at each facility's original effective interest rate. As a result, a total gain on modification of $544,142 has been recognised in the consolidated statement of profit or loss. The discount of each facility will be unwound

over the remaining term of the facility with the effect of the unwinding reported as a finance cost in the consolidated statement of profit or loss.

Loans - other

As at the end of the year, the financial ratio covenant had been breached. This was reported to the financier which, subsequent to the end of the reporting period, advised the Group that no action would be taken by them. A formal waiver of the covenant for the period ended 31 December 2021 was received on 23 February 2021.

Northern Australia Infrastructure Facility (NAIF)

On 12 November 2019, the Group announced that the Board of the Northern Australia Infrastructure Facility had made an investment decision to offer a loan facility of $47.5 million to the Group to assist in the financing of the Stage 2 expansion of production at the Bauxite Hills. The loan facility has not yet been drawn down.

The Northern Australia Infrastructure Facility (NAIF) loan facility sunset date has been extended to 30 June 2022, however with the refreshing of the DFS, the credit approval process is required to be refreshed.

Bridge Facility

In December 2021, the Group entered into a $5 million, unsecured short term bridging facility (Bridging Facility), funded equally, with Greenstone Resources II (Australia) Holdings L.P. (Greenstone) and Lambhill Pty Limited (Lambhill). The Group intended to continue mining and shipping activities into the wet season and entered into the at-call finance facility in case the impact of severe weather force deferment of shipments until the second quarter of 2022.

Note 18. Borrowings (continued)

		Cash Movements				Non-cash Movements				
	Opening Balance 1 Jan 21 $'000	Principal Repaid $'000	Drawn Down $'000	Interest Paid $'000	Finance Costs Paid & Deferred $'000	New and Modified Leases $'000	Amortisation of Deferred Borrowing Costs $'000	Accrued Interest $'000	Other (i) $'000	Closing Balance 31 Dec 21 $'000
Current										
Short-term borrowings	19,810	(1,125)	-	(4,464)	(6)	-	39	4,596	(17,683)	1,167
Lease Liabilities	5,554	(9,511)	-	-	-	5,712	-	1,794	6,380	9,929
	25,364	(10,636)	-	(4,464)	(6)	5,712	39	6,390	(11,303)	11,096
Non-current										
Long-term borrowings	17,257	-	-	-	-	-	-	(344)	17,683	34,596
Lease Liabilities	15,775	-	-	-	-	12,275	-	-	(6,380)	21,670
	33,032	-	-	-	-	12,275	-	(344)	11,303	56,266
Total	58,396	(10,636)	-	(4,464)	(6)	17,987	39	6,046	-	67,362

(i) Reclassification of obligations between non-current and current due to the passage of time. Refer to note 25: Financial liability maturity analysis.

Note 19. Provisions

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Current – Employee benefits	771	528
Non-current – Mine restoration	7,093	8,369
Non-current - Employee benefits	-	36
Total non-current provisions	7,093	8,405

	Mine Restoration $'000	Employee Benefits $'000	Total $'000
Analysis of movement in provisions			
Opening balance at 1 January 2021	8,369	564	8,933
Additional/(reduction) in provisions made	(1,371)	1,042	(329)
Unwinding of provision discount	95	-	95
Amounts used	-	(835)	(835)
Balance at 31 December 2021	7,093	771	7,864

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 disturbance under the approved plan of operations for the Bauxite Hills mine. It is anticipated that the mine site will require restoration within 16 years. A government bond rate has been applied to discount the provision to present value.

A Financial Provisioning Scheme (the Scheme) was established by the Queensland State Government in 2019 to assist in the management of the financial risk exposure to mining and energy resource projects failing to comply with their environmental management and rehabilitation obligations. The Scheme manager makes an annual re-assessment of risk for each Environmental Authority (EA) holder by considering the financial soundness of the EA holder and other criteria set out in the Scheme Manager's guidelines.

In April 2021, as part of the annual assessment, the Scheme Manager re-assessed the Group as not meeting the prerequisite risk profile for provisioning by way of contribution to Scheme Fund and, as a result, the Group was notified of the requirement to lodge financial surety. Having regard to the nature of the change in the provisioning requirement and consistent with the relevant powers of the Scheme Manager under the Mineral and Energy Resources (Financial Provisioning) Act 2018, a Surety Provisioning Arrangement with the Scheme was entered into in September 2021. The Arrangement is subject to ongoing information provision to the Scheme Manager. Under the Arrangement the Group made an initial payment of $218,957 on 30 September 2021, with the remainder of the commitment to be met during 2022. The current estimate of the cost to rehabilitate the Bauxite Hills mine site has been provided for at 31 December 2021. When the financial surety balance of $6.9 million is transferred this will be recorded as an other asset in the financial statements and will be repaid to the group on the completion of the rehabilitation.

