



SUPPLEMENTARY BIDDER'S STATEMENT

OFFER BY
METRO MINING LIMITED

to acquire ALL of your shares in
GULF ALUMINA LIMITED

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 ADVISER
McCullough Robertson Lawyers



SUPPLEMENTARY BIDDER'S STATEMENT

Introduction

This document is the first supplementary bidder's statement issued by Metro Mining Limited ACN 117 763 443 (**Metro**) to the bidder's statement dated and lodged with ASIC and ASX on 10 December 2015 (**Original Bidder's Statement**) in relation to Metro's off-market takeover offer for all of the ordinary shares in Gulf Alumina Limited ACN 108 086 371 (**Gulf**) (**Supplementary Bidder's Statement**). It is dated 4 February 2016 and is given under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement. This document will prevail in the event of any inconsistency with the Original Bidder's Statement.

Unless the context requires otherwise, terms defined in the Original Bidder's Statement have the same meaning where used in this document.

Metro Agrees Native Title and Land Access

On 21 January 2016, Metro announced that it has executed a Native Title and Land Access Agreement with the Ankamuthi People and the Old Mapoon Aboriginal Corporation (**OMAC**) for its Bauxite Hills Project (**Agreement**). The announcement is set out as Annexure A to this Supplementary Bidder's Statement.

In particular, the Agreement:

- is a key milestone to the grant of Metro's mining lease;
- forms the foundation for a long-term relationship with the Ankamuthi People, the Traditional Owners, and OMAC (the trustee owner of the land); and
- demonstrates Metro's commitment to land rehabilitation and cultural heritage management, which comprise key parts of the Agreement, and are continually reviewed by the Liaison Committee which the parties have established under the Agreement.

Further, Metro has also received fully executed deeds of grant of mining lease applications, pursuant to section 31(1)(b) of the *Native Title Act 1993* (Cth), for mining lease applications 20676, 20688 and 20689, which means that Native Title in respect of these applications is now complete.

Metro Confirms Benefit of Increased Production Scenario

On 27 January 2016, Metro announced the completion of a pre-feasibility study (**PFS**) for the doubling of bauxite production at its Bauxite Hills project. The four million tonnes per annum PFS is based on the November 2015 definitive feasibility study for production at two million tonnes per annum at Bauxite Hills. The announcement is set out as Annexure B to this Supplementary Bidder's Statement.

In particular, the PFS confirms significant benefits from increased production through economies of scale and greater operational efficiencies. The PFS has confirmed for Metro that the increase in production will come with a low initial capital cost of \$40.1 million, and based on independent price forecasts for bauxite (and the other assumptions particularised in the announcement), is expected to deliver:

- average annual 'earnings before interest, tax, depreciation and amortisation' of \$134 million;
- average 'profit after tax' of \$92 million;
- after tax 'net present value' of \$582 million; and
- after tax 'internal rate of return' of 156%.

Metro expects that the expanded project will have a 13 year mine life based on existing direct shipping ore (**DSO**) resources of 53.6 million tonnes at Bauxite Hills, with the potential for this to be further increased by exploiting 11.7 million tonnes of DSO bauxite resources at the nearby BH2 deposit and with further exploration success.

Consents to be named

The Ankamuthi People and OMAC have given consent to being named in this Supplementary Bidder's Statement in the form and context in which they are named and have not withdrawn this consent prior to lodgement of this Supplementary Bidder's Statement with ASIC.

The consent of the Ankamuthi People and OMAC has been given on the basis that:

- they did not authorise or cause the issue of; or
- make or purport to make any statement in, this Supplementary Bidder's Statement.

Approval of Supplementary Bidder's Statement

This Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the directors of Metro, effective 4 February 2016.

Signed by Stephen Everett for and on behalf of Metro

Yours sincerely

A handwritten signature in black ink, appearing to be 'S. Everett', written in a cursive style.

Stephen Everett
Metro Mining Limited
Chairman

Metro's ASX announcement dated 21 January 2016



Native Title and Land Access Agreement Secured

-  Major milestone for Metro with Agreement demonstrating strong community support for the Bauxite Hills Project;
-  Positive long term relationships continuing;
-  Project to provide vital training, employment and business opportunities for the Ankamuthi People;
-  Substantial mining benefits for the life of the Project to benefit a broad cross-section of the community;
-  Cultural Heritage Management Plan agreed to ensure management and preservation of identified Aboriginal Cultural Heritage;
-  Includes detailed rehabilitation plan with ongoing monitoring.

Metro Mining is pleased to announce it has executed a Native Title and Land Access Agreement for the Bauxite Hills Project.

Metro Mining CEO, Simon Finnis, says the Agreement, reached jointly with the Ankamuthi People and the Old Mapoon Aboriginal Corporation (OMAC), is a key milestone to grant of the Mining Lease and sets a sound foundation for long term relationship with the Ankamuthi People, Traditional Owners and OMAC, the Trustee owner of the land.

