

## **KEY HIGHLIGHTS**

- **Record Q2 shipments of 1.3 million WMT (27% above budget; 49% up year-on-year)**
- **Site Q2 EBITDA of \$11.4 million (\$9/WMT operating margin)**
- **Bauxite FOB prices +61% year-on-year (+16% vs Q4 2022)**
- **Additional production step up on track to commence in August 2023**
- **2023 sales target remains 4.5 to 5.0 million WMT**
- **FID for 7.0 million WMT p.a. expansion achieved and fully funded**
- **Offshore floating terminal committed and on schedule for end of 2023 commissioning**
- **New screening plant committed for March 2024 commissioning**

Metro Mining Limited (**ASX:MMI**, '**Metro**', the **Company**) is pleased to announce that in the three months to 30 June 2023 ('**Q2 2023**') it delivered record Q2 shipments, generated strong site EBITDA and achieved the Final Investment Decision and full funding of its expansion to 7.0 million Wet Metric Tonnes (WMT) per annum of its Bauxite Hills Mine, 95 km north of Weipa, in Cape York, Queensland.

### **Record productivity**

Metro production and shipping ramped up in April, achieving consistent output and productivity records being established across every part of the supply chain. Capesize vessel turnaround of 11 days (vs 13 days in Q4'22) resulted in shipments of 1.3 million WMT for Q2 2023, 27% above budget. Q2 2023 Site EBITDA of \$11.4 million (\$9/WMT operating margin), all generated in May and June, is starting to benefit from economies of scale, offset somewhat by above budget fuel.

### **Increased bauxite prices**

China alumina production remains strong with prices up slightly as hydro-powered aluminium smelters come back online. Traded bauxite market conditions are firm. Bauxite prices have been increasing as contracts roll-over to reflect shorter term periods. Metro's freight contracts provide stable shipping rates allowing the firm pricing to flow through to Free on Board (FOB) prices (up 61% year-on-year and 16% vs Q4 2022).

### **Expansion project on track**

The expansion project is on schedule. The new mobile fleet is being commissioned and will be fully operational in August. This will supplement expanded fixed plant throughput for loading an additional 200 WMT/month through geared vessels. Metro continues to target 2023 sales of 4.5 to 5.0 Mt. The FID for the proposed 7.0 million WMT per annum expansion was achieved and is fully funded with the conditions precedent met to allow Metro to draw the final A\$15 million tranche of the A\$45 million Nebari facility.

### **Expansion equipment committed and on schedule**

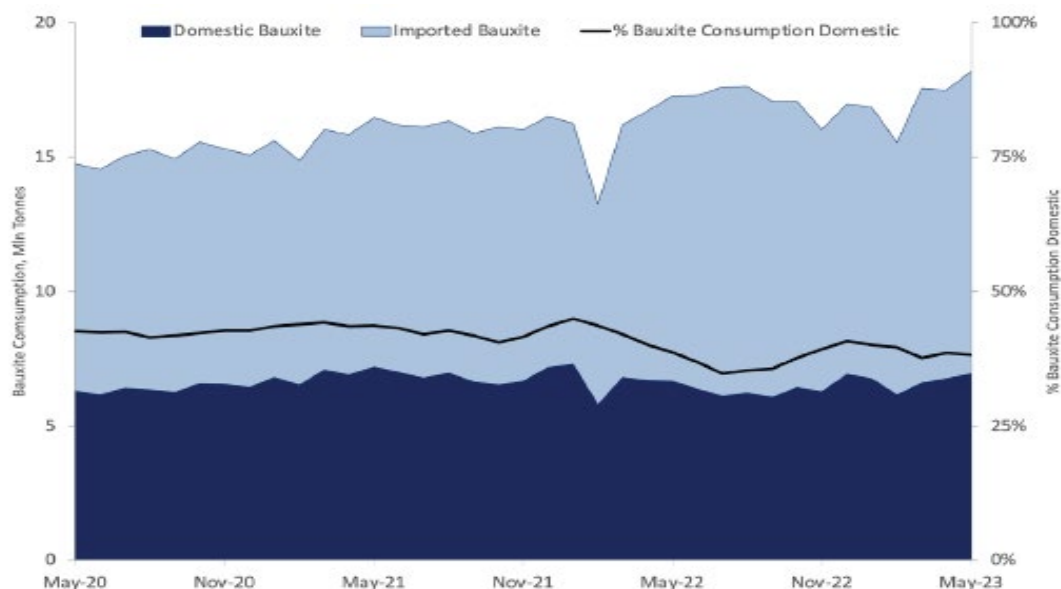
The offshore floating terminal has undergone thorough assessment and is now en-route to a shipyard in China for dry-docking and servicing for delivery in Q4 2023. The contract

