METRO MINING LIMITED

ASX ANNOUNCEMENT

17 February 2015

Metro Mining Completes Bauxite Hills Pre-Feasibility Study and Announces Maiden Ore Reserve

Highlights

- Bauxite Hills Project Pre-Feasibility Study completed for bauxite mine producing 2 million tonnes Direct Shipping Ore (DSO) per year for 21 years*.
- Mine Plan is based on a total resource (indicated and inferred) of 61.5 million tonnes (49.9% total Al_2O_3, 12.2% SiO_2) (Table 1)
- Mine Plan includes the JORC 2012 Probable Ore Reserve, identified to date, of 12.1 million tonne (49.9% total Al_2O_3, 36.6% THA, 7.4% RxSi) Direct Shipping Ore (DSO) (Table 1)

Bauxite Hills Project

Metro Mining Limited is pleased to announce the completion of its Bauxite Hills Project Pre-Feasibility Study (PFS) by MEC Mining. The PFS describes an open pit operation producing 2 million tonnes per year DSO bauxite*. The results of the PFS are included in a separate release.

The Bauxite Hills mine and port project is situated 95 km north of Weipa on Queensland's Cape York Peninsula and five kilometres south-east of the port at Skardon River (see Figure 1). Western Cape York is world-renowned for its deposits of high-quality, export-grade bauxite.

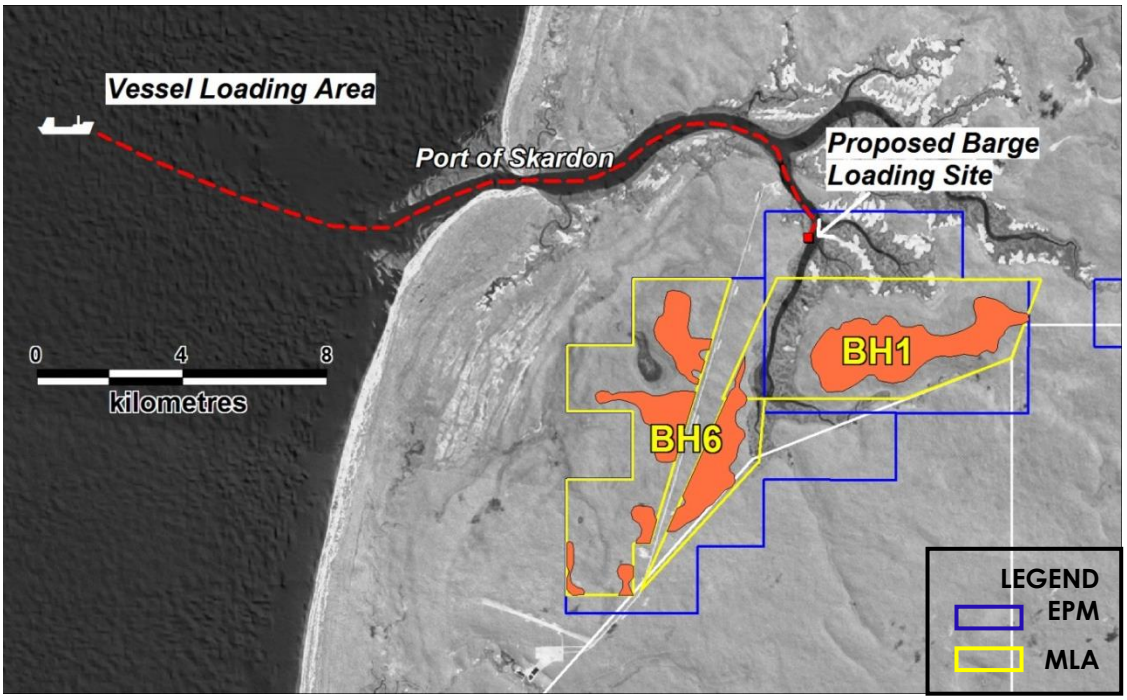
The recent drill hole results and geological modelling confirm that the resource at Bauxite Hills is suitable for Direct Shipping Ore (DSO) that is planned to be transhipped via the Skardon River. The Company recently completed a resource upgrade for its Bauxite Hills Project - refer Table 1 below and ASX Announcement 16 February 2016.

