



**METRO
MINING
LIMITED**

ASX ANNOUNCEMENT

29 November 2016

Update on Moly Mines Offer to Gulf Alumina

Metro Mining Limited (ASX: MMI) (**Metro**) wishes to advise that yesterday Moly Mines Limited (ASX:MOL) (**Moly**) announced that it had received notice from the Australian Stock Exchange (**ASX**) advising that it will exercise its discretion under listing rule 1.19 to refuse Moly's application for re-admission to the ASX Official List, should Moly proceed with the proposed Gulf Alumina Limited (**Gulf**) transaction. Metro notes that Moly's offer to acquire Gulf was conditional upon the ASX reinstating the quotation of Moly shares on the ASX.

For further information please refer to Moly's ASX Announcement which is attached below.

The Gulf board has unanimously recommended that Gulf shareholders, in the absence of any superior offer, accept Metro's offer dated 28 October 2016.

Metro currently owns 39.3% of Gulf's shares and is Gulf's largest shareholder. Metro's Offer will become unconditional upon Metro's relevant interest in Gulf shares exceeding 51% and is scheduled to close on 5 December 2016.

Metro aims to create a leading independent Australian bauxite producer listed on the ASX. It has been estimated that the combination of Metro and Gulf's adjoining bauxite projects will unlock over \$200 million of synergies, and Metro looks forward to delivering those synergies for the benefit of all stakeholders.



ASX: MMI | ACN 117 763 443

For Further Information: P: +61 (0) 7 3009 8000 | F: +61 (0) 7 3221 4811 | E: info@metromining.com.au

Contact: Simon Finnis, **Chief Executive Officer** | Scott Waddell, **Company Secretary**

Electronic copies & more information available at: www.metromining.com.au

Registered Office & Head Office: Lvl 8, 300 Adelaide St, Brisbane | GPO Box 10955, Brisbane Q 4000

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MOLY MINES LIMITED

46-50 Kings Park Road, West Perth
Western Australia 6005

PO Box 8215, Subiaco East
Western Australia 6008

Telephone +61 8 9429 3300
Facsimile +61 8 9429 3399

Email info@molymines.com
ABN 32 103 295 521

28 November 2016

UPDATE ON RELISTING PROCESS & GULF ALUMINA TRANSACTION

Moly Mines Limited (ASX:MOL) ('Moly' or the 'Company') has received notice from the Australian Stock Exchange (ASX: ASX)('ASX') advising that it has determined that it will exercise its discretion under listing rule 1.19 to refuse Moly's application for re-admission to the ASX official list, should it proceed further with the proposed Gulf Alumina acquisition.

Moly is extremely frustrated and disappointed with this decision, and in particular the impact it will have on all of Moly's shareholders.

The advice follows lengthy and detailed engagement with the ASX in relation to the re-listing and Gulf Alumina transaction and comes despite Moly providing a number of concessions which attempted to address corporate governance concerns which were only raised for the first time by the ASX after the Gulf Alumina transaction was announced on 22 September 2016.

The key areas of ASX concern related to the structure and ownership of the Hanlong Group, of which Hanlong Mining Investments Pty Ltd (HMI) is the Australian subsidiary, the past activities of persons previously involved with Hanlong Group and the direct or indirect influence that those persons may have over decisions of the Hanlong Group and therefore over Moly.

These issues had not been raised by the ASX at any stage during HMI's seven-year shareholding in Moly and were not raised by ASX when Moly consulted ASX in relation to the structure of the Gulf Alumina transaction and Moly's potential re-listing prior to announcement of the transaction. At that time ASX expressed the view that it could see no reason why Moly should not proceed with an application for reinstatement to the ASX. Although this was not a binding decision of ASX, Moly was led to believe that there were no fundamental obstacles to reinstatement. As a result, Moly pursued the opportunity rigorously and incurred significant costs in progressing the transaction.

To address the corporate governance concerns raised by ASX, Moly put forward a proposal that included undertakings that current HMI representatives would resign and HMI would have no representation on the Moly board following the re-listing, and that HMI would undertake to cap its voting rights at 40% and would not vote on resolutions to appoint or remove directors of Moly. In addition, it was pointed



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Western Australia 6005

PO Box 8215, Subiaco East
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Telephone +61 8 9429 3300
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Email info@molymines.com
ABN 32 103 295 521

out that the Gulf Alumina transaction would have resulted in HMI's shareholding in Moly being diluted below 50%.

However, despite this highly constructive proposal, and the fact that the issues surrounding the Hanlong Group are historical matters which were not related to Moly and are not relevant to Moly's future, ASX decided that Moly is not suitable for readmission as it was not satisfied that Hanlong would not be in a position to exercise influence while it remains a shareholder in Moly.

Moly is deeply disappointed with this decision, particularly having regard to its impact on minority shareholders, by preventing Moly from proceeding with an excellent project investment opportunity and leaving them potentially as holders in an unlisted entity with no liquidity.

Moly considered the proposed Gulf Alumina transaction to be an outstanding opportunity for all shareholders of Moly to acquire a low-cost, high margin, near term production asset which would provide a pathway for relisting to the ASX and generation of returns for shareholders.

As shareholders are aware, Moly successfully operated the Spinifex Ridge Iron Ore Mine in Western Australia to the benefit to all stakeholders and, following Moly's divestment of the Spinifex Ridge Iron Ore Mine in 2013, Moly was suspended on the basis that it had insufficient operations. The Moly team has worked tirelessly over the past two and a half years to identify a project to re-invest shareholder funds, in the expectation that this would provide a pathway to relisting, and considers the Gulf Alumina transaction a significant missed opportunity.

Moly is currently assessing its options and will keep the shareholders informed as decisions are made.

FUTHER INFORMATION

For further information, please contact:

Graeme Kininmonth
Chief Executive Officer
+61 8 9429 3300

Media
Citadel-MAGNUS
Michael Weir / Richard Glass
+61 8 6160 4900