

Q4 2018 Highlights

- Total bauxite production for the quarter of 743k wet metric tonnes (WMT) with 816k WMT shipped
- 2018 production guidance achieved with over 2.0M WMT shipped and annualised run-rate of 2.5M WMT per annum achieved for second consecutive quarter
- Entered planned wet season shut-down successfully with operational maintenance and planning, including transition to owner operator, taking place to optimise re-start and 2019 production
- 2019 production guidance lifted from 3.0M WMT to 3.5M WMT, an increase of approximately 17%, driven by strong demand and strong operating performance
- Operational improvement and upgrade strategy brought forward and underway, with jaw crusher successfully installed and commissioned during the quarter
- Definitive Feasibility Study (DFS) for Stage 2 expansion to annual production of 6.0M WMT by 2021 underway and on track to be completed in Q2 2019
- Strong financial position with cash and trade and other receivables of A\$40.2M at 31 December and loan facility favourably adjusted to further increase liquidity
- China bauxite demand remains strong with CBIX bauxite index trending higher through the quarter, with the price being US\$51.4/DMT (dry metric tonnes) at quarters end.

Bauxite Hill Production & Sales Highlights

Thousands of Wet Metric Tonnes	Quarter Ending			YTD
	Jun 2018	Sep 2018	Dec 2018	Dec 2018
Bauxite Mined (WMT) ('000)	445	859	743	2,047
Bauxite Shipped (WMT) ('000)	399	822	816	2,037

Bauxite Hills Mine Operations

SAFETY PERFORMANCE

The third quarter of production at Bauxite Hills saw 122,732 man-hours completed lost time injury (LTI) free.

However, two incidents occurred during the quarter, both in the ore haulage area. These incidents have been thoroughly investigated and definitive actions put in place to prevent reoccurrence.

OPERATIONS

Bauxite production for the quarter was 743k wet metric tonnes (WMT) with 816k WMT shipped, both similar to the prior quarter, where production was 859k WMT and product shipped was 822k WMT.

This was a particularly pleasing result given the weather impact from ex Tropical Cyclone Owen in mid-December suspended operations for six days.

Operations achieved an annualised run-rate of approximately 2.5M WMT per annum for the second consecutive quarter.

Strong performance for the quarter resulted in Bauxite Hills achieving its 2018 production guidance, with in excess of 2.0M WMT shipped to customers in China, notwithstanding the significant cyclone weather disruptions that were experienced at both the start and end of the operating period.

Based on strong operating performance and strong customer demand, Metro decided to implement a series of low-cost operational improvements and upgrade initiatives to expand production in 2019 from 3.0M to 3.5M WMT, an increase of approximately 17%.



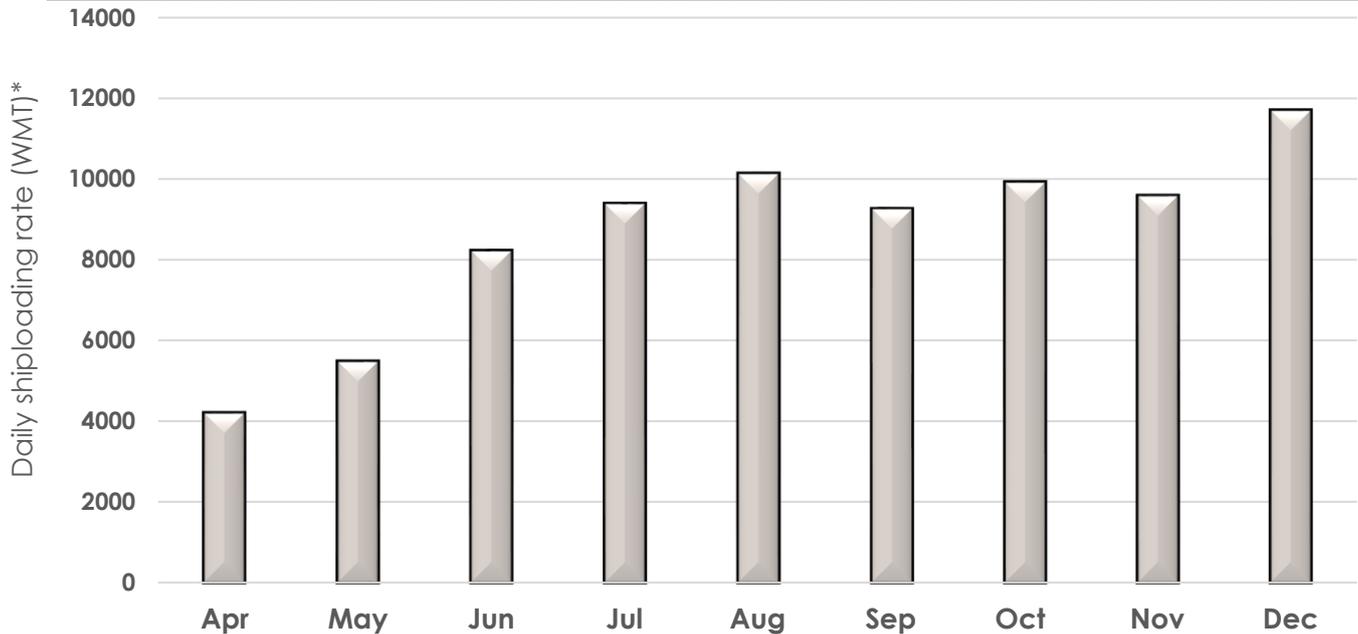
Mine EBITDA for the quarter was an excellent A\$8.6M and should significantly increase as production volumes expand and as operational improvements and upgrade initiatives are implemented.

