







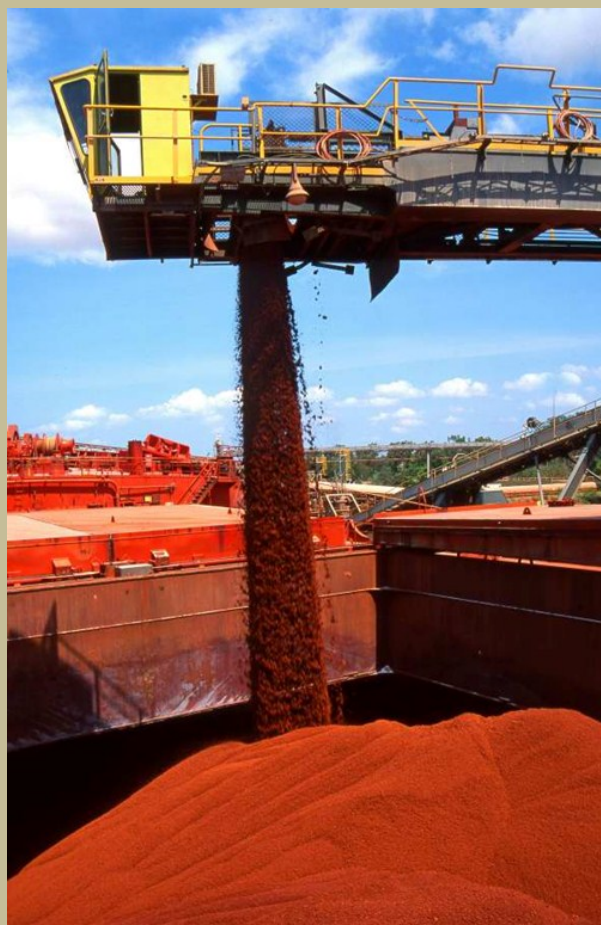


Metro Mining Limited

## Quarterly Activities Report | Dec 2014

### Quarter Highlights

-  Direct Shipping Ore Inferred Resource More than Doubled to 47 million tonnes
-  Pre-Feasibility Results Expected February 2015
-  Bauxite Market Continues to Show Strong Growth
-  Successful Merger of MetroCoal Limited and Cape Alumina Limited
-  New Company Name and ASX Code
-  Management Restructure



# Inferred Resource More than Doubled to 47 Mt



The total Direct Shipping Ore (DSO) Inferred Resource at the Bauxite Hills Project has more than doubled to 47 million tonnes.

The DSO Inferred Resource now includes 24.9 Mt (JORC 2012) estimated at the BH1 deposit and 22.1 Mt at the BH6 deposit (see Table 1 below).

Bauxite quality results have confirmed that ore from the Bauxite Hills Project is of saleable quality and requires no beneficiation prior to export.

The Inferred Resource update also includes bulk density data derived from the recently completed sonic drilling program.

In addition, a Pre-Feasibility study has commenced for a 2 million tonnes per year mine targeting first production Q3 2016.