The production of DSO allows the development of a mine with lower capital and lower operating costs than a mine producing a beneficiated bauxite product by avoiding a number of significant costs, including:

- reduced infrastructure costs with no requirement for a large beneficiation plant; and
- significantly reduced water, energy and tailings dam requirements.

The PFS has identified a Probable Ore Reserve of 12.1 million tonne (49.2 % total Al_2O_3, 36.6% THA, 7.4% RxSi) Direct Shipping Ore (DSO) JORC 2012 Probable Reserve (Table 1) based on the borehole analysis completed to date. Analysis of the BH1 boreholes drilled previously at 160m centres is underway and further resource and reserve updates are anticipated in the second quarter of this year.

**There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.*



Mining

A simple mining method will be adopted to mine the bauxite ore – Pre-stripping will be done by one Front End Loader which removes the overburden soil. Once the bauxite ore is exposed the FEL will mine the bauxite down to the transition material.

It is a shallow deposit and pit slope parameters are to the natural angle of repose. The mined out pit will be back-filled by the overburden.

A Pit Optimisation study was conducted in order to determine the economic mining limit of the ore resource. Mineralised zones were defined by grades ≥45% total Al2O3 and ≤15% total SiO2 and the Lerchs-Grossmann pit optimisation algorithm was utilised in the Vulcan software to determine the extent of economically mineable ore reserves. Individual block values were assigned considering product price and mining costs, along with quality variations. The ore blocks are spatially grouped in the process to determine the economical extent of the mining reserves. Each block was evaluated based on the Metro Mining's base price (from the CM Group report) and the discount factor based on grade variability.

The optimum pit shell polygons were reserved into Deswik software for scheduling purposes.

The economic block model reserves were used to define a mining limit with practical mining blocks then cut to a detailed schede as part of the Prefeasibility study. The detail dig and dump sequencing along with equipment numbers were then modelled in a discounted cash flow model to further justify the project value when full offsite cash costs are analysed.

The Bauxite Hills Project was assessed based on annual production of 2 million tonnes of product for a life of mine of about 20 years. The production target exceeds the currently available quantity of Indicated Resource of 30.3 Mt , situated in area BH6 (Table 1) therefore MEC Mining used the Inferred Resource category (area BH1) to infill the required quantities so 21 years production period can be demonstrated. It is important to note that Inferred Category according to JORC Standard cannot be converted to Ore Reserves due to its lower confidence level.

Classification

The Mineral Ore Reserve in BH6 has been classified as Probable which reflects the Indicated status of the bauxite resource. This classification appropriately reflects the Competent Person's confidence in the Mineral Resource estimates refer Appendix 1. Table 1 below shows the resource and reserves in BH1 and BH6

Table 1: Bauxite Hills – DSO Mineral Resource and Ore Reserve Estimates (Refer Appendix 1)

Area	Category	DSO[2] Tonnes (Mt)[1]	DSO Bauxite Qualities (Dry Basis)			
			Total SiO_2 (%)	Total Al_2O_3 (%)	THA[3] (%)	RxSi[4] (%)
BH1	Inferred Resource (Dry *In-situ)*	31.2	9.1	51.5	40.7	6.2
BH6	Indicated Resource (Dry *In-situ)*	30.3	15.5	48.4	35.5	8.0
TOTAL Resource		61.5	12.2	49.9	37.8	7.1
BH6	Probable Reserve[5] (ROM @ 10% Moisture)	12.1	14.8	49.2	36.6	7.4

[1] *For BH1 and BH6 the tonnages are calculated using the following default bulk densities determined from a program of sonic drilling; 1.6g/cm³ for BH1 and 2g/cm³ for BH6. Actual values are used where measurements have been taken*
[2] *DSO or "Direct shipping ore" is defined as bauxite that can be exported directly with minimal processing and beneficiation.*
[3] *THA is trihydrate available alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina) at 150°C.*
[4] *RxSi is reactive silica at 150°C.*
[5] *Probable Reserve - the probable reserve is included in the BH6 Indicated resource*