Note 19. 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.

		Consolidated		Consolidated	
		31 Dec 2021 No. of Shares '000	31 Dec 2020 No. of Shares '000	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 20. Contributed Equity					
Ordinary shares – fully paid		2,988,770	1,390,125	176,419	176, 421
Ordinary shares					
Balance at beginning of year		1,390,125	1,388,897	176,419	176,421
Shares issued during the year:					
Date	**Description**				
5 Mar 2020	Exercise of employee performance rights	-	1,228	-	-
	Sub-total	1,390,125	1,390,125	176,419	176,421
6 July 2021	Share placement	653,125	-	10,450	-
22 July 2021	Retail component of rights offer	405,261	-	6,485	-
15 September 2021	Shortfall placement	540,259	-	8,645	-
Transaction costs recognised during the year		-	-	(1,040)	(2)
Balance at the end of the year		2,988,770	1,390,125	200,959	176,419

On 25 June 2021, the Group announced an equity raising of up to $25.6 million, before costs, comprising a A$3.3 million placement and a pro-rata accelerated non-renounceable entitlement offer to raise A$22.2 million. The proceeds from the Equity Raising are intended to provide funding for working capital to strengthen Metro's balance sheet. On 20 July, the Group announced it had successfully completed the $25.6 million raise.

On 5 March 2020, 1,228,875 new ordinary shares were issued to employees in satisfaction of employee performance rights awarded under the 2019 Short-Term Incentive (STI) program. A further 397,605 ordinary shares were acquired on-market by the Metro Mining Limited Employee Share Trust to satisfy in full the obligation to issue 1,626,480 shares under the 2019 STI program. No shares were issued or purchased on market in relation to the STI program in 2021.

Note 20. Contributed Equity (continued)

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 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 21. Reserves

	Consolidated	
	31 Dec 2021 $'000	**31 Dec 2020 $'000**
Foreign currency translation reserve	1	1
Options reserve	9,906	9,868
Employee share acquisition reserve	(8)	(8)
Total reserves	9,899	9,861

Note 21. Reserves (continued)

	Translation Reserve $'000	Options Reserve $'000	Employee Share Acquisition Reserve $'000	Total Reserves $'000
Consolidated				
Balance at 1 January 2020	(4)	9,904	-	9,900
Share-based payments expense	-	6	-	6
Cash transfer to Metro Mining Limited Employee Incentive Plan	-	-	(50)	(50)
On-market settlement of employee entitlements	-	(42)	42	-
Translation of foreign subsidiaries	5	-	-	5
Balance at 31 December 2020	1	9,868	(8)	9,861
Share-based payments expense	-	38	-	38
Balance at 31 December 2021	1	9,906	(8)	9,899

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 35d and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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.

Employee share acquisition reserve

In 2020, the Company transferred funds to the Metro Mining Limited Employee Share Trust (the Trust) to enable the Trust to make an on-market acquisition of the Company's shares in satisfaction of obligations under the Group's Employee Incentive Plan (refer to note 31). The reserve recognises surplus funds remaining in the Trust following the acquisition.

Note 22. Dividends

There were no dividends paid or declared during the current or previous financial years. There were no franking credits at 31 December 2021 (31 December 2020: nil).

	Note	Consolidated	
		31 Dec 2021 $'000	31 Dec 2020 $'000
Note 23. Cash Flow Information			
Reconciliation of profit / (loss) after income tax to net cash provided by / (used in) operating activities			
Profit / (loss) after income tax expense /(benefit) for the year		(105,500)	(11,125)
Cash flows excluded from profit / (loss) attributable to operating activities:			
Interest expense	7	6,699	5,856
Finance costs	7	42	55
Exploration expense		310	3
Non-cash flows in profit / (loss):			
Depreciation – property, plant & equipment	14	3,322	4,042
Depreciation – right-of-use assets	15	8,632	6,227
Amortisation – deferred borrowing costs	7	39	96
Amortisation – rehabilitation provision	7	95	89
Gain on loan modification	8	(544)	-
Share-based payments expense	6	38	6
Impairment expense	5	55,686	-
(Gain) / loss on disposal of fixed assets		(25)	(90)
Foreign exchange movements		(588)	813
Income tax expense / (benefit)	9	9,156	(4,339)
Change in operating assets and liabilities:			
(Increase) / decrease in trade and other receivables		(16,507)	8,266
(Increase) / decrease in prepayments		1,679	(512)
(Increase) / decrease in inventories		(4,356)	457
Increase / (decrease) in trade and other payables		24,181	(9,936)
Net cash provided by/ (used in) operating activities		(17,641)	(92)

