

# Metro Mining Limited

## Quarterly Activities Report

### January – March 2024



#### KEY HIGHLIGHTS

- **Bauxite market robust: Australian prices continue rising, up 39% since January 2022**
- **Production commenced 7 days earlier than 2023 resulting in record YTD shipments of 401,011 Wet Metric Tonnes (WMT)**
- **Floating terminal, Ikamba, operational, providing pathway to 7 million WMT p.a. capacity**
- **Production and shipment guidance for 2024 is 6.3 to 6.8 million WMT**
- **2024 underpinned by contracted offtake; up to 20%<sup>1</sup> increase in Q2 MMI FOB price**
- **End of April, pro-forma balance sheet reflects exercise of warrants (\$3.4M) and gross proceeds from April shipments (\$16.2M)**

Metro Mining Limited (ASX: MMI) ('Metro', the 'Company') is pleased to deliver its Q1 2024 operational update.

In addition to the usual maintenance and planning during the Q1 wet season shutdown, Metro progressed its planned major expansion works including the apron/wobbler feeder and offshore floating terminal (OFT) Ikamba. Ikamba is now operational and the wobbler circuit is in the final stages of commissioning, underpinning the 7 million tonnes per annum capacity for 2024. Having commenced operations on 27 March 2024, 7 days earlier than 2023, year to date<sup>2</sup> production and shipping are at record levels of 431,040 and 401,011 WMT respectively, and shipment guidance for 2024 remains at 6.3 to 6.8 million WMT.

The bauxite market continues to be strong and following a visit by the CEO to China in March, negotiations were concluded on contract volume and prices for Q2 2024. Offtake is fully committed for 2024 with three main customers. Metro's FOB price for Q2 2024 will be up to 20% higher than Q4 2023 before demurrage and penalties, due to negotiated outcomes and contract mix.

In January, following the impact of Tropical Cyclone Jasper, Metro strengthened its balance sheet with a royalty (including a buyback option) and working capital facility totalling approximately \$20 million. Further, in early April, the senior and junior lenders (Nebari Natural Resources Credit Fund ('Nebari'), Lambhill Pty Ltd ('Lambhill') and Inगतatus AG Pty Ltd ('Inगतatus') elected to exercise their Tranche 1 Subscription Warrants (issued in March 2023) resulting in proceeds of \$3.4 million being received by the Company in mid-April.

MMI's pro forma cash balance following the exercise of warrants by Nebari, Lambhill and Inगतatus and shipment of two cape-sized vessels was \$11 million (excludes trade receivables of A\$2.9 million).

**Simon Wensley, CEO & MD of Metro Mining said:** "Despite very challenging weather, it was excellent to see a safe and productive off-season maintenance and project expansion program executed during the quarter, leading to an earlier production commencement than 2023 and the operation of OFT Ikamba by the date of this release. Well done to the Metro and contractor teams. We are also grateful for the continued support of our lenders and investors, enabling the Company to successfully position the operations to produce and ship between 6.3 to 6.8 million WMT in 2024, as previously guided."

1. Projected FOB price equivalent vs Q4'23 before demurrage and penalties
2. 29 April 2024

## Expansion Project

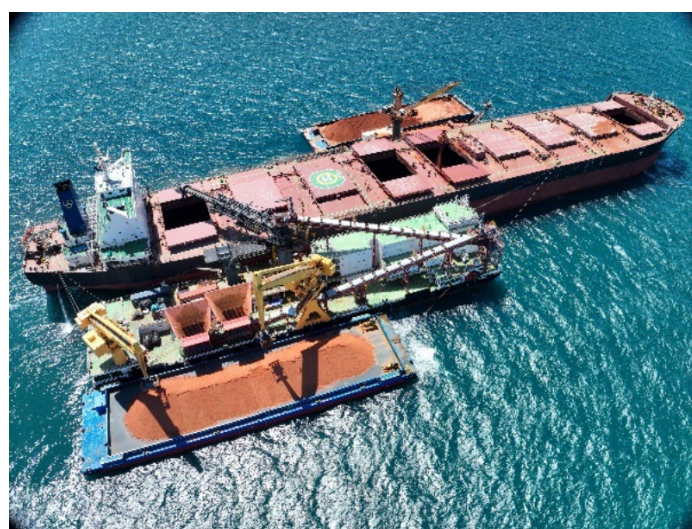
### **Ikamba completes preparations and becomes operational**

