



# AGM Presentation Simon Wensley

31 May 2022





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### **COMPETENT PERSON'S STATEMENT**

Any information in this report that relates to the Bauxite Hills Mine Mineral Resource is based on information compiled by Ed Radley who is a consultant to Metro Mining and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM). Mr Ed Radley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Ed Radley has consented in writing for inclusion in this Report the matters based on the information in the form and context it appears

### **COMPETENT PERSON'S STATEMENT**

Any information in this report to that relates to the "Metro Mining – Bauxite Hills" Reserves is based on information compiled by MEC Mining and reviewed by Edward Bolton, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Edward Bolton is a full-time employee of MEC Mining Pty Ltd. Edward Bolton has sufficient experience that is relevant to the style of mineralization, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Edward Bolton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### **COMPETENT PERSON'S STATEMENT**

Any information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.Ausimm). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

### **KEY RISK FACTORS**

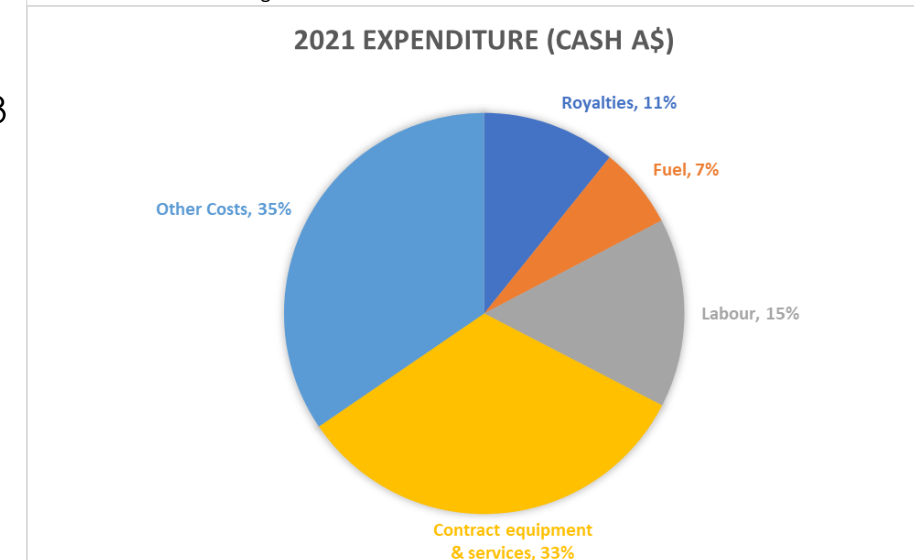
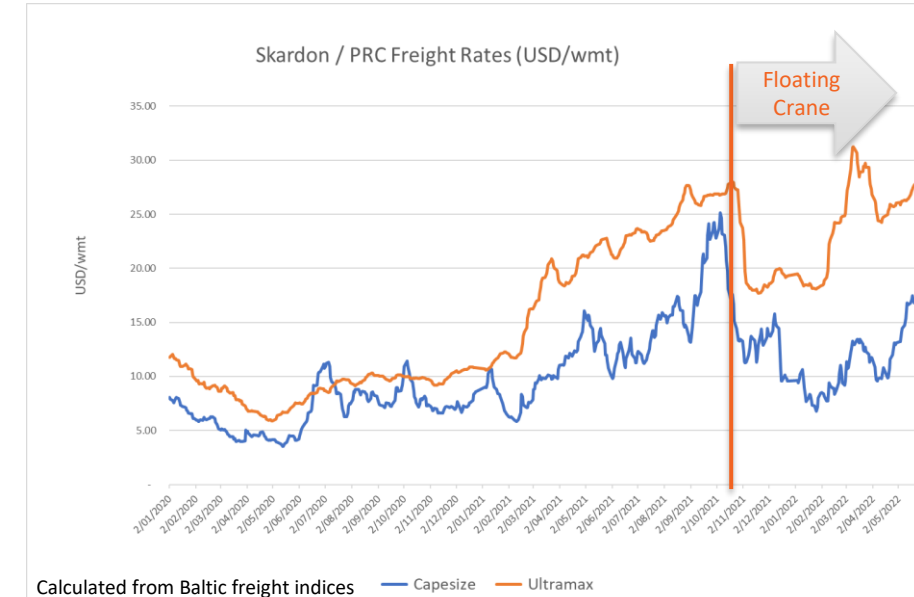
Whilst some changes to operating plans have been outlined in this presentation, Metro directs the reader to the comprehensive description of Key Risk Factors outlined in the Equity Raising Presentation of 25 June 2021.