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COMPETENT PERSON'S STATEMENT The information in this report to which this statement is attached that relates to the "Metro Mining – Bauxite Hills" Reserve Estimate based on information compiled by Maria Joyce, a consultant to Metro Mining and a Competent Person who is a Chartered Engineer of the Australasian Institute of Mining and Metallurgy. Maria Joyce is the head of the Technical Services division and full-time employee of MEC Mining Pty Ltd. Maria Joyce 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'. Maria Joyce consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Neil Maclean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.Ausimm).Mr Maclean 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 Maclean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Ed Radley who is a consultant to Metro Mining and a Member of the Austral Institute of Mining and Metallurgy (MAusIMM)). Review of this information was carried out by Jeff Randell of Geos Mining, a consultancy group contracted by Metro Mining Limited. Mr Randell is a Member of the Australian Institute of Geoscientists (MAIG), a Registered Professional Geoscientist (RPGeo) and 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 Randell consents to the inclusion in the report the matters based on information in the form and context in which it appears.

Appendix 1: JORC Code, 2012

Bauxite Hills Project BH1 and BH6 Deposits – 'Direct Shipping Ore' (DSO) Resource Estimates

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation - DSO ("Direct Shipping Ore")	Commentary
Sampling Techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Reverse Circulation aircore drill hole samples were collected in plastic bags over 0.25 m intervals through a cyclone. All the material within the interval was collected. All samples were geologically logged at time of collection to determine 1) the type of bauxite material, 2) when to stop the hole, 3) which samples to retain for analyses and 4) which samples to composite over 0.5 m intervals. Samples were composited, at the time of collection, over 0.5 m intervals where the geologically logged material was similar or collected as individual 0.25 m samples. The entire sample was collected to ensure, as much as possible, the representivity of the drilled material. Sample weights were between 2 and 5 kg depending on whether they were composited at the time of collection. Samples that contained pisolites, in any volume, were assumed to be bauxitic and were retained for analyses.
Drilling Techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	The resource evaluation drilling was carried out by Wallis Drilling Pty Ltd using a Mantis 100 Reverse Circulation aircore drill rig mounted on a light 4x4 truck. Shallow (4-6 m) holes were drilled vertically using HQ rods with an aircore drill bit with a diameter of 96 mm. Drilling to collect samples for bulk density and moisture determinations was undertaken by GeoSonic Drilling Pty Ltd using a small trailer-mounted sonic drill rig with an internal bit diameter of 65 mm.
Drill Sample Recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Reverse Circulation aircore drilling was used because of its proven reliability in producing high sample recoveries and accurate interval depths. No formal method of measuring and recording recoveries was adopted. To ensure representivity of the material being drilled the entire sample was collected from the drill hole. The aircore drilling method was used to ensure collection of as representative a sample as possible.

Criteria	JORC Code explanation - DSO ("Direct Shipping Ore")	Commentary
		The sonic drilling method was used to collect samples for bulk density determinations as it is a proven method of collecting continuous and intact samples that can be measured to determine volumes and weighed to determine densities.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	All drilled intervals were geologically logged at 0.25 m intervals. The logging was done in a qualitative manner and focussed on documenting the amount of pisolitic material, soil, clays and ironstone. In the field the bauxitic horizons were defined by the presence of pisolites and the absence of ferricrete.
Sub-Sampling Techniques and Sample Preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to 5maximize representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	No sub-sampling of material was undertaken at the time of collection. The entire sample was collected over 0.25 m intervals directly from the cyclone on the drill rig. The samples did not require any drying prior to bagging. For the analyses of DSO bauxite two sample preparation protocols were used as follows: 1. For samples from drill holes on a nominal 320m by 320m grid that were previously screened (+1.2mm) and analysed • Create a composite sample (or samples) over the bauxite interval in each hole to be analysed using all the material in sample splits retained from earlier analyses of screened (beneficiated) samples (undertaken either under the supervision of the company or at ALS's Virginia laboratory). • Report weight of received sample. • Riffle split each sample down to an acceptable size for pulverizing and return split to original bag for storage (undertaken by ALS's Virginia laboratory in Brisbane). • Pulverise the smaller portion of the split to a nominal 85% passing 75 microns (undertaken by ALS's Virginia laboratory in Brisbane). 2. For samples from in-fill drill holes on a nominal 160m by 160m grid that had not been previously prepared or analysed. • Report weight of received sample. • Riffle split each sample down to an acceptable size for pulverising and return split to original bag for storage (undertaken by ALS's Virginia laboratory in Brisbane) • Pulverise the smaller portion of the split to a nominal 85% passing 75 microns (undertaken by ALS's Virginia laboratory in Brisbane). • Approximately 15% of the samples are composite samples that have been prepared in the laboratory by riffle splitting and combining. The composites do not include more than two samples.