for the apron and wobbler feeder has been committed and final detailed engineering is being completed for installation in Q1 2024.

## Bauxite market

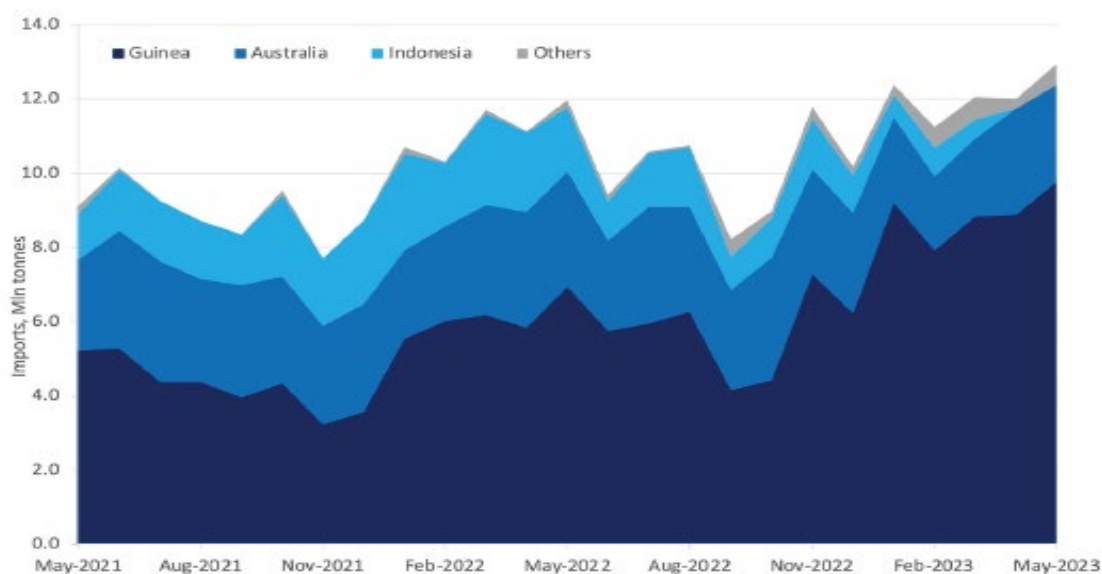
After a record 2022 of 125.7 Mt, first half 2023 bauxite imports to China were 72.5 Mt. At this rate, annual 2023 import demand could reach approx. 140 Mt, 12% up on 2022.

### Bauxite consumption (Mt/month. CM Group)



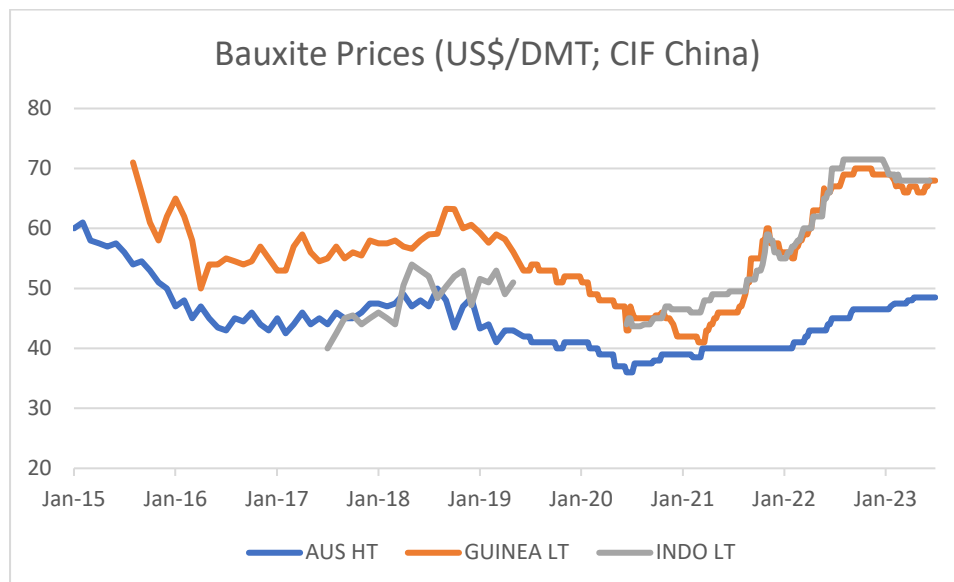
Indonesian export shipments (approx. 20Mt in 2022) ceased during the quarter despite last minute pleas to the Government. Guinea bauxite output has risen initially to partially offset the ban.