# Metro Mining: Recovery to Resilience



**STRATEGY: Execute urgent recovery building blocks in 2021**

- ❖ **2021 Strong headwinds:** Poor financial outcomes
  - ❖ COVID-19 driven market weakness
  - ❖ Bulk freight rates rise dramatically
- ✓ **New Floating Crane:** Rapid execution of Capesize trans-shipping interface.
- ✓ **Second baseload customer established:** New segment established inland China to boost scale to 4 Mt/a run rate: key drivers have been logistics partner, price and technical service. 2.8 M WMT delivered in 2021.
- ✓ **Productivity & cost reduction:** Restructured roster 2021, maintenance re-focus, cash cost reduction, \$6 M by end of 2021.
- ✓ **Recapitalize:** \$25 M capital raise completed Sept '21. Debt restructured into 2023 and 2024. \$5 M short term bridging facility drawn.
- ❖ **Difficult 2022 restart:** Extended wet season through May and input cost inflation
  - ❖ 2 weeks / 1 vessel behind.
  - ❖ Fuel costs, spot freight/procurement and COVID impacting delivered costs



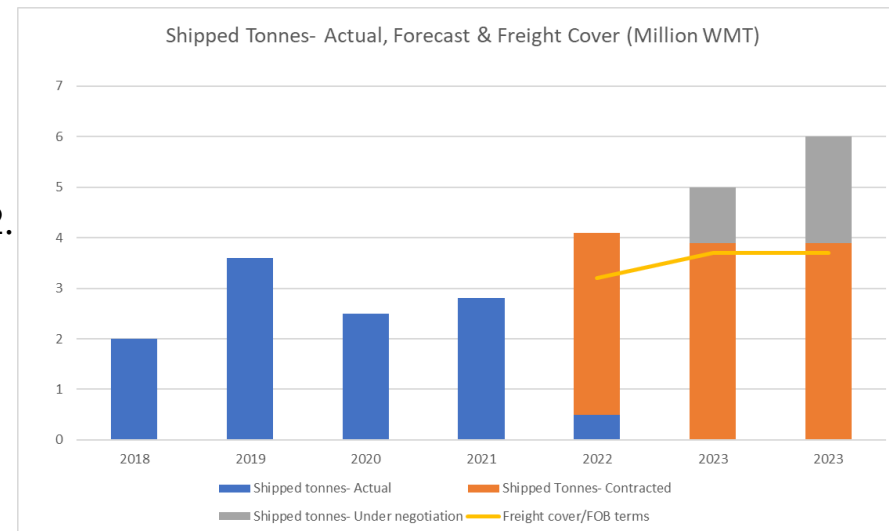
# Metro Mining: Recovery to Resilience

**STRATEGY: De-risk 4 Million WMT/annum scale and then deliver in 2022**

- ✓ **New Board & Management:** Strong bauxite/bulk commodity expertise: Sales, operations, finance, logistics, contracts
  - ✓ ex- Rio Tinto, Glencore, McMahon Contracting, Armour Energy, Cokal
- ✓ **Floating Crane & freight strategy:** Switch all customers to Capesize and execute forward contracting at below spot freight rates
- ✓ **Adjust market positioning:** Negotiated additional offtake with Xinfu, a portion FOB. Extended Xiangsen LOI to 3 years, binding terms for 2022. 3.8 M WMT total sales
- ✓ **Productivity & cost reduction:** Execute quad trailers. Larger floating crane grab. Further \$6 M cost reduction in 2022.
  - ✓ Expect to return to CF positive in June and catch up Q2 tonnage in Q3
- ✓ **Revitalize expansion:** DFS optimized. Completion June 2022. Sales negotiation to underpin rapid investment decision underway. Target investment decision July 2022.
- ✓ **Refinance & Expansion Financing:** Discussing extension of NAIF facility for expansion funding. Commencing refinance process for existing debt.
- ✓ **Identify organic value growth/de-risk options:** 12-month operation/beneficiation scoping study underway and further initiatives, TBA



