



10 December 2015

The Manager  
Company Announcements Office  
ASX Limited

Dear Sir / Madam

## **Takeover bid by Metro Mining Limited for Gulf Alumina Limited – Lodgment of Bidder's Statement**

Enclosed is a copy of the bidder's statement (including the offer document) in relation to Metro Mining Limited's off-market takeover bid for all the ordinary shares in Gulf Alumina Limited ACN 108 086 371 (Gulf) (Bidder's Statement).

The Bidder's Statement has been lodged with the Australian Securities and Investments Commission and given to Gulf today.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Scott Waddell'.

Mr Scott Waddell, FCPA, AGIA  
**Company Secretary**

# BIDDER'S STATEMENT

OFFER BY

**METRO MINING LIMITED**

to acquire ALL of your shares in

**GULF ALUMINA LIMITED**

in exchange for 3.3 Metro Shares for every 1 Gulf Share that you own

## ACCEPT

The Offer is dated [#insert] and will close at 7.00pm (Sydney time) on [#insert], unless extended.

**THIS DOCUMENT IS IMPORTANT AND  
REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to how to deal with it, you should  
consult your legal, financial or other professional adviser as soon  
as possible**

**FINANCIAL ADVISER**

Argonaut Capital Limited



**LEGAL ADVISERS**

McCullough Robertson Lawyers



**Important notices ----- 3**

**Letter from the Chairman ----- 6**

**1 Why you should accept Metro’s Offer ----- 8**

**2 Frequently asked questions about the Offer -----17**

**3 Profile of Metro -----20**

**4 Profile of Gulf -----32**

**5 Profile of Merged Group-----39**

**6 Metro’s intentions -----47**

**7 Risks -----51**

**8 Offer Consideration-----55**

**9 Tax considerations -----56**

**10 Additional information -----59**

**11 Definitions and interpretation-----66**

**12 Approval of Bidder’s Statement -----72**

## Important notices

---

This Bidder's Statement is given by Metro Mining Limited ACN 117 763 443 (**Metro**) under part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your shares in Gulf Alumina Limited ACN 108 086 371 (**Gulf**).

This Bidder's Statement is dated [10 December 2015]. It includes an Offer dated [#insert] on the Offer Terms set out in Schedule 1.

A copy of this Bidder's Statement was lodged with ASIC and ASX on [10 December 2015]. None of ASIC, ASX nor any of their officers takes any responsibility for the content of this Bidder's Statement.

### Investment decisions

This Bidder's Statement does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer for your Gulf Shares.

### Forward looking statements

This Bidder's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Bidder's Statement reflect views held at the date of this Bidder's Statement.

You should be aware that those statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of Metro, its officers or any person named in this Bidder's Statement with their consent or involved in the preparation of this Bidder's Statement makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

### Competent Person's statements

The information in this Bidder's Statement that relates to Metro's bauxite exploration results is based on information compiled by Neil McLean who is a consultant to Metro and a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). 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. Mr McLean consents to the inclusion in this Bidder's Statement of the matters based on information in the form and context in which it appears. The 2004 JORC Code information has not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

The information in this Bidder's Statement that relates to Metro's bauxite reserves is based on information compiled by MEC Mining Pty Ltd (**MEC**) and reviewed by Maria Joyce, a Competent Person who is a Chartered Engineer of the Australasian Institute of Mining and Metallurgy. The information in this Bidder's Statement to which this statement is attached that relates to the 'Metro Mining – Bauxite Hills' reserve estimate is based on information compiled by Maria Joyce, a consultant to Metro 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. Maria Joyce has sufficient experience that is relevant to the style of mineralisation, the type of deposit under consideration, and the activity being undertaken to qualify as a Competent Person. Maria Joyce has consented in writing to the inclusion in this Bidder's Statement of the matters based on her information in the form and context in which it appears.

In relation to references to resources in Metro's thermal coal resource in the Surat Basin, information in this Bidder's Statement relates to the compilation of existing data and exploration results. It is based on information compiled by Mr Ed Radley who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) (membership no. 300512). Mr Ed Radley is an independent geological resource consultant retained by Metro. Mr Radley has sufficient experience which is relevant to the style of mineralisation, the type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person. Mr Radley has consented in writing to the inclusion in this Bidder's Statement of the matters based on his information in the form and context it appears. The 2004 JORC Code information has not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

### **Defined terms**

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 11.

### **Privacy statement**

Metro will collect your information from the register of Gulf Shareholders. The Corporations Act permits information to be made available to certain persons, including Metro. Your information may also be disclosed on a confidential basis to Metro's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

### **JORC Code compliance**

Unless otherwise stated, the information in this Bidder's Statement concerning, and capitalised terms used in relation to, Metro's mineral resources and reserves, has been prepared and disclosed in accordance with the JORC Code.

The information in this Bidder's Statement pertaining to Gulf's mineral resources has been prepared in reliance on the information set out in section 4.13. Metro gives no guarantee, and otherwise makes no representation, that this information has been prepared in accordance with the JORC Code.

### **Information about Gulf**

The information in this Bidder's Statement about Gulf is based on public information, including information that Gulf has provided to Gulf Shareholders from time to time. Gulf is an unlisted public company. The disclosure obligations of Gulf are less onerous than those of listed company and, accordingly, Gulf Shareholders are encouraged not to place undue reliance on the information about Gulf in this Bidder's Statement. Metro does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

## Key Dates

Announcement Date	2 December 2015
Bidder's Statement lodged with Gulf, ASIC and ASX	[10 December 2015]
Date of Offer	[#insert]
Close of Offer Period (unless extended)	7.00pm (Sydney time) on [#insert]

## How to accept

### Acceptances of the Offer must be received before the close of the Offer Period.

Complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it before the end of the Offer Period to:

#### BY HAND

Metro Mining Limited  
(Gulf Alumina Limited  
Takeover)  
Level 8  
300 Adelaide Street  
Brisbane QLD 4000

#### BY MAIL (a reply paid envelope is enclosed)

Metro Mining Limited  
(Gulf Alumina Limited  
Takeover)  
PO Box 10955  
Adelaide Street  
Brisbane QLD 4000

#### BY EMAIL

Scan or photograph, and send  
a copy of the completed  
Acceptance Form, to:  
[swaddell@metromining.com.au](mailto:swaddell@metromining.com.au)

## Acceptance Form

The Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for your Gulf Shares. In particular, the Acceptance Form requires that you give Metro original copies of any Gulf share certificates that you hold or, if you do not hold original share certificates, make certain representations about them.

If you are in any doubt as to how to deal with this document or complete the Acceptance Form, you should consult your legal, financial or other professional adviser.

## Information line

If you have any questions about the Offer or how to accept it, please call Metro on + 61 7 3009 8000 between 10.00am to 5.00pm (Sydney time) Monday to Friday.

# Letter from the Chairman

---

[10 December 2015]

Dear Gulf Shareholder

## **The Metro Mining Limited Offer**

On behalf of the directors of Metro Mining Limited (**Metro**), I am pleased to present you with this opportunity to support the logical combination of Metro and Gulf Alumina Limited (**Gulf**).

Metro is offering to acquire all your shares in Gulf (**Gulf Shares**) by way of an off-market takeover offer, under which you will receive 3.3 shares in Metro (**Metro Shares**) for every one Gulf Share you own (**Offer**).

The Offer provides attractive value compared to the issue price at which Gulf has most recently raised capital<sup>1</sup> and, upon Metro successfully completing the Offer, Gulf Shareholders will own approximately 44% of the combined Metro and Gulf groups (**Merged Group**).

As you may be aware, Metro is an ASX-listed Brisbane based company with a proven board and management team, which has rapidly advanced Metro's Bauxite Hills project (**Bauxite Hills**) since gaining 100% ownership of it in November 2014.

In the past year, Metro has completed a definitive feasibility study (**DFS**), secured a non-binding memorandum of understanding pursuant to which Metro will sell bauxite to one of the largest integrated aluminium producers in China, raised equity capital, developed strong relationships with its native title partner and submitted its environmental terms of reference for a five million tonnes per annum bauxite mine at Bauxite Hills.

**Metro considers the combination of Metro and Gulf provides a logical opportunity to create greater value for the shareholders of both companies by developing their adjacent projects at Skardon River on a combined rather than on a stand-alone basis.**

Metro's and Gulf's projects are highly complementary given their similar resource base and potential production scale, their similar mining and export methods, their shared permitting regime, the same native title partner, and the same potential end market customers for their products.

The combination of Metro and Gulf will provide Gulf Shareholders with the benefit of a board and management team with a proven project development and operating track record, who are capable of maximising the value of Gulf's project. Metro is confident that applying its project development approach as demonstrated by its recently completed definitive feasibility study will result in reduced capital and operating costs in respect of Gulf's Skardon River project.

In addition, Metro Shares are admitted to the official list of the ASX and therefore are much easier to trade than Gulf Shares. This additional liquidity will enable Gulf Shareholders to better realise the value of their investment at a time of their choosing.

---

<sup>1</sup> Metro's implied offer price of \$0.215 per Gulf Share, based on the VWAP of Metro Shares in the five trading days before the date of this Bidder's Statement of \$0.065 per Metro Share, represents a 43% premium to the issue price of \$0.15 per Gulf Share issued in July 2015 (the most recent Gulf Share issue that Metro is aware of).

Metro's Offer is subject to Metro receiving acceptances from Gulf Shareholders holding more than 50% of Gulf Shares on issue, and the other customary defeating conditions set out in Schedule 2.

Metro is pleased that the compelling rationale underpinning its Offer has been endorsed and supported by Gulf's largest and key founding shareholder, who holds approximately 22% of Gulf and who has agreed to accept Metro's Offer.

The Offer is open for your acceptance until 7.00pm (Sydney time) on [#insert].

To accept the Offer, please follow the instructions on the Acceptance Form enclosed with this Bidder's Statement.

Should you have any queries please do not hesitate to contact Metro on + 61 7 3009 8000 between 10.00am and 5.00pm (Sydney time) Monday to Friday or visit the Metro website at [www.metromining.com.au](http://www.metromining.com.au).

On behalf of the directors of Metro, I thank you for taking the time to consider the Offer and we look forward to welcoming you as shareholders of the Merged Group, a leading independent Cape York focused Australian bauxite company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Everett', with a stylized flourish at the end.

**Stephen Everett**  
Metro Mining Limited  
Chairman

## **1 Why you should accept Metro's Offer**

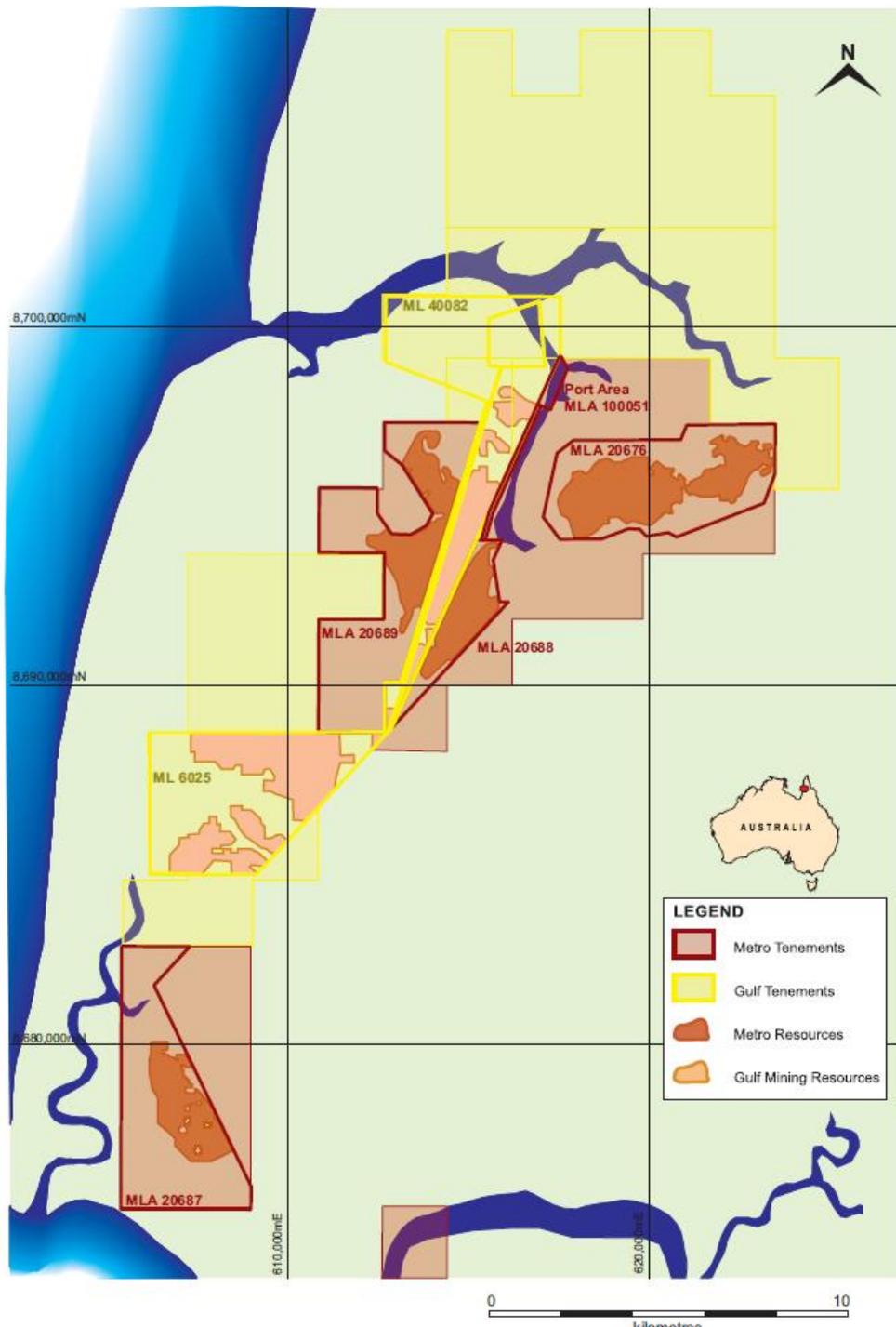
---

<b>1</b>	<b>Logical combination to create a leading independent Cape York focused Australian bauxite company</b>
<b>2</b>	<b>Enhanced financing capability to maximise shareholder value</b>
<b>3</b>	<b>Benefit of a proven, high-quality board and management team</b>
<b>4</b>	<b>Attractive value for your Gulf Shares, along with ASX trading liquidity and potential market re-rating benefits</b>
<b>5</b>	<b>Gulf's largest and key founding shareholder supports Metro's Offer</b>
<b>6</b>	<b>Avoidance of the significant risks associated with remaining a Gulf Shareholder</b>

### 1.1 Logical combination to create a leading independent Cape York focused Australian bauxite company

Metro and Gulf are Australian companies both focused on developing bauxite mining operations in the world-renowned Weipa bauxite region in western Cape York, Queensland.

Metro and Gulf each own adjacent and contiguous tenements and are planning to develop similar projects and mining operations at Skardon River.



**Figure 1:** Metro and Gulf tenement and resource areas

The size of the two Skardon River projects are similar, the proposed mining and export methods are similar, the native title partner is the same, the permitting regime is the same, and the markets and potential customers for the projects are likely to be the same.

This provides a clear and compelling opportunity to create additional shareholder value by combining Metro and Gulf and developing the two projects on a combined rather than stand-alone basis.

Immediate benefits include:

- (a) effectively doubled reserve base of 96.5 million tonnes at 39.4% THA and 6.3% RxSi;<sup>2</sup>
- (b) increased production potential;
- (c) removal of duplicated capital and operating costs;
- (d) access to economies of scale;
- (e) improved operational efficiency;
- (f) simplified permitting processes;
- (g) enhanced ability to attract and secure product sales on improved terms;
- (h) creation of a strategic tenement position, the second largest in Cape York after Rio Tinto with the ability to optimise future exploration and development activities; and
- (i) improved diversification and reduced risk profile.

Metro expects these consolidated projects would result in a simplified permitting process with a reduced environmental impact due to the consolidation of infrastructure, as well as a single point of contact with the government, the native title partner and other key stakeholders.

Consolidated ownership will also provide the Merged Group with enhanced relevance within the global bauxite market and will place the Merged Group in a stronger position to attract and secure product sales on improved terms.

---

<sup>2</sup> The table on page [40] sets out further information on the calculation of the combined reserve base of Gulf and Metro.

## 1.2 Enhanced financing capability to maximise shareholder value

In addition to the clear synergies and compelling operational advantages outlined above, Metro's Offer gives you the opportunity to benefit from the Merged Group's stronger balance sheet and enhanced financing capability.

The Merged Group's balance sheet will benefit from Metro's debt free and strong net cash position of \$6.6 million.<sup>3</sup> This follows Metro's successful placement and underwritten entitlements issue in July 2015, which raised \$5.6 million.

Metro expects the economies of scale, operational efficiencies, stronger balance sheet and more experienced management of the Merged Group will result in a better ability to finance the development of the Merged Group's projects, compared to either Metro or Gulf's current ability as a stand-alone entity.

The Merged Group will also have the benefit of broker coverage from three high-quality broking firms that currently cover Metro. Should the increased scale and relevance of the Merged Group result in other brokers undertaking coverage, this may result in the Merged Group having access to an even wider range of options to raise finance.

In comparison to the Merged Group, Gulf has a weaker balance sheet with net cash of only \$1.4 million<sup>4</sup> and appears to face significant financial challenges, particularly in the currently weak capital raising environment for resource companies, for a number of reasons, including:

- (a) Gulf is an unlisted company with no clear reference price;
- (b) Gulf has an expected project development capital requirement of approximately \$90 million;
- (c) Gulf has a limited shareholder base, which Metro understands to consist of barely more than 50 shareholders;
- (d) Gulf, as an unlisted company, provides limited disclosure of important information to shareholders compared to the information disclosure requirements of a listed company;
- (e) Gulf Shares are illiquid and provide little opportunity for Gulf Shareholders to buy or sell shares at a price reflecting the market value of their shares, which can make it difficult to attract new investors;
- (f) Gulf has made limited project progress, with no DFS, no off-take arrangements and no project development permitting; and
- (g) Gulf's board and management has more limited project development or operational experience.

The fact that Gulf has not raised equity funding for the past three years, and has instead resorted to high cost and dilutive methods to fund its operations, demonstrates the significant financial challenges faced by Gulf.

These high cost and dilutive funding options were:

- (a) the sale of a 2.5% royalty over all bauxite and mineral production from its Skardon River project in May 2014 for only \$5 million (with \$1 million still subject to successful permitting), even though the royalty is expected to generate income in excess of \$87 million;<sup>5</sup> and

<sup>3</sup> As at 30 September 2015.

<sup>4</sup> As at 30 June 2015 and adjusted for the conversion of convertible loan note (\$1.8 million) and associated accrued interest (approximately \$0.5 million) in 24 July 2015.

<sup>5</sup> Based on Gulf's assumptions listed in its letter to Gulf Shareholders dated 27 July 2015.

- (b) entering into a convertible loan note in March 2013 for only \$1.8 million, under which Gulf paid a high cost interest rate of 12% for 27 months, resulting in approximately \$0.5 million of interest being paid. The convertible loan note then converted into 15,239,014 Gulf Shares in July 2015 at a conversion price of \$0.15 per Gulf Share. These new Gulf Shares issued represented approximately 22% of the existing Gulf Shares prior to issue.

Given Gulf's modest cash position, it is possible that you, as a Gulf Shareholder, may be required to provide Gulf with additional funding in the near future or suffer further dilution of your interests.

There is also the possibility that Gulf will have to resort to high cost funding sources or, in the absence of funding, will have to cease its activities.

### **1.3 Benefit of a proven, high quality board and management team**

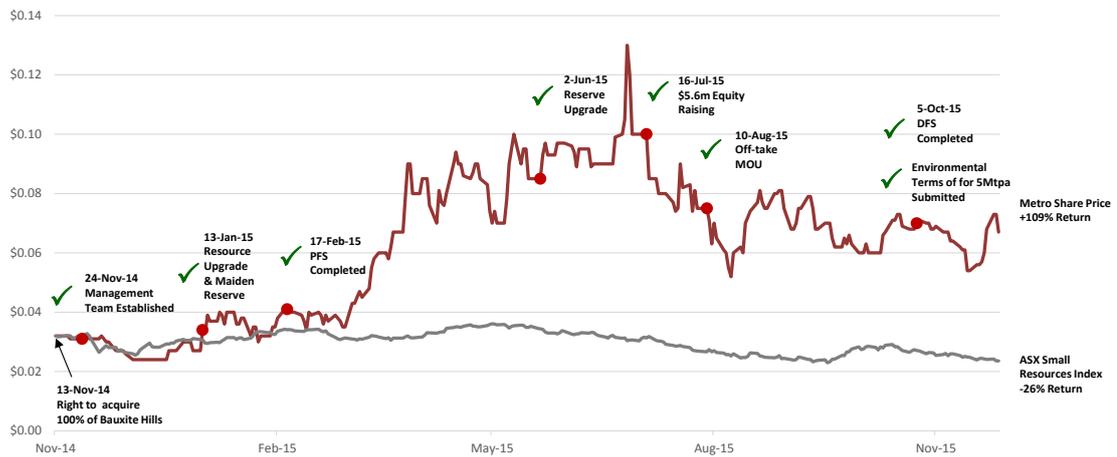
Metro's board and management have been involved with the successful development and operation of 30 mining projects. Most recently, Metro's CEO, Simon Finnis, successfully led the development of the Grand Cote mineral sands project in Senegal. The capital cost of this project was approximately US\$650 million. The project was successfully commissioned in February 2014 and has operated continuously since this time.

The milestones and shareholder value achieved by Metro since it gained 100% ownership of Bauxite Hills in November 2014 demonstrates the capability of Metro's board and management team.

In the past year, Metro has:

- (a) achieved major resource and reserve upgrades;
- (b) completed a DFS confirming highly attractive economics;
- (c) secured an off-take memorandum of understanding (non-binding), developed a marketing strategy, and built relationships with a wide range of end users and potential customers;
- (d) raised equity capital;
- (e) developed strong relationships with its native title partner; and
- (f) submitted its environmental terms of reference for a five million tonnes per annum operation at Bauxite Hills.