Criteria	JORC Code explanation - DSO ("Direct Shipping Ore")	Commentary
		This preparation is regarded as being appropriate for bauxite analyses. As the entire sample was collected in the field no duplicate sampling was possible or deemed to be required.
Quality of Assay Data & Laboratory Tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Sample analyses were undertaken by ALS at its Stafford laboratory in Brisbane. The analytical methods applied to the pulverised sample were as follows: • Total oxides by XRF (ALS code ME-XRF13b). Al_2O_3, BaO, CaO, Cr_2O_3, Fe_2O_3, K_2O, MgO, Na_2O, P_2O_5, SiO_2, SO_3, SrO, TiO_2, V_2O_5, Zn, ZrO_20. • H_2O/LOI by TGA furnace (ALS code ME-GRA05) • Available alumina in bauxite by ALS method Al-LICP01 (150^0C) • Reactive silica by ALS method Si-LOCP01 (150^0C) Two standard reference samples for bauxite were obtained from Geostats Pty Ltd, renumbered, and provided to the laboratory to insert in each batch. One of each sample was inserted approximately every twenty (20) samples. This was regarded as a measure of the accuracy of the laboratory. The results were all within one standard deviation of the certified values indicating no significant bias between sample batches. No field duplicate samples were collected as the total sample was submitted for analysis. In the laboratory as a Quality Control measure, every 10th sample was completed in duplicate and four laboratory standards and one blank were run in conjunction with the samples and data reported to the company.
Verification of Sampling and Assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	In the laboratory every 10th sample was completed in duplicate as listed above. Analyses from 13 twinned drill holes have been completed. Analytical data were provided by the laboratory in csv format and as pdf. The data have been compiled by the company into Excel spreadsheets and merged with drill hole location data and sample intervals.
Location of Data Points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Drill hole collar positions were surveyed by Fugro Spatial Solutions Pty Ltd using Trimble RTK GPS units. Three units were used; one base station and two rovers. Easting and Northing co-ordinates were quoted to three decimal places based on datum GDA94 using zone 54. Elevation was quoted to two decimal places using an adopted AHD from Ausgeoid'09. In late 2014 Lidar data was acquired which provides more accurate elevation data. This data has been used in the resource modelling.

Criteria	JORC Code explanation - DSO ("Direct Shipping Ore")	Commentary
Data Spacing & Distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	In the BH1 area 1,482 holes were drilled on a nominal 80m x 80m north-south, east-west grid. Samples from a subset of the drilling program, representing a nominal 320m x 320m grid were submitted for analyses. The remainder of the samples have been retained in storage. This data spacing is deemed sufficient to establish the degree of geological and grade continuity appropriate for an Inferred Mineral Resource estimate at BH1. For the purposes of the DSO bauxite Mineral Resource estimate at BH1, samples have been composited over the entire bauxite interval in each hole as determined by earlier analyses of screened samples over 0.25 m and 0.5 m intervals. In the BH6 area 505 holes were completed on a 160m x 160m grid. Samples from a subset of the drilling program, representing a nominal 320m x 320m grid, were originally submitted for analyses. This data spacing was deemed sufficient to establish the degree of geological and grade continuity appropriate for an Inferred Mineral Resource estimate. In January 2015 the remaining infill samples were assayed for the purpose of defining an Indicated Resource. Samples from the 320m x 320m grid were composited over the entire bauxite interval in each hole as determined by earlier analyses of screened samples over 0.25 m and 0.5 m intervals. No individual 0.25m or 0.5m samples remain from these holes Approximately 15% of the samples from the 160m x 160m in-fill drilling were composites prepared in the laboratory by riffle splitting and combining a maximum of two samples. All other samples were the original 0.25m or 0.5m samples.
Orientation of Data in Relation to Geological Structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	All drill holes are vertical and intersect the mineralisation at an approximate 90^0 angle. The mineralisation is known to be near horizontal with a tabular attitude. This is typical of bauxite deposits in the Weipa area. There is therefore no sampling bias resulting from the orientation of the drilling and that of the mineralised body.
Sample Security	• *The measures taken to ensure sample security.*	The samples were collected in large plastic sample bags on site which were secured with industrial quality duct tape and then placed, along with other samples from the drill hole, in large polyweave bags which were secured with cable ties. Due to the nature of bauxite mineralisation there is little opportunity to tamper with or otherwise modify the sample.