Non-cash investing and financing activities

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

- Acquisition of right-of-use assets - note 15
- Options and performance rights issued to employees under the Metro Mining Employee Incentive Plan (EIP) for no cash consideration – note 31

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Note 23. Cash Flow Information (continued)		
Net debt reconciliation		
Loan facilities		
Facility amount	47,258	42,258
Amount utilised	(42,258)	(42,258)
Total undrawn loan facilities (i)	5,000	-

(i) Refer to note 18 for information on the loan facility terms.

In December 2021, the Group entered into a $5 million, unsecured short term bridging facility (Bridge Facility), funded equally, with Greenstone Resources II (Australia) Holdings L.P. (Greenstone) and Lambhill Pty Limited (Lambhill). At 31 December, the facility was not drawn down.

Note 24. Critical Accounting Judgements, Estimates and 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:

Carrying amount of non-current assets, including property, plant & equipment (note 14) and right-of-use assets (note 15)

AASB 136 Impairment of Assets requires the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an entity shall estimate the recoverable amount of the asset or cash generating unit to which it relates.

As a result of indicators being present at 30 June 2021, the Group performed impairment testing and assessed the recoverable amount of its Bauxite Hills cash generating unit (CGU). The assessment of recoverable amount of non-current assets was performed using a fair value less cost of disposal methodology (level 3 in the fair value hierarchy) using a discounted cash flow method.

The key assumptions used in the estimation of the recoverable amount as at 30 June 2021 are set out below:

- A nominal post-tax discount rate of 13% based on the historic weighted average cost of capital as well as project-specific risk factors.
- Cashflow projections for the anticipated remaining life of the Bauxite Hills mine reflecting the planned expansion of production to 6 million Wet Metric Tonnes per annum from the 2023 production year onwards.
- Ocean freight rates of:
    - US$24/WMT until September 2021, then US$21/WMT for the remainder of the 2021 production year;
    - US$15.57/WMT in 2022 prior to the commissioning of the planned offshore floating terminal; and

  - US$8.81/WMT following the commissioning of the planned offshore floating terminal and transition to Cape-sized vessels.
- Bauxite pricing for sales to the Group's foundation customer at the current contracted price, transitioning to the recently contracted arrangements for 2022 and 2023 with an assumption that sales to the Group's foundation customer will continue over the life of the mine.
- Bauxite pricing for sales to other customers at anticipated market rates with an increasing silica content penalty over the remainder of the mine life.
- An AUD/USD exchange rate of 0.76 for the remainder of the 2021 production year and then a constant rate of 0.75 for the remainder of the review period.

This assessment resulted in the recoverable amount of the Bauxite Hills CGU being calculated as $79.751 million. As the recoverable amount was less than the carrying value of the Bauxite Hills CGU at 30 June 2021, the Group recognised an impairment loss of $55.3 million. As part of this assessment, the Group's Infrastructure Assets and Other Mineral Assets were identified as carried at values exceeding their recoverable amounts. Accordingly, $54.3 million of the total $55.3 million impairment was allocated to these CGU asset categories. The remainder of the impairment charge ($1.0 million) has been applied against the Group's capitalised Exploration and Evaluation expenditure.

At 31 December 2021, the Group performed an impairment indicator assessment, and considered whether any indicators of reversal of the previously recorded impairment were present. The Group has identified no further indicators were present. In assessing the previous indicators, the Group observed the market capitalisation of the Group has improved; and the issue of high ocean freight costs has been addressed through the commissioning of the floating crane, which allows the Group to access cape-size vessels at more competitive rates. The Group continues to work towards securing customer offtake and financing to underpin the expansion pathway of Bauxite Hills mine to a 6 mtpa.

However, the improvements have not been sustained for a sufficient period of time to represent an impairment reversal indicator at 31 December 2021.

Recovery of deferred tax assets – note 9

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.