During the quarter, the Offshore Floating Terminal (OFT), Ikamba, departed Shenzhen, China and mobilised to Weipa, following a short stopover in Darwin for biosecurity and regulatory compliance inspections and clearance. During this time further minor maintenance tasks were undertaken, including works arising from the AMSA inspection and pre-production vessel checks and surveys in Weipa. Concurrently, preparation for operations continued including crew onboarding, training and finalisation of ship operating and management systems. By the end of the quarter, the Ikamba had obtained all regulatory, Class and Flag approvals enabling it to operate in Australia.



*Ikamba at anchor in Weipa*

On 25 April, Ikamba was towed by TSA Neptune to the Skardon River. Final operational preparations were made and it commenced operations on 28 April.



*Ikamba alongside Capesize Vessel "Jewel"; bauxite ore being loaded*

The Ikamba cargo handling system has a nameplate capacity of up to 3,000 tonnes per hour with expected operational throughput of 2,000 WMT per hour. It comprises two heavy-duty

electric cranes of 34 tonne safe working load and 35 metres outreach, from E-Crane, a conveyor system from MacGregor, and a ship loading boom able to cover up to 3 holds of vessels up to Newcastlemax size (220,000 WMT).

Thus as part of the expansion project, Metro's transshipping capacity has increased significantly relative to 2023 as Ikamba will be operating alongside the existing single floating crane barge, TSA Skardon, to load Capesize vessels. Also, during the wet season, two further large 90 metre barges arrived, increasing the large barge fleet to six. An additional tug has arrived with one further tow tug scheduled during Q2 2024.

### **Wobbler Screening Circuit construction complete**

Construction of the wobbler screening plant has been undertaken with a strong focus on safety and environmental compliance by Metro and the contractor, with no injuries or incidents recorded to the end of Q1 2024.

Progress on site and the deliveries of construction equipment and materials were disrupted by Tropical Cyclones Jasper and Kirrily and their after-effects, delaying completion by 4 weeks. Plant construction is now complete, with electrical connections and testing underway and progressive commissioning in the second week of May 2024. Screening is currently being maintained with the existing screen circuit and a mobile scalping unit at sufficient rates to meet plan.



*Apron and Wobbler Feeder Station*

The wobbler screening system is capable of a throughput rate of up to 1,750 tonnes per hour (tph), providing a significantly higher proportion of ore passing directly from screens to barge, reducing the cost of double handling of ore from stockpiles. The new screening circuit will be fed by Caterpillar 988K loaders until mid-2024 when much larger Caterpillar 992K loaders will be introduced.

Direct barge loading will be supplemented with pre-screened ore from stockpiles, providing an upside throughput capability of 1,900-2,000 tph. The increased average barge loading rates will significantly shorten barge loading durations, resulting in faster turnaround time for the six 90 metre barges.

With the aim of de-risking the barge loading system, the barge stacker and associated pontoon has had several critical components replaced or refurbished during the shutdown.