Criteria	JORC Code explanation - DSO ("Direct Shipping Ore")	Commentary
		The samples used in the DSO bauxite Mineral Resource estimates were stored in secure containers in a locked shed in a secured industrial estate in Raceview, Ipswich, Queensland.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No independent audits of the aircore drilling and sampling procedures have been undertaken. Geos Mining has reviewed the data and modelling methodology and provided recommendations to enable sign off as a Competent Person for the Indicated Resource at BH6 and the Inferred Resource at BH1. A review of the bulk density determinations derived from the sonic drilling program has been undertaken by Xstract Mining Consultants Pty Ltd.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
Mineral Tenement and Land Tenure Status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	BH6 is located within EPM 16899 and BH1 within EPM 15376. The EPMs are held by Cape Alumina Limited a wholly owned subsidiary of Metro Mining Limited. The tenements lie within the Mapoon DOGIT with whom the company has a Conduct and Compensation agreement. The underlying tenements are in good standing.
Exploration Done by Other Parties	• *Acknowledgment and appraisal of exploration by other parties.*	An appraisal has been undertaken of previous exploration for bauxite. Although some widespread sampling existed there was no evidence of systematic, grid-based drilling.
Geology	• *Deposit type, geological setting and style of mineralization.*	The deposit type is lateritic bauxite derived from the weathering of aluminous sediments in a tropical to sub-tropical environment.

Drill Hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  o *easting and northing of the drill hole collar*
	  o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  o *dip and azimuth of the hole*
	  o *down hole length and interception depth*
	  o *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		All the drill hole information, including surveyed collars with easting, northing, elevation and depth, geological logs and analytical data are presented in Excel spreadsheets. These data were used in the estimation of the Mineral Resources. The data are stored within Metro Mining's server which is regularly backed-up.

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
Data Aggregation Methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	For each drill hole, bauxite intervals are based on a cut-off of ≥45% total Al_2O_3 and ≤15% total SiO_2 based on the analyses of beneficiated (+1.2mm) samples. A minimum thickness of 0.5 m was applied and the top 0.25 m was considered to be overburden and was not aggregated. Down-hole assays were weighted on the basis of both intercept thickness and intercept recovery (wt% +1.2mm material) to determine the weighted average assay for the bauxite zone in each drill intercept. No upper cut-off grades were applied. Some DSO bauxite samples used in the Mineral Resource estimates were created by compositing the splits over the entire bauxite interval, as defined by the cut-offs described above, for each hole. The remainder (~80%) are non-composited 0.25m or 0.5m samples.
Relationship between Mineralization Widths and Intercept Lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	All drill holes are vertical and intersect the mineralisation at an approximate 90^0 angle. The mineralisation is known to be near horizontal with a tabular attitude. Intercept lengths are therefore approximately the same as the true widths of the mineralisation This is typical of bauxite deposits in the Weipa area.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See diagrams in the report.
Balanced Reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	This is not deemed to be Material for the reporting of the Mineral resources which considers all the analytical data.
Other Substantive Exploration Data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Apart from the samples obtained from the Reverse Circulation aircore drilling a small number of bulk samples were collected over 1 m intervals from the aircore drilling for dispatch to potential customers.
Further Work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	No further exploration drilling is planned at the BH6 plateau. Any further drilling is likely to be for additional bulk density data, water bores, environmental and mine planning.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
Database Integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data **validation** procedures used.*	Analytical data was received from the laboratory in csv format and merged with drill hole locational and from-to data in Excel spreadsheets.
Site Visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	The Competent Person for exploration results, Neil McLean, supervised the drilling program and was on site a number of times during the program. The Competent Person for the mineral resource estimate, Jeff Randell, has carried out several mineral resource estimations on an adjacent tenement that contains an extension of the BH6 deposit. He has also supervised drilling programs over the past 6 years for that company.
Geological Interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	The geological interpretation is grade-based using a threshold of ≥45% total Al_2O_3 and ≤15% total SiO_2 to define economic bauxite. The continuity of the geological interpretation is confirmed with a reasonable degree of confidence. The data points are spaced at 160m in a nominal grid pattern over the entire BH6 deposit. At the BH1 deposit the data points are spaced at 320m in a nominal grid pattern. Information from other deposits in the Weipa area, such as the company's Pisolite Hills project where Mineral Resource estimates exist, provide additional confidence in the geological model.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The mineralisation within the bauxite plateaus is flat lying and tabular in form. The Mineral Resources have the following surface areas, average bauxite thicknesses and average overburden thicknesses. BH6: Area 8.4 km^2. Bauxite thickness 1.8 m. Overburden 0.2 m BH1: Area 6.7 km^2. Bauxite thickness 2.2 m. Overburden 0.6 m
Estimation & Modelling Techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.*	A block model was created by constructing a DTM and model of the soil, bauxite and transition zone. The block model was cut to tenement boundaries, environmentally sensitive areas and bauxitic plateaus then filled with assay and bulk density data using an Ordinary Kriging algorithm with variograms created for total silica/ alumina, available alumina, reactive silica and dry bulk density.