### Monthly Bauxite Imports Share by Country (%. CM Group)



Most recent market pricing (CM Group) shows continued firm pricing for Guinea bauxite and average prices rising for Australian high temperature bauxite, as refiners see value vs Guinea and caustic soda prices continue lower. Metro believes that the

delta between these prices can be expected to close towards long run value in use differential of US\$10/DMT as contracts evolve to reflect the market.



## Metro sales

Metro continues to engage with its current and prospective customers through technical and commercial exchanges and has presented at a number of conferences during the quarter. Metro has agreed offtake agreements for up to 5.0 Mt for 2023 and 6.0 Mt for 2024.



Image: Mr Ting at a bauxite and alumina conference in Chengdu, China in April.

## Operational performance

### Production and costs

Production Results (WMT) ('000)	Q2 2023	Q4 2022	Q2 2022
Bauxite Mined	1,325	1,034	915
Bauxite Shipped	1,269	1,161	849
Unit Operating Results (A\$/WMT)			
CIF Pricing <sup>1</sup>	53.8	54.8	45.5
FOB Revenue <sup>2</sup>	41.1	35.3	25.5
<b>Costs</b>			
Site Costs	26.2	31.1	28.1
Royalties	5.9	5.0	3.2
<b>Total</b>	<b>32.1</b>	<b>36.1</b>	<b>31.3</b>
<b>Site EBITDA</b>	<b>9.0</b>	<b>(0.8)</b>	<b>(5.8)</b>

Note 1: Realised pricing (A\$/wmt) for CIF basis sales only.

Note 2: Total realising pricing (A\$/wmt) for FOB and CIF basis sales (total revenue from customers less ocean freight costs, if applicable).

### Safety performance

- There were no High Potential Incidents, Medical Treatment Injuries, or Lost Time Injuries recorded during the quarter.
- RSHQ inspectorate visited the site - no Substandard or directives issued.
- Baseline testing conducted for RSHQ dust and noise monitoring requirements.
- Development of safety leadership training programs to upskill current site leadership team.
- Introduction of online inspections, safe act observations and work area inspections utilising tablets.
- Safety and Health Management system review continued throughout the quarter to ensure compliance and that all hazards and risks are adequately controlled.
- A specialist Scania truck trainer was engaged to improve safety in the operation of our current and new fleet.

### Operations summary

Q2 has been a very positive start to the 2023 Metro Mining Bauxite Hills production season, with a 49% shipped volume improvement year-on-year and 9% improvement vs Q4 2022.

Wet season maintenance activities, the review of the mining methodologies and the ongoing use of specialist contractors has resulted in improved plant and machinery availability figures, as compared with previous quarters.