The timely and expert delivery of these key milestones has contributed to Metro's share price increasing by over 100% since Metro gained 100% ownership of Bauxite Hills. This strong performance is also despite the ASX Small Resources index declining by 26% for the same period.

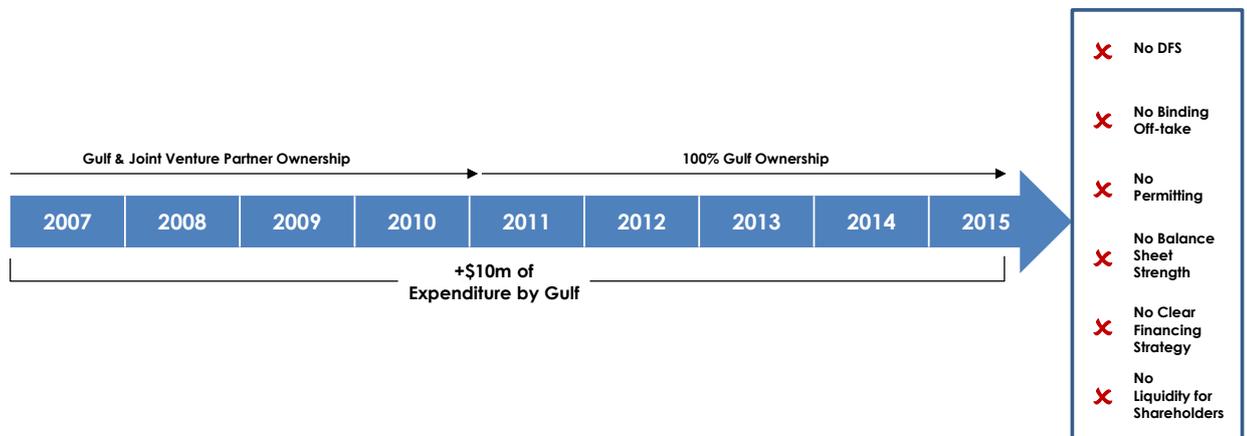


**Figure 2: Share price performance**

Source: IRESS.

In contrast, notwithstanding over 11 years of focus on its Skardon River bauxite project and the expenditure of approximately \$10 million of shareholder funds since 2004, it appears, based on public disclosure available to Metro, that Gulf has:

- (a) no DFS;
- (b) no binding off-take arrangements; and
- (c) no permitting for project development.



**Figure 3: Gulf ownership**

**1.4 Attractive value for your Gulf Shares, along with ASX trading liquidity and potential market re-rating benefits**

Under the Offer you will receive 3.3 Metro Shares for every one Gulf Share you hold.

Based on the Metro Shares being offered under the Offer, current Gulf Shareholders will hold approximately 44% of the Merged Group. This provides you significant exposure to the expected benefits of the Merged Group.

Based on the volume weighted average price (**VWAP**) of Metro Shares for the five day trading period before the date of this Bidder's Statement of \$0.065 per share, the Offer values Gulf Shares at approximately \$0.215 per Gulf Share, which represents a:

- (a) 43% premium to the equity conversion price of Gulf's convertible loan note, which converted into Gulf Shares in July 2015, of \$0.15 per Gulf Share;

- (b) 87% premium to Gulf's equity raising price in 2012 of \$0.115 per Gulf Share;
- (c) 87% premium to Gulf's equity raising price in 2011 of \$0.115 per Gulf Share; and
- (d) 84% premium to Gulf's averaged weighted capital raising price since 2011 of \$0.116 per Gulf Share.



**Figure 4: Implied Offer Price**

Source: Metro and Gulf.

In addition to the attractive value implied by the Metro Shares being offered, Metro Shares are listed on ASX, so if you accept the Offer you will be able to either trade your Metro Shares on ASX or hold your Metro Shares to benefit from any future increase in their market value.

Any fluctuations in the market price of Metro Shares will have an impact on the implied value being offered for your Gulf Shares as shown in the table below.

Metro Share price	Implied value of Offer Consideration per Gulf Share <sup>6</sup>
\$0.050	\$0.165
\$0.060	\$0.198
\$0.065 <sup>7</sup>	\$0.215
\$0.070	\$0.231
\$0.080	\$0.264
\$0.090	\$0.297
\$0.100	\$0.330

### 1.5 Gulf's largest and key founding shareholder supports Metro's Offer

Gulf's largest and key founding shareholder, who owns 22% of Gulf, has entered into pre-bid agreements with Metro (refer to section 10.1 for more information).

The fact that Gulf's largest and key founding shareholder, who is familiar with Gulf and has extensive knowledge of the Skardon River project, considers that accepting the Offer is a better alternative to remaining a Gulf Shareholder, should encourage you to also accept the Offer.

<sup>6</sup> The Offer Consideration is comprised of 3.3 Metro Shares for every Gulf Share.

<sup>7</sup> This represents the VWAP of Metro Shares in the five trading days before the date of this Bidder's Statement.

Assuming the other conditions of Metro's Offer are satisfied, once the 50.1% acceptance threshold is reached, the Offer will become unconditional and Metro will issue you Metro Shares no later than 21 days after the Offer closes, so you are encouraged to accept the Offer as soon as possible.

## **1.6 Avoidance of the significant risks associated with remaining a Gulf Shareholder**

There are many risks associated with you remaining a Gulf Shareholder. These include, but are not limited to:

- (a) **future financing risk**, particularly given Gulf's weak balance sheet and the presently challenging financing market for resource companies, where financiers are highly selective and value scale, liquidity and transparency;
- (b) **management risk**, given that Gulf's board and management, to Metro's knowledge, appear to have a limited track record of project development;
- (c) **operational risk**, given that Gulf's studies indicate high capital cost; and
- (d) **liquidity risk**, given that Gulf remains unlisted and is unable to provide liquidity for your shareholding.

## 1.7 Summary

In summary, Metro considers the Merged Group will have a number of competitive advantages relative to Gulf as a stand-alone entity. Accordingly, the directors of Metro encourage you to accept the Offer as soon as possible.

		<b>Gulf</b>	<b>Merged Group</b>
Corporate	Proven board and management team	x	✓
	ASX Listing with greater trading liquidity	x	✓
	Established broker coverage	x	✓
Operational	Enlarged resource base	x	✓
	Increased production potential	x	✓
	Economies of scale	x	✓
	Operational efficiency	x	✓
	Simplified permitting	x	✓
	Enhanced regional exploration	x	✓
	Improved sales and marketing position	x	✓
Financial	Strong balance sheet	x	✓
	Improved financial capability	x	✓
Strategic	Enhanced relevance	x	✓
	Increased investment appeal	x	✓
	Reduced risk profile	x	✓

## 2 Frequently asked questions about the Offer

Question	Answer
<b>What is the Offer?</b>	<p>Metro is making an Offer to acquire all your Gulf Shares.</p> <p>If you accept the Offer you will receive (subject to the conditions of the Offer being satisfied or waived) 3.3 Metro Shares in respect of every Gulf Share that you elect to accept.</p>
<b>How long is the Offer open for?</b>	<p>The Offer opens on [#insert] and is scheduled to close at 7.00pm (Sydney time) on [#insert] (unless extended).</p>
<b>What are the conditions of the Offer?</b>	<p>The Offer is subject to the following Defeating Conditions:</p> <ul style="list-style-type: none"><li>(a) 50.1 percent minimum acceptance condition;</li><li>(b) no regulatory action;</li><li>(c) no Target Prescribed Occurrences;</li><li>(d) no Material Adverse Change;</li><li>(e) third party consents; and</li><li>(f) no material acquisitions, disposals or commitments.</li></ul> <p>This is only a summary of the key conditions. The conditions are set out in full in Schedule 2.</p> <p>Metro may choose to waive any or all of the Defeating Conditions in accordance with the Offer Terms.</p>
<b>Do I have to pay any fees?</b>	<p>No brokerage, charges or stamp duty will be payable by you on acceptance of the Offer.</p> <p>If you choose to sell your Gulf Shares other than by acceptance of the Offer, you may incur brokerage costs and GST on those costs, and stamp duty may apply.</p>
<b>What should I do?</b>	<p>To accept the Offer, you should:</p> <ul style="list-style-type: none"><li>(a) read this Bidder's Statement in full;</li><li>(b) read Gulf's Target's Statement in full (when issued);</li><li>(c) consult your legal, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and</li><li>(d) accept the Offer in the manner described on page [5] under the heading 'How to accept'.</li></ul> <p>If you have any queries about the Offer, you may also call Metro on + 61 7 3009 8000 between 10.00am to 5.00pm (Sydney time) Monday to Friday.</p>
<b>How do I accept the Offer?</b>	<p>The Offer may only be accepted for all of your Gulf Shares.</p> <p>Full details on how to accept the Offer are set out on page [5] under the heading 'How to accept'.</p> <p>You must complete, sign and return the Acceptance Form in accordance with the instructions on it. Return it to the address indicated on the form so that it is received before the end of the Offer Period. A reply paid envelope (not able to be used by Gulf Shareholders outside Australia) is enclosed for your convenience.</p> <p><b>Mailing, delivery and email addresses</b></p> <p>If you reside in Australia, you can use the reply paid envelope enclosed with this Bidder's Statement.</p>

Question	Answer
	<p>The mailing address is:  Metro Mining Limited  (Gulf Alumina Limited Takeover)  PO Box 10955  Adelaide Street  Brisbane QLD 4000</p> <p>You may deliver the Acceptance Form and any associated documents to:  Metro Mining Limited  (Gulf Alumina Limited Takeover)  Level 8  300 Adelaide Street  Brisbane QLD 4000</p> <p>You may scan or photograph your completed application form and email it to:  <a href="mailto:swaddell@metromining.com.au">swaddell@metromining.com.au</a></p>
<p><b>If I accept the Offer, when will I receive consideration for my Gulf Shares?</b></p>	<p>Provided that the necessary transfer documents accompany your Acceptance Form, you will be issued Metro Shares within one month of the later of:</p> <p>(a) the date you accept the Offer; and  (b) the date the Offer becomes unconditional.</p> <p>In any event, you will receive your Metro Shares within 21 days after the Offer closes (assuming all conditions of the Offer are satisfied or waived).</p>
<p><b>What rights will my Metro Shares have?</b></p>	<p>The Metro Shares issued under the Offer will be fully paid and will rank equally for dividends and other rights with existing Metro Shares.</p> <p>A detailed explanation of the rights and liabilities attaching to Metro Shares is set out in section 10.3.</p>
<p><b>Will my Metro Shares be listed on ASX?</b></p>	<p>On the date of this Bidder's Statement, Metro applied to ASX for quotation of the Metro Shares to be issued under the Offer on the official list of ASX. Quotation of the Metro Shares to be issued under the Offer will not be automatic but will depend on ASX exercising its discretion to admit them to the official list.</p> <p>However, Metro is already admitted to the official list of ASX and shares in Metro in the same class or on the same terms as those to be issued under the Offer are already quoted.</p>
<p><b>What happens if I accept the Offer?</b></p>	<p>If you accept the Offer and it becomes or is declared unconditional, you will be issued Metro Shares within the time specified above.</p> <p>Once you accept the Offer (even while it remains subject to Defeating Conditions) you will not be able to sell your Gulf Shares on market or otherwise deal with the Rights attaching to your Gulf Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p>
<p><b>What happens if I do not accept the Offer?</b></p>	<p>If you do not accept the Offer, you will remain a Gulf Shareholder and will not be issued Metro Shares.</p> <p>However, Metro intends to compulsorily acquire your Gulf Shares should it become entitled to do so. If this occurs, you will still receive the Offer Consideration for your Gulf Shares, although at a later date than you would have received it if you had accepted the Offer.</p>

Question	Answer
<b>What are the tax implications of accepting the Offer?</b>	<p>A general description of the taxation treatment for certain Australian resident Gulf Shareholders accepting the Offer is set out in section 9. You should not rely on that general description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Gulf Shares.</p> <p>Gulf Shareholders should be aware that if Metro does not acquire ownership of 80 percent of Gulf Shares, then rollover relief will not be available to Gulf.</p>
<b>What are Metro’s intentions for Gulf?</b>	<p>Section 6 sets out detailed information about Metro’s intentions for Gulf, including in circumstances where Metro gains control of Gulf, but does not achieve sufficient acceptances to become entitled to compulsorily acquire your Gulf Shares.</p>
<b>What are the significant risks of the Offer?</b>	<p>You should carefully consider the risk factors that could affect the performance of Metro and the Merged Group before deciding whether to accept the Offer. Many of these risks are outside the control of Metro and its directors, and cannot be mitigated. A summary of the key risks is set out in section 7.</p>
<b>What happens if I exercise my Gulf Options?</b>	<p>The Offer extends to Gulf Shares that are issued before the end of the Offer Period on the exercise of Gulf Options. If you exercise your Gulf Options, you can accept the Offer for the Gulf Shares received from the exercise of those Options.</p>

### 3 Profile of Metro

#### 3.1 Overview

Metro is an Australian incorporated, ASX listed bauxite company based in Brisbane, Queensland with a market capitalisation of approximately \$24 million.<sup>8</sup>

Metro's key asset is its 100% owned Bauxite Hills project, located 95 kilometres north of Weipa, in the world-renowned high-quality, export-grade bauxite Cape York region of Queensland.

Metro first focused on its Bauxite Hills project in November 2014 following its merger with Cape Alumina Limited. Since then Metro has rapidly advanced Bauxite Hills from a modest early stage project, through multiple resource and reserve upgrades, to the completion of a positive DFS.

Metro has also secured a non-binding memorandum of understanding, pursuant to which it will sell bauxite to Xinfu Group, one of the largest integrated aluminium companies in China.

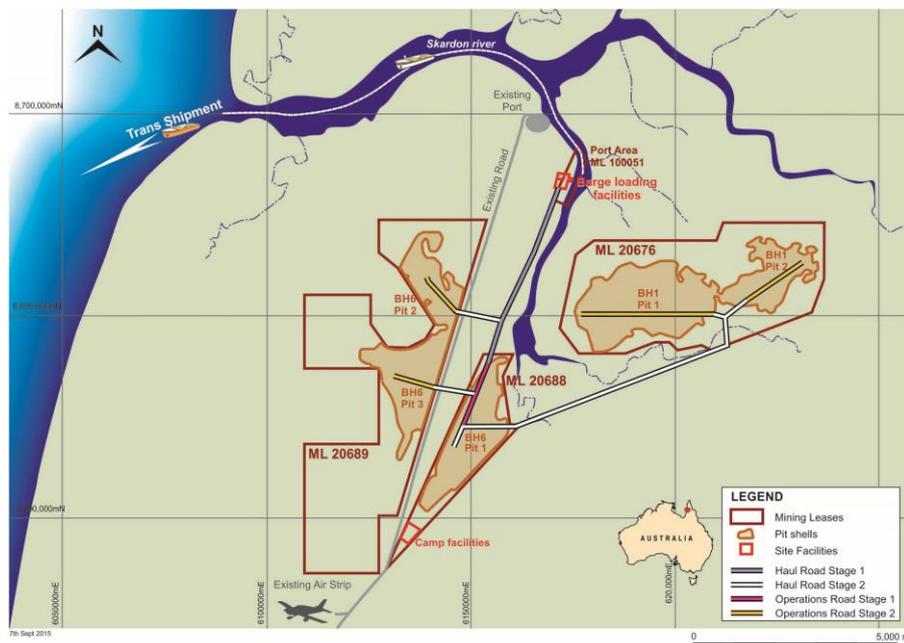
In addition to Bauxite Hills, Metro has a portfolio of bauxite exploration tenements covering approximately 1,300 square kilometres in western Cape York.

Metro also has several coal tenements which cover sizeable coal resources. Due to market conditions the coal tenements are being maintained in good standing with minimal expenditure.

Metro is listed on ASX under the code 'MMI' and has a diverse shareholder base of approximately 2,500 shareholders.<sup>9</sup>

#### 3.2 Bauxite Hills project (100%)

Metro's key asset is its Bauxite Hills project approximately 95 kilometres north of Weipa in Western Cape York.



**Figure 5:** Bauxite Hills project development plan

Source: Metro.

<sup>8</sup> Based on Metro Shares on issue at the date of this Bidder's Statement and the closing price of Metro Shares on 9 December 2015, the last trading day before lodgement of this Bidder's Statement.

<sup>9</sup> As at 10 December 2015.

Bauxite Hills has the potential for a low capital expenditure, simple, long life, and low cost mining operation with attractive margins, as demonstrated by the DFS for a 1.95 million tonnes per annum<sup>10</sup> project, which was completed in November 2015.

Work on a comprehensive environmental impact statement (**EIS**) for annual production up to five million tonnes per annum is currently underway with final EIS approval for the Bauxite Hills project expected by the last quarter of 2016. Commencement of production is targeted for the last quarter of 2017.

Coinciding with the EIS, work has also commenced on a scoping study for an operation that will produce up to five million tonnes per annum using the same low capital cost and simple mining concepts embodied in the 1.95 million tonnes per annum DFS.<sup>10</sup>

#### *Definitive Feasibility Study*

Based on DFS outcomes of a 1.95 million tonne per annum operation,<sup>10</sup> the following have been identified as key features:

- (a) a 48.2 million tonne ore reserve (of which 41.8 million tonnes is proved);<sup>11</sup>
- (b) a greater than 25 year mine life, producing 1.95 million tonnes of direct shipping ore (**DSO**) per annum;<sup>10</sup>
- (c) low initial capital cost of approximately \$33.9 million;
- (d) simple mining operations with minimal environmental impact;
- (e) shallow draught barges used to transport DSO on the Skardon River, and then five to ten nautical miles offshore where the material will be loaded onto bulk ocean-going vessels;
- (f) \$37.3 million average annual net profit after tax; and
- (g) start of production targeted for the last quarter of 2017.

---

<sup>10</sup> Metro confirms all material assumptions underpinning production target and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2.

<sup>11</sup> Refer to the Competent Person's statements under the heading 'Important notices' on page [3]. Refer to Metro's announcement to the market dated 2 June 2015.

A summary of key DFS assumptions and results (as announced to the market on 5 November 2015) are outlined below.

<b>Assumption</b>	<b>Input</b>
Annual production rate (steady state)	1.95Mt <sup>10</sup>
LOM production	49.1Mt
Mine life	25.2 years
Bauxite price (FOB)	US\$38.60 – 45.40/t
Exchange rate (AUD/USD)	0.75
Discount rate	15%
Pre-mining development capital expenditure	A\$33.9 million
Deferred and sustaining capital expenditure	A\$4.9 million
Working capital	A\$4.0 million
<b>Result</b>	<b>Output</b>
NPV (Real, after tax)	A\$235 million
IRR	148%
Payback period	1.1 years
Total LOM revenue	A\$2.87B
LOM average annual EBITDA	A\$54.4 million
LOM average annual NPAT	A\$37.3 million
LOM average operating margin	A\$28.73 per tonne
LOM average operating costs (ex-royalties)	A\$22.49 per tonne
LOM total operating expenditure	A\$29.75 per tonne

### *Mineral Resources and Ore Reserves*

Metro has updated its Bauxite Hills Mineral Resource and Ore Reserve as at 2 June 2015. The Bauxite Hills Mineral Resource and Ore Reserve are in accordance with the JORC Code 2012 and are presented in the tables below.

**Bauxite Hills DSO Resource Statement<sup>10</sup> – ASX Release 2 June 2015**

Area	Category	DSO Tonnes (Mt) <sup>1</sup>	DSO Bauxite Qualities (Dry Basis)			
			Total Al <sub>2</sub> O <sub>3</sub> (%)	THA (%)	Total SiO <sub>2</sub> (%)	RxSi (%)
BH1 & BH6	Measured Resource (Dry <i>In-situ</i> )	41.8	51.0	39.2	11.0	6.1
BH1 & BH6	Indicated Resource (Dry <i>In-situ</i> )	8.3	49.3	37.1	14.0	6.8
BH1 & BH6	Inferred Resource (Dry <i>In-situ</i> )	3.4	48.4	35.9	14.8	7.2
<b>TOTAL</b>		<b>53.6</b>	<b>50.6</b>	<b>38.6</b>	<b>11.7</b>	<b>6.3</b>

**Notes**

- The tonnages above are calculated using the following default bulk densities determined from a program of sonic drilling (1.6g per cm<sup>3</sup> for BH1 and 2g per cm<sup>3</sup> for BH6). Actual values are used where measurements have been taken.
- DSO is defined as bauxite that can be exported directly with minimal processing and beneficiation.
- THA is trihydrate available alumina, set out below, at 150°C.
- (gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina).
- RxSi is reactive silica at 1500C.
- Resource cut off based on greater than or equal to 45% total Al<sub>2</sub>O<sub>3</sub> and less than and equal to 8% reactive SiO<sub>2</sub>.

**Bauxite Hills DSO Reserve Statement<sup>10</sup> – ASX Release 2 June 2015**

Area	Category	DSO Tonnes (Mt) <sup>1</sup>	DSO Bauxite Qualities (Dry Basis)			
			Total Al <sub>2</sub> O <sub>3</sub> (%)	THA (%)	Total SiO <sub>2</sub> (%)	RxSi (%)
BH1 & BH6	Proved Reserve <sup>5</sup> (ROM @ 10% Moisture)	41.8	50.7	38.6	10.9	6.3
BH1 & BH6	Probable Reserve <sup>6</sup> (ROM @ 10% Moisture)	6.4	49.3	36.8	13.4	6.9
<b>TOTAL</b>		<b>48.2</b>	<b>50.2</b>	<b>38.4</b>	<b>11.2</b>	<b>6.4</b>

**Notes**

- The tonnages above are calculated using the following default bulk densities determined from a program of sonic drilling (1.6g per cm<sup>3</sup> for BH1 and 2g per cm<sup>3</sup> for BH6). Actual values are used where measurements have been taken.
- DSO is defined as bauxite that can be exported directly with minimal processing and beneficiation.
- THA is trihydrate available alumina, set out below, at 150°C.
- (gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina).
- RxSi is reactive silica at 1500C.
- The proved reserve is included in the BH1 & BH6 Measured Resource. The Probable Reserve is included in the BH1 & BH6 Indicated Resource.
- Reserve cut off based on greater than and equal to 45% total Al<sub>2</sub>O<sub>3</sub> and less than and equal to 8% reactive SiO<sub>2</sub>.

