

Base Metals

Minor Metals

Ferrous Alloys

Rare Earths

Carbon Steel

Stainless & Special

Steel Raw Materials

Refractories



| | | | |
|-----|--------|-----|--------|
| USD | 659.22 | HKD | 84.42 |
| EUR | 719.42 | JPY | 5.6273 |
| GBP | 940.26 | CHF | 656.4 |
| CAD | 454.16 | AUD | 451.91 |



China's demand for imported bauxite will continue to increase and Australian bauxite has its own merits

----Interview with Mr. Simon Finnis, CEO of Metro Mining Limited

Metro Mining Limited is an exploration and mining company based in Brisbane, Australia. The company emerged from Metro Coal Ltd's 2014 takeover of Cape Alumina Ltd. Its immediate focus is on the Bauxite Hills Project in Western Cape York.

Asian Metal: Since November, China's alumina market has been moving down, resulting in a decline in imported bauxite prices, including material from Malaysia, India and Australia. What are your thoughts about bauxite price movement in 2016? Will it affect progress on your bauxite project?

Simon: While the bauxite price has flattened in 2015, and may continue into 2016, we feel the demand is still strong, so we expect pricing to firm late in 2016 and be stronger again in 2017. Our Bauxite Hills Project is advancing towards being operational late in 2017, we feel that timing will meet a rising market, both in price and demand.

Asian Metal: In 2015, China's demand for imported bauxite improved significantly. What is your opinion on how demand will develop in the next two years?

Simon: Not unlike Rio Tinto we feel that bauxite demand, particularly good quality Weipa bauxite from a stable country like Australia, and from a professional and experienced mining company like Metro Mining, will continue to grow.

Asian Metal: According to China Customs, from January to October 2015, China imported around 16.4 million tonnes of bauxite from Australia, lagging behind the 18 million tonnes of Malaysian bauxite. Do you think Australian bauxite supplies will rise next year? What are the merits of Australian bauxite compared with bauxite from other countries?

Simon: Our potential Chinese customers continue to tell us that the most important thing to them is a sizeable, long term, stable supply of good quality bauxite. What Australia, and Weipa bauxite miners in particular can offer, is large resources of well understood bauxite quality, that offers little variability from shipment to shipment, and from year to year. While improving lately with the advent of washing, bauxite from Malaysia continues to be of varied quality. Similar problems exist with bauxite supplied from India. This variability provides operational difficulties for the alumina refineries, detrimentally affecting recoveries of alumina. Very generally, this is one of the main reasons the average price of bauxite fell in early 2015, because the quality of delivered bauxite was poor, and the value in use of the product from Malaysia was lower. As the quality is improving, so is the price.

Asian Metal: Regarding the Metro bauxite project in Australia, what is its location? What information do you have on the reserves there?

Simon: Bauxite Hills is located 95km north of Weipa, on western Cape York, in far north Queensland, Australia. Bauxite Hills has 48.2Mt of reserves of Direct Shipment Ore (DSO) grading 50.2% total Al₂O₃ and 6.4% reactive silica (at 150oC).

Asian Metal: What about the infrastructure construction, such as ports, roads, etc.?

Simon: While there is little in the way of current infrastructure, our recent Definitive Feasibility Study (released to the Australian Stock Exchange on 5 November 2015) detailed that we would construct all required infrastructure, including a barge loading facility, all site roads and accommodation requirements, for the modest capital cost of A\$33.9M. This low capital requirement and our low cost operating concept has led to excellent financial outcomes detailed in the table below:

| Description | Outcome |
|---|-----------------|
| After Tax Net Present Value (discounted at 15%) | A\$235 million |
| Internal Rate of Return | 148% |
| Annual EBITDA | A\$54.4 million |
| Total Life of Mine Revenue | A\$2.87 billion |

Asian Metal: When will Metro be able to produce and export bauxite? What will be the specifications?

Simon: We anticipate being in production towards the end of 2017. The presentation I recently delivered at our Annual General Meeting explains all the timing details.

Asian Metal: Compared with other potential bauxite projects in Australia, what are Metro's advantages and competitiveness?

Simon: Our project has several advantages over other potential bauxite producers, namely:

Bauxite Quality – It is high grade bauxite, from a world class bauxite producing district. It is high in recoverable alumina, and is well known to Chinese customers due to its similarities to other Weipa produced bauxite. It is a DSO product so there is little requirement for processing, meaning low infrastructure requirements and low capital and operating costs.