A jaw crusher was installed and commissioned during the quarter as part of these initiatives and performance exceeded expectations. Jaw crusher availability at the start of the 2019 operating season will be of considerable benefit, as oversized material can be processed soon after it is mined, increasing stockpiling flexibility at the port and improving quality management systems.

During the quarter transshipping activities continued to perform very strongly. As mining rates increased, initiatives were implemented to optimise tug and barge movements in line with tide windows. Significant efficiency gains were achieved, with October being a record shipment month of 307k WMT, and record ship loading rates being achieved for the final two shipments in December.

Bauxite Hills Mine Operations

Average Shiploading Rate (tonnes per day)



*Average monthly rate excludes days lost due to bad weather

As planned the final ship was loaded on 28 December and then the planned shut-down of operating activities for the far north Queensland wet season was successfully implemented.

Operations are scheduled to re-commence in April 2019 and leading up to this operational maintenance, improvements and planning, including transition to owner operator for mining, will take place to optimise re-start and future production.

The decision to transition to owner operator is logical, given a strong and experienced site management team is in place, allowing the ability to increase efficiencies and reduce operating costs. Metro wishes to thank SAB Mining for their support through the Bauxite Hills construction phase and during operations in 2018.

The underlying site unit costs for the quarter were A\$24.7/WMT sold and have averaged A\$24.2/WMT for the 6 months to the end of December 2018, comparing favourably to management expectations for this ramp-up period as well as estimates for this production period as per the DFS completed in March 2017.

Overall CIF (cost, ins & freight) unit costs were anticipated to be lower given improved operating performance, however high demurrage and stand-by costs due to six-day operational suspension in December (due to cyclonic weather) and lower A\$/US\$ negatively impacted ocean freight and royalty costs.

The quarter also began with above budget ocean freight rates, due to prevailing fuel price and tightening supply, but freight rates fell significantly by quarters end.

Unit costs are anticipated to reduce in 2019 through transition to owner/operator for mining, higher monthly shipping volumes and following operational improvements and upgrades which should be predominately completed during the planned wet season shut-down.

Capital costs for operational improvements and upgrades are expected to total A\$6.8M and will be funded via a combination of Metro's cash reserves and existing financing arrangements. Approximately A\$2.8M of this capital was expended during the quarter with the remaining costs of approximately A\$4.0M to be invested in Q1 2019.

Bauxite Hills Mine Operations

Costs	Qtr Ending Sept 2018	Qtr Ending Dec 2018	6 Months to Dec 2018
Site Cost A\$/WMT	23.73	24.74	24.23
Non-Site Cost			
▪ Freight A\$/WMT	17.34	18.79	18.06
▪ Royalties A\$/WMT	5.31	6.15	5.73
TOTAL	46.38	49.68	48.03

BAUXITE HILLS MINE STAGE 2 EXPANSION

An updated DFS for potential Stage 2 expansion of annual production to 6.0M WMT per annum by 2021 was also commenced during the quarter.