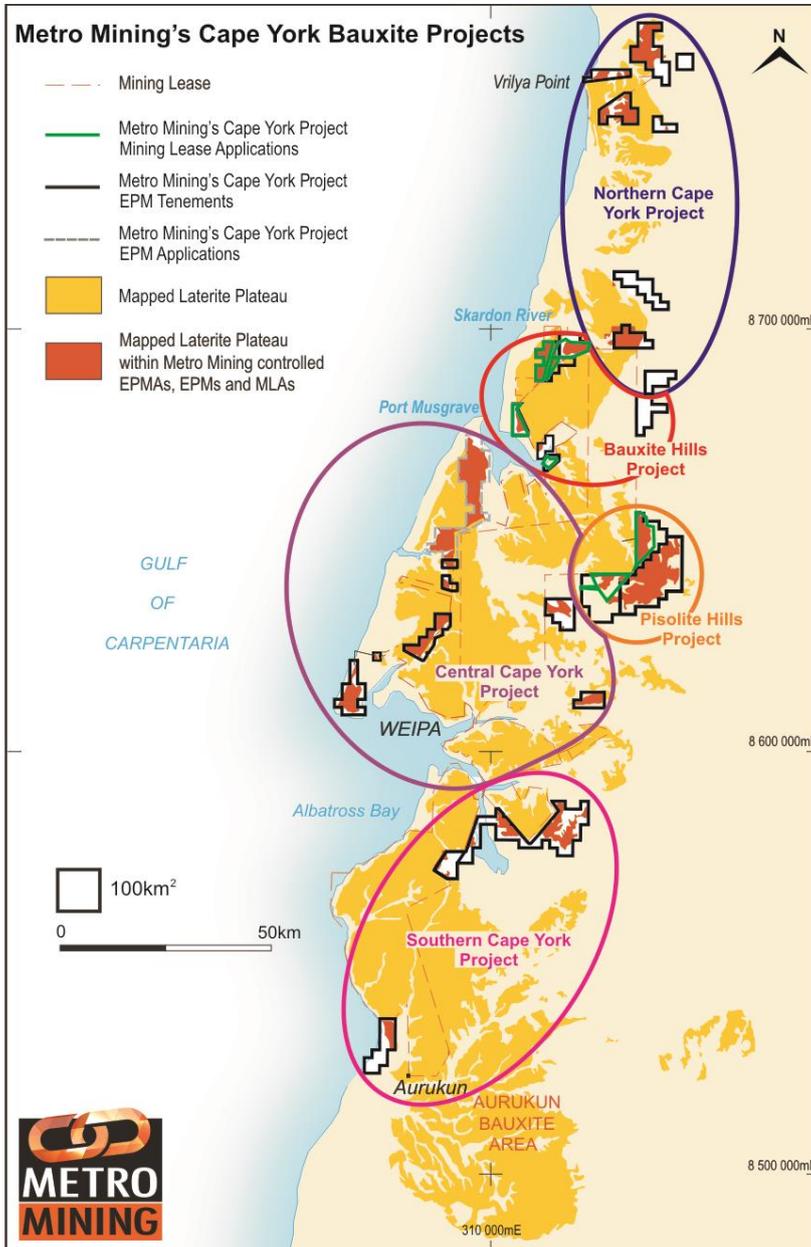
**Competent Person Statement**

The information contained in the table above that relates to Metro's Mineral Resources and Ore Reserves is a compilation of previously published data for which Competent Persons' consents were obtained. Those consents remain in place for subsequent releases by Metro of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in the tables above has been extracted from Metro's announcement to the market dated 2 June 2015 and is available on the Metro website ([www.metromining.com.au](http://www.metromining.com.au)) or through the ASX website using ticker code MMI ([www.asx.com.au](http://www.asx.com.au)). Metro confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement referred to above and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Metro confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement referred to above.

### 3.3 Bauxite exploration assets

#### Western Cape York

Metro controls approximately 1,300 square kilometres of exploration tenements in Western Cape York. Over these tenements, Metro has been granted 14 EPMS. Metro also currently has one EPMA adjoining the Rio Tinto mining leases and eight MLAs.



**Figure 6:** Metro's Cape York bauxite projects

Source: Metro.

Metro has identified five priority bauxite exploration areas in Cape York, the most advanced being the Bauxite Hills project.

Significant drilling has been conducted over these areas and additional in-situ bauxite resources have been defined.

Metro plans further reconnaissance, exploration and drilling programs to advance more projects in the future. Key areas of focus include the Duyfken, Weipa Satellites and Vriilya areas.

A summary of the Metro's other key mineral resources estimates outside Bauxite Hills which are a focus for Metro are set out below.

Other DSO Resources in Western Cape York -- ASX Release 10 December 2015						
Area	Category	DSO <sup>2</sup> Dry In-Situ Tonnes (Mt)	Total Al <sub>2</sub> O <sub>3</sub> (%)	THA (%)	Total SiO <sub>2</sub> (%)	RxSi
BH2	Indicated	11.7	49.1	37.4	15.7	6.7

**Notes**

- The tonnage above is calculated using a bulk density of 1.92 gm/cm<sup>3</sup> determined from a program of sonic drilling.
- DSO or "Direct shipping ore" is defined as bauxite that can be exported directly with minimum processing and beneficiation.
- THA is trihydrate available alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina) at 150<sup>o</sup>C.
- RxSi is reactive silica at 150<sup>o</sup>C.
- The above resource is based on the 2012 JORC Code.

Other Bauxite Resources of Focus for Metro in Western Cape York					
Area	Category	In-situ dry tonnes (Mt)	Dry beneficiated tonnes (Mt)	Beneficiated bauxite qualities	
				Total Al <sub>2</sub> O <sub>3</sub>	Total SiO <sub>2</sub>
Musgrave	Indicated	2.2	1.6	52.8	11.2
BH4	Inferred	2.0	1.1	49.0	11.3
BH5	Inferred	1.8	0.9	50.0	10.7
<b>Total resource</b>		<b>6.0</b>	<b>3.6</b>	50.9	11.1

**Notes**

- The tonnages above are calculated using a bulk density of 1.8. Beneficiated tonnes are determined from the percentage recovery of material greater than 1.2mm based on laboratory screening of each sample.
- Beneficiated bauxite qualities are based on the analyses of samples with material greater than 1.2mm.
- The above resources are based on the 2004 JORC Code and the information has not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Details of Metro's tenements in Cape York are outlined in Schedule 3.

*Central Queensland*

Metro also holds two granted EPMs over a central Queensland bauxite project, as set out in Schedule 4. This area is considered prospective as there are known occurrences of bauxite on abutting tenements where Australian Bauxite Limited has announced to the ASX high grade bauxite assays from its Brovinia project and a 1.7 million tonne DSO bauxite resource from its Toondoon Mining Lease.<sup>12</sup> The prospectivity of the district is further enhanced by the presence of 24.5 million tonnes of bauxite resources at Australian Bauxite Limited's Binjour project located approximately 50 kilometres to the northeast.<sup>13</sup>

<sup>12</sup> Refer to Australian Bauxite Limited's announcements to the market dated 7 September 2015 and 3 December 2012 respectively.

<sup>13</sup> Refer to Australian Bauxite Limited's announcement to the market dated 29 June 2012.

### 3.4 Metro's other assets

In addition to the Bauxite Hills project and its bauxite exploration assets, Metro has a portfolio of coal tenements which have over 4.5 billion tonnes<sup>14</sup> of thermal coal resources in the Surat Basin, Queensland.

Metro restricted the work on its coal tenements in 2013 due to the depressed coal market. Metro considers the tenements to provide attractive optionality to a recovery in the coal market so the tenements are being maintained in good standing with minimal expenditure.

Coal tenements – Surat Basin						
Project	Metro Mining Ownership	Resources (Mt)			Reserves (Mt)	JORC
		Indicated	Inferred	Total		
<b>Bundi (including Juandah)</b>	100%	296	1,705.6	2,001.6	-	2012
<b>Columboola</b>	49%	242.6	1,515.0	1,757.6	-	2012
<b>Goombi</b>	49%	4.9	13.8	18.7	26.2	2004
<b>Dalby West</b>	100%	-	520	520	-	2004
<b>Norwood</b>	100%	-	156	156	-	2004
<b>TOTAL</b>		<b>543.5</b>	<b>3,910.4</b>	<b>4,453.9</b>	<b>26.2</b>	

#### Notes

- The above reserve and resources as previously reported by Metro.
- For Bundi (including Juandah), see Metro's announcements to the market dated 24 October 2013 and 19 July 2012.
- For Columboola, see Metro's announcement to the market dated 6 September 2012.
- For Goombi, see Metro's announcement to the market dated 19 December 2012.
- For Dalby West, see Metro's announcement to the market dated 9 December 2011.
- For Norwood, see Metro's announcement to the market dated 17 August 2010.
- The above resources are based on the 2004 JORC Code and the information has not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

### 3.5 Directors

The directors of Metro are set out below:

#### *Stephen Everett – Non-executive Chairman*

A graduate of chemical engineering from UNSW, Mr Everett has more than 40 years board and management experience in the resources and construction industries both in Australia and overseas. Mr Everett's vast management experience includes production and project management, marketing, corporate restructuring, debt and equity financing and government relations. His senior executive positions have included Managing Director and Chief Executive Officer of private and publicly listed companies. Mr Everett was formerly Chairman of BeMaX Resources NL, Australian Solomons Gold Limited, JMS Civil and Mining Pty Ltd and IronRidge Resources Limited, and is currently Chairman of Agrimin Limited.

#### *Philip Hennessy – Non-executive director*

Philip Hennessy has over 30 years corporate experience and holds a Bachelor of Business. Mr Hennessy has been involved with all aspects of corporate financing and company reconstruction across a variety of industries including construction, manufacturing, mining, professional services, agriculture and financial services and was KPMG Qld Chairman for 13 years. Mr Hennessy is an Independent Company Director and Advisor and serves on both public and private boards across the resources, financial services, property and manufacturing sectors. Mr Hennessy's knowledge

<sup>14</sup> Refer to Metro's announcement to the market dated 23 October 2015.

and experience assists the Company in driving good governance, cohesive and effective collaboration, effective processes and communications with shareholders and stakeholders.

*Lindsay Ward – Non-executive director*

Lindsay Ward has over 25 years broad industry experience holding executive positions in mining, exploration, mineral processing, ports, rail, power generation, gas transmission and logistics. Mr Ward's previous mining experience includes Mine Manager of the Yallourn Energy open cut coal mine in Victoria and senior mining engineering positions with BHP Australia Coal in Queensland and Camberwell Coal in the Hunter Valley. Mr Ward is currently CEO of the Tasmanian Gas Pipeline, a gas transmission pipeline that links Victoria to Tasmania and transports gas throughout Tasmania. Mr Ward was previously Managing Director of Dart Mining a Melbourne based exploration company. Prior to this he was General Manager, Patrick Ports and Pacific National Bulk Rail (a business unit within Asciano Limited).

*Jijun Liu – Non-executive director*

Mr Jijun Liu is the Managing Director of the China Xinfu Group Corporation Limited which controls one of the largest alumina-aluminium enterprises in China. Mr Liu is also a member of various government committees. He studied thermal power plant engineering at Shandong Power Junior College.

*Dongping Wang – Non-executive director*

Mr Dongping Wang graduated from the China Mining University in 1981 with a Major in Coal Processing Technology. Mr Wang was Process Plant Manager and later Director of Operations at Pingshuo Antaibao coal mine for many years (a World Bank funder USA and China joint venture project). Mr Wang then worked for a time in the China Coal Ministry. He later became General Manager of Long-Airbox (Tianjin) where from 1997 he was instrumental in introducing modern coal process technology from Australia to China. Mr Wang was General Manager of Schenck (Tianjin) until 2007. He then helped establish the Dadi Engineering Group (now China's largest coal industry engineering group) and is now Chairman of Dadi Engineering Development Group. Mr Wang Dongping has worked at the highest level within the Chinese coal industry for 30 years and is a highly renowned coal processing expert and a prominent figure in the Chinese coal industry.

*George Lloyd – Non-executive director*

George Lloyd has over 30 years resource industry experience including senior executive and board member roles of listed and unlisted companies with interests in minerals, energy, industry services and corporate finance. Mr Lloyd's extensive experience in resources includes five years as Chairman of Cape Alumina Limited. He currently serves as the Chairman of Ausenco Limited and Pryme Energy Limited. Prior to 2015, Mr Lloyd served as Chairman of AWR Lloyd, an Asian-based firm providing mergers and acquisitions, corporate strategy, industrial research, and investor relations advisory services to the mining and energy industries throughout Asia and Australia. Mr Lloyd holds a Bachelor of Engineering Science Degree (Industrial Engineering) and a Master of Business Administration Degree, both from the University of New South Wales. He is also a graduate of the Stanford Executive Program. Mr Lloyd is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australasian Institute of Mining and Metallurgy.

### **3.6 Management team**

The members of senior management of Metro are set out below:

*Simon Finnis – Chief Executive Officer*

Simon was previously CEO of Grand Cote Operations in Senegal, his primary responsibilities being to oversee construction and bring the Grand Cote mineral sands project into operations. In a mining industry career spanning over 28 years, Simon has worked throughout Australia in underground and open cut mining operations. His previous roles have included the re-opening of

the Mt Lyell Mine in 1994 and 1995, re-development of the CSA Mine between 1998 and 2001, and then the development of the Pooncarie Mineral Sands project from feasibility through to operations from 2001 to 2007. Simon held the role of Operations Manager during the final years of his involvement at Pooncarie. Simon therefore has considerable experience through feasibility, construction, commissioning and operations of both new and brown fields' operations. Simon holds a Masters in Business and Technology from the University of New South Wales.

*Scott Waddell – Chief Financial Officer and Company Secretary*

Prior to joining Metro Mining, Scott was Head of Finance for the Monash Energy project in Victoria's La Trobe valley. Scott's resources experience was gained over nine years with Anglo Coal and eight years with Rio Tinto in a wide variety of senior roles across multiple sites. Scott has a deep understanding of the global bauxite and resources sectors. Scott holds a Bachelor of Business from the Queensland University of Technology and is a Fellow of the Certified Practising Accountants and an Associate Member of the Governance Institute of Australia. Scott has also completed numerous post graduate courses including a Graduate Diploma in Applied Corporate Governance, Company Directors Course with the Australian Institute of Company Directors, and Post Graduate Diploma of Purchasing and Materials Management with RMIT.

*Mike O'Brien – Project Director*

Mike has a 40-year mining and minerals background including over 25 years extensive management experience with multinational companies Shell Coal and Anglo American. He has worked in operational roles as General Manager of a large underground longwall mine, General Manager of a very large open cut mine and held senior corporate positions in Shell Coal's technical group. This included responsibility for mining, geological and engineering development. Mike has also held the role of CEO of a junior listed company exploring in Australia, and operating and developing mines in New Zealand. He holds a B.Sc. (Min)(Eng) from the University of Witwatersrand.

*Norman Ting - General Manager Marketing, Asia*

Norman has over 30 years industry experience having previously served as Chairman for Traxys China where he traded a range of products; predominantly bauxite. Norman also recently held a senior executive position with ASX listed engineering group Ausenco in China.

From 1985 to 2009, Norman served in several senior executive positions with WOGEN in the United Kingdom, Hong Kong & China – which included representing Comalco (Rio Tinto) Bauxite and Alumina in Beijing. Between 1991 and 1994 Mr Ting was Technical Marketing Manager, Bauxite and Alumina for Comalco, and was based in Brisbane.

*Neil McLean – Exploration Consultant*

Neil holds a Bachelor of Science with Honours from the University of Witwatersrand, South Africa, and a Master of Science in Mineral Exploration from the Royal School of Mines, Imperial College, London. He is a senior exploration geologist with more than 30 years of global mineral exploration experience, and oversees Metro's exploration and geology functions. He is currently a consultant to Metro after joining Metro in June 2011. Prior to this, Neil was a founding director and principal geologist at the Geo Discovery Group for 13 years. He spent 18 years working for BHP's mineral exploration group in various commodities, including the exploration program that led to the discovery of the Cannington base metal mine in north-west Queensland. His expertise covers all facets of exploration program management, from green fields through to advanced projects.

*Colleen Fish – Environmental Manager*

Colleen holds a degree in Applied Science and has 25 years experience in environmental management, incorporating over ten years field experience on operating open-cut and underground mines. This experience was followed by corporate environmental management roles in a number of companies, including Macarthur Coal and as the Queensland Manager

(Environment) for Peabody Energy, overseeing seven operating mine sites with a focus on regulatory negotiation and compliance. For almost three years Colleen led a small team specialising in mining approvals, successfully gaining State and Commonwealth approvals for a number of mining projects. Colleen has been with Metro (previously as Cape Alumina Limited) for three years and has established good working relationships with all of the relevant government and community stakeholders for the Cape York Region. Colleen is a current member of the Queensland Resource Council Environment Committee and the QRC Strategic Advisory Committee.

#### *Nicholas Villa – Project Manager*

Nicholas holds a Bachelor of Science (Geology) with Honours from the University of Newcastle and a Diploma in Project Management from the Australian Institute of Management. He is experienced in the planning and execution of exploration and development programs as well as navigation of both the State and Federal Government approvals processes for mining projects. He has been responsible for the generation, design, management and evaluation of green-field exploration projects in Eastern Australia. As Site Senior Executive, Nicholas has also been responsible for the management and assessment of mine-site practices in mines in Queensland, and is a long standing member of Australian Institute of Geoscientists.

### **3.7 Metro capital structure**

The total number of Metro Shares on issue is 366,785,856 quoted fully paid ordinary shares.

There are also 10,750,000 unquoted employee options on issue and 3,000,000 further options in the process of being issued to the directors of Metro, as set out in the following table.

Option description	Exercise price	Expiry date
10,750,000 unquoted employee options	\$0.06 <sup>15</sup>	11 January 2017 <sup>16</sup>
3,000,000 unquoted Director options <sup>17</sup>	\$0.15 <sup>18</sup>	15 December 2017 <sup>19</sup>

The effect of the Offer on Metro's capital structure is set out in section 5.

### **3.8 Metro substantial holders<sup>20</sup>**

Based on Metro's 2015 Annual Report, each of the following persons has identified itself as having a substantial holding (greater than 5% of the share capital on issue) in Metro:

Metro Shareholder	Number of Metro Shares	Percentage
Balanced Property Pty Ltd	54,067,849	17.2%
Dadi Engineering Development (Group) Co. Ltd and related entities	47,250,000	15.1%
China Xinfra Group Corporation Limited and related entities	22,571,507	7.2%
Mr Gregory Ian Willims	18,819,863	6.0%
Bondline Limited and related entities	16,427,989	5.2%

### **3.9 Recent trading in Metro Shares**

Metro Shares are quoted on the ASX. Set out below is a table showing recent trading prices of Metro Shares on the ASX:

<sup>15</sup> As per the annual report for Metro for the financial year ending 30 June 2015.

<sup>16</sup> As per the annual report for Metro for the financial year ending 30 June 2015.

<sup>17</sup> The Director options are still to be issued, which is expected to occur on or about 15 December 2015.

<sup>18</sup> As per Metro's announcement to the market dated 26 November 2015.

<sup>19</sup> As per Metro's announcement to the market dated 26 November 2015.

<sup>20</sup> Based on the number of Metro Shares on issue, and the shares held by each respective substantial holder, at the time of release of Metro's 2015 Annual Report.

Comparative period of Metro Shares	Price
Highest closing price in the four month period before the date this Bidder's Statement was lodged with ASIC	\$0.081
Lowest closing price in the four month period before the date this Bidder's Statement was lodged with ASIC	\$0.052
Closing price on the last trading day prior to Metro's trading halt relating to the announcement of its intention to make the Offer, being 30 November 2015	\$0.056

### 3.10 Metro dividend history

No dividends were declared or paid by Metro during the financial year ending 30 June 2015.

### 3.11 Financial profile of Metro

Metro released its full consolidated financial statements for the financial year ending 30 June 2015 on 27 August 2015. An electronic copy of this report can be obtained from Metro's website ([www.metromining.com.au](http://www.metromining.com.au)) or from ASX.

The historical financial information below relates to Metro on a stand-alone basis and does not reflect any impact of the Offer. It is an extract only. The full consolidated financial statements for the financial year ending 30 June 2015, which includes notes to these financial statements, can be found in Metro's 2015 annual report. A copy of this annual report and the half year report for the period ending 31 December 2014 are available on Metro's website ([www.metromining.com.au](http://www.metromining.com.au)).

The consolidated balance sheet of Metro set out below has been extracted from the financial statements released by Metro prior to the date of this Bidder's statement being audited financial statements of Metro for the financial year ending 30 June 2015.

#### *Consolidated Balance Sheet for Metro*

The following is a consolidated balance sheet for Metro:

	2015 \$	2014 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,116,546	7,522,249
Trade and other receivables	127,570	82,111
Other assets	2,289	4,903
<b>Total current assets</b>	<b>3,246,405</b>	<b>7,609,263</b>
<b>Non-current assets</b>		
Property, plant and equipment	25,180	72,053
Exploration and evaluation assets	11,992,694	9,472,006
Other assets	91,424	465,781
<b>Total non-current assets</b>	<b>12,109,298</b>	<b>10,009,840</b>
<b>Total assets</b>	<b>15,355,703</b>	<b>17,619,103</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	727,500	299,864

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	43,128	89,791
Total current liabilities	770,628	389,655
<b>Total liabilities</b>	<b>770,628</b>	<b>389,655</b>
<b>Net Assets</b>	<b>14,585,075</b>	<b>17,229,448</b>
<b>EQUITY</b>		
Contributed equity	47,491,109	45,149,187
Reserves	3,670,027	5,586,507
Accumulated losses	(36,576,061)	(34,087,971)
<b>Total equity attributable to equity holders of Metro</b>	<b>14,585,075</b>	<b>16,647,723</b>
Non-controlling interests	-	581,725
<b>Total Equity</b>	<b>14,585,075</b>	<b>17,229,448</b>

### 3.12 Publicly available information

Metro is a company listed on ASX (Code: MMI) and is subject to the continuous and periodic disclosure requirements of the Listing Rules and the Corporations Act. A substantial amount of information on Metro is publicly available and may be accessed by referring to Metro on [www.asx.com.au](http://www.asx.com.au).

