



**Metro Mining Limited
and controlled entities**
(formerly MetroCoal Limited)
ABN 45 117 763 443

Interim Financial Report

**for the Half Year Ended
31 December 2014**

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METRO MINING LIMITED
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Interim Financial Report

Directors' Report

Your directors present their interim financial report on the consolidated entity consisting of Metro Mining Limited (the "Company" or "Metro Mining") and the entities it controlled at the end of, or during the half year ended 31 December 2014.

1. DIRECTORS

The names of the directors who held office during or since the end of the half-year:

- Stephen Everett (Independent Non-executive Chairman)
- Lindsay Ward (Independent Non-executive Director)
- Philip Hennessy (Independent Non-executive Director), appointed 30 September 2014
- Andrew Gillies (Non-executive Director), resigned 30 September 2014
- Dongping Wang (Non-executive Director)
- John Haley (Alternate Director for Andrew Gillies) , resigned 30 September 2014
- Xiaoming Yuan (Alternate Director for Dongping Wang), appointed 1 December 2014
- Robert Finch (Alternate Director for Dongping Wang), resigned 1 December 2014

2. OPERATING RESULTS

The loss of the consolidated entity for the period was \$1,251,075 (31 December 2013: loss of \$1,964,560) after impairment losses of nil (31 December 2013: \$2,090,630).

3. REVIEW OF OPERATIONS

During the period:

- The Company made a scrip offer for the remaining shares in Cape Alumina Limited ("Cape Alumina"), offering existing Cape Alumina shareholders 1 Metro Mining share for every 1.3 shares held in Cape Alumina. The Company achieved 90% shareholding in Cape Alumina on 10 November 2014 before completing the compulsory acquisition of all remaining shares in December 2014;
- The Company issued 79,834,336 shares as part of the acquisition of Cape Alumina;
- The Company changed its name from MetroCoal Limited to Metro Mining Limited on 8 December 2014 to better reflect the broader operations of the consolidated entity following the takeover of Cape Alumina;
- Cape Alumina was delisted from the Australian Securities Exchange on 25 November 2014 following the takeover by Metro Mining;
- Invested \$662,913 in continuing its tenement exploration activities; and
- Appointed Simon Finnis as Chief Executive Officer with a commencement date of 12 January 2015.

4. EVENTS SUBSEQUENT TO BALANCE DATE

The following subsequent events to the Balance Date have occurred:

- a) Mr Liu was appointed as a Director of Metro Mining Limited on 12 January 2015.
- b) Mr Simon Finnis was appointed as Chief Executive Officer with a commencement date of 12 January 2015.
- c) On 16 February 2015 the Bauxite Hills resource was increased.
- d) On 17 February 2015 the Bauxite Hills Pre-feasibility study was announced which showed a project NPV (15%) of \$197 million (Real, after tax).

Other than these events, no matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

- a) the entity's operations in the future financial years; or
- b) the results of those operations in future financial years; or
- c) the entity's state of affairs in future financial years,

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Directors' Report

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 3 for the half year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors.

Signed:

A handwritten signature in black ink, appearing to read 'S. Everett', is positioned above the printed name of the Chairman.

**Stephen Everett
Chairman**

Date: 24 February 2015

DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF METRO MINING LIMITED

As lead auditor for the review of Metro Mining Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Metro Mining Limited and the entities it controlled during the period.