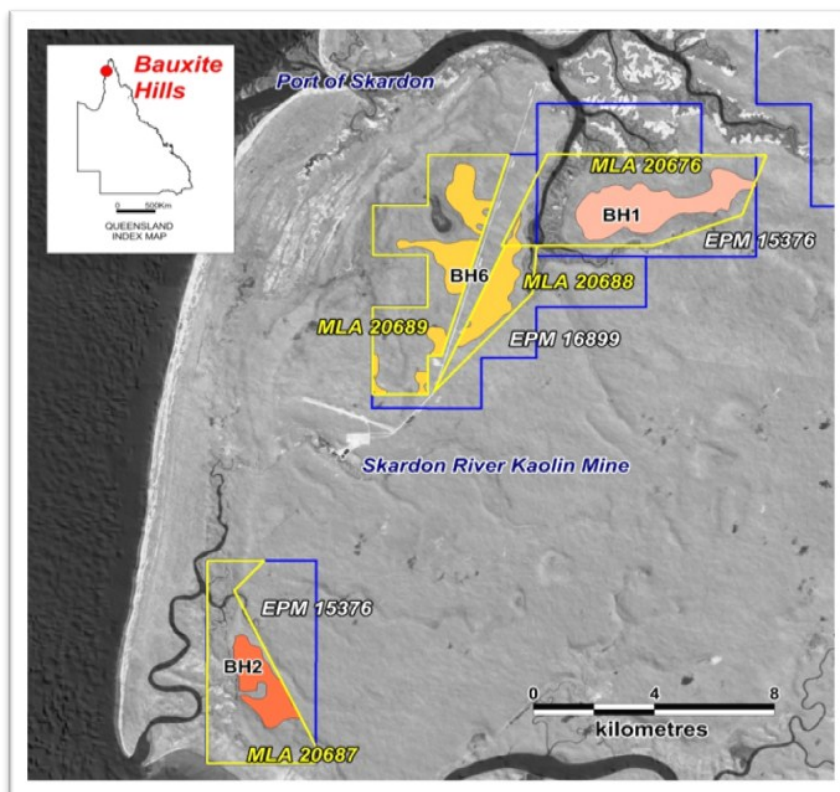


Figure 1

## Bauxite Hills Project Summary

The Bauxite Hills Mine and Port Project is 95 km north of Weipa on Queensland's Cape York Peninsula and 5km south-east of the port at Skardon River (see Figure 1). Western Cape York is world-renowned for its deposits of high-quality, export-grade bauxite.

Recent resource results confirm the positive conclusion of the Bauxite Hills Scoping Study, conducted July 2014, that was based on a Direct

Shipping Ore being transhipped via the Skardon River for export.

The production of DSO allows the development of a low capital and low operating cost mine by avoiding a number of significant costs associated with production of a beneficiated bauxite product, including reduced infrastructure costs and significantly reduced water, energy and no tailings dam requirements.

Area	Resource Category	Dry <i>In-situ</i> DSO* Tonnes (Mt) <sup>1</sup>	DSO bauxite qualities			
			Total SiO <sub>2</sub> (%)	Total Al <sub>2</sub> O <sub>3</sub> (%)	THA** (%)	RxSi*** (%)
BH1	Inferred	24.9	9	51.7	40.7	5.9
BH6	Inferred	22.1	12.2	51.2	39.3	6.7
TOTAL		47	10.5	51.5	40	6.3

Table 1

\*DSO — "Direct shipping ore" is defined as bauxite that can be exported directly with minimal processing

\*\*THA — trihydrate available alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina) at 150°C

\*\*\*RXSi — reactive silica at 150°C

# Pre-Feasibility Results Expected Q1 2015



Metro Mining has commenced the Pre-Feasibility Study (PFS) for the Bauxite Hills Project and it is planned for completion in February 2015.

Work is underway to upgrade the BH6 resource from Inferred to Indicated for inclusion in the PFS.

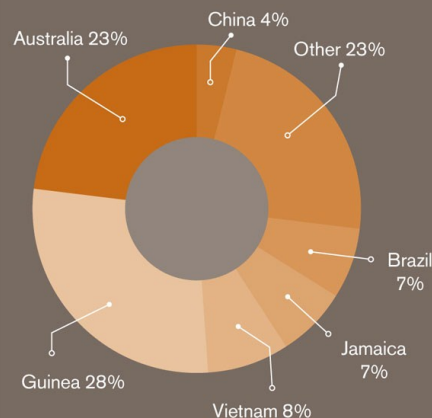
The Bauxite Hills Project is being planned as a 2 million tonnes per annum mine with low operating costs and low capital requirements. This will be confirmed as part of the outcome from the Pre-Feasibility results. The Pre-Feasibility study is being undertaken by MEC Mining Consultants, with further input being provided from a number of other contractors and service providers.

## Bauxite Market Shows Strong Growth



The market outlook for bauxite remains positive reflecting strong demand in the sector. Indonesia's ban on exports (introduced in 2014) assisted greatly in keeping bauxite demand strong. In 2013 Indonesia exported over 40 million tonnes of bauxite to China. In 2015 with Indonesia's export of bauxite now zero, Metro Mining's Bauxite Hills Project is extremely well positioned to take advantage of this gap in the supply of bauxite to the market.