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
	• *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Estimation parameters used included: • Block size 40m x 40mx 1.5m • Omnidirectional search ellipse with maximum search distance of 800m • lag intervals 100, 200, 400, 800, 1200m. • Nugget, major/ minor ranges determined by best fit variograms
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	The tonnes are quoted on a dry basis. The moisture contents were measured by ALS on the sonic drill samples collected from BH6 and BH1. Following drying the samples were re-weighed to provide a weight to use in the bulk density calculations.
Cut-off Parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	Mineralised zones are defined by grades ≥45% total Al_2O_3 and ≤15% total SiO_2.
Mining factors or Assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	The resource model assumes open pit mining for all defined resources using loaders and trucks. No blasting is envisaged based on bauxite mining operations elsewhere in the Weipa area. Grade control will be assisted by laser levelling equipment fitted to mining equipment with face grade control measured by the use of portable XRF equipment and/or field laboratory.
Metallurgical Factors or Assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	THA (trihydrate alumina) and RxSi (reactive silica) analyses have been undertaken an all beneficiated (+1.2mm) samples from BH6 as well as the composited, DSO bauxite samples from BH6. These results are used together with the results from the XRF analyses to calculate an estimated BA (boehmite alumina) content. The calculation makes the assumption that all Al_2O_3 is contained within gibbsite, boehmite and kaolinite and that all SiO_2 occurs in kaolinite and quartz. A small proportion of Al_2O_3 may occur in an amorphous form and result in a small error in the amount of calculated BA. A small number of negative BA numbers were reported from the calculation.
Environmental Factors or Assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation.* *While at this stage the determination of potential environmental*	An EIS has not been undertaken over the Bauxite Hills deposits. Small-scale mining of kaolin has been undertaken at the Skardon Mine located to the south of the BH6 deposit indicating that the district is not necessary regarded as 'greenfields'.