Location – Being in north Queensland means we are extremely close (only ten steaming days) to the Chinese consumers in Shandong province. This gives us a significant competitive advantage over other, more distant Australian producers, and of course, producers from other parts of the world.

Geology – The bauxite is on the surface, and is free digging, so there is no blasting, and the mining process is extremely simple. This has led to a very low mining cost concept, that then provides excellent return to investors.

Development and Operating Strategy – The simplicity of the project means the construction time is short at six months, so the project would feasibly be in production in the same year as our environmental approvals are received. This, combined with the low capital intensity, means a very short payback period of just over a year.

Asian Metal: Does your team have any kind of successful mining experience?

Simon: Please see the biographies of our Board and senior management below – they speak for themselves. In short, we have experience in developing and operating over 30 projects in Australia and worldwide, in a diverse range of commodities and mining methods.



Board of Metro Mining Limited

Stephen Everett – Non-executive Chairman

A graduate of chemical engineering from UNSW, Mr Everett has more than 40 years' board and management experience in the resources and construction industries both in Australia and overseas. Mr Everett's vast management experience includes production and project management, marketing, corporate restructuring, debt and equity financing and government relations. His senior executive positions have included Managing Director and Chief Executive Officer of private and publicly listed companies. Mr Everett was formerly Chairman of BeMaX Resources NL, Australian Solomons Gold Limited, JMS Civil and Mining Pty Ltd and IronRidge Resources Limited, and is currently Chairman of Agrimin Limited.



Philip Hennessy – Non-executive director

Philip Hennessy has over 30 years' corporate experience and holds a Bachelor of Business. Mr Hennessy has been involved with all aspects of corporate financing and company reconstruction across a variety of industries including construction, manufacturing, mining, professional services, agriculture and financial services and was KPMG Qld Chairman for 13 years. Mr Hennessy is an Independent Company Director and Advisor and serves on both public and private boards across the resources, financial services, property and manufacturing sectors. Mr Hennessy's knowledge and experience assists the Company in driving good governance, cohesive and effective collaboration, effective processes and communications with shareholders and stakeholders.

Lindsay Ward – Non-executive director

Lindsay Ward has over 25 years' broad industry experience holding executive positions in mining, exploration, mineral processing, ports, rail, power generation, gas transmission and logistics. Mr Ward's previous mining experience includes Mine Manager of the Yallourn Energy open cut coal mine in Victoria and senior mining engineering positions with BHP Australia Coal in Queensland and Camberwell Coal in the Hunter Valley. Mr Ward is currently CEO of the Tasmanian Gas Pipeline, a gas transmission pipeline that links Victoria to Tasmania and transports gas throughout Tasmania. Mr Ward was previously Managing Director of Dart Mining, a Melbourne based exploration company. Prior to this he was General Manager, Patrick Ports and Pacific National Bulk Rail (a business unit within Asciano Limited).

Jijun Liu – Non-executive director

Mr Jijun Liu is the Managing Director of the China Xinfra Group Corporation Limited which controls one of the largest alumina-aluminium enterprises in China. Mr Liu is also a member of various government committees. He studied thermal power plant engineering at Shandong Power Junior College.

Dongping Wang – Non-executive director

Mr Dongping Wang graduated from the China Mining University in 1981 with a Major in Coal Processing Technology. Mr Wang was

Process Plant Manager and later Director of Operations at Pingshuo Antaibao coal mine for many years (a World Bank funded USA and China joint venture project). Mr Wang then worked for a time in the China Coal Ministry. He later became General Manager of Long-Airbox (Tianjin) where from 1997 he was instrumental in introducing modern coal process technology from Australia to China. Mr Wang was General Manager of Schenck (Tianjin) until 2007. He then helped establish the Dadi Engineering Group (now China's largest coal industry engineering group) and is now Chairman of Dadi Engineering Development Group. Mr Wang Dongping has worked at the highest level within the Chinese coal industry for 30 years and is a highly renowned coal processing expert and a prominent figure in the Chinese coal industry.

George Lloyd – Non-executive director

George Lloyd has over 30 years' resource industry experience including senior executive and board member roles of listed and unlisted companies with interests in minerals, energy, industry services and corporate finance. Mr Lloyd's extensive experience in resources includes five years as Chairman of Cape Alumina Limited. He currently serves as the Chairman of Ausenco Limited and Pryme Energy Limited. Prior to 2015, Mr Lloyd served as Chairman of AWR Lloyd, an Asian-based firm providing mergers and acquisitions, corporate strategy, industrial research and investor relations advisory services to the mining and energy industries throughout Asia and Australia. Mr Lloyd holds a Bachelor of Engineering Science Degree (Industrial Engineering) and a Master of Business Administration Degree, both from the University of New South Wales. He is also a graduate of the Stanford Executive Program. Mr Lloyd is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australasian Institute of Mining and Metallurgy.