A J Whyte

Director

BDO Audit Pty Ltd

Brisbane, 24 February 2015

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Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Other income		660,609	819,196
Employee benefits expense		(942,457)	(468,013)
Depreciation		(25,588)	(26,085)
Occupancy expenses		(72,702)	(54,570)
Impairment of investments		-	(550,000)
Impairment of exploration and evaluation assets		-	(1,540,630)
Other expenses		(986,894)	(310,457)
Results from operating activities		(1,367,032)	(2,130,559)
Finance income		115,957	165,999
Loss before income tax		(1,251,075)	(1,964,560)
Income tax benefit/(expense)		-	-
Net profit/(loss) for the period after income tax		(1,251,075)	(1,964,560)
Other comprehensive income, net of tax		-	-
Total comprehensive income, net of tax		(1,251,075)	(1,964,560)
Total comprehensive income attributable to:			
Owners of the Company		(965,873)	(1,964,560)
Non-controlling interests		(285,202)	-
		(1,251,075)	(1,964,560)
		Cents	Cents
Basic earnings per share		(0.54)	(0.94)
Diluted earnings per share		(0.54)	(0.94)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Financial Position
as at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
Current assets			
Cash and cash equivalents		5,502,901	7,522,249
Trade and other receivables		372,455	82,111
Other assets		34,113	4,903
Total current assets		5,909,469	7,609,263
Non-current assets			
Plant and equipment		41,700	72,053
Exploration and evaluation assets		10,134,919	9,472,006
Other assets		467,113	465,781
Total non-current assets		10,643,732	10,009,840
TOTAL ASSETS		16,553,201	17,619,103
Current liabilities			
Trade and other payables	2	476,996	299,864
Employee benefits		97,832	89,791
Total current liabilities		574,828	389,655
TOTAL LIABILITIES		574,828	389,655
NET ASSETS		15,978,373	17,229,448
Equity			
Contributed equity	3	47,491,109	45,149,187
Reserves		3,541,108	5,586,507
Accumulated losses		(35,053,844)	(34,087,971)
Total equity attributable to equity holders of the Company		15,978,373	16,647,723
Non-controlling interests	7	-	581,725
TOTAL EQUITY		15,978,373	17,229,448

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Changes in Equity
for the half year ended 31 December 2014

	Contributed equity \$	Options reserve \$	Change of interest in subsidiary reserve \$	Accumulated losses \$	Controlling interest \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2014	45,149,187	5,586,507	-	(34,087,971)	16,647,723	581,725	17,229,448
Loss after income tax expense for the half-year	-	-	-	(965,873)	(965,873)	(285,202)	(1,251,075)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(965,873)	(965,873)	(285,202)	(1,251,075)
<i>Transactions with owners in their capacity as owners:</i>							
Increasing interest in subsidiary	2,341,922	-	(2,045,399)	-	296,523	(296,523)	-
Balance at 31 December 2014	47,491,109	5,586,507	(2,045,399)	(35,053,844)	15,978,373	-	15,978,373
Balance at 1 July 2013	45,149,187	5,586,507	-	(16,537,928)	34,197,766	-	34,197,766
Profit after income tax expense for the half-year	-	-	-	(1,964,560)	(1,964,560)	-	(1,964,560)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,964,560)	(1,964,560)	-	(1,964,560)
<i>Transactions with owners in their capacity as owners:</i>	-	-	-	-	-	-	-
Balance at 31 December 2013	45,149,187	5,586,507	-	(18,502,488)	32,233,206	-	32,233,206

The above Consolidated Statement of Changes of Equity should be read in conjunction with the notes to the financial statements.

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Consolidated Statement of Cash Flows
for the half-year ended 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
Cash Flows From Operating Activities		
Receipts in the course of operations	380,021	911,566
Payments to suppliers and employees	(1,840,499)	(1,664,802)
Interest received	104,043	192,111
Net cash used in operating activities	<u>(1,356,435)</u>	<u>(561,125)</u>
Cash Flows From Investing Activities		
Payments for investments	-	(1,000,000)
Payments for property, plant and equipment	-	(9,000)
Payments for exploration and evaluation assets	(662,913)	(2,079,579)
Net cash from/(used in) investing activities	<u>(662,913)</u>	<u>(3,088,579)</u>
Cash Flows From Financing Activities		
Proceeds from issue of shares	-	-
Share issue transaction costs	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash and cash equivalents	(2,019,348)	(3,649,704)
Cash and cash equivalents at the beginning of the half-year	<u>7,522,249</u>	<u>11,127,970</u>
Cash and cash equivalents at the end of the half-year	<u><u>5,502,901</u></u>	<u><u>7,478,266</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

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Notes to the Financial Statements
for the half-year ended 31 December 2014

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards AASB 134: Interim Financial Reporting, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Metro Mining Limited. As such, it does not contain all the notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2014, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

New and revised standards have been issued by the AASB and are effective for the half year, however there are no material changes to the policies that affect measurement of the results or financial position of the entity.