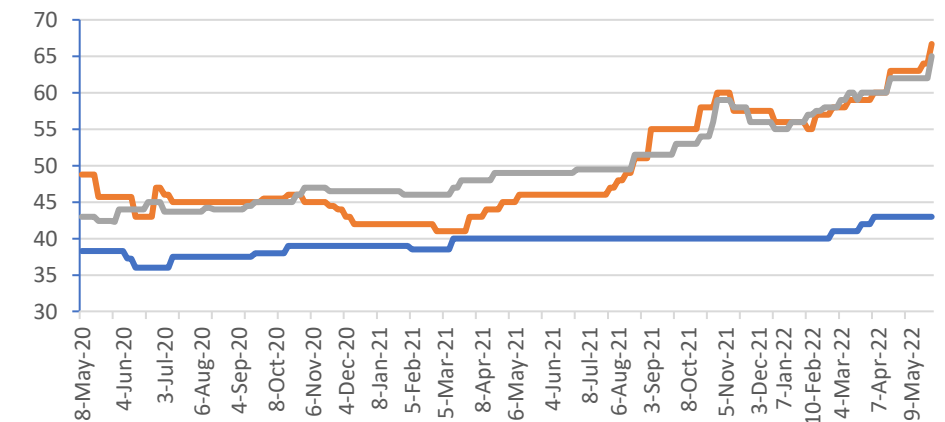
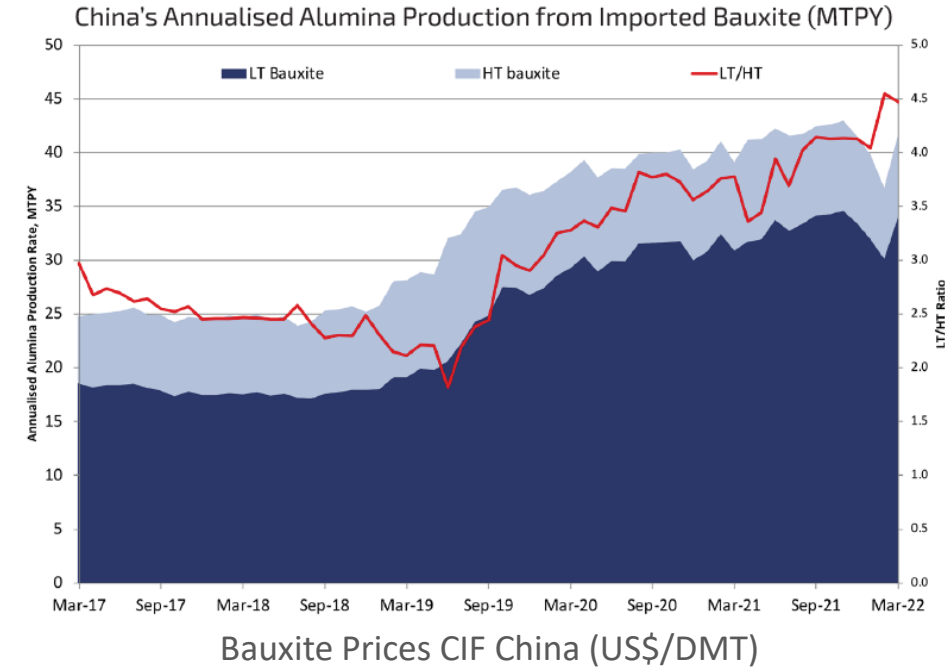
MMI Board undergoing cultural heritage training with Tracey Ludwick and Jaeme Davey, BHM Community Engagement & Development Supt



# Market Update- Tight Bauxite Market, Sales Firm

**STRATEGY:** Balance sales security with contract structure and tenor to optimize risk and price

- ✓ **Record bauxite imports:** March (11.7 Mt), April (11.1 Mt)
  - ✓ New Chinese refineries commissioned
  - ✓ Domestic bauxite & transport impacted by COVID
  - ✓ Indonesia implementing bauxite ban by 2023
  - ❖ Headwind: Aluminium/alumina weakening, RMB exchange rates
- ✓ **Delivered China prices trending upwards:** back to mid-cycle levels
  - ✓ Spot and 2022 forward freight still elevated
  - ❖ Low spot volume from Australia hampers rapid price reaction
- ✓ **Metro sales firm:** On track for 3.8 M WMT as customers confirming deliveries
  - ✓ No apparent impact from COVID, domestic mines more affected
  - ✓ Receiving enquiries for cargos for this year and 2023
- ✓ **Metro prices rising:** through 2<sup>nd</sup> half 2022 as contract structure and markets evolve. In a good position for new volume and price given location.