At 30 June 2021, the Group's evaluation of the recoverability of its deferred tax assets is based on cash flows and cash flow sensitivities consistent with those used in the Group's impairment assessment. At that time, the Group has assessed that it can no longer be considered probable that the portion of the Group's carry-forward tax losses and temporary differences previously recognised will be used to offset future taxable profits. Therefore, the Group's deferred tax asset was derecognised in full with no carrying value recognised at 30 June 2021.

The Group's derecognition of this deferred tax position reflects the historically high ocean freight rates that were experienced during the year and the impact on the financial performance for the year resulting in an operating loss. At 31 December 2021, the deferred tax asset remains derecognised.

Determination of lease term – note 15

On 15 October 2021, the TSA Skardon, a floating crane, was commissioned. Given the floating crane is a lease, a Right Of Use asset and liability has been booked. The key assumptions for determining the Right of Use Asset were a lease term of 64 months based on the earliest indicated lease termination date and an incremental borrowing rate of 8%.

Note 24. Critical Accounting Judgements, Estimates and Assumptions (continued)

Rehabilitation provision - note 19

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

The provisions are estimated using the Queensland State Government's rehabilitation calculator and are based on the current disturbance under the approved plan of operations for the Bauxite Hills Mine. Assumptions underlying the calculation are based on the current economic environment which management believes is 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 25. 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 35k and 35l.

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 and currency price risk from items denominated in United States dollars, including revenues, and payables (principally 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. Credit risk arises from both cash deposits held at financial institutions and credit exposures to customers, including outstanding receivables.

For cash deposits, the Group utilises only reputable banks. For exposure to customers, the Group has a strict code of credit risk management, including selling all bauxite under binding contracts with irrevocable Letters of Credit required.

Note 25. Financial Risk Management (continued)

The maximum exposure to credit risk of 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.

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 2021, 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 2021 $'000**	**31 Dec 2020 $'000**	**31 Dec 2021 $'000**	**31 Dec 2020 $'000**	**31 Dec 2021 $'000**	**31 Dec 2020 $'000**
Financial liabilities due for payment						
Trade payables	16,280	9,557	-	64	16,280	9,621
Other payables	18,605	2,145	-	-	18,605	2,145
Lease liabilities	9,929	6,600	24,012	16,524	33,941	23,124
Borrowings	1,167	22,815	35,000	17,752	35,167	40,567
Total contractual and expected outflows	45,981	41,117	59,012	34,340	104,993	75,457
Financial assets – cash flows realisable						
Cash and cash equivalents	13,883	25,447	-	-	13,883	25,447
Trade and other receivables	16,805	228	-	-	16,805	228
Total anticipated inflows	30,688	25,675	-	-	30,688	25,675
Net (outflow)/inflow on financial instruments	(15,293)	(15,442)	(59,012)	(34,340)	(74,305)	(49,782)

At financial year end, the cash flows in the maturity analysis above were not expected to occur significantly earlier than disclosed.

Note 25. Financial Risk Management (continued)

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 (USD). The risk management framework for revenue includes a short-term currency hedging program to manage the risks to sales revenue associated with a strengthening Australian dollar against the United States dollar.

The Group continues to actively monitor currency markets with a view to expanding the hedging program if attractive pricing opportunities arise. There were no hedging instruments in place as at 31 December 2021.

Except for ocean freight, marketing costs 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 2021, 100% of Group debt is at stepped-fixed or fixed rate (31 December 2020: 100%).

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 loss before tax through a decrease or an increase of 0.25% (31 December 2020: 0.25%) in interest rates at 31 December 2021 is an increase / decrease in cash and cash equivalents of $35,000 (31 December 2020: $64,000). All borrowings at 31 December 2021 are at a stepped-fixed or fixed interest rate.

Note 25. 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.

		Consolidated		Consolidated	
	Note	Carrying Amount 31 Dec 2021 $'000	Fair Value 31 Dec 2021 $'000	Carrying Amount 31 Dec 2020 $'000	Fair Value 31 Dec 2020 $'000
Assets					
Cash and cash equivalents	10	13,883	13,883	25,447	25,447
Trade and other receivables	12	16,805	16,805	228	228
Other assets	13	3,534	3,534	5,213	5,213
Total assets		34,222	34,222	30,888	30,888
Liabilities					
Trade payables	17	16,280	16,280	9,621	9,621
Other liabilities	17	18,767	18,767	2,145	2,145
Lease liabilities	15	31,599	31,599	21,329	21,329
Loans	18	35,763	35,763	37,106	37,106
Total liabilities		102,409	102,409	70,201	70,201

Note 26. 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 35b.