A list of announcements made by Metro to ASX between 1 July 2015 and the date of this Bidder's Statement is set out in Schedule 5. This information may be relevant to your assessment of the Offer. Copies of the announcements are available from ASX.

### 3.13 Further information

Further information about Metro can be found on Metro's website: [www.metromining.com.au](http://www.metromining.com.au).

## **4 Profile of Gulf**

---

### **4.1 Disclaimer**

The following information on Gulf has been prepared by Metro using publicly available information and information provided in a letter addressed to Gulf Shareholders (as set out in section 4.13), and has not been independently verified. Accordingly, Metro does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Gulf in this Bidder's Statement should not be considered comprehensive. Certain information and risks in relation to Gulf may exist in relation to which Metro is unaware. This is particularly the case as Gulf is an unlisted public company and is therefore subject to more limited continuous disclosure obligations than Metro.

In addition, the Corporations Act requires Gulf to provide a Target's Statement to Gulf Shareholders in response to this Bidder's Statement, setting out certain material information concerning Gulf. The Gulf Board will have an opportunity to identify any additional information that may be material to a Gulf Shareholder's decision, including to correct any information about Gulf in this section, in the Target's Statement, which is due to be sent to Gulf Shareholders no later than 15 days after this Bidder's Statement has been despatched.

### **4.2 Overview**

Gulf is an unlisted Australian based company based in Sydney, New South Wales.

Gulf's focus is its 100% owned Skardon River bauxite project, located 95 kilometres north of Weipa, in the Western Cape York region of Queensland.

Gulf also owns tenements in the Cape York region of Queensland and on Marchinbar Island, located off the northern tip of the Northern Territory.

Information in this Bidder's Statement in relation to Gulf has been prepared in reliance on the information set out in section 4.13.

### **4.3 Skardon River bauxite project (100%)**

Gulf is the 100% owner of mining and exploration tenements at Skardon River, located 90 kilometres north of Weipa.

Gulf, according to certain public statements, which Metro has not been able to confirm or verify, updated its DSO reserve and resource statements in May 2015 and has undertaken study work but is yet to complete a DFS.

As at July 2015, results of various studies announced by Gulf indicated the potential for three to five million tonnes per annum operation producing 60 million tonnes over a 13.5 year mine life with an expected capital requirement of \$75 million and working capital requirement of \$15 million for a total capital requirement of \$90 million.

In October 2015, Gulf lodged an EIS with the Queensland Department of Environment and Heritage Protection for a DSO operation producing and shipping up to five million tonnes per annum but to date has not received permitting approval.

Based on the EIS, it appears it is progressing with a feasibility study for a mine plan that will have a mine life of approximately nine years and produce approximately 44 million tonnes. Gulf's EIS submission indicates it is targeting 2017 for the commencement of production.

Gulf's key mining licences are due for renewal on 28 February 2016.

## Skardon River Resource and Reserves

The reserve and resource information shown in the following tables for Gulf's Skardon River project is based on a letter from Gulf to its shareholders dated 27 July 2015.

The letter from Gulf to shareholders stated the following:

### JORC Reserve Report

In May 2015 Gulf received the Direct Shipping Bauxite Ore Reserve Statement prepared by our mining consultant AMDAD based on the updated resource and in accord with the JORC Code. All of the Ore Reserves referred to in the Statement are for extraction by open pit mining and mined at a quality specification for sale without further processing or beneficiation other than to sizing <150mm and mining waste. The Ore Reserve estimate of the bauxite mineral reserves known to be economically feasible for extraction."

Skardon River DSO Reserve Statement – May 2015					
Category	Mt	Al <sub>2</sub> O <sub>3</sub> %	AAI <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	RSiO <sub>2</sub> %
Proved	16.6	49.8	41.4	14.3	6.1
Probable	31.8	49.2	39.8	15	6.4
<b>TOTAL</b>	<b>48.3</b>	<b>49.4</b>	<b>40.4</b>	<b>14.7</b>	<b>6.3</b>

### Notes

- The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades.
- AAI<sub>2</sub>O<sub>3</sub> refers to Low Temperature Available Alumina.
- RSiO<sub>2</sub> refers to Reactive Silica.
- Reserve cut off are not reported by Gulf

The letter showed resource information at SiO<sub>2</sub> cut-offs of 15%, 20%, 25%, and 30%. A 15% cut-off was chosen to be included in this Bidder's Statement, as Metro has historically used a 15% SiO<sub>2</sub> cut-off.

Skardon River DSO Resource Statement – May 2015					
Category	Dry Tonnes (Mt)	Tot. Al <sub>2</sub> O <sub>3</sub> (%)	AAI <sub>2</sub> O <sub>3</sub> (%)	Tot SiO <sub>2</sub> (%)	RSiO <sub>2</sub> (%)
Measured	13.8	51.5	42.4	12	5.7
Indicated	23.1	51.3	41.7	12.3	5.8
Inferred	8.4	52	42.4	11.5	5.4
<b>TOTAL</b>	<b>45.3</b>	<b>51.5</b>	<b>42.0</b>	<b>12.1</b>	<b>5.7</b>

### Note

Resource above reported based on cut-off of 15% SiO<sub>2</sub>, 40% Al<sub>2</sub>O<sub>3</sub> and 8% RSiO<sub>2</sub> cog

#### **4.4 Other tenements**

Gulf also holds several bauxite exploration tenements. However, the majority of these tenements are either not granted or unable to be explored due to native title owner permission being withheld and/or the Northern Territory government imposing a moratorium on exploration.

##### *Northern Cape York*

Gulf has applied for four exploration tenements at Jackson River, Bamaga, Skardon Channel and Skardon River North. These tenements cover approximately 1,200 square kilometres but are yet to be granted.

##### *Marchinbar Island*

Gulf holds an exploration licence over 320 square kilometres on Marchinbar Island, located off the northern tip of the Northern Territory.

According to Gulf, historic drilling in the early 1950s indicates potential for a DSO bauxite resource subject to additional work being undertaken.

However, following discussions in 2007, Metro understands that the traditional owners did give not their consent for Gulf to undertake exploration. Furthermore the Northern Territory government then imposed a five year moratorium on exploration, which was extended for a further three years in 2012.

##### *South Aurukun*

Gulf holds two exploration tenements at Merapah in the South Aurukun zone which comprise an area of 390 square kilometres proximate to the Aurukun tenements held by Glencore.

#### **4.5 Directors**

##### *Weidong Zhang – Managing Director*

Weidong Zhang obtained a PhD in Chemical and Materials Engineering from Auckland University in 1992 and has over 20 years of aluminium industry experience, including the technology and project development division of Comalco Limited (now part of the Rio Tinto Group) from 1992 to 1997. In 1998, Mr Zhang joined Sino Mining Limited in Sydney, specialising in resource project development targeting the demand of the Chinese market and the associated project financing and product marketing. From 2000, Mr Zhang was involved in the development, implementation and management of Sino Mining's US\$240 million investment project in Alcoa worldwide bauxite and alumina production facilities until 2008. Gulf engaged Mr Zhang in 2008. He was also a director of Lion Energy Limited, an ASX listed company, from 2009 to 2013.

##### *William Cheng Wang – Non-Executive Director*

William Wang majored in finance from The Chinese University of Hong Kong and has held senior management positions in several major Chinese state-owned companies for over 15 years. In his most recent position as a Deputy General Manager, Mr Wang oversaw an international commodities trading arm with group assets exceeding \$1.5 billion. Now domiciled in Australia, Mr Wang is active with Australian investment and resource companies and is currently the director of Investment Banking of the AIMS Financial Group, and chairman of Diatrema Resources Limited, an ASX listed company. He has also held the position of Acting CEO for Katana Group Limited.

##### *Jianbo Song – Non-Executive Director*

Following the equity investment in January 2008 of Shandong Nanshan Aluminium Co. Ltd in Gulf, Mr Song was appointed as a director for Gulf.

#### *Stephen Lonergan – Non-Executive Director*

Mr Lonergan was appointed to the board of Gulf on 26 October 2015 as an independent director. Mr Lonergan was company secretary of KBL Mining Limited until 1 May 2014 and retired as executive director of KBL Mining Limited on 15 May 2014. Until its takeover in 2010, Mr Lonergan was the general counsel and company secretary of CBH Resources Limited. He was also a director and company secretary of Paradigm Metals Limited until November 2012, and a director of Finder Resources Limited until August 2013. Mr Lonergan was also general counsel of Savage Resources and Pancontinental Mining and has been involved in the Australian and international mining industry for more than 30 years. He has been company secretary of Aeon Metals Limited since 28 September 2006.

#### **4.6 Management**

##### *John Keppo – Accounting, Administration and Company Secretary*

Mr Keppo was appointed Company Secretary on 12 September 2012. He has extensive experience in the banking and finance industry, with the last 14 years in a variety of roles with ASX listed companies operating in the mining and exploration sector. Mr Keppo has worked in areas of Australia, China and Papua New Guinea. In addition to the secretarial duties of the Company, Mr Keppo has been overseeing the accounting and administrative function within Gulf for the past six years.

##### *George Gaal – Business and Commercial*

Mr Gaal was engaged in September 2009 to provide advice and support to executive management, covering a range of pre-IPO activities involving commercial, general management and financial issues. Prior to this role, Mr Gaal was the CFO of ASX listed Minerals Corporation Limited that operates the kaolin business at Skardon River and also sponsored the float of China Century Capital Limited onto the ASX in 2007.

#### **4.7 Gulf capital structure**

Metro's Offer is to acquire all of the issued Gulf Shares, as well as any Gulf Shares arising during the Offer Period as a result of the exercise of Gulf Options, for the Offer Consideration.

At the date of this Bidder's statement, there are 85,234,175 Gulf Shares on issue. Further, based on documents obtained by Metro from ASIC prior to lodgement of this Bidder's Statement, there are 6,128,000 Gulf Options on issue.

The table below summarises the information that Metro was able to obtain in relation to Gulf Options:

<b>Date granted</b>	<b>Action</b>	<b>Gulf Options</b>	<b>Exercise price</b>	<b>Expiry date</b>
8 January 2013	Options issued	2,210,000	\$0.30	8 January 2017
10 March 2014	Options issued	2,395,000	\$0.30	10 March 2019
18 February 2015	Options issued	1,523,000	\$0.30	18 February 2020
<b>TOTAL</b>		<b>6,128,000</b>		

If a holder of Gulf Options exercises those options and is issued Gulf Shares during the Offer Period, the holder can accept the Offer for the Gulf Shares received from the exercise of those options.

#### **4.8 Top 20 Gulf Shareholders**

Based on information available to Metro at the time of lodgement of this Bidder's Statement, the following table displays the top 20 Gulf Shareholders.

No.	Gulf Shareholder	Number of Gulf Shares	Percentage
1	RSI (Qld Equity Investments) Pty Ltd	15,239,014	17.88%
2	Joyday Pty Ltd	12,748,800	14.96%
3	Shandong Nanshan Aluminium Co., Ltd	10,316,146	12.10%
4	Amanda (Jitong) Li	6,771,240	7.94%
5	Wenzhen Zhang	6,714,760	7.88%
6	Quiyun Shen	6,060,372	7.11%
7	Equity & Permanent Investment Capital Limited	6,000,000	7.04%
8	Weidong Zhang	5,000,000	5.87%
9	Yanhua Liu	4,140,460	4.86%
10	Hong Jiang	3,654,920	4.29%
11	Cheng Wang	3,500,000	4.11%
12	Mathew (Jun Jie) Gu	1,000,000	1.17%
13	George Birch	600,000	0.70%
14	John Wardman & Associates Pty Ltd	500,000	0.59%
15	ACT 2 Pty Limited	500,000	0.59%
16	Clive Thomas	322,522	0.38%
17	Jason Powell	317,568	0.37%
18	IRM Super Pty Ltd	200,000	0.23%
19	M5 Holdings Australia Pty Ltd	200,000	0.23%
20	Raewyn Mannix and Dean Mannix	166,666	0.20%

#### 4.9 Gulf's royalty agreement

In May 2014 Gulf entered a minerals royalty deed arranged by Royalty Stream Investments Pty Ltd whereby Gulf committed to pay a royalty on bauxite and other products produced and sold from designated Skardon River tenements.

The rights to the royalties are consideration for funding payments totalling \$5 million, which are comprised of an upfront payment of \$2.5 million (**First Payment**) as well as two additional milestone payments as follows:

- (a) \$1.5 million upon the execution of an off-take heads of agreement based on sale of the bauxite product with an agreed minimum annual volume (**Second Payment**); and
- (b) \$1 million upon completion of key regulatory and environmental approval (**Third Payment**).

The First Payment was paid in May 2014 with the Second Payment paid in December 2014.

The Third Payment will be paid upon the requisite approvals being obtained.

#### 4.10 Gulf dividend history

Gulf did not declare or propose dividends in the financial years ended 30 June 2015 and 30 June 2014.

## 4.12 Financial profile of Gulf

### *Consolidated Balance Sheet for Gulf*

The following is a consolidated balance sheet for Gulf:

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash assets	1,360,594	2,338,727
Receivables	67,267	71,125
Prepayments	35,521	34,344
<b>Total current assets</b>	<b>1,463,382</b>	<b>2,444,196</b>
<b>Non-current assets</b>		
Tenement and other security deposits	742,700	704,534
Plant and equipment	190,013	175,341
Deferred exploration and project expenditure	9,654,069	7,137,093
<b>Total non-current assets</b>	<b>10,586,782</b>	<b>8,016,968</b>
<b>Total assets</b>	<b>12,050,164</b>	<b>10,461,164</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	377,483	366,575
Convertible note	1,800,000	-
Accrued interest – convertible note	472,241	-
<b>Total current liabilities</b>	<b>2,649,724</b>	<b>366,575</b>
<b>Non-current liabilities</b>		
Convertible note	-	1,800,000
Accrued interest – convertible note	-	256,241
<b>Total non-current liabilities</b>	<b>-</b>	<b>256,241</b>
<b>Total liabilities</b>	<b>2,649,724</b>	<b>2,422,816</b>
<b>Net Assets</b>	<b>9,400,440</b>	<b>8,038,348</b>
<b>EQUITY</b>		
Issued Capital	7,084,914	7,084,914
Accumulated profits (losses)	1,821,130	263,524
Reserves	494,396	689,910
<b>Total Equity</b>	<b>9,400,440</b>	<b>8,038,348</b>

## 4.13 Important note on sources of information

Metro has relied on the information in financial statements issued by Gulf to prepare the financial information for Gulf contained in this Bidder's Statement. Financial information relating to Gulf has been sourced from its audited financial statements for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015.

Metro has also relied on information disclosed on Gulf's website ([www.gulfalumina.com.au](http://www.gulfalumina.com.au)) and in other public documents lodged with ASIC.

In addition, Metro has also relied upon a letter from Gulf addressed to Gulf Shareholders, dated 27 July 2015. The letter addresses progress made in advancing Gulf's Skardon River bauxite project, particularly in relation to:

- (a) JORC resource and reserve statements;
- (b) mining, engineering and feasibility study results;
- (c) EIS progress;
- (d) contract negotiations; and
- (e) the status of Gulf's convertible loan note.

The letter also outlines the areas of focus for Gulf and the development of the Skardon River bauxite project, with emphasis on the EIS assessment, capital funding and contract negotiation.

Metro does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

#### **4.14 Further information**

Further information about Gulf can be found on Gulf's website: [www.gulfalumina.com.au](http://www.gulfalumina.com.au).

## 5 Profile of Merged Group

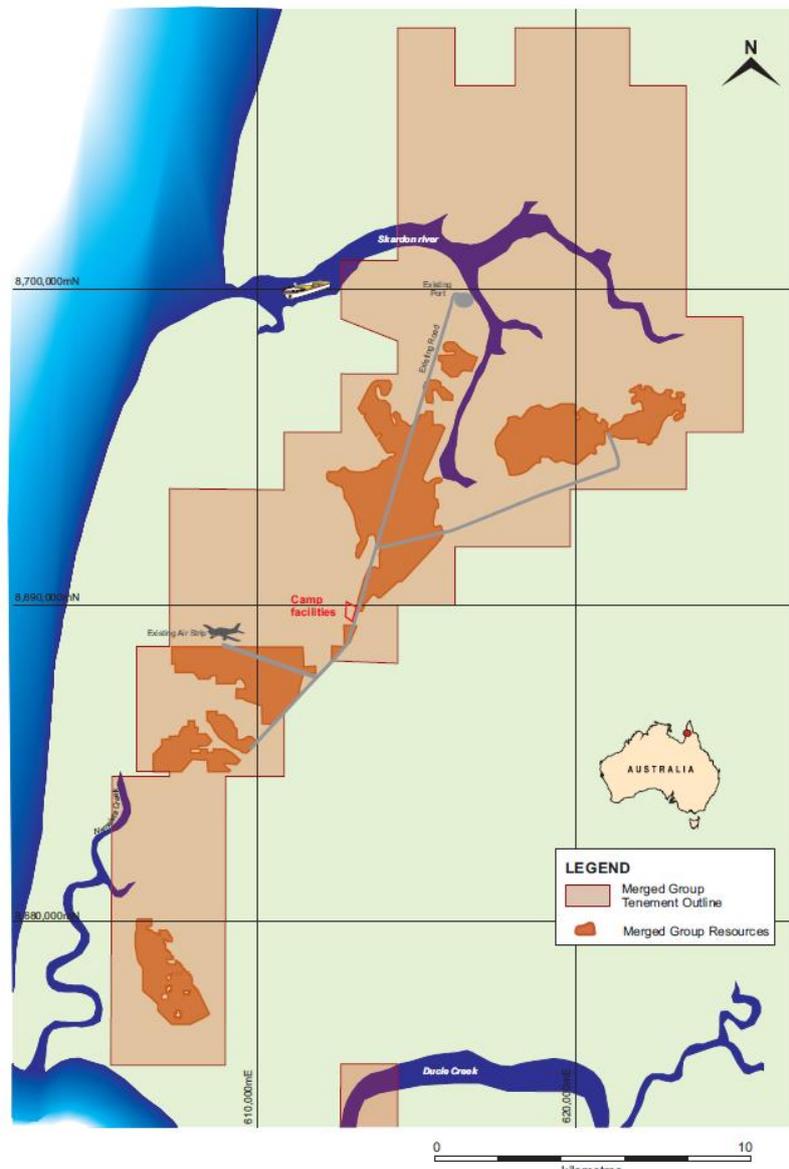
### 5.1 Introduction

The profile of the Merged Group will vary depending on the outcome of the Offer. Unless otherwise indicated, the description of the Merged Group in this section 5 assumes that Gulf is a wholly-owned subsidiary of Metro. If Metro does not acquire 100% of Gulf Shares, some of the benefits that would otherwise accrue to Metro if Gulf were to become a wholly owned subsidiary of Metro may not be fully realised.

### 5.2 Overview of the Merged Group

Following completion of the Offer, the Merged Group is expected to have the following key attributes:

- (a) it will be the leading independent Cape York bauxite company with an attractive portfolio of complementary development and explorations assets;



**Figure 7:** Merged Group tenement holdings on Cape York

- (b) operational scale and flexibility will result from the combination of two adjacent and similar development projects;
- (c) a significant reserve base in excess of 96.5 million tonnes at 39.4% THA and 6.3% RxSi<sup>21</sup> as set out in the table below;

	DSO Tonnes (Mt)	DSO Bauxite Qualities (Dry Basis)	
		THA (%)	RxSi / RSiO <sub>2</sub> (%)
Metro Reserve	48.2	38.4	6.4
Gulf Reserve	48.3	40.4	6.3
<b>Total</b>	<b>96.5</b>	<b>39.4</b>	<b>6.3</b>

Note this information has been prepared in reliance on the information set out in sections 3.2 and 4.12 of this Bidder's Statement.

- (d) the ability to realise operational and development synergies through economies of scale, improved efficiency and the removal of duplicated costs;
- (e) a simplified permitting process is expected given a single operation;
- (f) a reduced environmental impact due to consolidation of infrastructure;
- (g) a single working relationship with government, native title partner and other key stakeholders;
- (h) enhanced relevance within the bauxite market, which, together with the removal of stand-alone project competition for product sales, will place the Merged Group in a stronger position to attract and secure product sales on improved terms;
- (i) enhanced equity market scale and relevance with a pro-forma market capitalisation of approximately \$43 million<sup>22</sup> (prior to any share price re-rating) which should increase liquidity and investor appeal;
- (j) increased financial strength will optimise the funding of Merged Group's development projects given expected operational advantages, increased scale, market relevance and financier appeal;
- (k) a strategic position as a bauxite miner and supplier and the second largest bauxite tenement position in Cape York after Rio Tinto;
- (l) the ability to optimise future exploration and development activities across the Merged Group's portfolio; and
- (m) a strong board and management team with significant depth of corporate and technical expertise and a proven track record of delivering shareholder value through successful discovery, development and operation of mining projects.

<sup>21</sup> Based on Metro reserve of 48.2 million tonnes at 38.4% THA and 6.4% RxSi released 2 June 2015 and Gulf reserve of 48.3 million tonnes at 40.3% THA and 6.3% RxSi as reported in Gulf's letter to Gulf shareholders dated 27 July 2015. THA is trihydrate available alumina at 150°C. RxSi is reactive silica at 150°C.

<sup>22</sup> Based on the Metro Share price of \$0.067 per Metro Share on 9 December 2015, being the closing price on the day prior to lodgement of this Bidder's Statement and assuming Metro acquires 100% of Gulf.

### 5.3 Capital Structure of Merged Group

Under the Offer, Metro is offering to issue Metro Shares to Gulf Shareholders. The actual number of Metro Shares on issue at completion of the Offer will depend on the level of acceptances of the Offer and the number of Gulf and Metro options (if any) exercised during the Offer Period.

The potential effect of the Offer on Metro's capital structure, post-transaction, is summarised in the table below.