Graphs: CM Group — Australia HT — Guinea LT — Indonesia LT



# Crane Update: *TSA Skardon* at target capacity

**STRATEGY:** transform 4 Mt delivered cost base; exploit geographical advantage over West Africa

- ✓ **Low risk design:** Damen (NL) barge with Liebherr 35t Crane option studied in 2019 expansion BFS- rapidly procured and commissioned October 2021
- ✓ **Perfect for current scale:** Designed to load 180 kt Capesize at 16 to 18.5 k WMT per day. Annual capacity (Metro operating season) 3.7 to 4.3 WMT/a
- ✓ **Rapid Execution:** Purchase 80% funded by contractor (TSA) with incremental increase to fixed and variable costs of A\$2-3 /WMT
- ✓ **“Game-changer”:** Immediate A\$15 /t relief from 2021 geared Ultraclass freight rates. Significant \$10 to 15 /t benefit remains in 2022 with Ukraine crisis driving up time charter rates and bunker (fuel) costs
- ✓ **Competitive Advantage:** Freight differential with Guinea offsets quality disadvantage. Only Capesize bauxite supplier out of Australia.
- ✓ **100% nameplate capacity:** 16 kt per working day equivalent in May 2022 with demonstrated operating load rates and reduced delays. New \$100 k grab with 10% more capacity fitted in late May- payback weeks!
- ✓ **Freight locked in:** Metro has locked in approx. 80% freight cover for 2022 significantly below current spot and forward



# Operational Update: Recovering from slow start

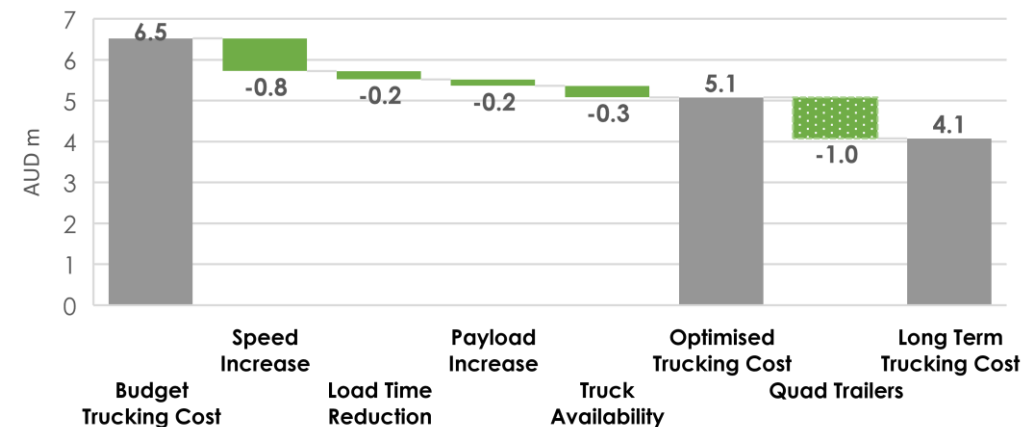
**STRATEGY: Address maintenance debt, drive productivity, increase reliability**

- ✓ **Operations ramping up:** After “Late Wet” season in North Queensland
  - ❖ Pit access and product handling impacted by wet ore
  - ✓ All pits now open and rates improving to plan in May
- ✓ **Screen/barge loading maintenance:** Paying dividends
  - ✓ Wet season screen upgrade: 50% increase with wet ore from Jan/Feb
  - ✓ Conveyor drum and belt replacement program almost complete
- ✓ **Additional hauling equipment procured:** Quad trailer strategy
  - ❖ Despite additional maintenance, current aging fleet decreasing reliability and proved unable to haul quad trailers effectively
  - ✓ Additional prime mover sourced from mining dry hire partner, Blake Machinery Group: 90% availability contract, successfully hauling quad trailers. Positive cost benefit analysis; no additional capex.
  - ✓ 4 further BMG prime-movers arrive end of May
  - ✓ New higher power Scania Fleet ordered and due end of the year



