Metro Mining Limited (ASX:MMI)

Quarterly Activities Report | March 2015

Quarter Highlights

Bauxite Hills Project

- Bauxite Hills Pre-Feasibility Report Completed confirming:
  - Real Net Present Value (NPV 15%) of A$197 Million after tax
  - Capital cost is repaid from first production in 1.1 years
  - Average Annual Net Profit after tax A$38 Million
  - Low Capital Expenditure A$27.4 Million
  - Operating Margin A$28.60 per tonne
- Bauxite Hills total Resource of 61.5 Mt* and Ore Reserve of 12.1Mt* announced
- Demand for bauxite continues and strong market growth forecast
- Definitive Feasibility Study commenced
- Native Title Negotiations & Environmental approvals process ongoing

Corporate News

- Metro Mining Share Price (ASX:MMI) Increased by 115% during last quarter
- Metro Mining starts Investor Relations program for Bauxite Hills Project
- George Lloyd, Independent Non-Executive Director appointed to Metro Mining Board
- MMI cash position as at 31 March A$4.6M

The Bauxite Hills Project is a simple low impact strip-mine, haul and tranship operation

*Refer ASX Release 17 Feb 2015

Bauxite Hills Project

Pre-Feasibility Study Completed

The Bauxite Hills Project is located 95km north of Weipa on Western Cape York in North Queensland and consists of two resources situated south of the Skardon River.

Western Cape York is world-renowned for its deposits of high-quality, export-grade bauxite.

The Project Pre-Feasibility Study was based on a 21 year mine life, producing up to 2 million tonne per annum of Direct Shipping Ore from a Total Resource of 61.5 million tonnes*.

A Direct Shipping Ore operation allows a low capital and low operating cost mine to be developed as it avoids a number of significant costs associated with producing a beneficiated bauxite product.

Proposed mine operations are simple using trucks and front end loaders, with no blasting, and as such have minimal environmental impact. Topsoil and overburden will be stripped ahead of mining and replaced on the mined out areas progressively after mining.

The bauxite will then be hauled to the barge load-out facility at the Skardon River where it will be transported approximately 12 kilometres offshore then transhipped into bulk carriers for export to overseas customers.

It is anticipated that the Bauxite Hills Project will provide substantial economic and social benefits to the regional community during its +20 year mine life.

SNAPSHOT OF PROJECT FINANCIALS

The Pre-Feasibility Study confirms the Project's attractive economics with a Real Net Present Value (15%) of A$197Million after tax and Capital pay-back from first production being 1.1 years

Low Initial Capital of A$27.4M and operating costs (including royalty) of A$26.7/t FOB are attainable largely due to simple mining technique proposed and the fact that no beneficiation of the Direct Shipping Ore product is required.

Resource and Maiden Ore Reserve Total

The Pre-Feasibility Study was based on a total resource of 61.5Mt of which 30.3Mt was Indicated and 31.2Mt Inferred.

The Mine Plan is based on a total resource (Indicated and Inferred) of 61.5 million tonnes* (49.9% total Al_2O_3, 37.8% THA[3] , 7.1% RxSi).

The Mine Plan includes a JORC 2012 Probable Ore Reserve, identified to date, of 12.1 million tonne Direct Shipping Ore (49.2% total Al_2O_3, 36.6% THA, 7.4% RxSi).

Further analyses of drill hole samples have been completed and the geological model is being updated to include these analyses. This will result in increased confidence in the resource with substantially greater percentage of the resource being in the Indicated category.
Resource.

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 & 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 temp 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

*Refer ASX Release 17 Feb 2015

Bauxite Hills Project Continued

Native Title Negotiations and Environmental Approvals

Metro Mining has commenced discussions with Native Title Parties, for the Bauxite Hills Project, giving notice under section 29 of the Commonwealth Native Title Act. 1993 as of 14 January 2015

The company is progressing towards finalisation via the 'Right to Negotiate' (RTN) process. This process has a statutory 6 month timeframe from the notification date of 14 January 2015, with Native Title Negotiating period concluding in July-2015.

