



Supplementary prospectus

Metro Mining Limited

Important information

This supplementary prospectus (**Supplementary Prospectus**) is dated 11 November 2016 and is intended to supplement and amend the information contained in the prospectus of Metro Mining Limited ACN 117 763 443 (**Metro**) dated 28 October 2016 (**Prospectus**). Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus was lodged with ASIC and ASX on 11 November 2016. Neither ASIC nor the ASX take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both are available at www.metromining.com.au/investor-media-centre/announcements.

The Prospectus and this Supplementary Prospectus are important and should both be read in their entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents of these documents.

This Supplementary Prospectus contains particular changes to the Prospectus. Other than the changes set out below, all other information in the Prospectus remains unchanged.

1 Changes to the number of New Metro Shares to be issued

1.1 Summary offer details

The number of Gulf Shares and Gulf Options on issue has changed since the date on which Gulf's Annual Report was lodged with ASIC. These changes have an effect on the number of New Metro Shares which may be issued in connection with the Offer.

The table in section 1.1 of the Prospectus is deleted in full and replaced with the following:

Terms of offer	Details
Offer Consideration per Gulf Share	\$0.50 cash and one New Metro Share per Gulf Share
New Metro Shares offered under this Prospectus	Up to 55,214,321 [#]
Total number of Metro Shares on issue following the Offer	Up to 581,927,349 [#]



Assumes Metro acquires 100% of Gulf, all Gulf Shareholders elect to receive Cash and Scrip Consideration and all Gulf Options on issue at the date of the Offer are exercised and the holders accept the Offer and elect to receive Cash and Scrip Consideration.

2 Increased loan to Gulf

On 27 October 2016, Moly announced that it had entered into an agreement with Gulf to increase Moly's commitment under its existing loan agreement from \$1.9 million to \$2.9 million.

Subsequent to the lodgment of the Prospectus on 28 October 2016, Metro determined to match this commitment.

The Pro Forma Statement of Financial position has therefore been updated to reflect the effect of the increased loan to Gulf (on the assumption that it has been fully drawn down) and the increase in the drawdown on the Bridging Loan Facility Agreement. Section 8.3 of the Prospectus has also been amended to reflect these changes.

2.1 Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position and notes in section 4.3 of the Prospectus from the subheading '*Pro Forma Statement of Financial Position*' is deleted in full and replaced with the following:

Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position of the Merged Group as at 30 June 2016 is set out below.

Scenario 1 has been prepared on the assumption that all Gulf Shareholders who accept the Offer elect to receive the Cash Consideration.

Scenario 2 has been prepared on the assumption that all Gulf Shareholders who accept the Offer elect to receive the Cash and Scrip Consideration.

Each scenario includes a '51%' and a '100%' alternative, which assumes that Metro holds 51% and 100% of all Gulf Shares respectively.

Pro Forma Statement of Financial Position As at 30 June 2016

	Extracted from 2016 Annual Reports		Scenario 1 – 100% Cash Consideration		Scenario 2 – 100% Cash & Scrip Consideration	
	Metro Mining Limited consolidated entity*	Gulf Alumina Limited Consolidated entity*	Combined Company Pro Forma* (51%)	Combined Company Pro Forma* (100%)	Combined Company Pro Forma* (51%)	Combined Company Pro Forma* (100%)
Assets						
Current assets						
Cash and cash equivalents	2,684,309	317,650	11,177,754	11,177,754	11,177,754	11,177,754
Trade and other receivables	361,205	90,117	451,322	451,322	451,322	451,322
Other assets	6,161	39,306	45,467	45,467	45,467	45,467
Total current assets	3,051,675	447,073	11,674,543	11,674,543	11,674,543	11,674,543
Non-current assets						
Property, plant and equipment	10,344	187,030	197,374	197,374	197,374	197,374
Available for sale investments	3,975,733	-	-	-	-	-
Exploration and evaluation assets	10,586,825	11,567,209	65,023,072	65,023,072	65,023,072	65,023,072
Goodwill						
Other assets	7,560	757,700	765,260	765,260	765,260	765,260
Total non-current assets	14,580,462	12,511,939	65,985,706	65,985,706	66,193,660	67,064,578
Total assets	17,632,137	12,959,012	77,660,249	77,660,249	77,868,203	78,739,121
Liabilities						
Current liabilities						
Trade and other payables	1,115,388	656,033	4,734,819	6,254,103	4,734,819	6,254,104
Employee benefits	85,848	-	85,848	85,848	85,848	85,848
Interest bearing liabilities	-	364,833	17,894,195	44,290,951	16,854,425	38,896,591
Total current liabilities	1,201,236	1,020,866	22,714,862	50,630,902	21,675,092	45,236,543
Total liabilities	1,201,236	1,020,866	22,714,862	50,630,902	21,675,092	45,236,543
Net assets	16,430,901	11,938,146	54,945,387	27,029,347	56,193,111	33,502,578
Equity						
Contributed equity	56,105,993	10,342,766	64,488,289	64,488,289	65,736,012	70,961,520
Reserves	3,734,767	494,396	3,734,767	3,734,767	3,734,767	3,734,767
Accumulated profit (losses)	(43,409,859)	1,100,984	(39,674,425)	(41,193,709)	(39,674,425)	(41,193,709)
Non-controlling interests	-	-	26,396,756	-	26,396,757	-
Total equity	16,430,901	11,938,146	54,945,387	27,029,347	56,193,111	33,502,578