NOTE 2: TRADE AND OTHER PAYABLES

	31 December 2014	30 June 2014
	\$	\$
Trade creditors and accruals	413,673	159,265
Other payables	63,323	140,599
	<u>476,996</u>	<u>299,864</u>

NOTE 3: CONTRIBUTED EQUITY

	31 December 2014	31 December 2013
	\$	\$
288,717,999 (30 June 2014: 208,883,663) fully paid ordinary shares	49,994,472	47,652,550
Transaction costs relating to share issues (net of tax)	(2,503,363)	(2,503,363)
	<u>47,491,109</u>	<u>45,149,187</u>

a) Ordinary Shares	31 December 2014		31 December 2013	
	#	\$	#	\$
Balance at beginning of the period	208,883,663	45,149,1867	208,883,663	45,149,187
Shares issued during the period:				
- Takeover of Cape Alumina Limited	79,834,336	2,341,922	-	-
Transaction costs recognised during the period	-	-	-	-
Balance at end of the period	<u>288,717,999</u>	<u>47,491,109</u>	<u>208,883,663</u>	<u>45,149,187</u>

Dividends

No dividends were declared or paid during the interim period.

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Notes to the Financial Statements
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NOTE 4: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As part of the sale agreement of its Hey Point bauxite tenement on Western Cape York, the Consolidated Entity is entitled to receive royalties of 2% to 3% of future gross sales proceeds on all bauxite sold from the project. In relation to the cash payments, \$500,000 has been received and the receipt of the remaining \$1,000,000 is still to be paid by 18 June 2015, and thus has been recognised as a contingent asset. As this project is still in the early stages of development it is premature to determine whether royalties or further cash payments will be received in future years.

The Consolidated Entity has an option of purchasing the Hey Point tenements for \$1 if the remaining payment of \$1,000,000 is not received by 18 June 2015.

Certain tenements to which the Consolidated Entity has an interest may be subject to native title or similar claims. The position regarding likely success and impact on the Consolidated Entity's operations are unknown at balance date. It is management's intention to continue to work through these matters, including the execution of a native title agreements in relation to the Bauxite Hills project, if such an agreement can be negotiated successfully

Other than above, the consolidated entity does not believe it has any contingent liability arising from any possible Native Title or other claims.

Metro Mining Limited has entered into a Feasibility Funding Deed with Wiggins Island Coal Export Terminal Pty Ltd (WICET) to fund a proportion of feasibility costs in return for securing terminal capacity for the planned port expansion at Wiggins Island, Gladstone. Under the requirements of this deed, on 3 December 2010 Metro Mining Limited provided WICET a bank guarantee for \$375,000 (30 June 2014: \$375,000) to cover their costs. Whilst the bank guarantee has not been called upon by WICET to balance date, WICET does have the capacity to call upon this bank guarantee issued in their favour.

In order to provide the bank guarantee, Metro Mining Limited has entered into an agreement with Macquarie Bank to allow the bank to take security over a term deposit of \$377,086 (30 June 2014: \$375,493). Metro Mining Limited has not provided any financial guarantees to Macquarie Bank in lieu of obtaining the bank guarantee necessary to meet the requirements of the WICET deed.

NOTE 5: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2014 that has significantly affected or may significantly affect the operations, results or state of affairs of the consolidated entity in the following or future years.

NOTE 6: SEGMENT REPORTING

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis, that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level. The consolidated entity does not have any products/services it derives revenue from.

Accordingly, management currently identifies the consolidated entity as having only one reportable segment, being exploration for coal and bauxite. There have been no changes in the operating segments during the half-year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

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**Notes to the Financial Statements
for the half-year ended 31 December 2014**

NOTE 7: TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Metro Mining Limited.

During the half-year ended 31 December 2014 the group acquired the remaining shares in Cape Alumina Limited, offering existing Cape Alumina shareholders 1 Metro Mining share for every 1.3 shares held in Cape Alumina. The fair value of the Metro Mining shares issued as consideration was \$2,341,922. The carrying amount of the non-controlling interest in Cape Alumina immediately prior to the purchase was \$296,523. The excess of the consideration paid over the decrease in the carrying amount of the non-controlling interest in Cape Alumina, being \$2,045,399, has been recognised in the "Change of interest in subsidiary reserve".

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Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 9 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations*; and
 - b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Stephen Everett
Chairman

Date: 24 February 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Metro Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Metro Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metro Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Metro Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metro Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit Pty Ltd

BDO



A J Whyte

Director

Brisbane, 24 February 2015