### Share of global bauxite reserves



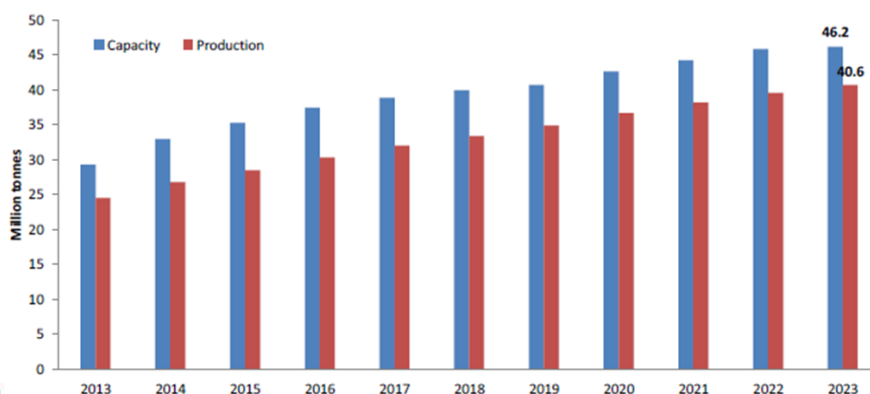
**Source:** Alumina Ltd & CM Group with China Customs Data, Jul 14. Prices CIF Shandong, non-ViU adjusted

**Metro Mining's new shareholder China Xinfu Group Corporation Limited is China's largest Independent aluminium company with interests in power generation, alumina refining, aluminium smelting and aluminium production.**

In addition the Government of India has also reportedly increased the export tax on bauxite from 10% to 20%. India and the Middle East are also understood to be showing increasing demand for alumina to supply their rising aluminium production and consumption.

## Aluminium Production Drives Bauxite Consumption

Aluminium capacity and production, 2013 to 2023



Source: Bauxite and Alumina Long Term Market Outlook; July 2014, CRU

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# Successful Merger Completed



The merger of MetroCoal Limited with Cape Alumina Limited was successfully completed on 15 December 2014 with China Xinfu Group Corporation Limited (Xinfu) accepting MetroCoal's offer for their 12.1% shareholding in Cape Alumina. Xinfu's acceptance of MetroCoal's offer brought the total acceptances of the offer to over 90%. Upon acquisition of over 90% shareholding MetroCoal proceeded to compulsorily acquire the remaining shares in Cape Alumina, and successfully complete the merger. Cape Alumina is now a wholly owned subsidiary of Metro Mining.

A merger was considered to be in the best interests of all shareholders as it allowed the newly merged company to focus its resources on the development of the Bauxite Hills Project as well as realise the benefits and savings that came with being a singular entity.

The Board regarded a merger to be strategically important as well as commercially and economically prudent. A merged company was a considerably more attractive investment vehicle as it created a multi-commodity resource company. Commodity diversification provides the company and its shareholders with greater resilience through commodity cycles, an increase in trading liquidity and enhanced access to capital markets.