"The Agreement includes a Cultural Heritage Management Plan for the Project area, the provision of employment and training opportunities for traditional owners, business development and contracting opportunities for Ankamuthi businesses and payment of mining benefits to both the Ankamuthi People and OMAC for the life of the Project," Mr Finnis said.

"As part of the Agreement Metro happily committed to employment and training targets and we will work with stakeholders and contractors to ensure these are met. Metro will also work with the stakeholders to identify business opportunities for the Ankamuthi and other local enterprises.

"Communication and cooperation is assured through the establishment of a Liaison Committee comprising representatives of all parties which will meet regularly throughout each year for the life of the Project," Mr Finnis said.

The mining benefits are based on a percentage of the Free on Board (FOB) price received per tonne of bauxite and will be used to fund long term programs and benefits to a broad cross section of the Ankamuthi People and their organisations. Land rehabilitation is included as an integral part of the Agreement with progress being continually reviewed by the Liaison Committee.

"This Agreement demonstrates excellent community support for the Bauxite Hills Project. Metro looks forward to growing the already strong relationship with all stakeholders to deliver long term benefits to all concerned," Mr Finnis said.

For further information contact: Chief Executive Officer Mr Simon Finnis | Company Sec Mr Scott Waddell
T: +61 (0) 7 3009 8000 F: +61 (0) 7 3221 4811 | E: info@metromining.com.au W: www.metromining.com.au
ASX: MMI | Registered: Office Lvl 8, 300 Adelaide St, Brisbane | PO Box 10955, Adelaide St, Brisbane Q 4000

Metro's ASX announcement dated 27 January 2016



Increased Production Scenario Delivers Significant Benefits

Highlights

-  A pre-feasibility study (PFS) for a doubling of bauxite production at Bauxite Hills has been completed;
-  The 4 million tonnes per annum PFS is based on the 2015 definitive feasibility study (DFS) for production of 2 million tonnes per annum at Bauxite Hills;
-  Increased plant and equipment utilisation, achieved by moving to a 24 hour operation, delivers significant economies of scale for little additional capital expenditure;
-  The expanded project will have a 13 year mine life with potential for increasing this by utilising the nearby BH2 deposit;
-  Based on Independent price forecasts for bauxite, the PFS gives the following results:
 - Average annual EBITDA of A\$134 million and profit after tax of \$92 million
 - After tax NPV₁₀ of A\$582 million
 - After tax IRR of 156%;
-  Low initial capital cost of A\$40.1 million.
-  Environmental footprint unchanged from previously announced DFS.
-  EIS permitting process for up to 5Mtpa production scenario underway and expected to be completed by Q4 2016.

Metro Mining Limited (ASX:MMI) is pleased to advise that it has made further progress in its strategy to become a leading independent Cape York bauxite producer, completing a Pre-feasibility Study confirming that its Bauxite Hills Project benefits significantly from increasing production from 2Mtpa to 4Mtpa

The PFS considers annual bauxite production of 4 million tonnes per annum (Mtpa) and was completed by MEC Mining, an independent and highly reputable Mining Consultancy firm. It is based on the 2Mtpa Definitive Feasibility Study (DFS) announced to the ASX on 5 November 2015.

As the PFS is based on the detailed technical studies carried out in support of the DFS, Metro has a high degree of confidence in the technical and financial outcomes of the PFS.

Increasing bauxite production to 4Mtpa will only require minor changes to the operational and equipment requirements from the 2Mtpa DFS scenario. This is attributable to the significant economies of scale which will be achieved by incorporating a night shift into the mining operations.

Increasing production from 2Mtpa to 4Mtpa also only requires a small increase in capital expenditure. The mining method and equipment fleet is of a similar size and the Barge Loading Facility (BLF), which was relatively under utilised at 2Mtpa, will only requires minor upgrades to conveyors to comfortably deliver over 4Mtpa.

Up front capital requirements, including working capital, have been kept to a minimum through the use of the initial low capital approach designed for 2Mtpa in the first 2 years of production before ramping up 4Mtpa from year three.

Expanded production also delivers lower unit operating costs. Significant reductions in barging, transshipping and freight costs will be achieved through the increased scale of operations and introduction of an offshore platform for loading Panamax class vessels when production is increased from 2Mtpa.

The results of the PFS confirm a 13 year mine life based on Metro's existing direct shipping ore (DSO) resources of 53.6Mt at Bauxite Hills. There is potential to extend the mine through utilizing the 11.7Mt Indicated DSO bauxite resource at the nearby BH2 deposit, as well as from further exploration success.

The PFS economic analysis is based on independently derived bauxite pricing assumptions from CM Group obtained in October 2015 as part of the DFS and calculated a very significant after-tax net present value (at a discount rate of 10%) of A\$582 million and an internal rate of return (IRR) of 156%.

The expanded project will generate an average annual EBITDA of A\$133.6 million over the life of the mine.