An Environmental Impact Assessment (EIA) is being undertaken for the Bauxite Hills Project to meet State and Commonwealth environmental approval processes. This will ensure that the project follows all relevant environmental guidelines.

The EIA is significantly progressed, with baseline wet and dry season environmental studies complete and the Community Engagement Program now underway.

Liaison with State and Commonwealth regulators will continue throughout the process to ensure all regulatory requirements are met.

Submission of the Environmental Impact Assessment (EIA) is scheduled for mid-2015.

Definitive Feasibility Study

Having completed the Pre-Feasibility Study the Bauxite Hills Project team has commenced work for the Definitive Feasibility Study.

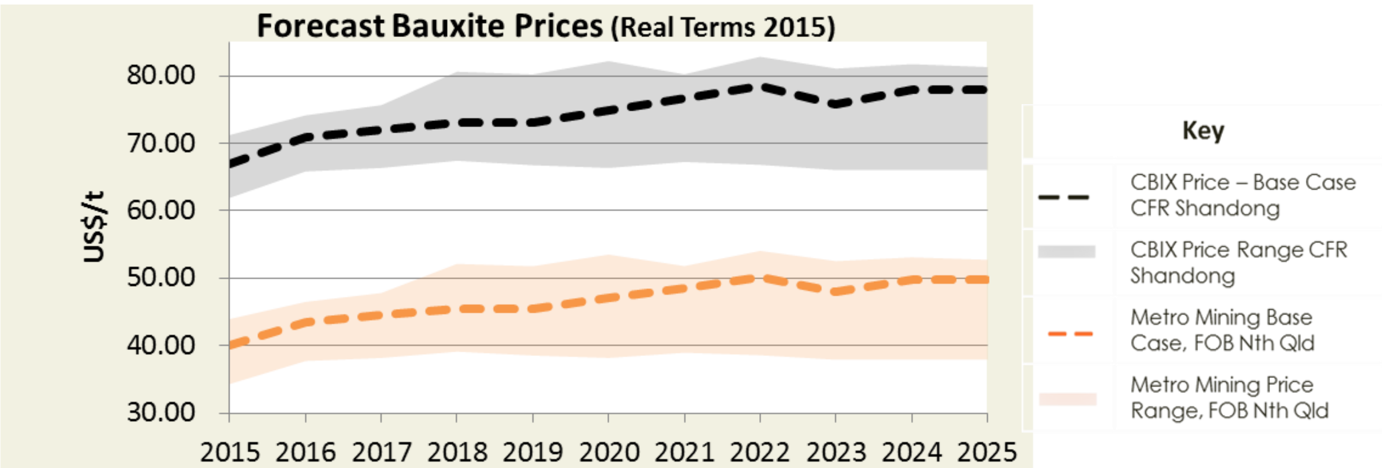
Currently the study is on schedule for the results to be announced during Third Quarter 2016.

Demand for Bauxite Continues and Strong Market Growth Forecast

During the quarter the marketability of the Bauxite Hills product was evaluated by CM Group for both high temperature and low temperature processing in Chinese refineries.

The CM Group estimates China's bauxite import requirements to rise to 65-75 Mtpa (dry) by 2020, up from 40 Mtpa (dry) in 2014.

The CM Group has provided a forecast for FOB bauxite prices for Metro Mining's Bauxite Hills project from 2015 to 2025 (US$/dmt) in Real Terms, (2015 dollars).



Real US$/t	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
MMI High Case, FOB	46.4	47.7	52.0	51.7	53.4	51.7	54.0	52.4	53.0	52.6
MMI Base Case, FOB	43.5	44.5	45.5	45.4	47.1	48.5	50.2	47.9	49.7	49.7
MMI Low Case, FOB	39.2	39.6	40.5	40.0	39.6	40.4	40.0	39.3	39.4	39.4

Corporate News

Investor Relations for Bauxite Hills Project commenced

CEO Simon Finnis selected high profile forums to ensure the national and international investment community is fully informed of the company's focus and progressive achievements.