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 2021 %	31 Dec 2020 %
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 OFTCo 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

Note 27. Contingent Liabilities and Assets

Contingent liabilities

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

Contingent assets

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

Note 28. Commitments

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Capital expenditure commitments		
Capital expenditure commitments contracted for:		
- Within one year	3,156	312
Total	3,156	312
Other expenditure commitments		
- Within one year	4,854	19,447
- One to five years	1,460	7,544
- More than five years	-	-
Total	6,314	26,991
Minimum expenditure commitments on exploration tenements		
- Within one year	2,209	3,490
- One to five years	140	5,489
Total	2,349	8,979
Total capital and other expenditure commitments	11,819	36,282

Other expenditure commitments are contractual payments due to contractors for the provision of mining equipment, transhipping services, flight services and offsets payable under Commonwealth mining licence conditions 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 one and five 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 29. Events Occurring After the Reporting Date

The Group continued to run mining operations to the end of January and shipment activities to the 15 February 2022, resulting in a further 330,000 WMT being delivered.

As a result of the tonnes delivered in January and February 2022, on the 17 February 2022, the Group notified Greenstone and Lambhill, that the Bridge Facility would not be drawn down and has now lapsed.

Note 30. Related Party Transactions

Parent entity

Metro Mining Limited is the ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel compensation

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 2021 $	31 Dec 2020 $
Short-term employee benefits	1,359,930	1,410,013
Post-employment benefits	100,091	95,856
Share-based payments	(10,349)	109,829
Total compensation to directors and other KMP	1,449,672	1,651,698

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 2021.

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.

Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Purchases of goods and services		
- Purchase of bauxite testing services	-	15
- Provision of HR consulting services [(i)]	177	-
	177	15

(i) This transaction was made on normal commercial terms and conditions and at market rates.

Note 30. Related Party Transactions (continued)

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 2021, Greenstone held 587,785,791 shares in the Company; a 19.67% 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.

Agreements with other related parties

On the 16 December 2021, Greenstone entered into a $2.5 million unsecured short term bridging facility with the Group. If drawn down the facility matures on the 30 June 2022 and has a 14% coupon. At 31 December the facility was not drawn down.

Note 31. 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 that are 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.

Short-term incentive performance rights issued during 2021

On 1 January 2021, the Company issued 10,130,000 short-term incentive performance rights to eligible participants in accordance with the terms of the Group's Employee Incentive Plan. Of the total number issued, 2,917,308 were issued to key management personnel. The issue value was determined using a Black Scholes-Merton valuation model. Due to turn over of staff and the Board using its discretion, all 10,130,000 short-term incentive performance rights lapsed.

A second tranche of 12,717,000 short-term incentive performance rights were issued after 30 June 2021 to eligible participants in accordance with the terms of the Group's Employee Incentive Plan. Of the total number issued, 10,347,261 were issued to key management personnel. The issue value was determined using a Black Scholes-Merton valuation model.

Note 31. Share-based Payments (continued)

Long term incentive performance rights issued during 2021

Performance rights granted to key management personnel during the financial year ended 31 December 2021 are as follows:

Grant Date	Rights Granted	Expiry Date	Exercise Price	No. '000
01/01/2021	Performance rights under a long-term incentive plan	31/12/2023	-	1,039
05/07/2021	Performance rights under a long-term incentive plan	31/12/2023	-	6,300

On 1 January 2021, in accordance with the terms of the Group's EIP, the Group issued 1.0 million long-term incentive performance rights to Simon Finnis, Duane Woodbury and Graham Tanner. The weighted average fair value attributed to each performance right is $0.059. The performance rights granted are in three tranches with each tranche subject to vesting conditions as outlined below. During the year, all three executives resigned from the company and the long-term incentive performance rights were forfeited.

On 5 July 2021, in accordance with the terms of the Group's EIP, the Group issued 6.3 million long-term incentive performance rights to the Simon Wensley. The weighted average fair value attributed to each performance right is $0.02. 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	5 July 2021 - 31 Dec 2023	Sliding scale based on Total Shareholder Return (TSR) relative to a peer group index.
Tranche 2 – 30% of award	5 July 2021 - 31 Dec 2023	Sliding scale based on Return on Capital Employed (ROCE).
Tranche 3 – 30% of award	5 July 2021 - 31 Dec 2023	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 2021 is as follows:

31 Dec 2021 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							
27/08/2017	27/08/2022	$0.183	11,100	-	-	-	11,100
Perf. Rights							
01/01/2021 (i)	31/12/2021	-	-	10,130	-	(10,130)	-
05/07/2021 (ii)	31/12/2021	-	-	12,717	-	(6,165)	6,551
05/07/2021 (ii)	31/12/2021	-	-	6,300	-	-	6,300
05/07/2021 (iii)		-	-	5,463	-	-	5,463
Total options & performance rights			11,100	34,610	-	(16,267)	29,414

(i) On 1 January 2021, the Company issued 10,130,000 short-term incentive performance rights to eligible participants in accordance with the terms of the Group's Employee Incentive Plan. Due to turn over of staff and the Board using its discretion, all 10,130,000 short-term incentive performance rights lapsed.

Note 31. Share-based Payments (continued)

Summary of share-based payments (continued)

(ii) On or about 5 July 2021, the Company issued 12,717,000 short-term incentive performance rights to eligible participants in accordance with the terms of the Group's Employee Incentive Plan, with an expiry date of 31 December 2021. An additional 6,300,000 performance rights, with an expiry date of 31 December 2023, were issued to the Chief Executive Officer under the 2021 LTI program.

(iii) In July 2021, the Board resolved that the director's fee (exclusive of superannuation) payable to Mr Douglas Ritchie as Independent Non-executive Chairman for the period 5 July to 30 June 2022 would be equity settled. At 31 December 2021, 2,234,849 performance rights had been issued. Also in July 2021, the Board resolved to issue 20% of the Chief Executive Officer's remuneration (exclusive of superannuation) payable to Mr Simon Wensley for the period 5 July 2021 to 30 June 2022 would be equity settled. At 31 December 2021, 3,227,719 performance rights had been issued.

The prior year summary of the movements in total options and performance rights is as follows:

31 Dec 2020 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							
27/08/2017	27/08/2022	$0.183	11,100	-	-	-	11,100
25/10/2017	25/10/2021	$0.25	3,532	-	-	(1,961)	1,571
Perf. Rights							
01/01/2019	31/12/2019	-	1,574	52	(1,626)	-	-
01/01/2019	31/12/2021	-	2,718	-	-	-	2,718
01/01/2020	31/12/2022	-	-	3,432	-	-	3,432
01/01/2021	31/12/2021	-	-	10,130	-	-	10,130
01/01/2021	31/12/2023	-	-	7,746	-	-	7,746
Total options & performance rights			18,924	21,360	(1,626)	(1,961)	36,697

The weighted average remaining contractual life of options and performance rights outstanding at the end of the financial year was 6.1 years (31 December 2020: 1.55 years). 11,100,000 options are exercisable at the end of the financial year (31 December 2020: 12,671,063 options exercisable). No performance rights are exercisable at the end of the financial year (31 December 2020: nil).

Included under employee benefits expense in the statement of comprehensive income is $nil (31 December 2020: $5,534) which relates to equity-settled share-based payment transactions.

Note 32. Remuneration of Auditors

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
▪ Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities.	170,000	150,000
▪ Fees for other assurance procedures under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm.	5,500	64,000
Total auditor's remuneration	175,500	214,000

Note 33. Earnings Per Share

	Consolidated	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Profit / (loss) after income tax attributable to the owners of the Company used in calculating basic earnings / (loss) per share and diluted earnings / (loss) per share.	(105,500)	(11,125)

	Consolidated	
	31 Dec 2021 Number '000	31 Dec 2020 Number '000
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share	2,051,262	1,389,911
Effects of dilution from:		
- Share options	-	-
- Performance rights	-	-
Weighted average number of ordinary shares used in calculating diluted earnings / (loss) per share	2,051,262	1,389,911

	Consolidated	
	31 Dec 2021 Cents	31 Dec 2020 Cents
Basic earnings / (loss) per share	(0.05)	(0.80)
Diluted earnings / (loss) per share	(0.05)	(0.80)

Diluted loss per share excludes the effect of outstanding share options and performance rights as they are anti-dilutive given the Group made a loss for the current and previous years.

Note 34. Parent Entity Information

Set out below is the supplementary information about the parent entity:

	Parent	
	31 Dec 2021 $'000	**31 Dec 2020 $'000**
Statement of profit or loss and other comprehensive income		
Loss after income tax	(84,968)	(10,291)
Total profit or loss and other comprehensive income	(84,968)	(10,291)
Statement of financial position		
Total current assets	15,186	26,059
Total non-current assets	536,741	458,747
Total assets	551,927	484,806
Total current liabilities	4,445	22,130
Total non-current liabilities	495,280	350,082
Total liabilities	499,725	372,212
Net assets	52,202	112,594
Contributed equity	200,957	176,419
Reserves	9,899	9,860
Accumulated losses	(158,654)	(73,685)
Total equity	52,202	112,594

Contingent liabilities

Refer to note 27 for details of contingent liabilities.