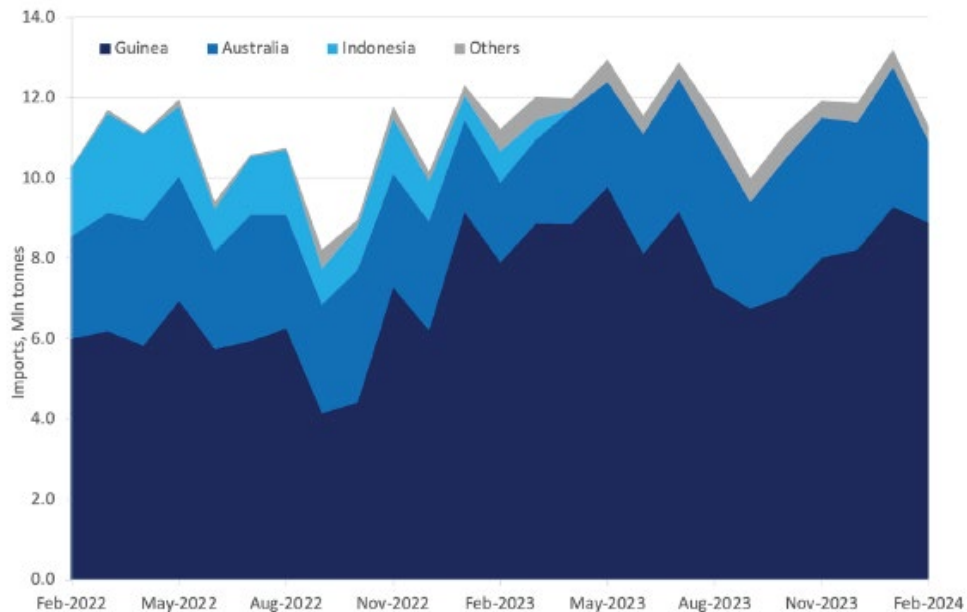
### **Forecast Expansion Project Capital Spend**

The forecast cost at completion remains unchanged at A\$36.1 million.

## Bauxite market

Traded bauxite demand continues to be strong into 2024. Imports to China of 142 million tonnes in CY 2023 were a record and 13% above CY 2022 as demand continues to grow and domestic supply is constrained. Chinese Alumina prices also rose approximately 7% during the quarter and have continued to rise in January.

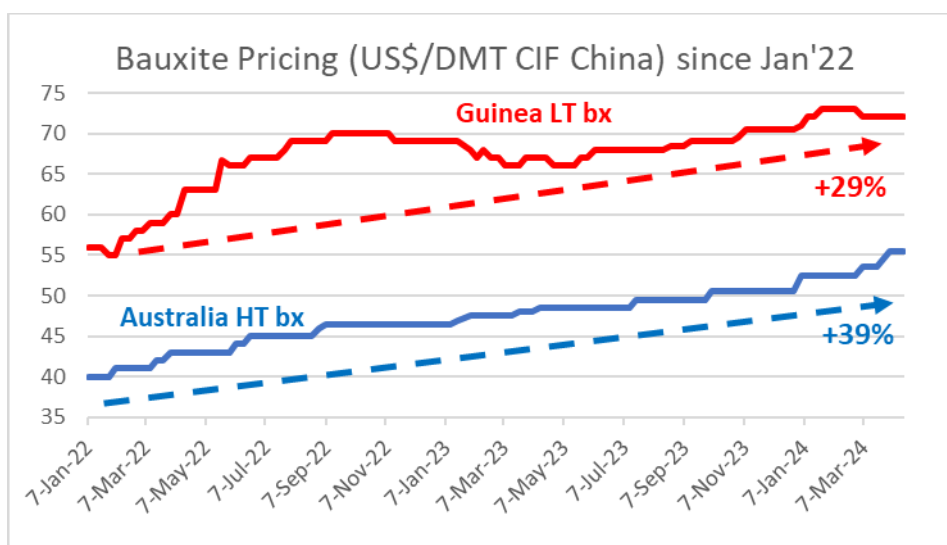
### China Bauxite Imports by Source (Mt/month, CM Group)



Most recent average market pricing (CM Group) shows continued firm pricing for Guinea bauxite at US\$72 /DMT, up 31% over the last 2 years, and prices for Australian high temperature bauxite at US\$53 /DMT, up 29% over the last 2 years.