Bauxite Hills Project presentations were made at the RIU Explorers Perth Conference in March and will again be made at RIU Explorers Sydney conference in May. Presentations were also made at the Sydney and Melbourne Symposium Investor Roadshows in Sydney and at Hong Kong Mines & Money.

Metro Mining will present to the Queensland Resources Council in late April.

Independent Non-Executive Director Appointed

George Lloyd has been appointed to the Metro Mining Board as an Independent Non-Executive Director. Mr Lloyd is also Chairman of Ausenco Ltd and has 30 years resource industry experience including senior board positions with listed and unlisted companies.

Share Price Increase

It is worth noting the Company's increased market valuation in the past quarter and the release of the Bauxite Hills Project Pre-Feasibility Study.

The Metro Mining (ASX:MMI) share price increased from 2.7 cents on 31 December 2014 to 5.8 cents on 31 March 2015, representing a 115% increase in the price. This has continued since the end of the quarter, the closing price on 10 April 2015 was 8 cents representing a further 38% increase in the MMI price.

New Opportunities

As part of its strategy to review assets worldwide MMI has been reviewing green and brownfields opportunities in Myanmar.

Myanmar is one of Asia's great unexplored frontiers, with a world class tin/tungsten belt stretching 1,200kms in southern Myanmar and continuing into Indonesia, Malaysia and Thailand. There has been virtually no modern exploration in Myanmar with tin/tungsten mining mainly on a small scale.

Metro Mining have engaged an Australian led, Myanmar based, Geological company to lead all company exploration activities in Myanmar. MMI await Mining Law reform which is required to justify foreign investment.

ASX : MMI
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CONTACT: CEO Mr Simon Finnis | Company Sec Mr Scott Waddell

COMPETENT PERSON'S STATEMENT The information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.Ausimm).Mr McLean 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 McLean 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.

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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Metro Mining Limited

ABN	Quarter ended ("current quarter")
45 117 763 443	31-Mar-15

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter (Jan - Mar 2015) $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration and evaluation	-173	-573
	(b) development	-554	-1,000
	(c) production		
	(d) administration	-539	-1,650
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	16	99
1.5	Interest and other costs of finance paid		
1.6	Income tax refund (R&D)	0	526
1.7	Other (Cancel Bank Guarantee to 3rd party)	377	0
	Net Operating Cash Flows	-874	-2,597
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects / tenements		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid to other entities		
1.12	Other (Acquisition of Cape Alumina Ltd for shares)		728
	Net investing cash flows	0	728
1.13	Total operating and investing cash flows (carried forward)	**-874**	**-1,869**

1.13	Total operating and investing cash flows (brought forward)	-874	-1,869
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (costs associated with the capital raising)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	-874	-1,869
1.20	Cash at beginning of quarter/year to date	5,506	6,502
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	**4,633**	**4,633**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	55
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to Related Parties (1.23) is for Director Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities - Convertible Note	0	0
	Loan facilities - Corporate Credit Card	20	5
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	80
4.2	Development	919
4.3	Production	
4.4	Administration	440
	Total	**1,439**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,565	2,116
5.2	Deposits at call	3,068	3,391
5.3	Bank overdraft		
5.4	Other (provide details - Security Deposits)		
	Total: cash at end of quarter (item 1.22)	4,633	5,506

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	288,717,999	288,717,999		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				

		Total number	Number quoted	Exercise price	Expiry date
7.6	Changes during quarter (a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*				
	Options	1,000,000 Unlisted options	- -	23.5 cents	11/07/2015
	Options	1,000,000 Unlisted options	- -	50 cents	11/07/2015
	Options	10,750,000 Unlisted options	-	6 cents	11/01/2017
7.8	Issued during quarter Options	10,750,000 Unlisted options	-	6 cents	11/01/2017
7.9	Exercised during quarter				
7.1	Expired during quarter				
7.11	**Debentures (totals only)**				
7.12	**Unsecured notes** *(totals only)*	-	-		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Signature on file

Sign here: .... Date: 20 May 2015
(Company secretary)

Print name: SCOTT WADDELL

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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