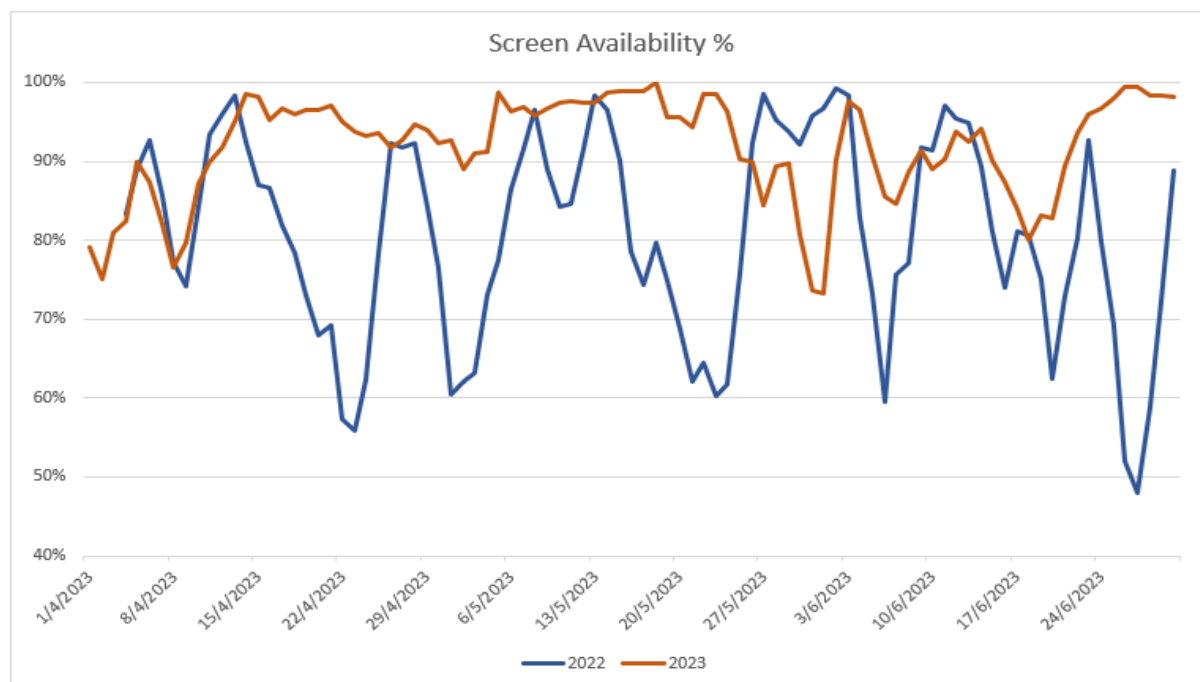


In conjunction with the new Scania prime movers that are being mobilised to site, we initiated the quad trailer configuration trials; with the initial results proving better than envisaged. A specialist Scania trainer has also been engaged to ensure the prime movers and quad trailers are optimized to their full potential which is resulting in improvements in cycle times from Pit to Port.