The DFS will be updated to incorporate operating experience to date, operational improvements and upgrades being implemented and strengthening bauxite market conditions in China.

The DFS is on track to be completed in Q2 2019.

BAUXITE SALES

Metro's bauxite marketing and sales program continues to be successful. All production for the quarter, and for the year, was sold and shipped to a range of Chinese customers. All shipments delivered for the quarter and for the year were within contractual specifications.

The average gross price of bauxite sold during the quarter was A\$60.7/WMT. This was higher than the previous quarter which averaged A\$53.3/WMT and higher than all 2018 calendar sales which averaged a gross price of A\$58.2/WMT.

Given all revenue is US\$ denominated, the lower A\$/US\$ exchange rate continues to have a positive impact on Metro's A\$ revenue.

Approximately 75% of Metro's upgraded 2019 production of 3.5M WMT has already been sold.

Metro is experiencing strong demand for its bauxite from refineries located in inland Chinese provinces where supply of domestic bauxite has been hindered by resource depletion, recent mine closures and environmental audits. Bauxite Hills' product specifications are well suited to the processing requirements of these refineries.

Approximately 2.2M WMT of planned 2019 production will be sold under a long-term off-take to Xinfa. Under this contract prices received are linked to an RMB denominated alumina price index.

Pricing of the remainder of product sales in 2019 are expected to be linked to the prevailing market price.

Bauxite Hills Mine Operations

INDIGENOUS ENGAGEMENT

During the quarter Metro continued to strengthen and improve its Indigenous Engagement processes and relationships.

During the quarter Metro, the Ankamuthi people and Old Mapoon Aboriginal Corporation (OMAC), met to review the Ancillary Agreement and the Cultural Heritage Management Agreement as part of the ongoing process to maximise the opportunities to improve Indigenous Engagement.



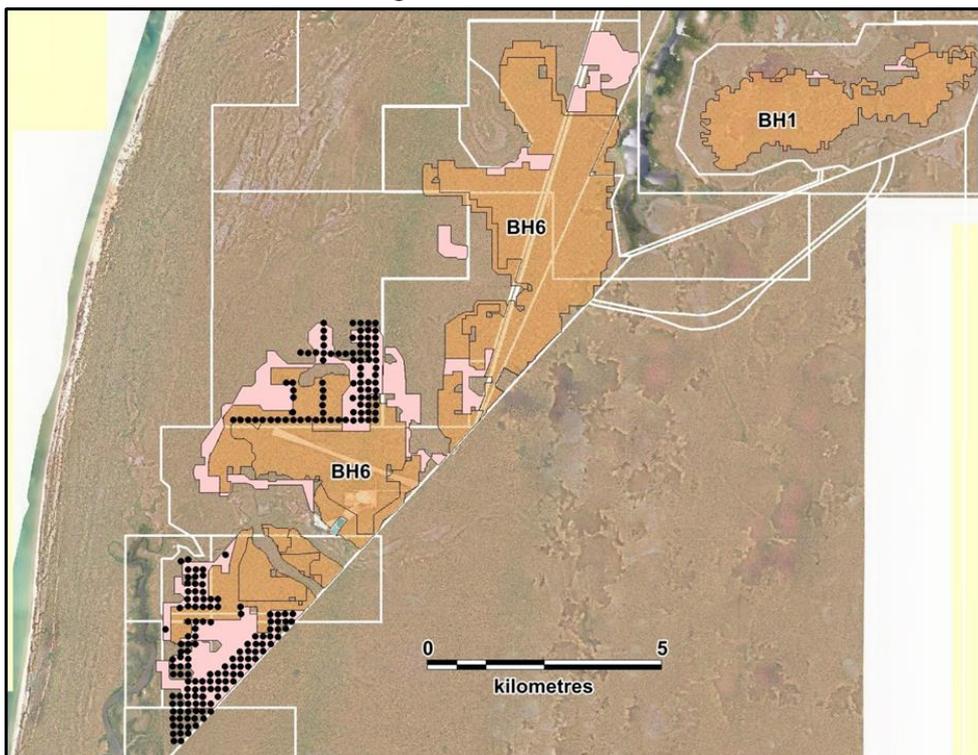
Metro also attended the OMAC AGM and held its regular Liaison Committee meeting in Cairns with representatives from the Ankamuthi people and OMAC.