Approx 80,000 WMT was shipped during the quarter, at the beginning of January and the end of March, at an average CIF price of A\$ 60.20 /WMT equivalent.

### Bauxite prices (US\$/DMT CIF China: CM Group)





## Operational performance

### Operations summary

The 2023 season concluded on 4 January 2024 with the loading of the final geared ship completed.

The Q1 wet season shutdown is the period in which operational workers take leave, with a reduced crew remaining on-site to complete maintenance activities and long-term mine planning as well as regulatory activities such as environmental monitoring.

Site contractors BMG and TSA have also used this period for annual maintenance and preparatory activities for the coming production season.

The 2024 production season commenced on 27 March, with 40,000 WMT loaded by the end of the quarter. Due to weather delays associated with the plant upgrade, screening was completed at a reduced throughput using Screen 1 and a supplementary mobile screening plant.

Monsoonal conditions persisted during March and have continued well into April, impacting production rates, however not to an extent to adjust the guidance previously announced to the market for 2024.

### Safety performance

Metro's site safety statistics for the quarter were as follows:

Safety statistic	Q1 2024
Serious Accident	0
High Potential Incident	0
Lost Time Injuries	0
Medical Treatment Injuries	0
First Aid Injuries	4

The focus for the Health and Safety Team during the wet season was aimed at maintaining the momentum of the site's improved safety culture and ensuring that it is embedded moving into the 2024 season. Safety element targets for the year, and department safety business plans have been created and communicated during a site leadership workshop held in March.

Q1 saw the completion of further safety leadership training, with leaders onsite completing Module 2 of the Sentis Safety Leadership Program.

### Mining exploration activities

There were no mining exploration activities undertaken during the quarter.

## Corporate

Following Tropical Cyclone Jasper, a A\$20 million financing package was negotiated with Nebari Natural Resources Credit Fund (Nebari) and Lambhill Pty Ltd (Lambhill) in order to fund the completion of the expansion and planned wet season maintenance activities (refer to the ASX Announcement on 30 January 2024 for further information <https://wcsecure.weblink.com.au/pdf/MMI/02766755.pdf>). It is made up of:

- US\$10.2 million (approx. A\$15.5 million) from Nebari for a 1% royalty which Metro has the option to repurchase before March 2025; and
- A A\$4 million unsecured facility from Lambhill Pty Ltd drawn down in two tranches of A\$2 million and repayable in July and August 2024, respectively.

Metro's financial position at the end of the quarter was as follows:

- Cash and trade receivables position was A\$2.8 million and A\$2.9 million, respectively.
- Senior Secured Debt facilities: One fully drawn US\$ secured debt facility totalling US\$30 million.
- Junior Secured Debt facilities: Two fully drawn A\$ secured debt facilities totalling A\$35 million.
- Junior Unsecured Debt facility: One fully drawn A\$ unsecured debt facility totalling A\$4 million.
- Hedging: Metro had in place A\$/US\$ currency hedges with total notional value of A\$139 million at an average exchange rate of AUD/USD 0.68.

Subsequent to the end of the quarter, Nebari, Lambhill and Inगतatus elected to exercise the remaining 60% of their Tranche 1 Subscription Warrants at a strike price of \$0.012, providing the Company with additional funds of A\$3.4M.

## Environment, Social, Governance (ESG)

During the quarter our ESG activities included:

- Continuing the removal from site of waste associated with the historical kaolin operations. Metro anticipates having the removal of the remaining kaolin mining related waste removed from site during 2024.
- Meeting with the representatives of the Seven Rivers Aboriginal Corporation and Old Mapoon Aboriginal Corporation as part of recommencing the Bauxite Hills Mine Liaison Committee. The Committee meets three times a year to discuss operational, environmental and community related matters (see photo below).
- Drafting and finalising our 2023 Sustainability Report (for inclusion in our Annual Report).
- Continuing the preparation of Metro's Sustainability Roadmap (three-year action plan).