The environmental impact of the expanded project is not materially different to that for the 2Mtpa scenario because the overall project footprint is unchanged, with the 24 hour mining operations and higher frequency of barge movements having little additional environmental impact.

Whilst the PFS has been completed for a 4Mtpa scenario, Metro has taken the opportunity to seek approval for production up to 5Mtpa in its EIS application submitted in December 2015. Metro will continue to evaluate the benefits of increasing production further as it moves through the pre-development phase.

Given the extensive work Metro completed as part of its previous environmental approval submission and the prompt commencement of the EIS process last year, Metro expects the full EIS process for Bauxite Hills to be completed in Q4 2016.

Key Results & Assumptions

Results	4Mtpa	Assumption	4Mtpa*
NPV (10% DR, Real, after tax)	A\$582M	Annual Production Rate (Steady State)	4.0Mt
NPV (15% DR, Real, after tax)	A\$440M	LOM Production	49.1Mt
IRR	156%	Mine Life	13 years
Payback Period	1.2 years	Bauxite Price (FOB)	US\$38.60-45.40/t
Total LOM Revenue	A\$2.93B	Exchange Rate (AUD/USD)	0.75
LOM Average Annual EBITDA	A\$133.6M	Discount Rate	10% / 15%
LOM Average Annual NPAT	A\$91.6M	Pre-Mining Development Capital Expenditure	A\$40.1M
LOM Average Operating Margin	A\$33.66/t	Deferred and Sustaining Capital Expenditure	A\$4.9M
LOM Average Opex (ex-Royalties)	A\$18.80/t	Working Capital	A\$4.0M
LOM Total Operating Costs	A\$26.07/t		

Capital & Operating Cost Estimates

Capital Cost Item	PFS 4.0Mtpa*	Operating Cost Item	PFS 4.0Mtpa*
Haul roads and site establishment	A\$3.03M	Mining, haulage and operation of BLF	A\$6.27/t
Navigational aids and cyclone moorings	A\$1.15M	Transshipment activities	A\$8.40/t
Site Infrastructure including BLF and accommodation camp	A\$27.63M	Site and administrative costs	A\$4.13/t
Mining and ancillary equipment	A\$6.18M	Total Operating Costs (ex-royalties)	A\$18.80/t
Mobilisation, insurances and EPC design	A\$2.11M	Royalties and other costs	A\$7.27/t
Total	A\$40.1M	Total Operating Expenditure	A\$26.07/t

NOTE: The total capital cost includes a contingency amount of A\$5.2M, which equates to a 15% contingency.

*Metro confirms all material assumptions underpinning production target & corresponding financial information continue to apply & have not materially changed as per Listing Rule 5.19.2

Project Development Schedule

Event	Scheduled Dates
Preliminaries (recruitment, development pre-commitments operating systems)	November 2016 – February 2017
BLF Construction	February 2017 – August 2017
Mobilisation to site	April 2017
Roads	April 2017 – June 2017
Site infrastructure	April 2017 – August 2017
Commence Mining	September 2017

The Table above displays the development timeline envisaged for the 4Mtpa PFS assuming all regulatory approvals are granted by late 2016 and project funding is obtained prior to the commencement of project development.



ASX: MMI

Contact: Chief Executive Officer | Mr Simon Finnis | Company Secretary | Mr Scott Waddell
Telephone: +61 (0) 3009 8000 | Fax: +61 (0) 7 3221 4811
Registered Office and Head Office: Level 8, 300 Adelaide Street, Brisbane Q4000
Postal Address: PO Box 10955, Adelaide Street, Brisbane Q 4000
Electronic copies & more information available on the website: www.metromining.com.au
For Further Information: Email: info@metromining.com.au

FORWARD LOOKING STATEMENT

Statements and material contained in this ASX Announcement, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Graphs used in this ASX Announcement (including data used in the graphs) are sourced from third parties and Metro Mining has not independently verified the information. Metro Mining is at an early development stage and while it does not currently have an operating bauxite mine it is taking early and preliminary steps (such as but not limited to Prefeasibility studies etc.) that are intended to ultimately result in the building and construction of an operating mine at its project areas. Although reasonable care has been taken to ensure that the facts stated in this ASX Announcement are accurate and or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. Nothing in this ASX Announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.AusIMM). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report to which this statement is attached that relates to the "Metro Mining – Bauxite Hills" Reserve Estimate based on information compiled by Maria Joyce, a consultant to Metro Mining and a Competent Person who is a Chartered Engineer of the Australasian Institute of Mining and Metallurgy. Maria Joyce is the head of the Technical Services division and full-time employee of MEC Mining Pty Ltd. Maria Joyce has sufficient experience that is relevant to the style of mineralization, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Maria Joyce consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.



A Your name**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 15 March 2016 (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 and the Supplementary Bidder's Statement dated 4 February 2016 which accompanies this Acceptance. Unless the context requires otherwise, 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

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 15 March 2016 (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 10.00am and 5.00pm (Sydney time).**