During the quarter an Infrastructure Deed (ID) that identified infrastructure to be transferred to Traditional Owners at the end of mining operations was finalised and executed by all parties.

The ID will enable the consideration of business opportunities for the Ankamuthi people after the completion of mining operations and allow Metro to develop an optimum final rehabilitation plan.

EXPLORATION

A drilling program around the Bauxite Hills Mine was completed during the quarter. The drilling was undertaken on a 160m by 160m grid with the majority of holes designed to upgrade selected areas of the existing bauxite resource from the Inferred category to the Indicated and/or Measured categories. A small proportion of the drilling tested for bauxite within an area located at the southern end and outside of the existing Resource. The locations of the holes are shown in the Figure 1 below.



Altogether 221 holes were completed for a total of 893m.

A total of 3,570 samples were collected with assays expected to be received during the first half of the next quarter.

Fig 1. The completed drill holes are shown as black dots. Areas in orange are Ore Reserves. Areas in pink are Inferred Resources

Bauxite Price Outlook

The price outlook for bauxite remains positive, with China bauxite imports increasing and bauxite prices remaining steady for the quarter, as domestic refiners moved to build stocks ahead of the usual winter transport disruption period.

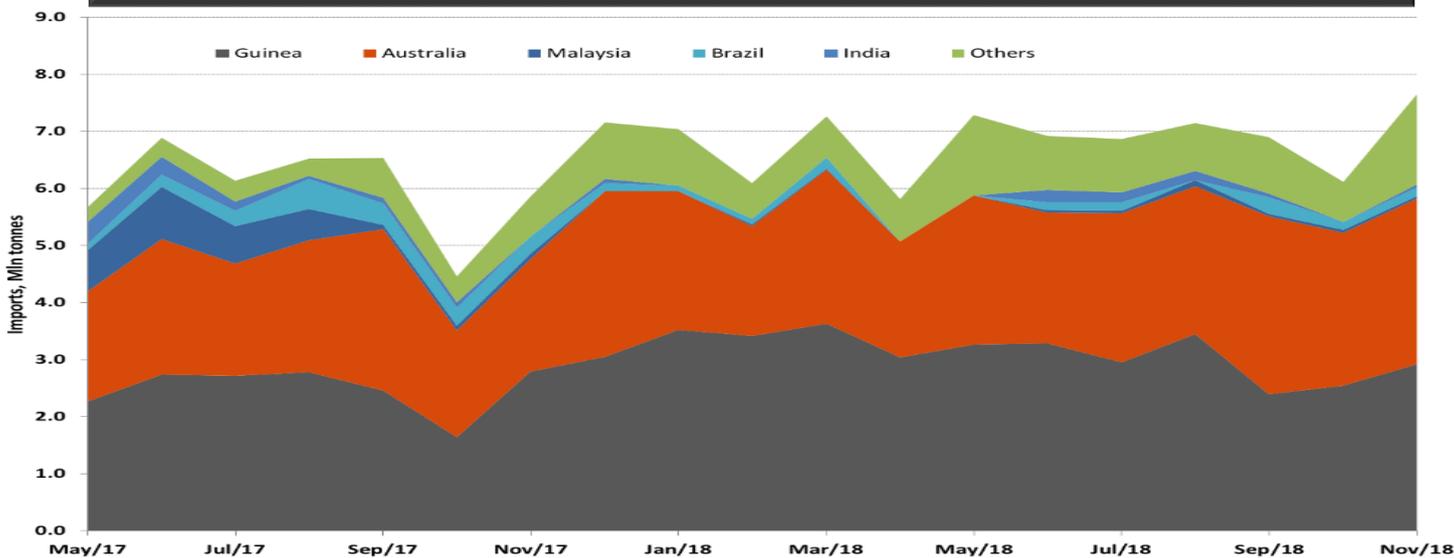
China imported 6.1M and 7.7M WMT of bauxite during October and November respectively, bringing total imports for the 11 months to end of November to 75.1M WMT.

Imported bauxite prices CFR China as measured by the CBIX bauxite index was 2% higher at US\$51.4/DMT (dry metric tonne).