## New Company Name Announced

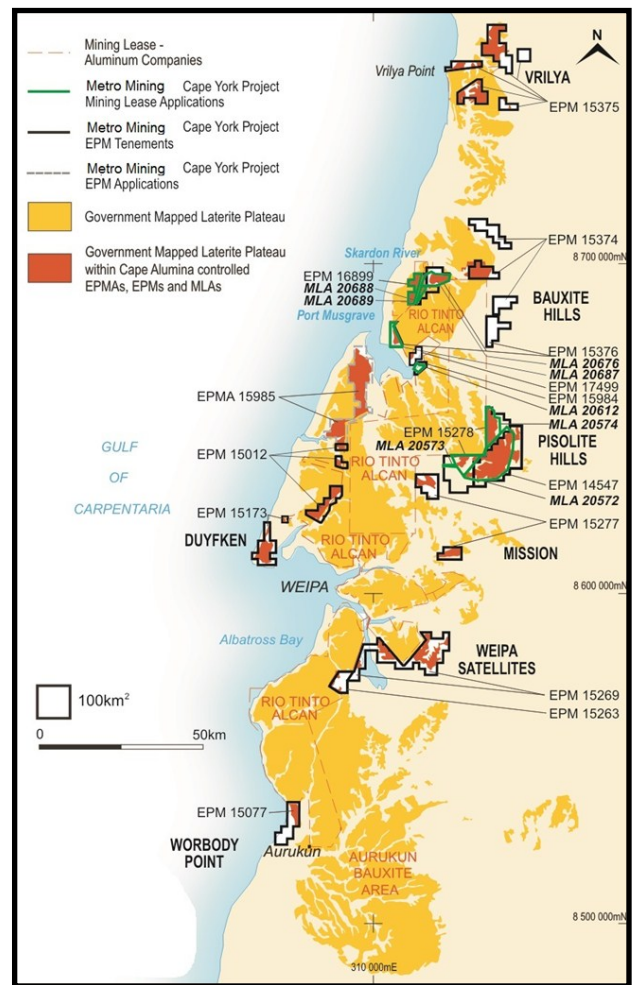


Following the merger of MetroCoal Limited with Cape Alumina Limited the company changed its name to **Metro Mining Limited** in December 2014.



The company also adopted a new ticker code, MMI, and now trades under this code on the ASX.

The new name was reflective of the more diversified portfolio as well as retaining a link to its company of origin.



The focus of the combined group is the development of bauxite projects in Cape York commencing with the Bauxite Hills Project which is targeting first production in 2016.

The newly merged company also has a large number of coal tenements in the Surat Basin in South West Queensland and a smaller tenement holding in the Galilee Basin in Central Queensland.

Further development of these tenements is planned upon an improved coal price and advancement of an infrastructure solution in the Surat Basin.

Metro Mining is also exploring for other commodities within Australia and overseas.

Metro Mining will focus on projects with low entry costs in commodities and minerals with positive price and demand outlooks nationally and internationally.



# Management Restructure



As a result of the merger, the Board of the newly merged company (Metro Mining Limited) announced a management restructure in order to effectively meet its stated objectives of advancing the Bauxite Hills Project in Cape York.

Effective 12 January 2015 Mr Simon Finnis joined Metro Mining Limited as Chief Executive Officer.

In view of Mr Finnis' most recent experience with feasibility, construction and commissioning of new and brown fields operations, he was considered ideal to bring Bauxite Hills on-line in the shortest possible time-frame and in the most cost effective manner.



Simon Finnis CEO

Prior to his appointment Mr Finnis was CEO of Grand Cote Operations in Senegal. Mr Finnis has a 28 year career in the mining industry working all over Australia, in both open-cut and underground mining operations. Mr Finnis' previous roles have included Operations Manager for the Poongcarie Mineral Sands Project, redevelopment of the Gold Ridge Mine in Solomon Islands and Managing Director of Global Resources Corp Ltd.

Mr Finnis' corporate experience is an additional benefit and his extensive international and national corporate experience adds significant value.

Current MetroCoal CEO, Mr Mike O'Brien, will become Metro Mining Limited Project Director.



Mike O'Brien Project Director



Scott Waddell | CFO and Company Secretary

The Board is extremely pleased Mr O'Brien will continue as Metro Mining Project Director as his expertise will be invaluable in advancing the Bauxite Hills Project.

Mr Scott Waddell has stepped down as CEO (acting) of Cape Alumina and become Metro Mining Chief Financial Officer & Company Secretary.



In addition and also effective as at 12 January 2015, Mr Jijun Liu joined the Board of Metro Mining Ltd.

Mr Liu is Managing Director of China Xinfu Group Corporation Limited. China Xinfu Group controls one of China's largest alumina-aluminium enterprises.

China Xinfu Group Corp Ltd also hold 7.8% of the issued shares of Metro Mining Limited. Metro Mining has commenced preliminary discussions with the Xinfu Group regarding their future interest in an offtake agreement for the Bauxite Hills Project.

Given Mr Liu's expansive experience in bauxite the Board is extremely pleased to have him join the Metro Mining Board.