Security of Merged Group	Metro Shareholders	Gulf Shareholders	Total for Merged Group <sup>2</sup>
Shares <sup>1</sup>	358,535,856	281,272,778	639,808,634
Unlisted options <sup>3</sup>	13,750,000	Nil	13,750,000
Total	372,285,856	281,272,778	653,558,634
Undiluted ownership	56.0%	44.0%	100.0%
Diluted ownership	57.0%	43.0%	100.0%

#### Notes and assumptions

1. Assumes that the Offer results in Metro acquiring 100% of Gulf with the aggregate number of Metro Shares issued to be rounded-up to nearest whole number.
2. Assumes no new Metro securities are issued by Metro, except under the acquisition agreement with Equity & Permanent Investment Capital Limited in relation to 2.5 million Gulf Shares to be acquired on the same terms as the Offer and as contemplated under the Offer in this Bidder's Statement.
3. Assumes Gulf Options are acquired for cash consideration via private treaty acquisition or via compulsory acquisition. Information on Gulf Options is set out in section 4.7 of this Bidder's Statement.

### 5.4 Top shareholders

Based on sections 3.8 and 4.8 of this Bidder's Statement, the table below summarises the 15 largest shareholders of the Merged Group assuming that Metro acquires 100% of Gulf's Shares, no Metro Options or Gulf Options are exercised and no Metro Shares are issued to the Nominee (on account of the Gulf Shareholder being a Foreign Shareholder).

No.	Shareholder	Number of Merged Group Shares	Percentage
1	Balanced Property Pty Ltd	54,067,849	8.5%
2	RSI (Qld Equity Investments) Pty Ltd	50,288,747	7.9%
3	Dadi Engineering Development (Group) Co. Ltd and related entities	47,250,000	7.4%
4	Joyday Pty Ltd	42,071,040	6.6%
5	Shandong Nanshan Aluminium Co., Ltd	34,043,282	5.3%
6	China Xinfa Group Corporation Limited and related entities	22,571,507	3.5%
7	Amanda (Jitong) Li	22,345,092	3.5%
8	Wenzhen Zhang	22,158,708	3.5%
9	Quiyun Shen	19,999,228	3.1%
10	Equity & Permanent Investment Capital Limited	19,800,000	3.1%
11	Mr Gregory Ian Willims	18,819,863	2.9%
12	Weidong Zhang	16,500,000	2.6%
13	Bondline Limited and related entities	16,427,989	2.6%
14	Yanhua Liu	13,663,518	2.1%
15	Hong Jiang	12,061,236	1.9%

## 5.5 **Pro forma Statement of Financial Position assuming Metro acquires 100 percent of Gulf**

### *Summary of information*

The information included in this section 5 is pro forma financial information for the Merged Group comprising Metro and Gulf as at 30 June 2015. The unaudited combined Pro Forma Statement of Financial Position of the Merged Group as at 30 June 2015 (**Pro Forma Statement of Financial Position**) presented below has been produced with reference to the audited financial statements for Metro and Gulf as at 30 June 2015, adjusted to account for subsequent events deemed material to the Merged Group.

The financial information reflects the latest publicly available information for Gulf that is capable of being compared.

The pro forma financial information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Statement of Financial Position does reflect the issue of new Metro Shares to Gulf Shareholders, and other adjustments required as a result of this Offer.

The Pro Forma Statement of Financial Position is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer. In addition, the Pro Forma Statement of Financial Position is presented in a summary format and does not contain all the disclosures required under the Corporations Act or the Australian Accounting Standards.

Financial information relating to Gulf has been sourced from its audited financial reports for the full year ended 30 June 2015. Metro has relied on the information in financial reports issued by Gulf to prepare the financial information for Gulf contained in this document.

Metro does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Metro has not had access to the directors, management or staff of Gulf or to any working papers, accounting records or other documents for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Gulf used in this document, for the purpose of providing pro forma financial information.

The pro forma financial information presented in this section should also be read in conjunction with the risks set out in section 7, other information contained in this Bidder's Statement and the accounting policies of Metro and Gulf as disclosed in their most recent financial reports.

### *No forward looking financial statements*

This document does not provide revenue or profit projections for the Merged Group. Metro does not believe that it has reasonable grounds to include revenue or profit forecasts in this Bidder's Statement. Metro believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for Gulf Shareholders.

### *Pro Forma Statement of Financial Position*

The Pro Forma Statement of Financial Position of the Merged Group as at 30 June 2015 is set out below.

**Pro Forma Statement of Financial Position  
As at 30 June 2015**

	<b>Metro Mining Ltd Consolidated Entity 30 June 2015 \$ (prior to adjustments)</b>	<b>Gulf Alumina Ltd Consolidated Entity 30 June 2015 \$ (prior to adjustments)</b>	<b>Combined Company Pro Forma * after adjustment \$ (with 50% of Gulf)</b>	<b>Combined Company Pro Forma * after adjustment \$ (with 100% of Gulf)</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,116,546	1,360,594	9,060,509	8,675,408
Trade and other receivables	127,570	67,267	194,837	194,837
Other assets	2,289	35,521	37,810	37,810
<b>Total current assets</b>	<b>3,246,405</b>	<b>1,463,382</b>	<b>9,293,156</b>	<b>8,908,055</b>
<b>Non-current assets</b>				
Property, plant and equipment	25,180	190,013	215,193	215,193
Exploration and evaluation assets	11,992,694	9,654,069	25,725,358	25,725,358
Other assets	91,424	742,700	34,124	834,124
<b>Total non-current assets</b>	<b>12,109,298</b>	<b>10,586,782</b>	<b>26,774,675</b>	<b>26,774,675</b>
<b>Total assets</b>	<b>15,355,703</b>	<b>12,050,164</b>	<b>36,067,831</b>	<b>35,682,730</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	727,500	377,483	1,104,983	1,104,983
Employee benefits	43,128	-	43,128	43,128
Convertible Note	-	1,800,000	-	-
Accrued interest – Conv. Note	-	472,241	-	-
<b>Total current liabilities</b>	<b>770,628</b>	<b>2,649,724</b>	<b>1,148,111</b>	<b>1,148,111</b>
<b>Total liabilities</b>	<b>770,628</b>	<b>2,649,724</b>	<b>1,148,111</b>	<b>1,148,111</b>
<b>Net assets</b>	<b>14,585,075</b>	<b>9,400,440</b>	<b>34,919,720</b>	<b>34,534,619</b>
<b>Equity</b>				
Contributed equity	47,491,109	7,084,914	60,430,747	68,306,385
Reserves	3,670,027	494,396	3,670,027	3,670,027
Accumulated profit (losses)	(36,576,061)	1,821,130	(37,056,692)	(37,441,793)
Non-controlling interests	-	-	7,875,638	-
<b>Total equity</b>	<b>14,585,075</b>	<b>9,400,440</b>	<b>34,919,720</b>	<b>34,534,619</b>

**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 2015.
- (c) Adjustments have been made to the 'Combined Company Pro Forma (after adjustment)' columns in respect of the following:
  - (i) Metro raised \$5.6 million through a placement and rights issue in the third quarter of 2015. Metro's cash was increased by \$5.1 million after allowing for \$0.5 million in fund raising costs; and
  - (ii) Gulf converted the \$1.8 million convertible note and associated accrued interest to equity.
- (d) No adjustment has been made for both Metro and Gulf post 30 June 2015 in respect of other changes including the following:
  - (i) expenditure and other income post 30 June 2015 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 2015. However as at 31 December 2015 it would be approximately \$5.1 million,<sup>23</sup> plus whatever cash may be on hand within Gulf.
- (f) As set out in section 9.5 of this Bidder's Statement, stamp duty is likely to be payable and has been included in the Pro Forma Statement of Financial Position. The stamp duty liability is based on the estimated value of the total Gulf Shares being \$15,751,300 and the market value of the landholdings being \$13,751,300. 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). Pro forma adjustments and transaction assumptions

**5.6 Pro forma adjustments and transaction assumptions**

The following key assumptions have been made in producing the Pro Forma Statement of Financial Position:

*General*

The pro forma information has been prepared using the Australian International Financial Report Standards and reflects the accounting policies of Metro to the extent possible based on publicly available information. Consolidation adjustments that will be necessary to comply with AASB 3 "Business Combinations" have not yet been determined. The Pro Forma Statement of Financial Position has not been audited.

The pro forma information excludes the impact of general trading and other non-recurring transactions which have occurred since 30 June 2015, but are not considered to materially impact the financial position presented in the Pro Forma Statement of Financial Position.

*Gulf acquisition*

Financial information about Gulf has been obtained from publicly available sources. Metro is not aware of any events subsequent to the Gulf balance date of 30 June 2015 which would materially alter the Pro Forma Statement of Financial Position other than those disclosed in the Notes above.

The Pro Forma Statement of Financial Position assumes the acquisition of Gulf by Metro was completed by 30 June 2015 after taking into account the pro forma adjustments noted above.

---

<sup>23</sup> As per the Appendix 5B dated 27 October 2015, released to the market on 29 October 2015.

The actual date of the acquisition will be at a later date. AASB 3 "Business Combinations" states that the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date. Accordingly, Metro will assess the fair value of identifiable net assets of Gulf on completion of the acquisition.

The calculation of purchase consideration payable by Metro of \$15,751,276 worth of Metro Shares has assumed the Offer Consideration is calculated applying the last traded price of Metro's shares immediately before the Announcement Date, being 30 November 2015. The purchase consideration for a 100% interest in Gulf has been determined by calculating the number of Metro Shares proposed to be issued, being 281,272,778, assuming the issue price of the Metro Shares is \$0.056.

For fair value accounting purposes, each Metro Share issued under the Offer is assumed to have an issue price of \$0.056 (being the last traded price of Metro Shares on ASX immediately before the Announcement Date). The actual fair value of Metro Shares to be issued under the Offer is determined by the market price of Metro Shares at the actual date of acquisition of Gulf.

The Pro Forma Statement of Financial Position is based on the assumption that the fair value of assets (other than intangible assets) and liabilities of Gulf are equal to their book value. A full purchase price allocation exercise will be undertaken post acquisition, and the fair value of the assets, liabilities and contingent liabilities will be more accurately assessed at that time. This will not impact on the valuation of the business, but may impact the classification between tangible, identifiable intangible assets and goodwill.

Identifiable intangible assets recognised upon acquisition of Gulf may need to be amortised over the period of their economic benefit to the Merged Group and those amortisation charges will reduce future reported earnings. Due to limited public information available on Gulf, it is not possible for Metro to identify all of the intangible assets and consequent amortisation charges at this stage.

All Gulf Options with an exercise price lower than the implied offer price have been assumed to be vested and exercised before the acquisition date.

Deferred tax assets and deferred tax liabilities have been calculated assuming that:

- (a) Metro will acquire 100% of Gulf, and Gulf will join the Metro tax consolidated group;
- (b) as at 30 June 2015, Metro will be entitled to offset taxable income with carried forward tax losses of \$42,122,936 by satisfying the loss integrity rules and in some instances subject to an available fraction. Metro does not recognise the associated deferred tax asset; and
- (c) Metro will not recognise a deferred tax asset for Gulf's carried forward tax losses of \$4,720,452 (deferred tax asset of \$1,416,136). In order for these losses to be available to the Metro tax consolidated group, modified 'continuity of ownership test' or 'same business test' rules need to be satisfied and the losses will be subject to an available fraction.

There are no deferred tax balances disclosed in the pro forma financial statements as, based on the above assumptions and pro forma calculations, there will be a net deferred tax asset which is not currently proposed to be recognised.

## **5.7 Prospective financial information of the Merged Group**

Metro has given careful consideration to whether a reasonable basis exists to produce reliable and meaningful forecast financial information on the Merged Group. The Metro Board has concluded that providing forecast financial information would be misleading. A reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the effect that variations in key inputs may have on future earnings performance.

## **6 Metro's intentions**

---

### **6.1 Introduction and important note**

This section sets out Metro's current intentions for:

- (a) the continuation of Gulf's business;
- (b) any major changes to be made to Gulf's business, including any redeployment of the fixed assets of Gulf; and
- (c) the future employment of the present employees of Gulf.

Metro's current intentions for Gulf have been formed following a review of facts, information and circumstances about Gulf that were publicly available at the date of this Bidder's Statement. Given the limited public information available about Gulf, that review by Metro did not provide Metro with sufficient facts, information and circumstances necessary to finally determine its intentions for Gulf. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change.

Following the close of the Offer, it is Metro's intention to undertake a detailed review of the operations, assets, structure and employees of Gulf. The objective of the detailed review will be to:

- (a) evaluate the contractual arrangements and operational plans in place or underway within Gulf and assess their value and strategic relevance to the overall development plan; and
- (b) evaluate the status of the mining lease renewal process and requests from interested parties to seek changes and conditions of the existing mining lease conditions.

This review may result in the modification or curtailment of some of Gulf's existing or proposed expenditure.

Only upon completion of the detailed review, and in light of all material facts and circumstances, will Metro finally determine its intentions for Gulf.

### **6.2 Intentions upon acquisition of 90 percent or more of Gulf Shares**

This section sets out Metro's current intentions should it acquire 90 percent or more of Gulf Shares and become entitled to proceed to compulsory acquisition in respect of the outstanding Gulf Shares it does not own.

#### *Compulsory acquisition*

Metro intends to compulsorily acquire any outstanding Gulf Shares under section 661B of the Corporations Act if it becomes entitled to do so.

In those circumstances, Metro is also entitled to acquire Gulf Shares issued after the Offer closes but before the compulsory acquisition notice is given (under section 661A(4)(b) of the Corporations Act) and on exercise of the Gulf Options, up to six weeks after the notices are given (under section 661A(4)(c) of the Corporations Act).

Metro also has the right, under part 6A.2 of the Corporations Act, to seek to compulsorily acquire any of the Gulf Options that it has not acquired or have not been exercised if Metro:

- (a) achieves 90% voting power in Gulf; and

- (b) holds full beneficial interests in at least 90% by value of all securities of Gulf that are either Gulf Shares or convertible into Gulf Shares.

If there are any Gulf Options outstanding, Metro intends to acquire them by private treaty or, in the absence of such agreement, compulsorily acquire those Gulf Options.

#### *Amend Gulf constitution*

Metro intends to amend the constitution of Gulf to reflect its status as a wholly-owned subsidiary of Metro and will seek to convert Gulf from a public company to a proprietary company.

#### *Directors*

If Gulf becomes wholly owned by Metro, its directors will be nominated by the Metro Board. The composition of the Gulf Board during the transition period between Metro becoming entitled to compulsorily acquire Gulf Shares and that compulsory acquisition right being exercised will depend on the willingness of the Gulf Board at that time to appoint Metro nominees. Metro intends to replace all members of the Gulf Board with Metro nominee directors.

Those nominees have not yet been identified by Metro. Profiles for each of the directors of Metro are set out in section 3.2.

Given that Gulf Shareholders will own approximately 44% of the Merged Group, Metro will consider the appointment of independent director(s) on the Metro Board, to represent the interests of Gulf Shareholders in relation to the Merged Group. Metro will make that decision following consultation with some of the larger Gulf Shareholders.

#### *Operations*

Metro will continue the approval processes for both Gulf's Skardon River bauxite project and Metro's Bauxite Hills project. When granted, this will provide approval for an aggregate production up to 10 million tonnes per annum loaded through a single barge loading facility and off shore transshipment arrangement. The final mine plan and production schedule will be decided following further consideration of the practical aspects of the combined project and general market conditions.

Metro will also commence the detailed design work necessary to optimise the mine plan and fast track development of the mining infrastructure, in particular the barge loading facility. It is Metro's intention to start production as soon as possible, consistent with the grant of the necessary government approvals, and at minimum capital cost.

Metro has already completed a comprehensive tender process and selected the preferred mining, barging and transshipping contractors for the Bauxite Hills project. The nature of Metro's Bauxite Hills project and Gulf's Skardon River bauxite project is sufficiently similar to extend Metro's contractual arrangements to cover Gulf's Skardon River bauxite project, delivering economies of scale and an improved investment case. The contractors are able to mobilise as soon as required and will play an important role in ensuring the project is delivered as quickly as possible and at the lowest possible operating cost.

Metro is in advanced discussions with potential bauxite customers and will move to secure off-take agreements for the planned production build up.

Metro has also reached agreement in principle with the Traditional Owners and is now in the process of arranging for the authorisation for and execution of the relevant agreements. These agreements will cover all aspects of compensation and cultural heritage management. Metro is in a position to build on its sound relationship with all stakeholders to the benefit of both projects.

### *Employees*

With the benefit of its detailed review, Metro will consider the best allocation of Gulf employees to continuing and new roles. The review of Gulf operations may result in redundancies or additional staff recruitment. It is Metro's intention to relocate the Gulf office to Brisbane, integrating it with Metro's existing Brisbane office, to better reflect the Queensland focus of the Skardon River Bauxite project and reinforce relationships with the Queensland State Government.

At present, Metro is unsure of the extent to which it will continue the employment of Gulf's employees. While Metro will make every effort to continue the employment of Gulf's employees in accordance with their current terms, Metro anticipates that some degree of duplication exists within the executive teams and other employee groups and, in the interests of reducing costs, Metro may take steps to terminate employees in those duplicate roles.

However, if any employees are made redundant in an effort by Metro to reduce costs, those employees will receive their full entitlements at law.

### *Financing*

As a wholly-owned subsidiary of Metro, Gulf can be funded by debt or equity without regard to other shareholders.

## **6.3 Intentions upon acquisition of between 50 percent and 90 percent of Gulf Shares**

This section sets out Metro's current intentions if, by virtue of acceptance of the Offer, it gains effective control of Gulf but is not entitled to proceed to compulsory acquisition of the outstanding Gulf Shares.

### *Compulsory acquisition*

If Metro does not become entitled to compulsorily acquire Gulf Shares under section 661B of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 of the Corporations Act in the future. Metro intends to exercise that power over the Gulf Shares if it becomes entitled to do so.

### *Directors*

Depending on the level of ownership achieved, it is Metro's intention to replace some or all of the members of the Gulf Board (and the board of any company on which Gulf has nominee directors) with Metro nominee directors. The number of directors that Metro seeks to appoint will depend on its level of voting power in Gulf. To ensure appropriate governance arrangements, Metro may look to appoint independent directors to the Gulf Board.

### *Intentions generally (including about matters at section 6.2 above)*

If, following the close of the Offer, Gulf becomes a controlled entity but not a wholly owned subsidiary of Metro, it is the present intention of Metro to procure that the new Gulf Board implements the objectives and goals outlined in section 6.2 to the extent possible and appropriate.

### *Capital raising*

It is likely that Gulf will need to raise funds in the short to medium term if it is to continue to progress the Skardon River Bauxite project. As a controlling Gulf Shareholder, Metro may support such a capital raising by taking up Gulf Shares and, where Metro takes up more than its proportionate interest in Gulf, may increase its voting power in Gulf. Such an increase in Metro's voting power would consolidate Metro's control and potentially move Metro to, or toward, an interest sufficient to allow it to compulsorily acquire the Gulf Shares not owned by Metro under part 6A.2 of the Corporations Act.

### *Potential joint venture for Metro's and Gulf's adjacent projects*

Metro intends to approach any reconstituted board of Gulf with a proposal to enter into a joint venture or similar arrangement to effectively combine Metro's and Gulf's adjacent bauxite projects (Metro's Bauxite Hills project and Gulf's Skardon River project).

### *Limitations on intentions*

To the extent that Gulf is not a wholly owned subsidiary of Metro and there are minority shareholders of Gulf, Metro intends to ensure that the Metro nominees appointed to the Gulf Board will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing the intentions outlined above.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent this particular objective being achieved.

## **6.4 Intentions upon acquisition of less than 50 percent of Gulf Shares**

Metro will endeavour to implement its intentions as it has outlined in section 6.3 to the extent to which it is able to do so, subject to the limitations identified in section 6.3.

## **6.5 Intentions in relation to future Gulf Share acquisitions**

If Metro does not acquire the requisite number of Gulf Shares to enable it to proceed with compulsory acquisition, but declares the bid unconditional, Metro may seek to further consolidate its control of Gulf over time. For example, Metro may consider a follow-on takeover bid, it may rely on the creep provisions to slowly increase its interest in Gulf over a period of time or, in the event that there are fewer than 50 Gulf Shareholders following the Offer, Metro may otherwise continue to acquire Gulf Shares by private treaty (such acquisitions would not then be regulated by Chapter 6 of the Corporations Act).

## **6.6 Intentions generally**

Except for the changes and intentions set out in this section 6, Metro intends, based on the information presently known to it:

- (a) to continue the business of Gulf; and
- (b) not to make any major changes to the business of Gulf or the deployment of Gulf assets.

## 7 Risks

---

Before deciding whether to accept the Offer, you should read this entire Bidder's Statement carefully.

Gulf Shareholders will receive Metro Shares as consideration under the Offer. The value of Metro Shares will depend on the future performance of Metro and the market price of Metro Shares from time to time. The future performance of Metro may be influenced by factors associated with investing in both the exploration and mining industry and listed securities generally which are beyond the control of Metro.

Gulf Shareholders should be aware of the following key risks that may affect the performance of the Merged Group and the value of Metro Shares issued as Offer Consideration.

### 7.1 General risks

The price at which Metro Shares trade on ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of, and demand for, exploration and mining industry securities.

The market for Metro Shares may also be affected by a wide variety of events and factors including variations in Metro's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed exploration and mining industry entities that investors consider to be comparable to Metro. Some of these factors could affect Metro's share price regardless of Metro's underlying operating performance.

### 7.2 Specific business risks associated with Metro

Set out below are examples of risks associated with Metro. In determining these risks, the directors have concentrated on risks attaching specifically to an investment in Metro as compared to risks of the exploration and mining industry and Gulf, to which Gulf Shareholders are already exposed.

These risks to which Gulf Shareholders are already exposed include risks of exploration, operation, commodity price volatility, exchange rate fluctuation, native title claims, title, and environmental.

#### *Funding risk*

Metro is operating in a dynamic sector and may need additional funding, obtained by additional capital raising or debt sources, to undertake its capital expenditure program for the Merged Group. There can be no guarantee that Metro is able to source funding on commercially-acceptable terms and any additional equity may dilute the interests of Metro Shareholders.

If additional funding is unable to be obtained, Metro may be required to reduce the scope of its business activities which may negatively impact upon its business, financial condition and operating results.

#### *Exploration risk*

The tenement interests of Metro are at various stages of exploration. Potential investors should understand that mineral exploration, mining and development are high risk undertakings and there can be no assurance that the tenements currently held or acquired in the future will result in the discovery of an economic ore deposit. If a viable deposit is identified there is also no guarantee it can be commercially developed. There is no certainty that the proposed exploration will reveal mineable mineralisation or that such mineralisation will be commercially viable.