Capital commitments - property, plant and equipment

The parent entity had no capital commitments at 31 December 2021 (31 December 2020 $Nil).

Significant accounting policies

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries which are carried at cost less accumulated impairment losses.

Note 35. 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

No New and amended standards were adopted by the Group in the current period.

(iv) New standards and interpretations not yet adopted

- AASB 2020-3 Amendments to AASs – Annual Improvements 2018–2020 and Other Amendments: Amendment to AASB 1, Subsidiary as a First-time Adopter

  The IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

- Amendments to AASB 3, Reference to the Conceptual Framework

  In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

- Amendment to AASB 9, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

  As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The Group will apply the

Note 35. Significant Accounting Policies (continued)

a. Basis of preparation (continued)

amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to AASB 116, Property, Plant and Equipment: Proceeds before Intended Use

  In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to AASB 137, Onerous Contracts – Cost of Fulfilling a Contract

  In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current.

  In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- AASB 2021-2 Amendments to AASB 108 – Definition of Accounting Estimates

  In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Note 36. Significant Accounting Policies (continued)

a. Basis of preparation (continued)

- AASB 2021-5 Amendments to AASs –Deferred Tax related to Assets and Liabilities arising from a Single Transaction

  Deferred taxes representing amounts of income tax payable or recoverable in the future must be recognised on temporary differences unless prohibited by AASB 112 in certain circumstances. One of these circumstances, known as the initial recognition exception, applies when a transaction affects neither accounting profit nor taxable profit, and is not a business combination. Views differ about applying this exception to transactions that, on initial recognition, create both an asset and liability (and could give rise to equal amounts of taxable and deductible temporary differences). The amendments to AASB 112 clarify that the exception would not normally apply. That is, the scope of this exception has been narrowed such that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The standard is not expected to have a material impact on the Group's financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

None of the amendments above are expected to have a material impact on the Group's financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

(iv) 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.

(v) 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. Refer to note 1.

(vi) 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 24.

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 34.

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

b. Principles of consolidation (continued)

Parent entity information (continued)

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.

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. Refer Note 2, Segments Reporting.

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 exchange 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).

Transactions and balances (continued)

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.

Note 35. Significant Accounting Policies (continued)

d. Foreign currency translation (continued)

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.

e. Revenue

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 35. 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 or deduct from the expenses in the profit and loss statement.

f. Income tax

Metro Mining Limited and its Australian wholly-owned 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.

Note 35. Significant Accounting Policies (continued)

f. Income tax (continued)

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

Trade and 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

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.

Note 35. Significant Accounting Policies (continued)

k. Financial assets (continued)

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.

(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 debt 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.

Note 36. Significant Accounting Policies (continued)

k. Financial assets (continued)

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.

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.

k. Financial liabilities

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 18.

If the terms of a loan are modified, the Group recalculates 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. The discount is reported as finance income in the consolidated statement of profit or loss and is unwound over the remaining loan term with the effect of the unwinding reported as a finance cost in the consolidated statement of profit or loss.

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 to hedge its foreign currency 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.

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.

n. Property, plant and equipment (continued)

Plant and equipment (continued)

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.

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 the asset is completed and capable of its 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

The Group's leasing policy is described in note 15(iii).

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. 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.

u. 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.

v. 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.

v. Employee benefits (continued)

Share-based payments (continued)

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.

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.

w. Dividends

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

x. 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.

aa. 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.

Metro Mining Limited
Directors' Declaration
31 December 2021

In the opinion of the directors:

a. the financial statements and notes of Metro Mining Limited for the financial year ended 31 December 2021 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 2021 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 35; 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.

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 2021.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Directors

D Ritchie
Chairman

25 February 2022
Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Building a better working world

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 2021, 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 2021 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 (including independence standards)* (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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

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.