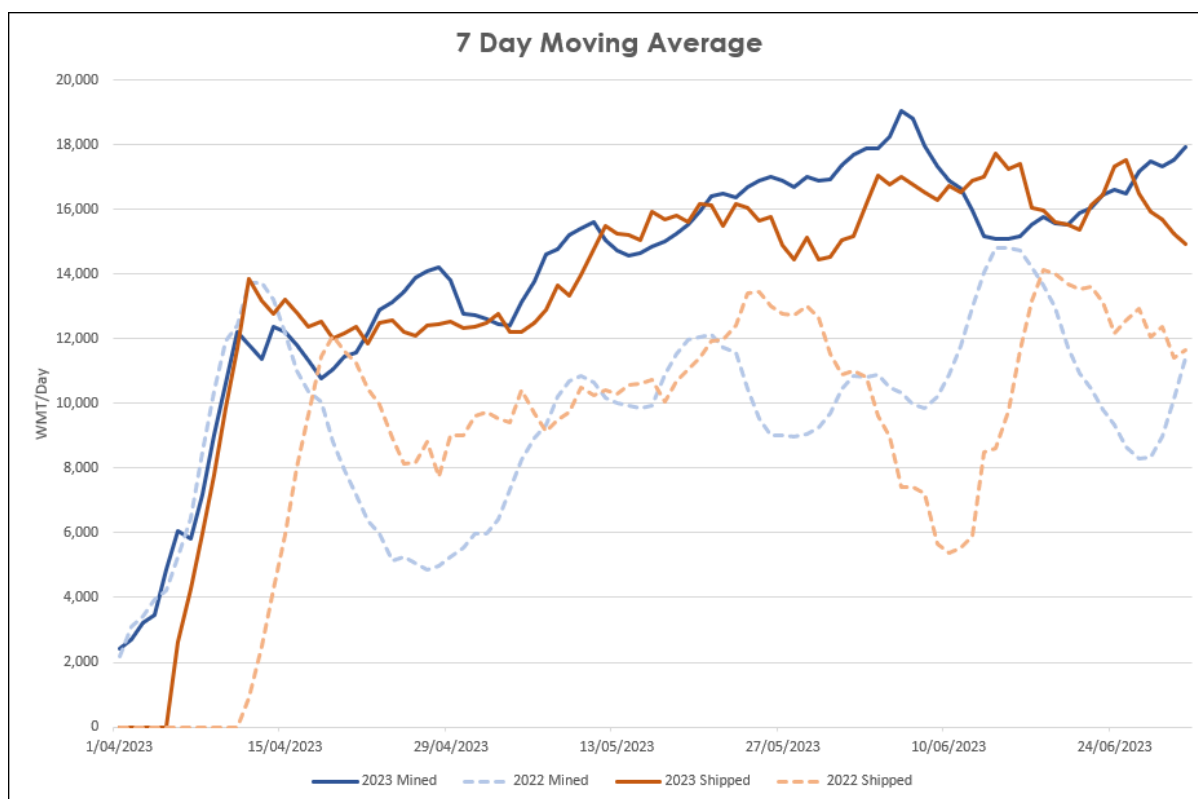
The quad trailer configurations are being rolled out throughout Q3 as the new purpose designed trailers arrive onsite. Once all the

trailers have arrived, there will be six quad trailer configurations in operation with a 230 wet metric ton (WMT) capacity (vs. 175 WMT for triples) for the remainder of the season. This increase in capacity is expected to improve scale economies in operations, reducing unit costs.

The upgrade works undertaken during the wet season on the Barge Loading Facility have achieved greater throughput rates than anticipated. This has led to improved synergy with barge movements and reduced wait times at the floating crane, leading to increased Floating Crane utilisation in comparison to Q2 2022. Further with the maintenance program completed on the existing screens, the graph below shows the substantial increase in screen availability between 2022 and 2023.



As per the 7 day moving average graph below, the ongoing development and the continual improvement in mine site processes has resulted in a significant increase in whole of flow sheet output versus the same period in 2022.



### Mining exploration activities

There were no mining exploration activities undertaken during the quarter.

## Expansion project

- In June 2022 (see ASX announcement dated 29 June 2022 <https://wcsecure.weblink.com.au/pdf/MMI/02536368.pdf>) the Board of Directors approved a Final Investment Decision (FID), subject to financing, to expand the capacity of the Bauxite Hills Mine to 7.0 WMT pa.
- In May 2023 (see ASX announcement dated 17 May 2023 <https://wcsecure.weblink.com.au/pdf/MMI/02666969.pdf>) Metro announced the Board of Directors had made its FID on the expansion, which is fully funded by the loan facility entered into with Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP, with a revised estimated expansion pathway capex of A\$31.9M.

## Acquisition of offshore floating terminal

As announced to the market on 17 May 2023, instead of building a second single floating crane barge (FCB), Metro Mining has procured a larger, existing Offshore Floating Terminal (OFT) in a 50/50 joint venture negotiated with Louis Dreyfus Ports & Logistics. Since its acquisition, the OFT has received an intensive condition assessment, defining the work required to bring the vessel to an operating standard acceptable to Metro Mining and to meet compliance with Australian marine regulatory and biosecurity requirements. It is currently under tow from Guinea to China, where the maintenance and upgrade works will be undertaken. It is expected to complete its passage to China by the end of August.

## Site upgrades

The upgrade to the Barge Loading Facility was completed during the recent wet season shutdown with major redesign of chutes, sample station and conveyor speeds to provide peak capability of 2000 tonnes per hour. Increased reliability and barge loading rates have already resulted in a dramatic 80% improvement over Q4 2022 performance, with chute blockages and disruption to operations is no longer a major issue when loading damp, sticky bauxite. This includes a demonstrated 1633 tph when loading barges over a 24-hr period.