### *Commodity price risk*

Metro and the Merged Group's future revenue will likely be derived largely from bulk commodities (in particular, bauxite). Consequently, potential future earnings are likely to be closely tied to the price of these commodities. The commodities that are being developed, explored and sold by Metro and the Merged Group may be subject to price fluctuations which may have a material adverse impact upon both the value of Metro assets and Shares. These price fluctuations may be affected by a variety of factors outside the control of Metro, such as demand for minerals, forward selling by producers, production cost levels in producing regions, inflation, interest rates, and currency exchange rates.

Metro and the Merged Group may suspend or curtail some or all of its future exploration activities if the market price for Metro and the Merged Group's minerals were to fall below production costs for a sustained period.

Acceptance of the Offer will expose Gulf Shareholders to the risks of the coal industry, in addition to the risks of the bauxite industry they are currently exposed to.

### *Foreign exchange risk*

Revenue, profit, expenses, assets and liabilities of Metro and the Merged Group may be adversely exposed to fluctuations in exchange rates.

### *Dependence upon key personnel*

Metro has a core team of executives and senior personnel, whose loss (and Metro's failure to secure and retain additional key personnel) could influence Metro's progress in pursuing its growing exploration and production programs within the time frames and cost structures envisaged. The impact of such loss would be dependent upon the replacement employee's quality and time of appointment.

There is no guarantee that the key personnel of Metro will be successful in their objectives despite their considerable experience and previous success.

### *Native Title risk*

Existing tenements held and new tenements acquired by Metro and the Merged Group may be affected by native title claims and procedures. There is potential for a determination to be made that native title exists in relation to the land subject to a tenement held by Metro or the Merged Group, which could adversely affect the operation of Metro's business and development activities. In this event, compliance with the determination may have a material adverse effect on the position of Metro and the Merged Group in relation to cash flows, financial performance, business development, dividend payment and share price.

Metro has also reached agreement in principle with the Traditional Owners and is now in the process of arranging for the authorisation for and execution of the relevant agreements. Until such agreements are executed, Metro is exposed to the risk of lengthy litigation regarding native title that may cause delay and consequently economic loss to Metro and the Merged Group.

### *Authorisation risk*

Interests in exploration and mining tenements are evidenced by the granting of leases or licences, which are for specific terms and carry annual expenditure and reporting conditions. There is a risk that any exploration permit held by Metro or the Merged Group may not be renewed in the future, that any application for a grant may be refused, or that Metro may be unable to comply with regulatory requirements to retain title to its permits or applications. If Metro is unable to renew a licence or permit Metro and the Merged Group may suffer damage and be denied the opportunity to explore and develop mineral resources.

Failure to observe requirements in regards to minimum expenditure and environment and safety responsibilities could prejudice Metro or the Merged Group's right to maintain a permit for a given tenement.

#### *Regulatory risk*

Metro and the Merged Group's activities in the bulk commodities industry are subject to legislation, regulation and various approvals. The introduction of new legislation or regulations, or alteration of current legislation and regulations, could have a material adverse effect on the financial performance of and current or proposed activities of Metro or the Merged Group.

Metro and the Merged Group may require licences and approvals in relation to environmental matters, exploration, development and production of minerals. There is a risk that these may not be obtained or that obtaining these may be delayed, which may have a material adverse impact on Metro or the Merged Group.

At the date of this Bidder's Statement Metro is awaiting environmental approval for the Bauxite Hills project, which is expected to be completed in early 2017. There is a risk that such approval will not be granted, resulting in Metro being unable to realise a commercially produced and viable resource.

#### *Contractual risk*

Development of Metro and the Merged Group's resources and subsequent sale of material will depend on a number of material contractual arrangements. While Metro will have contractual rights in the event of the contracting party's non-compliance, there is no guarantee that Metro will be successful in securing compliance or full performance. Failure by any other party to comply with an obligation under a contract with Metro may lead to a material adverse effect on Metro and the Merged Group.

### **7.3 Transaction specific risks**

#### *Less than 100 percent ownership*

It is possible that Metro may not acquire all Gulf Shares under the Offer. The impact upon Metro of acquiring less than 100 percent will depend upon the final level of ownership acquired. However, the existence of minority shareholders in Gulf could have an impact on Metro's intentions regarding Gulf (refer to sections 6.2 to 6.5).

#### *Assumed financial information for Gulf*

There is a risk that the publicly available financial information provided by Gulf and utilised by Metro in formulating the Offer and preparing this Bidder's Statement is not materially correct.

#### *Taxation risk*

Metro cannot give advice on the tax consequences of the Offer, which will depend on the specific circumstances of each Gulf Shareholder.

A criterion for the availability of CGT rollover relief is that Metro increases its holding of Gulf Shares to at least 80 percent as a result of the Offer. There is a risk that Metro will not receive sufficient acceptances under the Offer to meet this criterion and CGT rollover relief may not be available to Gulf Shareholders.

Metro will notify all Gulf Shareholders if it receives sufficient acceptances to satisfy this requirement.

### *Reporting risk*

Metro has assumed that Gulf has met all of its reporting obligations and that disclosures made by it are true in all material respects and are not misleading in any material respects.

### *Dilution risk*

As the consideration payable for the Offer consists of Metro Shares, the interests of existing Metro Shareholders (which may include Gulf Shareholders following completion of the Offer) will be materially diluted.

### *Issue of Metro Shares as consideration*

Under the Offer, Metro Shares will be offered to Gulf Shareholders, other than Foreign Shareholders. If current Gulf Shareholders or current Metro Shareholders do not wish to hold shares in the Merged Group and seek to sell their shares, including as a result of the sale of Metro Shares on behalf of Foreign Shareholders, this may have a material adverse effect on the market price of Metro Shares and on the Merged Group.

### *Fluctuation in the market value of Metro Shares*

Under the Offer, Gulf Shareholders are offered consideration consisting of a specified number of Metro Shares. The market value of Metro Shares at the time they are received by Gulf Shareholders may vary from their market value on the date that Gulf Shareholders accept the Offer.

Accordingly, the value of the consideration paid and the value of an accepting Gulf Shareholders investment in Metro may be affected by market fluctuation. Metro is not obliged to make any adjustment in the consideration payable under the Offer if the value of Metro Shares changes during the Offer Period.

### *Merger integration risks*

Integrating two companies produces some risks, including combining management, information systems and work practices. Integration costs that are higher than expected could have a material adverse effect on Metro and the Merged Group.

The increased burden on the management of Metro and the Merged Group may delay decision-making process and oversight.

## **8 Offer Consideration**

---

### **8.1 Metro Shares as Offer Consideration**

The acquisition of Gulf Shares under the Offer is to be satisfied by the issue of Metro Shares. The Offer Consideration is 3.3 Metro Shares in respect of every Gulf Share that a Gulf Shareholder elects to accept.

The relative amounts of Metro Shares to be issued will depend on the number of Gulf Shares that Metro acquires under the Offer.

### **8.2 Maximum number of Metro Shares**

The maximum number of Metro Shares which are required to be issued under the Offer if acceptances are received for all the Gulf Shares on issue at the date of this Bidder's Statement is approximately 281,272,778 (excluding rounding adjustments).

If all Gulf Option holders convert their Gulf Options into Gulf Shares before the end of the Offer Period and accept the Offer, an additional 20,222,400 Metro Shares would be issued (excluding rounding adjustments).

Metro anticipates that the Metro Shares issued under the Offer will be exempt from ASX Listing Rule 7.1 (which prohibits issues exceeding 15 percent of a company's share capital in any 12 month period). Accordingly, Metro has the capacity to issue the maximum number of Metro Shares that may be required under the Offer.

## 9 Tax considerations

---

### 9.1 Introduction

The following is a summary of the potential Australian income tax consequences generally applicable to a Gulf Shareholder who disposes of Gulf Shares under the Offer. This summary is based on the law and practice in effect on the date of this Bidder's Statement.

The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Gulf Shareholder.

In particular the summary is only applicable to Gulf Shareholders that are Australian residents for income tax purposes, hold post CGT shares, and hold their Gulf Shares on capital account for income tax purposes. This summary does not apply to Gulf Shareholders that hold their Gulf Shares in the course of a business of trading or dealing in securities. The summary does not apply to Gulf Shareholders who acquired their Gulf Shares as part of an employee share scheme operated by Gulf.

All Gulf Shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Gulf Shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their Gulf Shares.

### 9.2 CGT consequences on the disposal of Gulf Shares

A Gulf Shareholder that accepts the Offer and whose Gulf Shares are subsequently transferred to Metro, is taken to have disposed of their Gulf Shares for Australian capital gains tax (**CGT**) purposes. Shareholders make a capital gain equal to the amount by which the Offer Consideration exceeds the cost base that the Gulf Shareholder has for the Gulf Shares. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the Gulf Shareholder's taxable income.

A Gulf Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the Gulf Shares exceeds the Offer Consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

#### *Cost base of Gulf Shares generally*

The cost base of Gulf Shares would generally be equal to the amount the relevant Gulf Shareholder paid to acquire the Gulf Shares which includes certain incidental costs of the acquisition (such as brokerage).

### 9.3 CGT discount

Any Gulf Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (a) the Gulf Shares were acquired at least 12 months before disposal to Metro;
- (b) the Gulf Shareholder did not choose to index the cost base of their Gulf Shares; and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

The CGT discount allows a Gulf Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50 percent and include 50 percent of the capital gain in the taxable income of that individual or trust.

A Gulf Shareholder that is a complying superannuation entity may discount the capital gain by 33⅓ percent and include 66⅔ percent of the capital gain in the taxable income of that complying superannuation entity.

The CGT discount is not available to a Gulf Shareholder that is a company.

#### **9.4 CGT rollover**

Where Metro acquires 80% of the Shares in Gulf, a Gulf Shareholder may be eligible to choose for CGT rollover relief to apply to their disposal of Gulf Shares under the scrip for scrip rules so that any CGT payable on the disposal is deferred. Whether the rollover is available depends on the individual circumstances of each Shareholder as well as the satisfaction of a number of criteria. Also, if the Metro Offer becomes unconditional and Metro does not receive acceptances for 80% of the Shares in Gulf and acquires those Shares, the rollover relief will not be available.

If a Gulf Shareholder is eligible and chooses to apply the scrip for scrip rules, Metro Shares received by the Gulf Shareholder should have a cost base equal to the cost base of the original Gulf Shares. The cost base will be relevant in determining any future CGT liability on the subsequent disposal of the Metro Shares.

In certain circumstances, it may be necessary for Metro to make a joint election with Gulf Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the Gulf Shareholder and provided the Gulf Shareholder has informed Metro in writing of the cost base of their Gulf Shares, Metro will make the joint election.

Also, Metro will not make any choice or election under the CGT rollover provisions to prevent Gulf Shareholders from obtaining CGT rollover relief.

#### **9.5 GST and stamp duty**

##### *GST*

The disposal of Gulf Shares and the acquisition of Metro Shares under the Offer will not be subject to GST. However, where a Gulf Shareholder is registered for GST, it may not be entitled to claim input tax credits on costs associated with this transaction.

##### *Stamp duty*

Gulf Shareholders who dispose of their Gulf Shares and acquire Metro Shares will not incur any Australian stamp duty under the Offer. Metro will pay any transfer duty (including marketable securities duty) in connection with the Offer.

Further, Gulf is likely to be deemed a 'landholder' for Queensland landholder duty purposes. Where Metro obtains an interest of 50% or more in Gulf, then the acquisition may be subject to landholder duty in Queensland. Landholder duty is calculated at full transfer duty rates of up to 5.75% multiplied by the unencumbered value of the landholdings of Gulf, multiplied by the percentage interest acquired. Metro does not currently have sufficient information to accurately calculate the value of Gulf's landholdings.

#### **9.6 Obtain your own taxation advice**

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, Metro does not accept any responsibility for tax implications for individual Gulf Shareholders.

Metro is not a registered tax agent under the *Tax Agent Services Act 2009* (Cth) and cannot provide tax advice to specific Gulf Shareholders. Gulf Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

## **10 Additional information**

---

### **10.1 Pre-bid agreements**

On 30 November 2015, Metro entered into pre-bid acceptance agreements with Equity & Permanent Investment Capital Limited (**EPIC**) and Joyday Pty Limited ACN 103 614 786 (**Joyday**) in respect of 14,546,835 Gulf Shares. Under those agreements, EPIC and Joyday agree to accept the Offer within three Business Days after the date of the Offer, in the absence of a superior proposal.

Until the termination of the relevant pre-bid acceptance agreement, neither EPIC nor Joyday may deal with any Gulf Shares the subject of the pre-bid acceptance agreements, other than by accepting the Offer. Once EPIC and Joyday accept the Offer, they must not withdraw their acceptance, including in circumstances where they have a right of withdrawal under section 650E of the Corporations Act.

Further, Metro has agreed to acquire 2,500,000 Gulf Shares from EPIC for consideration of 8,250,000 Metro Shares.

### **10.2 Metro is a disclosing entity**

As Metro is offering Metro Shares as consideration for the acquisition of Gulf Shares, the Corporations Act requires that this Bidder's Statement includes all information that would be required in a prospectus for an offer of Metro Shares under sections 710 to 713 of the Corporations Act. Metro does not need to issue a separate prospectus for the Offer of the Metro Shares as the Offer to issue Metro Shares occurs under a takeover bid.

Metro is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act that is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Metro is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Metro's securities.

It is not necessary for Metro to include general information on all of the assets and liabilities, financial position and performance, profits and losses or prospects of Metro unless that information has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that that investors or their professional advisors would reasonably require for the purpose of making an informed assessment of:

- (a) all of the assets and liabilities, financial position and performance, profits and losses or prospects of Metro; or
- (b) the rights and liabilities attaching to the Metro Shares to be issued under the Offer.

Metro confirms that no such information has been excluded, and that no further disclosure is required in this regard.

Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. Metro, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC concerning Metro (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
  - (i) the financial statements of Metro for the 12 months ended 30 June 2015 (being the annual financial report most recently lodged by Metro with ASIC); and
  - (ii) all continuous disclosure notices given by Metro after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

If you would like to receive a copy of any of these documents or publications, please contact Metro weekdays between 10.00am to 5.00pm (Sydney time) on + 61 7 3009 8000.

Copies of all documents lodged with ASIC in relation to Metro can be inspected at the registered office of Metro during normal office hours. A list of announcements made by Metro on ASX between 1 July 2015 and the date of this Bidder's Statement appears in Schedule 5.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a Gulf Shareholder or a professional adviser to a Gulf Shareholder would reasonably require for the purposes of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Metro; or
- (b) the rights and liabilities attaching to the Metro Shares.

None of the information referred to in this section 10.2 is incorporated by reference into this Bidder's Statement or is included with this Bidder's Statement.

### **10.3 Rights and liabilities attaching to Metro Shares**

The rights and liabilities attaching to ownership of the Metro Shares arise from a combination of Metro's constitution, statute, the Listing Rules and general law.

A summary of the significant rights and liabilities attaching to Metro's Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Metro Shareholders.

#### *Voting at a general meeting*

Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of Metro or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Metro Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.

#### *Meeting of members*

Each Metro Shareholder is entitled to receive notice of, attend and vote at meetings of Metro and to receive all notices, accounts and other documents required to be sent to Metro Shareholders under Metro's constitution, the Corporations Act and the Listing Rules.

#### *Dividends*

The directors of Metro may authorise the payment to members of dividends as appear to the directors to be justified by the profits of Metro. Dividends are payable on all Metro Shares in proportion to the amount of the total issue price paid (but not credited) for the Metro Shares. This is subject to any special or preferential rights attached to any class of shares created after

the issue of the Metro Shares. If a fully paid share is on issue for only part of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion of that period for which the share is on issue and is fully paid.

#### *Transfer of Metro Shares*

Metro Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the directors of Metro.

The directors of Metro may only decline to register a transfer of Metro Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the Listing Rules. If the directors refuse to register a transfer, Metro must, within five Business Days after the transfer is lodged with Metro, give the party lodging the transfer written notice of the refusal and the reason for refusal. The directors must decline to register a transfer of Metro Shares when required by the Corporations Act or the Listing Rules.

#### *Issue of further Metro Shares*

The directors of Metro may allot, issue, grant options in respect of, or otherwise dispose of, further shares in Metro on terms as they see fit. However, the directors must act in accordance with any restrictions imposed by Metro's constitution, the Corporations Act, the Listing Rules and any rights for the time being attached to the shares in any special class of those shares.

#### *Winding-up*

If Metro is wound up, then, subject to any special rights attaching to any class of shares, Metro Shareholders will be entitled to participate in any surplus assets of Metro in proportion to the amount paid up (or which ought to have been paid up) on their Metro Shares when the winding-up begins.

#### *Share buy-back*

Subject to the provisions of the Corporations Act and the Listing Rules, Metro may buy back Metro Shares on terms and at times determined by the directors.

#### *Variation of class rights*

Unless otherwise provided by Metro's constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:

- (a) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- (b) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.

#### *Dividend reinvestment plan*

Metro's constitution authorises the directors of Metro to establish and maintain dividend reinvestment plans (whereby any member may elect to forego any dividends that may be payable on all or some of the Metro Shares held by that member and to receive instead Metro Shares).

#### *Indemnities*

To the extent permitted by law, Metro indemnifies every officer and former officer of Metro against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of Metro against any liability incurred in defending any civil or criminal proceedings:

- (a) in which judgment is given in favour of the officer, or in which the officer is acquitted; or
- (b) in connection with any application for that proceeding in which relief is granted to the officer under the Corporations Act by the court.

#### *Alteration of Metro's constitution*

Metro's constitution can only be amended by special resolution passed by at least 75 percent of Metro Shareholders present and voting at a general meeting of Metro. Metro must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

### **10.4 Details of Metro's relevant interests in Gulf Shares**

At the date of this Bidder's Statement, the number of Gulf Shares in which Metro had a relevant interest is set out below:

<b>Class of securities</b>	<b>Total number in class</b>	<b>% of Gulf Shares on issue</b>
Gulf Shares	17,046,835 <sup>24</sup>	20%

As at the date of this Bidder's Statement, Metro has voting power of 20% in Gulf.

### **10.5 Details of directors' relevant interests in Gulf Shares**

At the date of this Bidder's Statement, no directors of Metro have a relevant interest in Gulf Shares.

### **10.6 Inducing benefits given during previous four months**

Except as set out in section 10.1 or elsewhere in this Bidder's Statement, neither Metro nor any of its associates has, during the period of four months before the date of the Offer, or in the period commencing on the date of this Bidder's Statement and ending on the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- (a) accept an Offer; or
- (b) dispose of Gulf Shares,

which benefit was not offered to all Gulf Shareholders under the Offer.

### **10.7 Miscellaneous matters**

#### *ASIC relief*

ASIC has published various class order instruments providing for modifications and exemptions that apply generally to all persons, including Metro, about the operation of chapter 6 of the Corporations Act. Metro may rely on this class order relief.

Metro has relied on the modification to section 636(3) of the Corporations Act in paragraph 11 of ASIC Class Order 13/521 'Takeover Bids' to include references to certain statements in documents lodged with ASIC and ASX without obtaining the consent of the persons to whom those statements are attributed.

<sup>24</sup> As set out in section 10.1, 14,546,833 Gulf Shares are the subject of pre-bid acceptance agreements. Metro has a relevant interest in those Gulf Shares because it has the power to control the exercise of a power to dispose of those Gulf Shares. Further, Metro has entered into an agreement to acquire the balance of 2,500,000 Gulf Shares.

As required by ASIC Class Order 13/521, Metro will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Gulf Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) Gulf Shareholders should contact Metro on + 61 7 3009 8000 between 10.00am to 5.00pm (Sydney time) Monday to Friday.

#### *Other regulatory matters*

Metro is not aware of any regulatory approval which is required for it to acquire control or ownership of Gulf.

### **10.8 Foreign Shareholders**

If you are a Foreign Shareholder, unless Metro otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with Metro Shares on acceptance of the Offer; and
- (b) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive Metro Shares as consideration for your Gulf Shares. At the date of this Bidder's Statement, Metro has not received a copy of the register of members of Gulf. Metro may seek legal advice as to the ability to issue Metro Shares to various Foreign Shareholders in particular foreign jurisdictions, depending on a number of factors, including the number of Gulf Shares held by those Foreign Shareholders.

If Metro does not make a determination that particular Foreign Shareholders can be issued Metro Shares, Metro will:

- (a) arrange for the issue to the Nominee of the number of Metro Shares to which Foreign Shareholders would have been entitled but for clause 2.2 of the Offer Terms (Schedule 1);
- (b) cause the Nominee to offer for sale those Metro Shares within five Business Days after the end of the Offer Period in the manner, at the price and on other terms as are determined by the Nominee; and
- (c) pay to you the amount ascertained under the formula in clause 5.3 of the Offer Terms (Schedule 1).

Notwithstanding anything else contained in this Bidder's Statement, Metro is not under any obligation to take any steps to satisfy itself of the eligibility of Foreign Shareholders to receive Metro Shares.

### **10.9 Consents**

This Bidder's Statement includes statements which are made in, or based on, statements made in public documents lodged with ASIC. Under ASIC Class Order 13/521, the makers of those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like a copy of any of the documents that Metro has relied upon in this regard (free of charge), please contact Metro on + 61 7 3009 8000 between 10.00am and 5.00pm (Sydney time) Monday to Friday.

As permitted by ASIC Class Order 07/429, this Bidder's Statement contains ASX share price trading information sourced from IRESS Limited without its consent.

Argonaut Capital Limited has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as financial adviser to Metro in respect of the Offer in the form and context in which it is named.

McCullough Robertson Lawyers has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as legal adviser to Metro in respect of the Offer in the form and context in which it is named.

BDO Audit Pty Ltd has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as the auditor of Metro in the form and context in which it is named.

- (a) Each of Argonaut Capital Limited, McCullough Robertson Lawyers and BDO Audit Pty Ltd:
- (i) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
  - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

### 10.10 Fees and benefits payable to directors and advisers

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) Director or proposed director of Metro;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of Metro,

has, or had within two years before the date of this Bidder's Statement, any interest in:

- (d) the formation or promotion of Metro;
- (e) any property acquired or proposed to be acquired by Metro in connection with its formation or promotion or in connection with the issue of Metro Shares under the Offer; or
- (f) the Offer of Metro Shares under this Bidder's Statement,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or a proposed director of Metro as an inducement to become, or to qualify as, a Director of Metro or to any of those persons otherwise for services rendered by them in connection with the formation or promotion of Metro or the Offer of Metro Shares under this Bidder's Statement.