1<sup>st</sup> BMG prime-mover hauling quad trailer

**Trucking Cost Initiatives (A\$M at 4 Mt/a rate)**



# Expansion DFS refresh completes June 2022

**STRATEGY:** Use current floating crane to pivot to rapid, lower capex, lower risk expansion option

3 to 4 Mt/a scale



**Q3 2021**

Self Loading geared  
Ultraclass Vessel (60 kt)

- ✓ Metro expansion DFS refresh due for completion June 2022
- ✓ First floating crane has lowered the hurdle to an expansion above 4 Mt/a if a second Floating crane is procured
- ✓ Metro in discussions with NAIF on preferred expansion option and to extend the sunset clause for infrastructure loan, credit approval and draw down until 31 December 2022.

2 options

Both studied to DFS level



**Current 2022**

1 x Floating Crane  
Capesize Vessel (180 kt)

4 to 6+ Mt/a scale



**2023**

2 x Floating Crane  
Capesize Vessel (180 kt)  
Capex ~A\$ 25 M\*



**2023**

1 x Large Floating Terminal  
Capesize Vessel (180 kt)  
Capex ~A\$ 60 M\*\*

Dual floating crane and Floating Terminal pictures are illustrative

\*Subject to completion of the revised DFS

\*\*Includes termination payment for floating crane.



# Site Expansion Upgrade- Staged, low capex

## Phase 1: 5 Mt/a

- Screen / belt realignment x 2
- Conveyor speed up x 4
- Oversize crush automation

## Phase 2: 6+ Mt/a


- Additional screen & conveyors





# Expansion Economics are Compelling

**STRATEGY: 4 Mt/a now a resilient scale for Metro. Outsized returns available at 6 Mt/a scale**

		2.8Mt	4.0Mt	5.0Mt	6.0Mt
Site Unit Costs		FY 2021	FY 2022	FY 2023	FY 2024
Revenue Range <sup>1</sup> 	AUD/wmt				
Royalties <sup>1</sup>	AUD/wmt				
Ocean Freight <sup>2</sup>	AUD/wmt				
Site Costs	AUD/wmt				
Site Operating Margin <sup>3</sup>	AUD/wmt				
Expansion Funding <sup>4</sup>	AUD m				

		4	5	6	6
		30	15	13	12
		26	22	18	16
		-5	5+	14+	17+
		-	5	20	-

## Notes

Annual site EBITDA/tonne figures, not including corporate costs. All financials for 2023 and 2024 are subject to approval and execution of expansion

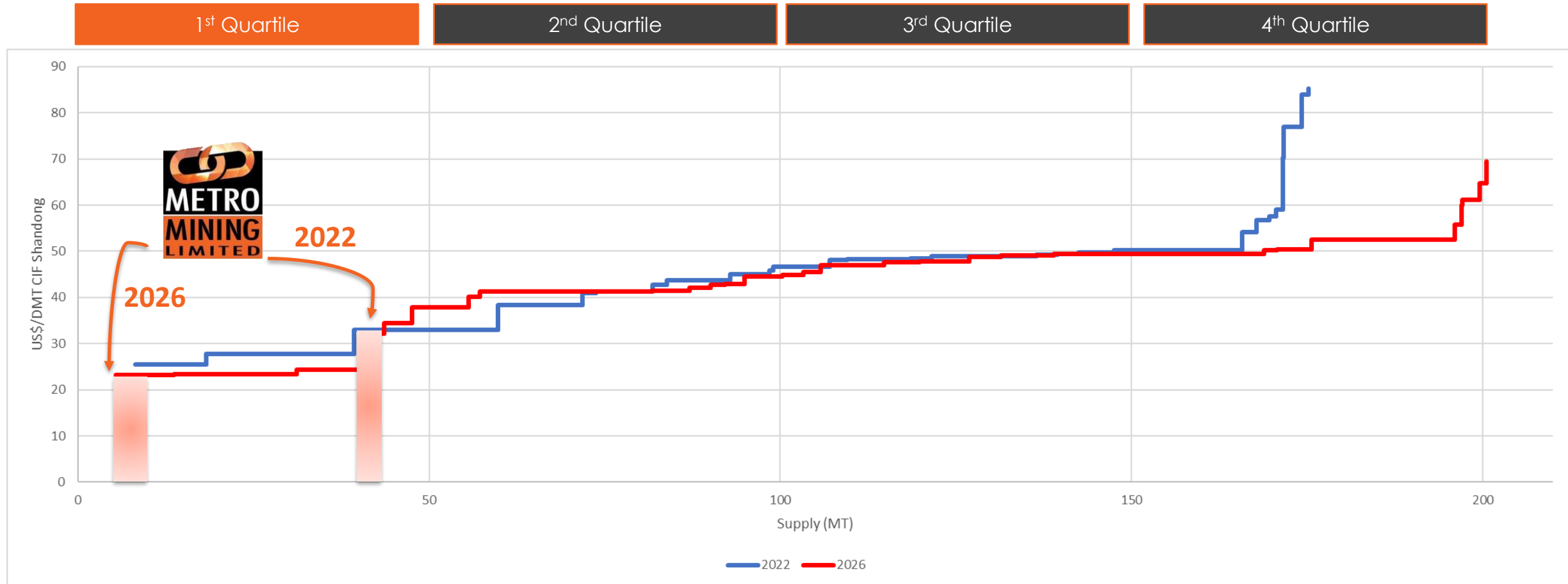
1. Revenue, and royalties, based on combination of booked contracts and 3<sup>rd</sup> party forecast
2. Ocean freight based on combination of booked freight and FFA/forward rates (Braemar)
3. Operating margins are not forecasts but estimates based on the combination of booked and 3<sup>rd</sup> party forecasts
4. Expansion funding amount is subject to completion of the revised DFS in June 2022. Expectation to be predominantly NAIF funded.