Impairment of non-current assets

Why significant	How our audit addressed the key audit matter
Australian Accounting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired or conversely whether reversal of a previously recognised impairment may be required. If any such indicators exist, an entity shall estimate the recoverable amount of the asset or cash generating ("CGU") unit to which it relates. At 30 June 2021, the Group concluded that indicators of impairment were present. The Group performed an impairment test and assessed the recoverable amount of its Bauxite Hills cash-generating unit ("CGU") and an impairment charge of $55.3 million was recorded. At 31 December 2021, the Group again performed an impairment indicator assessment and also considered whether any indicators of reversal of the previously recorded impairment were present. This assessment concluded that no new impairment indicators were present and while market capitalisation had increased and the commissioning of Group's floating crane had mitigated the impact of higher ocean freight rates, the observed improvement had not been sustained for sufficient time to represent an impairment reversal indicator at 31 December 2021. The Group operates in an industry with exposure to fluctuations in commodity prices, foreign exchange rates, ocean freight rates and discount rate, which impacts the Group's forecast revenues, operating cash flows and the resulting recoverable amount of its non-current assets. The Group also makes estimates and assumptions about bauxite reserves and future production profiles. Impairment assessments involve forecasts in these and other areas, all of which are highly judgmental and ultimately impact on the recoverable amount of non-current assets. Accordingly, this was considered a key audit matter. Disclosure regarding this matter can be found in Note 24 to the financial report.	Our audit procedures included the following: • Assessed whether the Group's identification of its Bauxite Hills CGU was in accordance with Australian Accounting Standards. • Assessed the appropriateness and completeness of the Group's consideration of impairment and impairment reversal indicators, including the relationship between asset carrying values and the Group's market capitalisation. • Evaluated the modelling methodology used by the Group to measure the Bauxite Hills CGU's recoverable amount. • Tested whether the model used to calculate recoverable amount was mathematically accurate. • In conjunction with our valuation specialists, compared key forecast assumptions such as bauxite commodity prices, foreign exchange rates and discount rate to external observable market data, where available. • Considered if operating and capital cost, and production volume assumptions used in the impairment model are acceptable based on historical actual performance and forecast expansion activity. • Recalculated the carrying amount of the Bauxite Hills CGU to evaluate whether it was prepared on a comparable basis with the cash flows in the impairment model. • Assessed the adequacy of the Group's disclosures included in the financial report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

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 2021 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.

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:

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

- 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, actions taken to eliminate threats or safeguards applied.

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.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Building a better working world

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 2021.

In our opinion, the Remuneration Report of Metro Mining Limited for the year ended 31 December 2021, 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

Andrew Carrick
Partner
Brisbane
25 February 2022

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Metro Mining Limited
Shareholder information
31 December 2021

The shareholder information set out below was applicable as 17 February 2022.

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	162
1,001 to 5,000	249
5,001 to 10,000	339
10,001 to 50,000	1,080
50,001 to 100,000	543
100,001 and over	1,233
	3,606

The number of shareholdings held in less than marketable parcels is 969.

b) 20 largest shareholders – ordinary shares

	Ordinary Shares	
	Number Held	% of Total Shares Issued
Greenstone Management (Delaware) II LLC	587,785,791	19.67
HSBC Custody Nominees (Australia) Limited	180,953,308	6.05
Balanced Property Pty Ltd	168,301,124	5.63
Netwealth Investments Limited	148,882,560	4.98
Citicorp Nominees Pty Ltd	102,931,320	3.44
Lambhill Pty Ltd	92,000,000	3.08
Dadi (Australia) Engineering Co Pty Ltd	78,168,678	2.62
Mr Gregory Ian Williams	70,895,060	2.37
Aurora Prospects Pty Ltd	62,500,000	2.09
National Nominees Limited	50,051,007	1.67
National Nominees Limited	47,008,000	1.57
Bond Street Custodians Limited	42,402,909	1.42
BNP Paribas Nominees Pty Ltd ACF Clearstream	33,140,992	1.11
Jamax Holdings Pty Ltd	31,064,990	1.04
BNP Paribas Nominees Pty Ltd Six Sis	30,155,752	1.01
BNP Paribas Nominees Pty Ltd	27,602,622	0.92
BPM Capital Limited	25,000,000	0.84
BNP Paribas Noms Pty Ltd	24,477,878	0.82
Willims Superannuation Pty Ltd	22,857,354	0.76
China Xinfa Group Corporation Limited	20,327,883	0.68
	1,846,507,228	61.78

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	18,278,933	8
Warrants issued to former lender	11,100,000	1
	29,378,933	9

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	587,785,791	19.67
Balanced Property Pty Ltd	232,496,802	9.50
Lambhill Pty Ltd	130,781,120	5.34

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.