# Quarterly Report

## Corporate Details

### ASX CODE: MMI

#### ISSUED CAPITAL (31 December 2014)

288,698,682 shares issued  
2,000,000 Unlisted employee & Directors' Options  
2,260 Shareholders  
Top 20 Shareholders hold 68% of listed shares

#### LARGEST SHAREHOLDERS

DADI Engineering Development (Group) | 16.4%  
Balanced Property Trust | 14.4%  
China Xinfu Group Corporation Limited | 7.8%  
Mr. Gregory Willims | 6.5%  
Bondline Limited | 5.7%

#### CASH BALANCE

As at 31 December 2014 approx. \$5.5 Million

#### DIRECTORS & MANAGEMENT (As at 12 January 2015)

Mr Stephen Everett | Chairman  
Mr Wang Dongping | Alt NED Mr Xiaoming Yuan  
Mr Jijun Liu | Alt NED Mr Ken Xiao  
Mr Lindsay Ward | Non-Executive Director (NED)  
Mr Philip Hennessy | Non-Executive Director (NED)

Mr Simon Finnis | Chief Executive Officer  
Mr Scott Waddell | CFO & Company Secretary  
Mr Mike O'Brien | Project Director

#### REGISTERED OFFICE AND HEAD OFFICE

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PO Box 10955, Adelaide Street, Brisbane Q 4000  
Phone: +61 (0) 3009 8000 Fax: +61 (0) 7 3221 4811  
Email: [info@metromining.com.au](mailto:info@metromining.com.au)  
Website: [www.metromining.com.au](http://www.metromining.com.au)



#### COMPETENT PERSON'S STATEMENT

Technical information about exploration results and ore resources on any Metro Mining project in this document has been compiled by Neil McLean, who is a consultant for Metro Mining Limited, a Fellow of the Australian Institute of Mining and Metallurgy (F. AusIMM) and is a competent person and has relevant experience to the mineralisation being reported on to qualify as a Competent Person as defined by the 2012 edition of the Australasian Code for Reporting of Minerals Resources and Reserves. Neil McLean consents to the inclusion in the document of the matters based on the information in the form and context in which it appears. The resource information in this document has been released to the ASX.

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Metro Mining Limited
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ABN

45 117 763 443
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Quarter ended ("current quarter")

31-Dec-14
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### Consolidated statement of cash flows

	Current quarter (Oct - Dec 2014) \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration and evaluation	-171	-400
(b) development	-372	-445
(c) production		
(d) administration	-820	-1,111
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	44	84
1.5 Interest and other costs of finance paid		
1.6 Income tax refund (R&D)	526	526
1.7 Other (Recognise Bank Guarantee to 3rd party)	-377	-377
<b>Net Operating Cash Flows</b>	-1,171	-1,723
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects / tenements		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	250	0
1.11 Loans repaid to other entities		
1.12 Other (Acquisition of Cape Alumina Ltd for shares)	728	728
<b>Net investing cash flows</b>	978	728
1.13 Total operating and investing cash flows (carried forward)	<b>-193</b>	<b>-995</b>

**Appendix 5B****Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	-193	-995
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (costs associated with the capital raising)		
<b>Net financing cash flows</b>		0	0
<b>Net increase (decrease) in cash held</b>		-193	-995
1.20	Cash at beginning of quarter/year to date	5,699	6,502
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>5,506</b>	<b>5,506</b>

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	109
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to Related Parties (1.23) is for Director Fees for both Metro Mining Limited and Cape Alumina Ltd.

**Non-cash financing and investing activities**

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

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

--

**Financing facilities available**

Add notes as necessary for an understanding of the position.

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



### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	270
4.2 Development	1,000
4.3 Production	
4.4 Administration	438
<b>Total</b>	<b>1,709</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,116	273
5.2 Deposits at call	3,391	5,426
5.3 Bank overdraft		
5.4 Other (provide details - Security Deposits)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>5,506</b>	<b>5,699</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM 15012 EPM 18281	100% 100%	19 sub blocks 38 sub blocks	14 sub blocks 22 sub blocks
6.2 Interests in mining tenements acquired or increased				

### Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	288,698,682	288,698,682		
7.4 Changes during quarter				
(a) Increases through issues	46,050,284	46,050,284		
(b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> (description)				

## Appendix 5B

### Mining exploration entity quarterly report

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

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Signature on file  
 Sign here: .....  
 (Company secretary)

Date: 22 January 2015

Print name: SCOTT WADDELL

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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