The directors of Metro have the following relevant interests in Metro Shares (either held directly, held by entities controlled by them, held by entities of which they are directors or held by family members) at the date of this Bidder's Statement:

Director	Metro Shares <sup>#</sup>	% of Metro Shares on issue
Ken Xiao (Alternate to Jijun Liu)	51,491	0.014%
Lindsay Ward	553,572	0.154%
George Lloyd	867,442	0.242%

Director	Metro Shares <sup>#</sup>	% of Metro Shares on issue
Philip Hennessy	1,785,715	0.498%
Stephen Everett	2,794,052	0.779%

<sup>#</sup> There are 10,750,000 unlisted options over Metro Shares currently on issue to Metro employees. The grant of a further 3,000,000 unlisted options to Metro directors (500,000 options to each of Metro's six directors, excluding alternates) was approved by shareholders at Metro's 2015 annual general meeting, however these options have not yet been granted.

Metro reviews executive remuneration and other terms of employment annually (through a remuneration committee), having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing Metro's operations. Remuneration and other terms of employment for the managing director and certain other senior executives are formalised in service agreements. Incentive-based remuneration packages linked to personal and corporate key performance indicators are in place for each executive.

These incentives are structured to align executive reward with the achievement of strategic objectives and the creation of shareholder value. The personal and corporate key performance indicators and other targets for each executive are reviewed at least annually to ensure that they remain relevant and appropriate, and may agree to vary the stated indicators or targets to ensure that the short term rewards and long term rewards offered to each executive incentivise performance and achievement that are consistent with Metro's goals and objectives. A significant portion of the incentive plan is provided by way of Metro Shares through a deferred employee share plan which seeks to align executive performance with shareholders' interests. Metro's remuneration policy is designed to align management, and therefore Metro's performance with shareholder wealth.

Insurance and indemnity arrangements are in place for officers of Metro. To the extent permitted by law, Metro indemnifies every person who is or has been an officer against:

- (a) any liability to any person (other than Metro, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- (b) costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters.

For this purpose 'officer' means any Director or secretary of Metro or any subsidiary of Metro. Under the terms of the indemnity, Metro must maintain indemnity insurance coverage for a period of seven years after the officer held their position in Metro and allow the officer access to certain records after ceasing to hold office in Metro for a period of seven years.

McCullough Robertson Lawyers has acted as legal adviser to Metro in relation to the Offer. McCullough Robertson Lawyers is entitled to receive professional fees on a normal basis.

Argonaut Capital Limited has acted as financial adviser to Metro in relation to the Offer. Argonaut Capital Limited is entitled to receive professional fees on a normal basis.

### 10.11 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Gulf Shareholder whether or not to accept an Offer; and
- (b) known to Metro,

and has not previously been disclosed to Gulf Shareholders.

## 11 Definitions and interpretation

---

### 11.1 Definitions

In this Bidder's Statement:

<b>Term</b>	<b>Definition</b>
<b>AASB</b>	means the Australian Accounting Standards Board and the standards produced by them.
<b>Acceptance Form</b>	means the form of acceptance and transfer accompanying this Bidder's Statement.
<b>Announcement Date</b>	means 2 December 2015, being the date of announcement of the Offer.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
<b>ASX Settlement Operating Rules</b>	means the settlement rules of ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESSE system in Australia), a copy of which is available at <a href="http://www.asx.com.au">www.asx.com.au</a> .
<b>Bidder</b>	means Metro Mining Limited ACN 117 763 443.
<b>Bidder's Statement</b>	means this document, being the statement of Metro under part 6.5 division 2 of the Corporations Act relating to the Offer.
<b>Business Day</b>	means a business day as defined in the Listing Rules.
<b>Competent Person</b>	has the meaning given to that term by the JORC Code.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Defeating Condition</b>	means each of the conditions of the Offer set out in Schedule 2.
<b>DFS</b>	means a definitive feasibility study.
<b>DSO</b>	means direct shipping ore.
<b>EIS</b>	means an environmental impact statement.
<b>EPM</b>	means an exploration permit for minerals.
<b>EPMA</b>	means an EPM application.
<b>Financial Indebtedness</b>	means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any: (a) bill, bond, debenture, note or similar instrument; (b) acceptance, endorsement or discounting arrangement; (c) guarantee; (d) finance or capital lease; (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or (f) obligation to deliver goods or provide services paid for in advance by any financier.

<b>Term</b>	<b>Definition</b>
<b>Foreign Shareholder</b>	means a Gulf Shareholder whose address on the Gulf Share register is in a jurisdiction other than Australia or its external territories or New Zealand.
<b>GST</b>	has the meaning given to that term by the GST Act.
<b>GST Act</b>	means the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Gulf or Target</b>	means Gulf Alumina Limited ACN 108 086 371 and, where the context requires, each other member of the Gulf Group.
<b>Gulf Board</b>	means the board of directors of Gulf from time to time.
<b>Gulf Group</b>	means Gulf and each of its Subsidiaries.
<b>Gulf Options</b>	means options over unissued Gulf Shares or performance rights granted in relation to Gulf Shares.
<b>Gulf Shareholder</b>	means a registered holder of Gulf Shares.
<b>Gulf Shares</b>	means fully paid ordinary shares in the capital of Gulf.
<b>Insolvency Event</b>	means any of the following events occurring in relation to a party: <ul style="list-style-type: none"> <li>(a) a liquidator, receiver, receiver and manager, administrator, official manager or other controller (as defined in the Corporations Act), trustee or controlling trustee or similar official is appointed over any of the property or undertaking of the party;</li> <li>(b) the party is, or becomes unable to, pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act, or is presumed to be insolvent under the Corporations Act;</li> <li>(c) the party ceases to carry on business; or</li> <li>(d) an application or order is made for the liquidation of the party or a resolution is passed or any steps are taken to liquidate or pass a resolution for the liquidation of the party, otherwise than for the purpose of an amalgamation or reconstruction.</li> </ul>
<b>JORC</b>	means Joint Ore Reserves Committee.
<b>JORC Code</b>	means the Australasian code for reporting of exploration results, mineral resources and ore reserves that sets minimum public reporting standards.
<b>Listing Rules</b>	means the listing rules of ASX, as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
<b>Material Adverse Change</b>	means any event, change, condition, matter or thing occurring or information is disclosed or announced by any member of the Gulf Group, or becomes known to the Bidder, concerning any such event, change, condition matter or thing (each a <b>Specified Event</b> ) which, whether individually or when aggregated with all Specified Events, has had or would be considered reasonably likely to have a material adverse effect on the: <ul style="list-style-type: none"> <li>(a) assets, liabilities, performance or prospects of the Gulf Group; or</li> <li>(b) status or terms of (or rights attaching to) any material permits, licences or approvals issued by a Regulatory</li> </ul>

<b>Term</b>	<b>Definition</b>
	<p>Authority and applicable to the Gulf Group, including, without limitation where the effect is a diminution, or likely diminution, in the value of the consolidated net assets of the Gulf Group, by at least \$200,000 against what it would reasonably have been expected to have been but for such Specified Event, but does not include:</p> <p>(c) a Specified Event relating to changes in business conditions affecting the industry in which the Gulf Group operates; or</p> <p>(d) a Specified Event that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the Specified Event that is fairly disclosed in information publicly disclosed by any member of the Gulf Group before the Announcement Date.</p>
<b>MDL</b>	means a mineral development licence.
<b>Merged Group</b>	means Metro and each of its Subsidiaries and, where the context requires, includes the Gulf Group.
<b>Metro</b>	means Metro Mining Limited ACN 117 763 443.
<b>Metro Board</b>	means the board of directors of Metro from time to time.
<b>Metro Share</b>	means a fully paid ordinary share in the capital of Metro.
<b>Metro Shareholder</b>	means a registered holder of Metro Shares.
<b>MLA</b>	means a mining lease application.
<b>Nominee</b>	means an entity to be appointed by Metro after the date of this Bidder's Statement with the prior approval of ASIC.
<b>Offer</b>	means the offer by Metro on the Offer Terms.
<b>Offer Consideration</b>	means 3.3 Metro Shares in respect of every Gulf Share that you own.
<b>Offer Period</b>	means the period commencing on [#insert] and ending at 7.00pm (Sydney time) on [#insert], or any later date to which the Offer is extended.
<b>Offer Terms</b>	means the terms of the Offer set out in Schedule 1 to this Bidder's Statement.
<b>Pro Forma Financial Statement</b>	means the combined pro forma financial statement of the Merged Group referred to in section 5.3 of this Bidder's Statement.
<b>Register Date</b>	means the date set by Metro under section 633(2) of the Corporations Act.
<b>Regulatory Authority</b>	means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local and for these purposes includes ASX and ASIC.

Term	Definition
<b>Rights</b>	means all accretions, rights or benefits of whatever kind attaching to or arising from Gulf Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Gulf or any of its Subsidiaries.
<b>Subsidiaries</b>	has the meaning given to that term by section 9 of the Corporations Act.
<b>Target or Gulf</b>	means Gulf Alumina Limited ACN 108 086 371 and, where the context requires, each other member of the Gulf Group.
<b>Target Prescribed Occurrence</b>	means: <ul style="list-style-type: none"> <li>(a) <b>(conversion)</b> the Target converts all or any of its shares into a larger or smaller number of shares;</li> <li>(b) <b>(reduction of share capital)</b> the Targets resolves to reduce its share capital in any way;</li> <li>(c) <b>(buy-back)</b> the Target: <ul style="list-style-type: none"> <li>(i) enters into a buy-back agreement; or</li> <li>(ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or s257D(1) Corporations Act;</li> </ul> </li> <li>(d) <b>(distribution)</b> the Target makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);</li> <li>(e) <b>(issuing or granting shares or options)</b> the Target, or a subsidiary of the Target: <ul style="list-style-type: none"> <li>(i) issues shares;</li> <li>(ii) grants an option over its shares; or</li> <li>(iii) agrees to make such an issue or grant such an option, in each case to a person outside the Target or its subsidiaries;</li> </ul> </li> <li>(f) <b>(securities or other instruments)</b> the Target, or a subsidiary of the Target: <ul style="list-style-type: none"> <li>(i) issues securities or other instruments convertible into shares or debt securities; or</li> <li>(ii) agrees to issue securities or other instruments convertible into shares or debt securities, in each case to a person outside the Target or its subsidiaries;</li> </ul> </li> <li>(g) <b>(constitution)</b> the Target, or a subsidiary of the Target, adopts a new constitution or modifies or repeals its constitution or a provision of it;</li> <li>(h) <b>(disposals)</b> the Target, or a subsidiary of the Target, disposes, or agrees to dispose, of the whole or a substantial part of its business or property;</li> <li>(i) <b>(acquisitions, disposals or tenders)</b> the Target, or a subsidiary of the Target: <ul style="list-style-type: none"> <li>(i) acquires or disposes of;</li> </ul> </li> </ul>

Term	Definition
	(ii) agrees to acquire or dispose of; or
	(iii) offers, proposes, announces a bid or tenders for, any material business, asset, interest in a joint venture, entity or undertaking;
(j)	<b>(charges)</b> the Target, or a subsidiary of the Target, charges, or agrees to charge, the whole or a substantial part of its business or property;
(k)	<b>(employment arrangements)</b> the Target, or a subsidiary of the Target: <ul style="list-style-type: none"> <li>(i) materially increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;</li> <li>(ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind; or</li> <li>(iii) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract which, at the date of this document, is in place and has been disclosed to the Bidder), other than in the ordinary course of business, as a result of contracted arrangements that are consistent with past practice and in effect before the Announcement Date;</li> </ul>
(l)	<b>(commitments and settlements)</b> the Target, or a subsidiary of the Target: <ul style="list-style-type: none"> <li>(i) enters into any contract or commitment involving revenue or expenditure by the Target or its subsidiary of more than \$200,000 over the term of the contract or commitment;</li> <li>(ii) terminates or amends in a material manner any contract material to the conduct of the Target or its subsidiary's business or which involves revenue or expenditure of more than \$200,000 over the term of the contract;</li> <li>(iii) waives any material third party default where the financial impact on the Target or its subsidiary will be in excess of \$200,000; or</li> <li>(iv) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$200,000) less than the full compensation due to the Target or a subsidiary of the Target, other than those arrangements notified to the Bidder on or before the Announcement Date;</li> </ul>
(m)	<b>(capital expenditure)</b> the Target, or a subsidiary of the Target, undertakes or agrees to undertake capital expenditure in excess of \$200,000 in aggregate other than that expenditure notified to Bidder on or before the Announcement Date;
(n)	<b>(insolvency)</b> an Insolvency Event occurs in relation to the Target, or a subsidiary of the Target;
(o)	<b>(financial indebtedness)</b> the Target, or a subsidiary of the Target, provides financial accommodation (irrespective of what form of Financial

<b>Term</b>	<b>Definition</b>
	Indebtedness that accommodation takes) in excess of \$200,000;
	(p) <b>(breach of law)</b> the Target, or a subsidiary of the Target, takes or omits to take action which results in a breach of law material to the Target or a subsidiary;
	(q) <b>(related party)</b> the Target, or a subsidiary of the Target, enters into or resolves to enter into a transaction with any related party of the Target as defined in section 228 Corporations Act; or
	(r) <b>(tax liability)</b> the Target, or a subsidiary of the Target, does anything that results in a taxable gain for the Target or a subsidiary by either causing a subsidiary to cease being a subsidiary of the Target or causing the Target, or a subsidiary of the Target to cease being a consolidated group.
<b>Target's Statement</b>	means the target's statement, to be prepared by Gulf in response to this Bidder's Statement.
<b>Traditional Owners</b>	means the Applicant for the Ankamuthi People Native Title Claimant Application QUD6158/1998, Ipima Ikaya Aboriginal Corporation as the trustee of native title under the Northern Cape York Group #1 determination QUD157/2011 and Old Mapoon Aboriginal Corporation as the trustee of land within the Bauxite Hills project area.
<b>VWAP</b>	means volume weighted average price.

## 11.2 Interpretation

In this Bidder's Statement, unless the context otherwise requires:

- (a) headings are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Bidder's Statement;
- (c) a reference to a section is a reference to a section of this Bidder's Statement;
- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it; and
- (h) a reference to '\$' or 'dollar' is to Australian currency.

## **12 Approval of Bidder's Statement**

---

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the directors of Metro on 9 December 2015.

Signed by Stephen Everett for and on behalf of Metro.

A handwritten signature in black ink, appearing to read 'Stephen Everett', with a stylized flourish at the end.

**Stephen Everett**  
Metro Mining Limited  
Chairman

# Schedule 1

## Terms of the Offer

---

### 1 Offer

- 1.1 Metro offers to acquire all or some of your Gulf Shares, together with all Rights attaching to them, on the terms set out in this Schedule 1, incorporating the capitalised terms in section 11.1 and any other sections of this Bidder's Statement incorporated by reference, including the defeating conditions in Schedule 2. This Offer extends to any person who is able during the Offer Period to give good title to Gulf Shares and has not already accepted an Offer for those Gulf Shares.
- 1.2 This Offer extends to all Gulf Shares that:
- (a) exist at the Register Date; and
  - (b) that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, any securities which confer on the holder the right to have Gulf Shares issued to them.
- 1.3 By accepting this Offer, you undertake to transfer to Metro not only the Gulf Shares to which the Offer relates but also all the Rights attached to the Gulf Shares.
- 1.4 Metro Shares issued under this Offer will rank equally in all respects with Metro Shares on issue at the Register Date.
- 1.5 This Offer is dated [#insert].

### 2 Offer Consideration

- 2.1 Subject to clause 2.2 of this Schedule 1, the price under the Offer Consideration is 3.3 Metro Shares in respect of every Gulf Share that you own.

#### Foreign Shareholders

- 2.2 If at the time this Offer is made to you, you are a Foreign Shareholder and Metro does not make a determination under section 10.8, you will not be entitled to receive Metro Shares as consideration for your Gulf Shares. Instead, you will receive a cash amount calculated under clause 5.3 of this Schedule 1.

#### Fractional entitlements

- 2.3 If you accept the Offer and are entitled to receive a fraction of a Metro Share, the number of Metro Shares you are entitled to under this Offer is rounded up to the next whole number of Metro Shares if it is 0.5 or more, and rounded down to the nearest whole number if it is less than 0.5. If you are entitled to a fraction of a cent, that fraction is rounded to the nearest cent on the same basis. If Metro reasonably believes that you have manipulated your holding of Gulf Shares to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of Metro Shares.

### 3 Offer Period

The Offer will remain open for acceptance during the period commencing on [#insert], and ending at 7.00pm (Sydney time) on [#insert], unless it is withdrawn or extended under the Corporations Act.

## **4 How to accept this Offer**

### **All of your holding**

- 4.1 This Offer is for all or some of your Gulf Shares.
- 4.2 To accept this Offer you must complete, sign and return the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post so that it is received by Metro's share registry before the end of the Offer Period.

### **Mailing and delivery addresses**

- 4.3 The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:

Metro Mining Limited  
(Gulf Alumina Limited Takeover)  
PO Box 10955  
Adelaide Street  
Brisbane QLD 4000

Alternatively you may deliver the Acceptance Form and any associated documents to:

Metro Mining Limited  
(Gulf Alumina Limited Takeover)  
Level 8  
300 Adelaide Street  
Brisbane QLD 4000

or by email to:

SWaddell@metromining.com.au

- 4.4 A reply paid envelope (not able to be used by Gulf Shareholders outside Australia) is enclosed for your convenience.

### **Acceptance Form**

- 4.5 The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer for your Gulf Shares. In particular, the Acceptance Form requires that you give Metro original copies of any Gulf share certificates that you hold or, if you do not hold original share certificates, make certain representations about them.

### **Power of attorney, deceased estate**

- 4.6 When accepting this Offer, you must also forward for inspection:
- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
  - (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased Gulf Shareholder, the relevant grant of probate or letters of administration.

### **When acceptance is complete**

- 4.7 Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.3 above and the requirements of this clause (including the Acceptance Form itself) have been met, provided that:

- (a) Metro may in its sole discretion waive any or all of those requirements at any time; and
  - (b) where those requirements have been complied with for some but not all of your Gulf Shares, Metro may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Gulf Shares for which the requirements have been complied with but not in respect of the remainder.
- 4.8 If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

## 5 Payment of consideration

### When consideration is paid

- 5.1 Subject to clauses 5.3 and 5.4 of this Schedule 1, you will be paid the consideration you are entitled to within one month of the later of:
- (a) the date you accept the Offer; and
  - (b) the date the Offer becomes unconditional.
- 5.2 In any event, you will be paid within 21 days after the end of the Offer Period (assuming all Defeating Conditions are satisfied or waived).

### Payments to Foreign Shareholders

- 5.3 If you accept the Offer and you are a Foreign Shareholder and Metro does not make a determination under section 10.8 of this Bidder's Statement:
- (a) Metro will arrange for the issue to the Nominee of the number of Metro Shares to which you and all other Foreign Shareholders would have been entitled under the Offer but for clause 2.2 of this Schedule 1;
  - (b) Metro will cause the Nominee to offer for sale the Metro Shares as soon as practicable, or otherwise in the manner, at the price and on terms as are determined by the Nominee;
  - (c) Metro will cause the Nominee to pay to you the amount calculated under the following formula:
 
$$\frac{\text{Net Proceeds of Sale} \times \text{Your Metro Shares}}{\text{Total Nominee Metro Shares}}$$

where:

    - (i) **Net Proceeds of Sale** means the amount which is received by the Nominee upon the sale of all Metro Shares under this clause 5.3 less brokerage and other sale expenses;
    - (ii) **Your Metro Shares** means the number of Metro Shares which would, but for clause 2.2 of this Schedule 1, have been allotted to you under the Offer;
    - (iii) **Total Nominee Metro Shares** means the total number of Metro Shares allotted to the Nominee under this clause 5.3;
  - (d) you will receive your share of the proceeds of this sale in Australian currency;
  - (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form; and

- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

#### **Where additional documents are required**

- 5.4 Where the Acceptance Form requires additional documents to be given with your acceptance (such as original share certificates or a power of attorney), if the documents are given:
- (a) with your acceptance, Metro will provide the consideration in accordance with clause 5.1 of this Schedule 1;
  - (b) after acceptance and before the end of the Offer Period and the Offer is subject to a Defeating Condition at the time that Metro is given the documents, Metro will provide the consideration by the end of whichever period ends earlier:
    - (i) within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
    - (ii) 21 days after the end of the Offer Period;
  - (c) after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Metro is given the documents, Metro will provide the consideration by the end of whichever period ends earlier:
    - (i) one month after Metro is given the document; and
    - (ii) 21 days after the end of the Offer Period; or
  - (d) after the end of the Offer Period, Metro will provide the consideration within 21 days after the documents are given, but if at the time Metro is given the documents, the contract resulting from your acceptance of the Offer is still subject to one or more of the Defeating Conditions, Metro will provide the consideration within 21 days after that contract becomes unconditional.
- 5.5 If you do not give Metro the required additional documents within one month after the end of the Offer Period, Metro may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

#### **Where Metro is entitled to any Rights**

- 5.6 If Metro becomes entitled to any Rights on acceptance of this Offer, you must give Metro all documents that Metro needs to give Metro title to those Rights. If you do not give those documents to Metro, or if you have received the benefit of those Rights, Metro will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Metro) of those Rights.

#### **Payment to be mailed by cheque**

- 5.7 Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by Metro) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

#### **Clearances for offshore residents**

- 5.8 If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

## **6 Conditions of the Offer**

### **Conditions**

- 6.1 This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the Defeating Conditions.

### **Nature of conditions**

- 6.2 Each of the Defeating Conditions set out in each paragraph and subparagraph of Schedule 2:
- (a) constitutes and will be construed as a separate, several and distinct condition;
  - (b) is a condition subsequent; and
  - (c) until the expiration of the Offer Period will be for the benefit of Metro alone and may be relied upon only by Metro.