The concept for the expansion of screening capacity has been optimised since the Detailed Feasibility Study with Metro Mining electing to install a new screening plant with a capacity of a 1,500tph, comprising an Apron and a Wobbler Feeder. This will replace one of the existing grizzly and vibrating screen plants, with the second being retained for backup and product blending. It is expected that adopting this alternate screening technology will increase the throughput rate and provide greater resiliency in handling wet product.

Based on the procurement activities completed to date, the new screening plant is expected to be commissioned in March 2024. In the interim, the existing two screening plants will provide sufficient throughput capacity to meet improved rates at the Barge Loading Facility.

In partnership with our major equipment contractor, Blake Machinery Group, four new high-efficiency Scania prime movers and additional supporting trailers have been mobilised to site in Q2, with the remaining two units arriving by August 2023.

## Financing

### Nebari Financing Facility

During the March quarter (see ASX Announcement dated 13 March 2023) the Company announced that it has entered a facility agreement with Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively, Nebari), for a Financing Facility of US\$20M (~A\$30M) with a second tranche of US\$10M (~A\$15M) available subject to meeting certain conditions precedent.

In the June Quarter (see ASX Announcement dated 2 June 2023) the Company announced the drawdown of the second tranche of funding following Nebari's waiving of the conditions precedent.

Proceeds from the Financing Facility allow funding of the expansion of the Company's 100% owned and operating Bauxite Hills Mine in Western Cape York, Queensland.

## Corporate

- Cash position: at the end of the quarter, Metro's cash on hand was \$20.2 million. This compared with the position at the end of March 2023 of \$11.6 million.
- Senior Secured Debt facilities: At the end of the quarter, Metro had one fully drawn US\$ secured debt facility with Nebari Partners LLC totalling US\$30 million (excluding accrued interest).
- Junior Secured Debt facilities: At the end of the quarter, Metro had two fully drawn A\$ secured debt facilities totalling \$35 million (excluding accrued interest).
- Unsecured Bridging facilities: During the quarter, Metro repaid in full the A\$ unsecured bridging facilities totalling \$2.5 million (excluding accrued interest).
- Hedging: At the end of the quarter, Metro had in place A\$/US\$ currency hedges with total notional value of A\$98 million at an average exchange rate of AUD/USD 0.69.

## Environment, Social, Governance (ESG)

Metro recognises an integrated approach to sustainability and ESG will deliver enhanced value to its investors and other stakeholders. During the quarter, our ESG activities included:

- Developing a Reflect Reconciliation Action Plan;
- Commenced the development of a 2024-2026 ESG Roadmap, which included a review of the ESG progress of relevant industry peers, undertaking a materiality survey of relevant external stakeholders and undertaking a review of current and proposed reporting obligations and guidelines;
- The opening of our "yarning circle" at site, which provides a safe and respectful space for all workers to come together to share knowledge and stories;
- Ongoing engagement with the Queensland Department of Environment and Science to review and amend a range of aspects of Metro's Environmental Authorities;
- Submission of our 2022 Modern Slavery Statement.



**Image: Opening of the yarning circle at Bauxite Hills.**

## Tenement Schedule

The following tenements are owned 100% by the Metro Group.

Tenement	Project Name	State
EPM 25879	Southern Cape York	QLD
EPM 26144	Skardon West	QLD
EPM 26198	Skardon Gap West	QLD
EPM 27611	Skardon North West	QLD
MDL 423	Skardon North	QLD
MDL 425	Skardon South	QLD
ML 100130	BH1 Haul Road	QLD
ML 20676	Bauxite Hills 1	QLD
ML 20688	Bauxite Hills 6 East	QLD
ML 20689	Bauxite Hills 6 West	QLD
EPM 15278	Pisolite Hills North	QLD
EPM 15376	Ducie River	QLD
EPM 15984	Port Musgrave	QLD

EPM 16755	Skardon River North	QLD
EPM 16899	Skardon River	QLD
EPM 17499	Eucid	QLD
EPM 18242	Skardon	QLD
EPM 18384	Skardon Channel	QLD
EPM 25878	Northern Cape York	QLD
ML 40069	Skardon Pipeline	QLD
ML 40082	Skardon Buffer	QLD
ML 6025	Skardon River No 1	QLD

The following tenements are owned 100% by the Columboola Joint Venture, of which the Metro Group is a 49% participant.