Notably prices in inland provinces Shanxi and Henan were reportedly higher by 9% and 12% respectively quarter on quarter. Inland refineries continued to express interest in substituting domestic supply with imports.

China Bauxite Imports by Major Country

Source: CM Group



CBIX Bauxite Index

Source: CM Group



Corporate

Cash Position

Metro's cash on hand and trade receivables increased during the quarter and at 31 December 2018 was A\$40.2M compared to A\$38.2M at the end of the September quarter.

In addition, Metro holds A\$6.9M of restricted cash, comprising financial assurance bonds and other security deposits.

Debt Facilities

During the quarter, Metro had two fully drawn debt facilities, including accrued interest, totalling A\$41.8M (at A\$/US\$0.706).

During the quarter the A\$21.4M debt facility with Sprott Private Resources Lending was favourably adjusted to better align with production ramp-up. Principal repayments were rolled forward 6 months and now commence in July 2019 at US\$1.07M per month until the new repayment date in August 2020.

The A\$20.0M facility with Inगतatus AG Pty Ltd remains due to be repaid in September 2020.

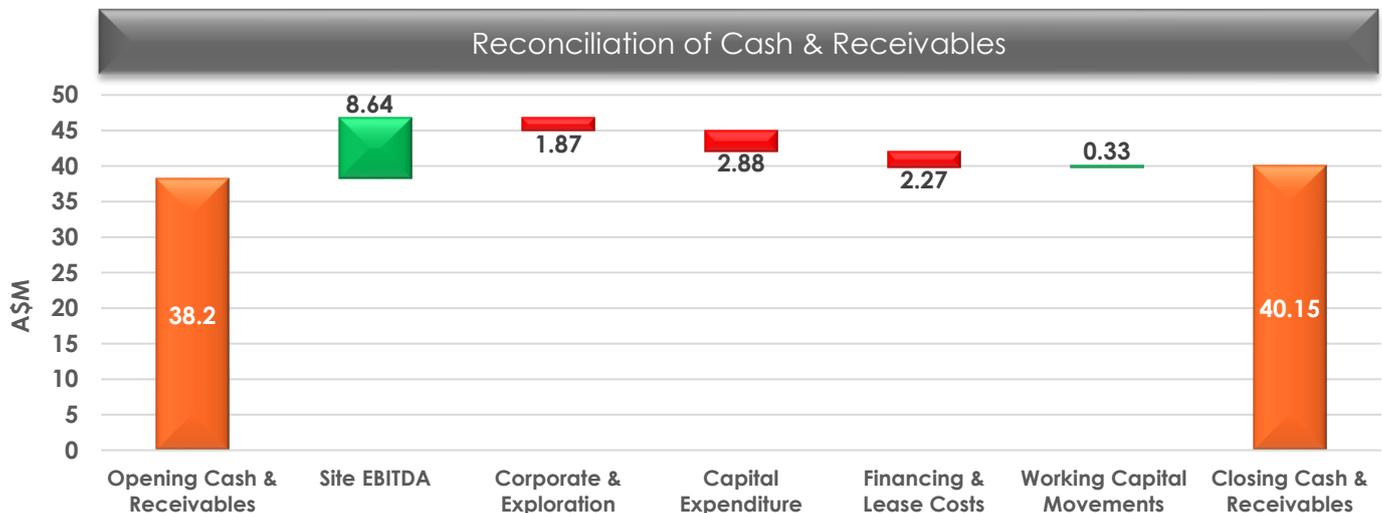
Hedging

As at 31 December 2018, Metro holds US\$/A\$ put options for US\$17.5M at an average strike price of \$0.85 with expiry dates staggered monthly during the Bauxite Hills operating periods in 2019.

At end of quarter Metro also has in place two forward sale A\$/US\$ contracts of US\$5M each expiring in January 2019 at an average exchange rate of 0.7176.

Cashflow

The reconciliation of cash and trade receivables movements during the quarter is outlined below.



