

10 August 2015

## Off-Take MoU signed with Xinha Group

Metro Mining Limited (ASX:MMI) (Metro) is pleased to announce it has signed a bauxite off-take non-binding Memorandum of Understanding (MoU) with the Xinha Group (Xinha).

Xinha Group is one of the largest integrated aluminium Companies in China. It has significant refining and smelting operations in Shandong, Guangxi and Xinjiang Provinces. Xinha is currently a 7.2% shareholder in Metro.

Metro forecasts total annual production of up to 2 million tonnes from its Bauxite Hills Project.

**The agreement contemplates a minimum contract tonnage of 1.0 million tonnes a year up to a maximum of 1.2 million tonnes a year over the initial five years term – representing around half of the annual production.**

"This MoU shows the strong relationship and exceptional good faith between Xinha and Metro Mining" CEO, Simon Finnis said.

"I am, and all MMI shareholders should be, heartened by the goodwill and support shown by Xinha. We look forward to continuing to work closely together as we finalise a long term Contract to the benefit of all concerned" Mr Finnis said.



Metro Mining CEO Simon Finnis and Xinha Group President Mr JiJun Liu sign the MoU in Qingdao, China.

## Key Terms

- Minimum annual contract tonnage of 1 million tonnes up to a maximum of 1.2 million tonnes;
- An initial term of 5 years with an option to extend by mutual agreement;
- FOB pricing to be determined and subject to market conditions and bauxite quality;
- Quality within defined parameters has been agreed;
- Payment for each shipment to be made by irrevocable Letter of Credit;
- Take or Pay provisions applicable to both parties;
- Shipping schedule to be agreed by the Parties annually in advance;
- Good faith negotiations to produce a binding long term Agreement within 4 months.

### **Metro Mining CEO Simon Finnis says signing the MoU is the latest significant event in a year of great progress.**

Other Major Announcements have included:

- Outstanding PFS results including a post-tax NPV15 of A\$197M, based on a capital cost of A\$27.4M and an IRR of 88%;
- A significant increase in the Bauxite Hills Ore Reserve – from 12.1Mt to 48.2Mt;
- Based on the mining Reserve an extension of the mine life from 21 to 27 years;
- \$5.6M Capital Raising comprising a fully underwritten shareholder Rights Issue aimed at raising \$3.6M, which followed a successful \$2M Placement;

"Focus will now be on completion of the Definitive Feasibility Study (DFS), achieving permitting approvals, undertaking pre-development work including potential pre-commitments for mining and transshipment contractors, and finalising the formal and binding offtake Agreement" Mr Finnis said.



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