### **Conditions apply to multiple events**

- 6.3 Where an event occurs that would mean at the time the event occurs a Defeating Condition would not be satisfied, each Defeating Condition affected by that event becomes two separate conditions on identical terms except that:
- (a) one of them relates solely to that event; and
  - (b) the other specifically excludes that event.
- 6.4 Metro may declare the Offer free under clause 6.5 from either of those conditions without declaring it free from the other and may do so at different times. This clause may apply any number of times to a Defeating Condition (including a condition arising from a previous operation of this clause).

### **Effect of breach or non-fulfilment**

- 6.5 The breach or non-fulfilment of any of the Defeating Conditions does not prevent a contract arising to acquire your Gulf Shares resulting from your acceptance of this Offer. If at the end of the Offer Period, in respect of any Defeating Condition:
- (a) Metro has not declared the Offers (and they have not become) free from that Defeating Condition; or
  - (b) that Defeating Condition has not been satisfied,

all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In that case, Metro will return the Acceptance Form together with all documents to the address shown in the Acceptance Form.

### **Metro may decide Offer is free from all or any of the Defeating Conditions**

- 6.6 Metro may at any time at its sole discretion but in compliance with section 650F and section 630(1) of the Corporations Act, declare the Offers free from all or any of the Defeating Conditions by written notice to Gulf not later than seven days before the end of the Offer Period.

### **Date for giving notice on status of Defeating Conditions**

- 6.7 The date for giving a notice on the status of the Defeating Conditions as required by section 630(1) of the Corporations Act is the date seven days before the end of the Offer Period, subject to variation under section 630(2) of the Corporations Act if the Offer Period is extended.

## Effect of acceptance

- 6.8 Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless:
- (a) by the end of the Offer Period, the Defeating Conditions have not all been satisfied or waived in which case, this Offer will automatically terminate; and
  - (b) the circumstances set out in section 650E of the Corporations Act apply.
- 6.9 By signing and returning the Acceptance Form, you will be deemed to have:
- (a) irrevocably accepted this Offer (and each variation of this Offer) in respect of all your Gulf Shares or such less number of Gulf Shares that you identify as the subject of your acceptance in the Acceptance Form;
  - (b) irrevocably authorised Metro to alter the Acceptance Form on your behalf by:
    - (i) inserting correct details of your Gulf Shares;
    - (ii) filling in any blanks remaining on the Acceptance Form; and
    - (iii) rectifying any errors in, and omissions from, the Acceptance Form,as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Gulf Shares to Metro;
  - (c) represented and warranted to Metro, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to Metro:
    - (i) you have paid to Gulf all amounts which are due for payment for your Gulf Shares;
    - (ii) all of your Gulf Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
    - (iii) you have full power and capacity to sell and transfer those Gulf Shares;
  - (d) granted to Metro and each of its directors power of attorney to:
    - (i) sign any document or do any thing on your behalf necessary to cause Gulf to issue a replacement share certificate for those Gulf Shares; and
    - (ii) satisfy any formal requirement to transfer the relevant Gulf Shares (including sign any share transfer form on your behalf);
  - (e) agreed to:
    - (i) do anything necessary to ratify any act taken or purported to be taken by Metro or any of its directors under the power of attorney granted by clause 6.9(d) of this Schedule 1; and
    - (ii) indemnify Metro and each of its directors in respect of that act;
  - (f) from the time of acceptance until the Offer has become unconditional, until the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period, irrevocably appointed Metro or any nominee of Metro as your attorney to exercise all your powers and rights attaching to your Gulf Shares including (without limitation) to requisition, convene, attend and vote at all general meetings of

Gulf or appoint a proxy or proxies to attend and vote on your behalf at that meeting, where the passing or defeat of any resolution before the meeting might adversely affect the likelihood of the Offer being successful and to do so in a way which would prevent that effect arising;

- (g) on this Offer or any takeover contract becoming unconditional, irrevocably appointed Metro or any nominee of Metro as your attorney to exercise all your powers and rights attaching to your Gulf Shares including (without limitation):
  - (i) to requisition, convene, attend and vote at all general meetings of Gulf or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and
  - (ii) sign all documents and resolutions relating to your Gulf Shares, and generally to exercise all powers and rights which you may have as a Gulf Shareholder and perform actions as may be appropriate to vest good title in your Gulf Shares in Metro;
- (h) agreed that in exercising the powers conferred by the power of attorney in clause 6.9(f) of this Schedule 1, Metro is entitled to act in the interests of Metro;
- (i) agreed not to attend or vote in person at any general meeting of Gulf or to exercise or purport to exercise any of the powers conferred on Metro or its nominee in clause 6.9(f) of this Schedule 1; and
- (j) agreed to accept the Metro Shares, to which you have become entitled by acceptance of this Offer, subject to the constitution of Metro and have authorised Metro to place your name on the register of members for those Metro Shares.

### **Withdrawal**

- 6.10 Metro may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

### **Variation**

- 6.11 Metro may vary this Offer in accordance with the Corporations Act.

## **7 Acceptances by transferees and nominees**

### **Who may accept the Offer**

- 7.1 During the Offer Period:
- (a) any person who is able to give good title to a parcel of Gulf Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to that person; and
  - (b) any person who holds one or more parcels of Gulf Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
    - (i) each of those parcels; and
    - (ii) any parcel they hold in their own right.

### **Holding shares**

- 7.2 A person is taken to hold Gulf Shares if the person is, or is entitled to be registered as, the holder of those Gulf Shares.

### **Holding shares on trust or as a nominee**

- 7.3 A person is taken to hold Gulf Shares on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of Gulf Shares; and
  - (b) holds the interest in the Gulf Shares on trust for, as nominee for, or on account of, that other person.

### **Effective acceptance**

- 7.4 An acceptance of an Offer under clause 7.1(b) of this Schedule 1 is ineffective unless:
- (a) the person who holds on account of another person, gives that other person written notice stating that the Gulf Shares consist of a separate parcel; and
  - (b) the acceptance specifies the number of Gulf Shares in that parcel.

### **Notice of acceptance**

- 7.5 A notice under clause 7.4(a) of this Schedule 1 must be made in writing.
- 7.6 A person may, at the one time, accept for two or more parcels under clause 7.6 of this Schedule 1 as if there had been a single offer for a separate parcel consisting of those parcels.

## **8 Other matters**

### **Notices and other communications**

- 8.1 Subject to the Corporations Act, a notice or other communication given by Metro to you in connection with this Offer is deemed to be duly given if it is in writing and:
- (a) is delivered at your address as recorded on the register of members of Gulf or the address shown in the Acceptance Form; and
  - (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

### **Return of documents**

- 8.2 If:
- (a) this Offer is withdrawn after your Acceptance Form has been sent to Metro, but before it has been received; or
  - (b) for any other reason Metro does not acquire the Gulf Shares to which your Acceptance Form relates,

Metro will despatch at your risk your Acceptance Form together with all other documents forwarded by you.

## **9 Costs and expenses**

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable (for which Metro is liable) for a transfer of Gulf Shares for which Offers are accepted, will be paid by Metro.

## **10 Official quotation of Metro Shares**

- 10.1 Subject to clause 1 of this Schedule 1, the Metro Shares offered by Metro as consideration under the Offer will rank equally with Metro Shares on issue at the Register Date.
- 10.2 Metro has been admitted to the official list of ASX and shares of the same class as those to be issued as consideration under the Offer have been granted official quotation by ASX.
- 10.3 An application was made on the date of this Bidder's Statement to ASX for the granting of official quotation of the Metro Shares to be issued. However, official quotation is not granted automatically on application.
- 10.4 Under section 625(3) of the Corporations Act, the Offer is subject to a condition that application for admission to quotation of the Metro Shares issued under the Offer is made within seven days after the start of the Offer Period and permission for admission to quotation will be granted no later than seven days after the end of the Offer Period. This condition may not be waived.

## Schedule 2

Defeating conditions to the offers under the proposed off-market takeover bid by Metro Mining Limited for all the ordinary shares in Gulf Alumina Limited

---

The Offer and any contracts resulting from acceptance of the Offer are subject to fulfilment of the following conditions:

### **1 Minimum acceptance**

The Bidder has a relevant interest in more than 50% of the Gulf Shares at or before the end of the Offer Period.

### **2 No regulatory action**

Between the Announcement Date and the end of the Offer Period:

- (a) no preliminary or final decision, order or direction is made or issued by any Regulatory Authority;
- (b) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and
- (c) no application is made to any Regulatory Authority (other than by the Bidder or any associate of the Bidder),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise adversely affect the making of the Offer, the acquisition of Gulf Shares by the Bidder, the rights of the Bidder in respect of the Target or Gulf Shares or the progress of the 'Skardon River' bauxite project of the Target or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).

### **3 No Target Prescribed Occurrences**

Between the Announcement Date and the end of the Offer Period, there is no occurrence of a Target Prescribed Occurrence.

### **4 No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period, there is no occurrence of any Material Adverse Change.

## 5 Third party consents

If the Target, or a subsidiary of the Target, is a party to, is bound by, or is subject to, an agreement, arrangement or understanding which as a result of or in connection to the acquisition of Gulf Shares under the Offer entitles another person (**Third Party**) to exercise any rights (including termination rights or pre-emptive rights).

## 6 No material acquisitions, disposals or commitments

Between the Announcement Date and the end of the Offer Period, none of the following events occurs, are announced or become known to the Bidder:

- (a) any member of the Gulf Group acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than \$200,000, other than in the ordinary course of business;
- (b) any member of the Gulf Group disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest therein) for an amount, or in respect of which the book value is, in aggregate, greater than \$200,000, other than in the ordinary course of business; and
- (c) any member of the Gulf Group enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure, or the foregoing of revenue, by any member of the Gulf Group of an amount which is, in aggregate, more than \$200,000, other than in the ordinary course of business.

## Schedule 3

### Metro's tenements in Cape York

Tenement	Project name	Holder/ applicant	Status	Expiry date	Area Ha (MLAs) No. Sub Block (EPM)	Commodity targeted
MLA 20572	Pisolite Hills 1	Cape Alumina Ltd	Application	-	12311.4	Bauxite-Kaolin
MLA 20573	Pisolite Hills 2	Cape Alumina Ltd	Application	-	3207.8	Bauxite-Kaolin
MLA 20574	Pisolite Hills 3	Cape Alumina Ltd	Application	-	3885.5	Bauxite-Kaolin
MLA 20611	Hey Point	Cape Alumina Ltd	Application	-	370.7	Bauxite
MLA 20612	Port Musgrave	Cape Alumina Ltd	Application	-	1050.3	Bauxite
MLA 20676	Bauxite Hills 1	Aldoga Mineral Pty Ltd Cape Alumina Ltd	Application	-	2317.91	Bauxite
MLA 20687	Bauxite Hills 2	Aldoga Mineral Pty Ltd Cape Alumina Ltd	Application	-	1647	Bauxite
MLA 20688	Bauxite Hills 6 East	Aldoga Mineral Pty Ltd Cape Alumina Ltd	Application	-	531	Bauxite
MLA 20689	Bauxite Hills 6 West	Aldoga Mineral Pty Ltd Cape Alumina Ltd	Application	-	2052	Bauxite
EPM 14547	Pisolite Hills	Cape Alumina Ltd	Granted	19/04/2016	48	Bauxite
EPM 15012	Mapoon	Cape Alumina Ltd	Granted	30/11/2014	14	Bauxite-Kaolin
EPM 15054	Hey Point	Cape Alumina Ltd	Granted	29/04/2017	4	Bauxite
EPMA 15077	Worbody	Cape Alumina Ltd	Application	-	15	Bauxite
EPM 15173	Duyfken Point	Cape Alumina Ltd	Granted	23/02/2014	19	Bauxite
EPM 15263	North Coconut	Cape Alumina Ltd	Granted	29/04/2017	12	Bauxite
EPMA 15269	Aurukun North	Cape Alumina Ltd	Application	-	55	Bauxite
EPM 15272	Weipa East	Cape Alumina Ltd	Granted	29/04/2014	4	Bauxite
EPM 15277	Pisolite Hills South	Cape Alumina Ltd	Granted	22/12/2013	20	Bauxite
EPM 15278	Pisolite Hills North	Cape Alumina Ltd	Granted	29/09/2014	53	Bauxite
EPM 15374	Dulhunty	Cape Alumina Ltd	Granted	21/09/2013	51	Bauxite
EPM 15375	Vriilya	Cape Alumina Ltd	Granted	21/10/2013	107	Bauxite
EPM 15376	Ducie River	Cape Alumina Ltd	Granted	29/09/2014	29	Bauxite
EPM 15984	Port Musgrave	Cape Alumina Ltd	Granted	23/02/2014	4	Bauxite
EPMA 15985	Penefather	Cape Alumina Ltd	Application	-	45	Bauxite

<b>Tenement</b>	<b>Project name</b>	<b>Holder/ applicant</b>	<b>Status</b>	<b>Expiry date</b>	<b>Area Ha (MLAs) No. Sub Block (EPM)</b>	<b>Commodity targeted</b>
EPM 16899	Skardon River	Cape Alumina Ltd	Granted	16/12/2014	14	Bauxite
EPMA 17499	Eucid	Cape Alumina Ltd	Application	-	4	Bauxite

## Schedule 4

Metro's tenements in central Queensland

---

<b>Tenement</b>	<b>Project name</b>	<b>Holder/ applicant</b>	<b>Status</b>	<b>Expiry date</b>	<b>Area Ha (MLAs) No. Sub Block (EPM)</b>	<b>Commodity targeted</b>
EPM 15848	Toondoon	Cape Alumina Pty Ltd	Granted	22/05/2018	9	Bauxite
EPM 18281	Auburn	Cape Alumina Pty Ltd	Granted	15/12/2016	38	Bauxite

## Schedule 5

Metro announcements to ASX since 1 July 2015

<b>Date</b>	<b>Announcement</b>
09/12/2015	Increase in DSO Bauxite Resources on Cape York
04/12/2015	Appendix 3B
02/12/2015	Metro to Make Takeover Offer to Gulf Alumina
30/11/2015	Trading Halt
26/11/2015	Appendix 3B
24/11/2015	2015 AGM Results
24/11/2015	CEO Presentation at 2015 Annual General Meeting
11/11/2015	Mining 2015 Resources Convention
05/11/2015	Bauxite Hills Definitive Feasibility Study for 2Mtpa
29/10/2015	Quarterly Cashflow Report
29/10/2015	Quarterly Activities Report
27/10/2015	CEO Presentation to AUSTMINE
23/10/2015	Annual Report to shareholders
23/10/2015	Notice of Annual General Meeting/Proxy Form
23/10/2015	Corporate Governance Statement and App 4G
22/10/2015	CEO Presentation at 5th Asian Bauxite & Aluminium Conference
24/09/2015	Bauxite Hills Environmental Approval Update
24/09/2015	CEO presentation at Resources Rising Stars Conference
16/09/2015	Change of Director's Interest Notice X5
15/09/2015	Presentation to Melbourne Mining Club
14/09/2015	Change in substantial holding
14/09/2015	Bauxite Hills Environmental Approval Process Update
09/09/2015	Cleansing Statement
09/09/2015	Appendix 3B for Rights Issue
02/09/2015	Close of Entitlement Offer and Subscriptions
27/08/2015	Full Year Statutory Accounts
10/08/2015	Off-Take MoU Signed with Xinfra Group
03/08/2015	Change in substantial holding
29/07/2015	Dispatch of Non-Renounceable Entitlements Issue Prospectus
29/07/2015	Change of Director's Interest Notice
28/07/2015	June Quarter 2015 - Quarterly Activities Report
21/07/2015	Letter to Shareholders regarding the Rights Issue

<b>Date</b>	<b>Announcement</b>
21/07/2015	Letter to Ineligible Shareholders regarding the Rights Issue
17/07/2015	Quarterly Cashflow Report
16/07/2015	Presentation to the Noosa Mining Conference
16/07/2015	Cleansing Statement and Appendix 3B
16/07/2015	Prospectus for Rights Issue to raise approximately \$3.6m
16/07/2015	Successful Placement and Entitlement Offer to raise \$5.6m
13/07/2015	Trading Halt

# Corporate directory

## Company

Metro Mining Limited  
Level 8  
300 Adelaide Street  
BRISBANE QLD 4000  
+61 7 3009 8000  
[www.metromining.com.au](http://www.metromining.com.au)

## Directors

Stephen Everett – Non-executive Chairman  
Philip Hennessy – Non-executive Director  
Lindsay Ward – Non-executive Director  
Jijun Liu – Non-executive Director  
Dongping Wang – Non-executive Director  
George Lloyd – Non-executive Director

## Auditor

BDO Audit Pty Ltd  
Level 18  
300 Queen Street  
BRISBANE QLD 4000  
+ 61 7 3237 5999  
[www.bdo.com.au](http://www.bdo.com.au)

## Financial Adviser

Argonaut Capital Limited  
Level 30  
Allendale Square  
77 St Georges Terrace  
PERTH WA 6000  
+ 61 8 9224 6888  
[www.argonaut.com](http://www.argonaut.com)

## Legal Advisers

McCullough Robertson Lawyers  
Level 11  
Central Plaza Two  
66 Eagle Street  
BRISBANE QLD 4000  
+61 7 3233 8888  
[www.mccullough.com.au](http://www.mccullough.com.au)



# Acceptance Form

## A Your name

SAMPLE NAME 1  
 SAMPLE NAME 2  
 <SAMPLE A/C>  
 SAMPLE ADDRESS 1  
 SAMPLE ADDRESS 2

## Your holding

Gulf Shares held as at the Register Date

If your holding has changed between the Register Date and time of acceptance, then write your current holding here and initial your amendments. Your acceptance will in any event apply in respect of the number of Gulf Shares that you specify below.

**This is an important document. If you are in doubt as to how to complete this Acceptance Form, please consult your financial or other professional adviser immediately.**

## Transfer and Acceptance Form

This is a personalised form for the sole use of the holder and holding recorded above. Use this form to accept the Offer by Metro for any or all of your Gulf Shares. You should read the entire Bidder's Statement carefully before completing this form. Capitalised words used in this form have the meanings given to them in the Bidder's Statement.

## B You must return your Acceptance Form to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of the number of Gulf Shares that you specify below, on the Offer Terms. To be an effective acceptance, your form must be received by Metro by the end of the Offer Period which is 7.00pm (Sydney time) on [#insert date] (unless extended).

### Offer Consideration – 3.3 Metro Shares for each Gulf Share that you own.

To accept the Offer you must either:

- (a) sign and return this Acceptance Form by mail to the mailing address shown overleaf;
- (b) sign and return this Acceptance Form by hand delivery at the hand delivery address shown overleaf; or
- (c) sign and return this Acceptance Form by email to the email address shown overleaf.

## C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone number where you can be contacted during business hours

Contact name

(    )   

## D You must specify the number of Gulf Shares you wish to accept the Offer in respect of

You can accept the Offer in respect of all of your Gulf Shares, or in respect of only some of your Gulf Shares. Please specify the total number of Gulf Shares you hold, as well as number of Gulf Shares that you wish to accept the Offer in respect of. You will be deemed to have accepted the Offer in respect of the number of Gulf Shares that you so specify, or if nothing is specified you will be deemed to have accepted in respect of all of your Gulf Shares.

Your total holding

The number of Gulf Shares you are accepting the Offer for

## E You must check the box applicable to you

If you have your share certificate in respect of the Gulf Shares that you are accepting the Offer in respect of, you must provide this to Metro upon your acceptance of the Offer. If you do not have your share certificate in respect of the Gulf Shares that you are accepting the Offer in respect of, you may be required to give a statutory declaration to that effect, as required by Metro.

I/We, the person(s) named above, are in possession of the share certificate in respect of my/our Gulf Shares for which the Offer is being accepted, which is being provided to Metro upon my/our acceptance of the Offer.

I/We, the person(s) named above, are not in possession of the share certificate in respect of my/our Gulf Shares for which the Offer is being accepted, and confirm it has either been lost, or was never issued to me/us by Gulf, and I hereby authorise Metro to make those representations to Gulf on my/our behalf and seek the issue of a replacement share certificate.

## F You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of the Gulf Shares I/we have specified above and hereby agree to transfer to Metro all my/our Gulf Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement. By submitting this form I/we declare that all details and statements made by me/us are complete and accurate.

Shareholder 1 (Individual)

Shareholder 2 (Individual)

Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director

Secretary/Director (delete one)

The directors of Metro reserve the right to make amendments to this form where appropriate.

Please refer overleaf for further important instructions

## Further important instructions

To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions in this Acceptance Form.

For further information please refer to the Bidder's Statement dated 10 December 2015 which accompanies this Acceptance Form. Capitalised terms used in this form have the same meanings given to them in the Bidder's Statement.

By submitting this form, you agree to accept the Offer on the Offer Terms set out in the Bidder's Statement (or any supplementary bidder's statement).

### Completion instructions

- A** • **Please check the front page** to ensure that your name and address are correct. If any of these details are incorrect, please write in your correct details and initial the amendments that you make.
- **Please note** your consideration will be issued in the name(s) exactly as stated on the Gulf share register.
- B** • **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
  - (a) **Joint Shareholders:** If your Gulf Shares are held in the names of more than one person, all those persons must sign this Acceptance Form.
  - (b) **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
  - (c) **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
  - (d) **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by Metro for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to Metro's professional advisers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable under the Offer. You have rights to obtain access to the personal information which you have supplied in connection with the Offer.

### Lodgment instructions

- Mail, deliver or email the completed Acceptance Form(s) and any other documents required by the above instructions to:

**Mailing address**

Metro Mining Limited  
Gulf Alumina Limited Takeover  
PO Box 10955  
Adelaide Street  
Brisbane QLD 4000

**or Hand delivery**

Metro Mining Limited  
Gulf Alumina Limited Takeover  
Level 8  
300 Adelaide Street  
Brisbane QLD 4000

**or Email address**

Scan or photograph and send a copy of the completed Acceptance Form to:  
[swaddell@metromining.com.au](mailto:swaddell@metromining.com.au)

- A reply paid envelope is enclosed for use within Australia.

**Your acceptance must be received by no later than the end of the Offer Period, which is 7.00pm (Sydney time) on the last day of the Offer Period, being [#insert date] (unless otherwise extended by Metro).**

**If you have any questions about the terms of the Offer or how to accept, please call + 61 7 3009 8000 between 8.00am and 4.00pm (Sydney time).**