# Lowest Global Delivered Cash Cost Positioning



**STRATEGY:** Become worlds lowest cost global quality bauxite supplier into China

Independent consultant, CM Group, places Metro, at 6 Mt/a scale, as No 1 on the 2026 delivered China seaborne cost curve





# Metro significant contributor to Cape York

## STRATEGY: A respectful, sustainable and valued member of the Cape York Community

### ✓ Prioritize and Grow Indigenous Engagement and benefits

- ✓ 30% of Metro's workforce are of Indigenous heritage from Far North QLD region
- ✓ \$2.9 M<sup>2</sup> in benefits to indigenous partners and third parties
- ✓ Indigenous business development prioritized in 2022- target \$0.6 M in new contracts



### ✓ Metro's ripple effect focused on Queensland economy

- ✓ \$12.5 M<sup>2</sup> in state royalty liabilities
- ✓ \$14.2 M<sup>1</sup> in wages, 85% to North Queensland plus \$377 k payroll tax
- ✓ \$47 M<sup>1</sup> annual spend in Queensland, incl. \$22 M<sup>1</sup> in Far North QLD



### ✓ A low impact operator

- ✓ Small foot-print operation; environmental protection a core value
- ✓ De-carbonization pathways being explored as part of ESG initiatives



#### Notes

1. 2021 Actual
2. 2022 Estimates

# Metro Investment Thesis

## High quality operating mine with post COVID recovery underway and pathway to growth

- ✓ 100 Mt reserve, 17-year life bauxite mine. World class Weipa bauxite province. Current capacity ~4 Mt pa
- ✓ Expansion to ~6 Mt/a when additional offtake locked in, projected costs to market lowest in the world
- ✓ Market growth likely as Chinese domestic bauxite production reduces quality / volume.
- ✓ Competitor bauxite environment uncertain: Indonesia exports banned by 2023. Guinea under Military Coup
- ✓ Simple low-cost mining, strip ratio effectively zero, barge / trans-ship to large bulk vessels;
- ✓ Costs and productivity improved under new management
- ✓ Freight costs reduced and de-risked with procurement of new floating crane, freight contracts & FOB sales
- ✓ Capital for expansion: Refreshed DFS due June ~A\$25 Million including ship-loading and site upgrade
- ✓ EBITDA margins recovering: @ 4 Mt pa circa. A\$ 25 M for 2022; @ 6 Mt/a rate circa. A\$ 90 M pa\*
- ✓ Broker price target 0.07 /shr (A\$ 210 M market cap); Broker NPV \$0.14 /shr (A\$ 420 M market cap)\*
- ✓ Deep value proposition given current market cap: approx. A\$ 69 M (@share price \$0.023 /shr)\*\*

\* Source: A. Hines, Shaw & Partners Equity Analysis Report 25/11/21

\*\* 27/05/22





Explore | Define | Mine



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