Metro received two warning notices during the quarter in response to not emptying its bauxite stockpile before 1 January 2024 and the second for hosing a small volume of bauxite into the Skardon River.



Metro and partners meet: L to R: J.Tabuai (OMAC), J.Davey (MMI), S.Woosup (SRAC), M.Imber (MMI), G.Mamoose (OMAC)

## Tenement Schedule

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

During the quarter Metro elected to not renew EPM15984.

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 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.

Tenement	Project Name	State
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 high 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.

## **Forward-Looking Statements**

This report may contain 'forward looking statements' concerning the financial conditions, results of operations and business of the Company. All statements other than statements of fact are or may be deemed to be 'forward looking statements'. Often, but not always, 'forward looking statements' can be identified by the use of forward looking words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'continue', 'outlook', and 'guidance' or other similar words, and may include, without limitation, statements regarding plans, strategies and objectives of management, future or anticipated production or construction commencement date and expected costs, resources and reserves, exploration results or production outputs. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions, but known and unknown risks and uncertainties could cause the actual results, performance or events to differ materially from those expressed or implied in these statements. These risks include, but are not limited to, price fluctuations, actual demand, currency fluctuations, drilling and production results, resource and reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. Metro does not give any representation, assurance or guarantee that the occurrence of these events expressed or implied in any forward-looking statements in this report will actually occur and does not make any representation or warrant, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates or forecasts contained in this report.

## 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")

**31 March 2024**

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers (Refer: Note A)	9,628	9,628
1.2 Payments for		
1. exploration & evaluation	-	-
2. development	-	-
3. production	(22,222)	(22,222)
4. staff costs (Refer: Note B)	(3,233)	(3,233)
5. administration and corporate costs	(2,112)	(2,112)
1.3 Dividends received	-	-
1.4 Interest received	-	-
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(17,939)</b>	<b>(17,939)</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	(5,704)	(5,704)
4. exploration & evaluation	-	-
5. investments in joint venture	(3,032)	(3,032)
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	(900)	(900)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9,636)</b>	<b>(9,636)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,280	2,280
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	19,618	19,618
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(141)	(141)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Interest Paid	(2,286)	(2,268)
	- Principal Elements of Lease Payments	(1,100)	(1,100)
	- Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>18,371</b>	<b>18,371</b>

<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	12,070	12,070
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(17,939)	(17,939)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9,636)	(9,636)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	18,371	18,371
4.5	Effect of movement in exchange rates on cash held	(91)	(91)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,775</b>	<b>2,775</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	2,775	12,070
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>	2,775	12,070
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<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)	99	
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:** Payments to the The Cravern Group for consulting services performed in the current quarter. The Cravern Group is a related party to non-executive director, Douglas Ritchie.

<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	103,681	103,681
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>103,681</b>	<b>103,681</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. A\$20M. 12%. 1 December 2024. Secured.</li> <li>2. Ingatatus AG Pty Ltd. A\$7.5M. 12%. 1 December 2024. Secured.</li> <li>3. Lambhill Pty Ltd. A\$7.5M. 12%, 1 August 2025. Secured.</li> <li>4. Nebari Partners LLC US\$35M, SOFR + 9%, 13 March 2027. Secured</li> <li>5. Lambhill Pty Ltd A\$4M. 18%, 12 August 2024. Unsecured</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)	(17,939)
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)	(17,939)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,775
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,775

8.7 **Estimated quarters of funding available (item 8.6 divided by item 8.3)** **0.15**

*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.*

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: The current quarter is impacted by the annual wet season shutdown. The minimal receipts from customers during this period is not representative of normal operations, which recommenced on 27 March 2024. Subsequent to 31 March 2023, the entity has receipted proceeds of \$3,420,458 from the exercise of subscription warrants and receipted gross sales proceeds of \$16,238,857 from April shipments to date.

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; refer to section 8.8.1.

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: Yes, the entity recommenced normal operations on 27 March 2024.

*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.*

### 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: 30 April 2024

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.