Prior to adjustments

*** After adjustment**

Notes:

- (a) The actual Statement of Financial Position of the Merged Group will be different from the Pro Forma Statement of Financial Position above. Consolidation adjustments that will be necessary to comply with AASB 3 'Business Combinations' have not yet been determined.
- (b) The consolidated Pro Forma Statement of Financial Position has been prepared from the Statements of Financial Position of Metro and Gulf as at 30 June 2016.
- (c) Adjustments have been made to the 'Combined Company Pro Forma (after adjustment)' columns in respect of the following:
 - (i) Metro raised \$8.9 million through a placement with Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Metro Holdings LP (**Greenstone**) in the third quarter of 2016. Metro's cash was increased by \$8.3 million after allowing for \$0.6 million in fund raising costs.
 - (ii) Metro acquired a further 17% interest in Gulf in the third quarter of 2016. The cost of the acquisition was \$8.7 million and this was funded through an unsecured loan of \$8.5 million, repayable within 6 months.
 - (iii) Metro has adjusted its cash position and accumulated losses for its expenditures in the third quarter of 2016.
 - (iv) Gulf's cash position and current interest bearing liabilities have been increased by \$2.9 million, reflecting the short term loan from Moly Mines Limited (**Moly**) (referred to in Moly's announcement to the market dated 22 September 2016).
- (d) No other adjustment has been made for Gulf post 30 June 2016 in respect of other changes including the following:
 - (i) expenditure and other income post 30 June 2016 has not been accounted for in the Pro Forma Statement of Financial Position; or
 - (ii) other changes that Metro is not aware of.
- (e) The cash balance of the Merged Group would be less than the amount stated in the Pro Forma Statement of Financial Position due to expenditure undertaken post 30 June 2016.
- (f) The Payables includes an estimate of stamp duty payable to the Queensland Government as well as transaction and other costs expected if the Offer is successful.
- (g) As set out in section 5.10 of the Offer Booklet and section 5.7 of this Prospectus, stamp duty may be payable and has been included in the Pro Forma Statement of Financial Position. The stamp duty liability is based on the estimated market value of Gulf's landholdings being \$52,950,568. Please note these values are estimations only. At or around the date of the transaction an independent valuation will be obtained for duty purposes. As the assumption of an AASB 3 'Business Combinations' has been made, the stamp duty has been expensed and is shown in accumulated profit (losses).
- (h) Goodwill has been calculated based on the number of New Metro Shares issued multiplied by the difference between the value of the Cash Consideration (being \$0.60 per Gulf share) and the value of the Cash and Scrip Consideration (calculated as \$0.62, based on the closing price of Metro shares on the Offer Date, being 28 October 2016).

2.2 Bridging Loan Facility Agreement

Subparagraph (b) of section 8.3 of the Prospectus is deleted in full and replaced with the following:

"the repayment of the \$2.9 million loan from Moly to Gulf, which Metro will make available to Gulf upon satisfaction of the Minimum Acceptance Condition; and"

3 Additional amendments

The following information has been amended to update the number of Metro Shares held by Substantial Shareholders which has changed subsequent to the lodgment of the Prospectus, as well as to clarify that the Offer Booklet is incorporated by reference into the Prospectus under section 712 Corporations Act. Some other minor amendments have been made to correct for minor typographical errors.

3.1 Continuous reporting and disclosure obligations

The last paragraph on page 39 of the Prospectus is deleted in full and replaced with the following:

"The Directors rely upon section 712(3) of the Corporations Act with the inclusion by reference of the Offer Booklet. The Offer Booklet contains important information regarding the effect on Metro of the Offer and of the issue of New Metro Shares, including information about:

- (a) the potential benefits to Gulf Shareholders of accepting the Offer;*
- (b) the terms of the Offer;*
- (c) Metro's intentions if it receives acceptances for 90% of Gulf Shares not already held by Metro; and*
- (d) information regarding Gulf.*

The Offer Booklet was lodged with ASIC on 28 October 2016."

3.2 Substantial Shareholders

The Table in section 9.7 of the Prospectus is deleted in full and replaced with the following:

Shareholder	Existing Metro Shares	Interest (%)
Greenstone Management (Delaware) II LLC as general partner of Greenstone Metro Holdings LP	105,250,000	19.98%
Balanced Property Pty Ltd as trustee for the Balanced Property Trust*	72,394,181	13.74%
Dadi Engineering Development (Group) Co. Ltd. and its related entities*	62,263,295	11.82%
Joyday Pty Ltd and Equity & Permanent Investment Capital Ltd	45,621,040	8.66%

** Based on Metro Shares held by the entity or entities known to be related to the entity, as identified on Metro's share register.*

3.3 Additional definitions

The following shall be inserted into the table in section 10 (in alphabetical order):

Expert Report	means the independent expert's report which appears as Annexure A to Gulf's second supplementary target's statement, which was attached to Metro's announcement to the ASX dated 17 May 2016.
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3.4 Amendment to footnote 11

Footnote 11, which appears on page 21 of the Prospectus, is deleted in full and replaced with the following:

"Refer to page 37 of the Expert Report."

3.5 Important dates

The following corrects a typographical error which appeared in the notes to the table in section 1.2 of the Prospectus.

The 'issue date' referred to in the notes in this table is 2 January 2017.

4 Authorisation

This Supplementary Prospectus is issued by Metro. In accordance with section 720 of the *Corporations Act 2001* (Cth), each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.



Scott Waddell
Company Secretary
Metro Mining Limited