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
	impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	There are several environmentally sensitive areas surrounding the bauxite deposit but their location is accurately known; no bauxite resources have been included within these areas.
Bulk Density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Bulk density data specific to the deposits at Bauxite Hills has been determined from measurements undertaken on 242 samples collected from 37 sonic drill holes completed across the BH1, BH2 and BH6 deposits. The methods of sample collection, measurement and determination, as well as the results, have been independently reviewed by Xstract Mining Consultants Pty Ltd. Based on the recommendations of this review the bulk density values of 2.0 g/cm^3 for BH6 and 1.6 g/cm^3 for BH1 have been used as a default value where actual or modelled values are not available. The sonic drilling method was used to collect samples for bulk density determinations as it is a proven method of collecting continuous and intact samples that can be measured to determine volumes and weighed to determine densities.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	The Mineral Resources have been classified as Indicated and Inferred. This reflects the density of sampling at nominal 160m and 320 m centres, the availability of bulk density data and the modelling method utilised.
Audits or Reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	Geos Mining has carried out an independent review of the Mineral Resource data and techniques.
Discussion of Relative Accuracy/ Confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	In accordance with the classification as Indicated Resources, the Competent Person considers that there is moderate confidence that the total silica and alumina grades in each block are as estimated. This confidence is underpinned by the close spaced (160m) drill holes, some of which have been assayed, and results of the variography that suggest spatial continuity over distances of up to 3kms. There is however a moderately high nugget that suggests significant local variability in grade that must be considered in further upgrades of resource classification. The modelled available alumina and reactive silica grades should be considered from a global perspective only as there insufficient samples to predict local changes. Further sampling is required in order to increase confidence in this parameter. Similarly, the global default dry bulk density value is quite high and significant variability has been noted within the deposit. This factor needs to be taken into account in mine planning decisions.

Section 4 Table 1: Estimation and Reporting of Ore Reserves

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>CP Comments</th></tr>
<tr><td>Mineral Resource estimate for conversion to Ore Reserves</td><td>• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.
• Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves</td><td>• BH6 = Indicated resource and BH1 = Inferred resource. Pit optimisation was conducted to determine the mineable reserves. BH6 resource is reported as economically mineable reserve = 12.1 MT
<table>
<tr><th>Area</th><th>Resource Category</th><th>Dry In-situ DSO[2] Tonnes (Mt)[1]</th><th>THA[3] (%)</th><th>RXSi[4] (%)</th></tr>
<tr><td>BH6</td><td>Indicated</td><td>30.3</td><td>35.5</td><td>8.0</td></tr>
<tr><td>BH1</td><td>Inferred</td><td>31.2</td><td>40.7</td><td>6.2</td></tr>
<tr><td colspan="2">TOTAL</td><td>61.5</td><td>37.8</td><td>7.1</td></tr>
</table>
<table>
<tr><th>Area</th><th>Reserve Category</th><th>Dry In-situ DSO tonnes</th><th>THA2 (%)</th><th>RxSi3 (%)</th></tr>
<tr><td>BH6</td><td>Probable</td><td>12,128,695</td><td>36.58</td><td>7.40</td></tr>
</table>
• All mineral reserve include in the mineral resource. Nothing outside the resource is considered as ore reserves.</td></tr>
<tr><td>Site visits</td><td>• Comment on any site visits undertaken by the Competent Person and the outcome of those visits.
• If no site visits have been undertaken indicate why this is the case.</td><td>• No site visits undertaken by the mining reserves CP.
• It is not an operating mine and it was decided that site visit is not required. All information necessary are obtained by electronic data.</td></tr>
<tr><td>Study status</td><td>• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.
• The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that</td><td>• Pit optimisation study was conducted in order to determine the economic mining limit of the ore resource (Refer 5.2 in the report).
• A detailed Pre-Feasibility Study has been conducted incorporating open pit optimisation, ultimate pit shells to determine the economical mining limit, mine production schedule and economic analysis.</td></tr>
</table>