<b>Tenement</b>	<b>Project Name</b>	<b>State</b>
MDL 3003	Columboola A	QLD
MDL 3038	Columboola B	QLD
EPC 1165	Columboola	QLD

## About Bauxite and Metro Mining

Bauxite is the ore used to make aluminium, a critical and strong growth metal in the energy transition. Metro Mining is an independent bauxite producer and explorer, with its 100% owned Bauxite Hills Mine operating on the Weipa bauxite plateau approximately 95k, North of Weipa, near the coast on the Skardon River. Metro Mining produces a high alumina bauxite, shipping direct to customers in very large ore carriers. Metro Mining recognises and has productive agreements with the traditional owners of the land on which it operates and is proud of its high percentage of indigenous employees and the economic impact it has in Cape York and Far North Queensland.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

#### Name of entity

**METRO MINING LIMITED**

#### ABN

**45 117 763 443**

#### Quarter ended ("current quarter")

**30 June 2023**

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers (Refer: Note A)	57,674	60,459
1.2 Payments for		
1. exploration & evaluation	-	-
2. development	-	-
3. production	(35,827)	(57,207)
4. staff costs (Refer: Note B)	(5,127)	(8,125)
5. administration and corporate costs	(992)	(2,291)
1.3 Dividends received	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid (Refer to Item 3.9)	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	112	132
<b>1.9 Net cash from / (used in) operating activities</b>	<b>15,842</b>	<b>(7,029)</b>

**Note A:** 'Receipts from customers' is only cash received and excludes amounts outstanding under letters of credit.

**Note B:** 'Staff costs' include both corporate and operational staff.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
1. entities	-	-
2. tenements	-	-
3. property, plant and equipment	(5,720)	(7,818)
4. exploration & evaluation	-	-
5. investments	-	-
6. other non-current assets	-	-
2.2 Proceeds from the disposal of:		
1. entities	-	-
2. tenements	-	-

3.	property, plant and equipment	-	-
4.	investments	-	-
5.	other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
	- Release of / (payment for) Financial Assurance	(1,373)	(2,185)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7,093)</b>	<b>(10,003)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	17,009	44,192
3.6	Repayment of borrowings	(2,500)	(2,500)
3.7	Transaction costs related to loans and borrowings	(2,245)	(3,100)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Interest Paid	(1,587)	(2,355)
	- Principal Elements of Lease Payments	(6,133)	(5,732)
	- Other (Refer: Note C)	(5,063)	(5,063)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(519)</b>	<b>25,442</b>

**Note C:** 'Other' represents bank guarantees provided.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	11,561	11,746
4.2	Net cash from / (used in) operating activities (item 1.9 above)	15,842	(7,029)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,093)	(10,003)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(519)	25,442
4.5	Effect of movement in exchange rates on cash held	398	31
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>20,187</b>	<b>20,187</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	20,187	11,561

5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted cash)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20,187</b>	<b>11,561</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Refer: Note D)	26
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

**Note D:** Relates to payment of directors' fees

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	80,249	80,249
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>80,249</b>	<b>80,249</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<ol style="list-style-type: none"> <li>1. Ingatatus AG Pty Ltd. \$20M. 12%. 1 December 2024. Secured.</li> <li>2. Ingatatus AG Pty Ltd. \$7.5M. 12%. 1 December 2024. Secured.</li> <li>3. Lambhill Pty Ltd. \$7.5M. 12%, 1 August 2025. Secured.</li> <li>4. Nebari Partners LLC US\$20M, SOFR +9%, 13 March 2027, Secured</li> </ol>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	15,842
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	15,842
8.4	Cash and cash equivalents at quarter end (item 4.6)	20,187

8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	20,187
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>N/A</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 July 2023

Authorised by: BY THE BOARD

(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in

accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.