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COMPETENT PERSON'S STATEMENT The information in this ASX Announcement 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. **FORWARD LOOKING STATEMENT:** Statements & material contained in this ASX Report, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining Ltd, industry growth or other trend projections &, or may be, forward looking statements. Such statements relate to future events & expectations &, as such, involve known & unknown risks & uncertainties. Graphs used in this Report (incl data used in graphs) are sourced from 3rd parties & Metro has not independently verified the information. Although reasonable care has been taken to ensure the facts stated in this Report are accurate & or that opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Report should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Metro Mining Limited

ABN

45 117 763 443

Quarter ended ("current quarter")

31-Dec-18

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers (Note 1)	48,047	83,937
1.2 Payments for		
(a) exploration & evaluation	(158)	(262)
(b) development		
(c) production	(41,040)	(76,583)
(d) staff costs	(732)	(1,490)
(e) administration and corporate costs	(163)	(1,022)
(f) marketing fees	(303)	(682)
(g) movements in security deposits	123	123
1.3 Dividends received		
1.4 Interest received	87	206
1.5 Interest and other costs of finance paid (Note 2)		
1.6 Income taxes paid		
1.7 Research and development refund		
1.8a Other - Finance lease payments (Note 3)	(927)	(1,853)
1.8b Other - Inventory build up	(467)	(655)
1.9 Net cash from / (used in) operating activities	4,467	1,719
<small>(Note 1) - Receipts from customers are only cash received and excludes amounts outstanding under letters of credit</small>		
<small>(Note 2) - Interest and other costs of finance paid represent interest payments on corporate debt facilities (refer Item 8) and have been reclassified from operating cashflows Item 1.5 in the previous quarter to the Financing cashflows at Item 3.9 which is more appropriate.</small>		
<small>(Note 3) - Finance lease payments are payments made for leased plant and equipment at the Bauxite Hills Mine. In the previous qtr this was disclosed as a financing cashflow at Item 3.9 rather than an Operational cashflow at Item 1.8a which is more appropriate.</small>		
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,877)	(3,436)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	0	1
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received		
2.5 Payments for business combination		
2.6 Net cash from / (used in) investing activities	(2,877)	(3,435)
3 Cash flows from financing activities		
3.1 Proceeds from issues of shares	0	4,313
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	0	(17)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Interest and other costs of finance paid (Note 2, 3)	(1,318)	(2,731)
3.10 Other		
3.11 Net cash from / (used in) financing activities	(1,318)	1,565

4 Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (6 months) \$A'000
4.1 Cash and cash equivalents at beginning of period	22,918	23,295
4.2 Net cash from / (used in) operating activities (item 1.9 above)	4,467	1,719
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,877)	(3,435)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(1,318)	1,565
4.5 Effects of foreign exchange	177	223
4.6 Cash and cash equivalents at end of period	23,367	23,367

Reconciliation of cash and cash equivalents at the end of the quarter 5 (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	22,117	13,463
5.2 Call deposits	1,250	9,455
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	23,367	22,918

6 Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
(89)
0

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 Directors fees

7 Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
-
-

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

n/a

Financing facilities available

- 8**
Add notes as necessary for an understanding of the position

- 8.1 Loan facilities (Note 4)
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities (Note 4)	(41,789)	(41,789)
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

(Note 4) The total loan facilities consist of two secured loans. The Sprott facility amount is USD\$15 million, which is fully drawn down at the end of the quarter. The term of the facility is approximately 3 years, at commercial interest rates. Interest is payable monthly, and principal repayments on this facility commence in July 2019. The Inगतatus facility is for AUD \$20million and a term of 3 years at a commercial interest rate, with interest payable quarterly and the principal repayment due at the end of the loan term. The Inगतatus facility (AUD\$20million) is fully drawn down at the end of the quarter.

9 Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(48)
9.2 Development	0
9.3 Production	(19,082)
9.4 Staff costs	(500)
9.5 Administration and corporate costs	(1,478)
9.6a Other - Capital Expenditure	(3,954)
9.6b Other - Marketing costs	(50)
9.6c Other - Financing and interest costs	(1,811)
9.7 Total estimated cash outflows (Note 5)	(26,923)

(Note 5) At 31 Dec 2018, the Company had trade receivables secured under letters of credit of approximately A\$16.9M, of which A\$15.9M have now been collected post quarter end. This will reduce the net estimated cash outflows for Q1 2019 disclosed at 9.7 above.

10 Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/a	N/a	N/a	N/a
10.2 Interests in mining tenements and petroleum tenements acquired (*) or increased	N/a	N/a	N/a	N/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 29 January 2019

Print name: Amy Treble

(Company secretary)

Notes

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

If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.