	material Modifying Factors have been considered.	
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	• Mineralised zones are defined by grades ≥45% total Al2O3 and ≤15% total SiO2.
Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	• The Lerchs-Grossmann pit optimisation algorithm is utilised by Vulcan software to determine the extent of economically mineable ore reserves. Each block is evaluated based on the Metro Mining's base price and the discount factor based on grade variability. • Very simple mining method will be adopted to mine the bauxite ore – Pre-stripping will be done by one Front End Loader which removes the overburden soil. Once the bauxite ore is exposed the FEL will mine the bauxite down to the transition material. • Shallow deposit – pit slope parameters are to the natural angle of repose. The mined out pit will be back-filled by the overburden. • Shallow deposit – does not require geotechnical study. • Roof loss = 0.2m; Floor loss = 0.1m. Total loss = 0.3m incorporated in the ROM tonnes (Refer to figure 6 in the report). • 40m minimum mining width is used. • The inferred ore from BH1 is also utilised in the pit optimisation and the mining schedule. Further resolution will be required to classify this ore into indicated category. • Detailed infrastructure and capital requirement are mentioned in the report (Table 13 of the report).
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• THA (trihydrate alumina) and RxSi (reactive silica) analyses have been undertaken an all beneficiated (+1.2mm) samples from BH6 as well as the composited, DSO bauxite samples from BH6. These results are used together with the results from the XRF analyses to calculate an estimated BA (boehmite alumina) content. The calculation makes the assumption that all Al_2O_3 is contained within gibbsite, boehmite and kaolinite and that all SiO_2 occurs in kaolinite and quartz. A small proportion of Al_2O_3 may occur in an amorphous form and result in a small error in the amount of calculated BA. A small number of negative BA numbers were reported from the calculation.
Environmental Factors or Assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project,	• An EIS has not been undertaken over the Bauxite Hills deposits. Small-scale mining of kaolin has been undertaken at the Skardon Mine located to the south of the BH6 deposit indicating that the district is not necessary regarded as 'greenfields'. • There are several environmentally sensitive areas surrounding the bauxite deposit but their location is accurately known; no bauxite resources have been included within these areas.

	may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	• The infrastructure required for the project and the capital expenditure are mentioned in this report. This includes minimal fixed infrastructure for project flexibility.
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private.	• The projected capital costs are obtained from the various suppliers of the Clients. • The operating cost such as loading cost, haulage cost etc., are calculated by the equipment operating parameters, haulage cost etc. • NIL • The Metro Mining's base price has been used as a part of CM Group's • USD 1.00 = AUD 0.81 • The haulage cost is calculated by the haul distance and equipment operating cost. Transportation cost from the load out point to the ship is done by barges. • The penalties/bonuses for the ore below/above specification has been incorporated in the open pit optimisation process. A block value is calculated based on the individual quality parameters for the block. • The Government royalties (10% of product) and traditional land owner's royalty (1.5% of product) has been built in the optimisation ore value.
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• The penalties/bonuses for the ore below/above specification has been incorporated in the open pit optimisation process. A block value is calculated based on the individual quality parameters for the block. This information was supplied by the CM group as part of an independent marketing study. • Same as above.
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	• The market study completed by CM group for Metro Mining considered product specification options, market demand, global trade limitation. The full details of which are fully explored in the 2015 Pre-Feasibility study.

Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	• The mine production schedule results were incorporated for revenue/cash flow and the NPV is calculated based on the capital expenditure and sustaining capital expenditure for each period. • NPV (15%) real after tax = $197 million and demonstrated a positive NPV in sensitivity testing.
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	• EPM, Mining Lease and Native title claims are mentioned in sections **Error! Reference source not found.** and **Error! Reference source not found.**. The EPM is owned by Metro Mining and the Mining Leases are in "Application" status. 2 native title claims have been lodged and Metro Mining is working on the "right to negotitate" process under Section 29 of the Act.
Other	• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements. • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• Ore Reserves – 12.1 MT from BH6 is indicated and 29.3 MT from BH 1 is inferred. • 29.3 MT of BH1 is not mentioned in the ore reserves but it is included in the Life of the mine schedule. • Presently this project is at pre-feasibility level and no contracts are currently in place. • Lease and Native Title agreement applications and process are currently being processed.
Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit. • The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	• The BH6 area achieved and indicated resources and application of the modifying factors in this report allowed reserve estimation to an indicated confidence level only. • The resource modelling confidence is accurate in MEC's opinion • Greenfield deposit and none of the ore is classified as Measured.
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	• MEC mining conducted internal peer reviews of the calculation processes and schedule results. Further independent financial modelling also confirmed the economic evaluations completed
Discussion of relative accuracy/ confidence	• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if	• No statistical or geostatistical procedures have been used in the estimation of Reserves themselves. • The loss and dilution assumptions target higher losses to minimise dilution to maintain the grade for a DSO product, current operations in this region do not operate in this fashion. Assumptions on dilution should be further compared to alternate regions for an actual performance basis.

	such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• There are no remaining areas of material uncertainty relating to modifying factors that could have an impact on Reserve viability.