Management Team of Metro Mining Limited

Simon Finnis – Chief Executive Officer

Simon was previously CEO of Grand Cote Operations in Senegal, his primary responsibilities being to oversee construction and bring the Grand Cote Mineral Sands project into operations. In a mining industry career spanning over 28 years, Simon has worked throughout Australia in underground and open cut mining operations. His previous roles have included the re-opening of the Mt Lyell Mine in 1994 and 1995, re-development of the CSA Mine between 1998 and 2001, and then the development of the Pooncarie Mineral Sands project from feasibility through to operations from 2001 to 2007. Simon held the role of Operations Manager during the final years of his involvement at Pooncarie. Simon therefore has considerable experience through feasibility, construction, commissioning and operations of both new and brown fields operations. Simon holds a Masters in Business and Technology from the University of New South Wales.

Scott Waddell – Chief Financial Officer and Company Secretary

Prior to joining Metro Mining, Scott was Head of Finance for the Monash Energy project in Victoria's La Trobe valley. Scott's resources experience was gained over nine years with Anglo Coal and eight years with Rio Tinto Alcan in a wide variety of senior roles across multiple sites. Scott has a deep understanding of the global bauxite and resources sectors. Scott holds a Bachelor of Business from the Queensland University of Technology and is a Fellow of the Certified Practising Accountants and an Associate Member of the Governance Institute of Australia. Scott has also completed numerous post graduate courses including a Graduate Diploma in Applied Corporate Governance, Company Directors Course with the Australian Institute of Company Directors, and Post Graduate Diploma of Purchasing and Materials Management with RMIT.

Mike O'Brien – Project Director

Mike has a 40-year mining and minerals background including over 25 years' extensive management experience with multinational companies Shell Coal and Anglo American. He has worked in operational roles as General Manager of a large underground longwall mine, General Manager of a very large open cut mine and held senior corporate positions in Shell Coal's technical group. This included responsibility for mining, geological and engineering development. Mike has also held the role of CEO of a junior listed company exploring in Australia, and operating and developing mines in New Zealand. He holds a B.Sc. (Min) (Eng) from the University of Witwatersrand.

Norman Ting - General Manager Marketing, Asia

Norman has over 30 years industry experience having previously served as Chairman for Traxys China where he traded a range of products; predominantly bauxite. Norman also recently held a senior executive position with ASX listed engineering group Ausenco in China.

From 1985 to 2009, Norman served in several senior executive positions with WOGEN in the United Kingdom, Hong Kong & China – which included representing Comalco (Rio Tinto Alcan) Bauxite and Alumina in Beijing. Between 1991 and 1994 Mr Ting was Technical Marketing Manager, Bauxite and Alumina for Comalco, and was based in Brisbane.

Neil McLean – Exploration Consultant

Neil holds a Bachelor of Science with Honours from the University of Witwatersrand, South Africa, and a Master of Science in Mineral Exploration from the Royal School of Mines, Imperial College, London. He is a senior exploration geologist with more than 30 years of global mineral exploration experience, and oversees Metro's exploration and geology functions. He is currently a consultant to Metro after joining Metro in June 2011. Prior to this, Neil was a founding director and principal geologist at the Geo Discovery Group for 13 years. He spent 18 years working for BHP's mineral exploration group in various commodities, including the exploration program that led to the discovery of the Cannington base metal mine in north-west Queensland. His expertise covers all facets of exploration program management, from green fields through to advanced projects.

Colleen Fish – Environmental Manager

Colleen holds a degree in Applied Science and has 25 years' experience in environmental management, incorporating over ten years' field experience on operating open-cut and underground mines. This experience was followed by corporate environmental management

roles in a number of companies, including Macarthur Coal and as the Queensland Manager (Environment) for Peabody Energy, overseeing seven operating mine sites with a focus on regulatory negotiation and compliance. For almost three years Colleen led a small team specializing in mining approvals, successfully gaining State and Commonwealth approvals for a number of mining projects. Colleen has been with Metro (previously as Cape Alumina Limited) for three years and has established good working relationships with all of the relevant government and community stakeholders for the Cape York Region. Colleen is a current member of the Queensland Resource Council Environment Committee and the QRC Strategic Advisory Committee.

Nicholas Villa – Project Manager

Nicholas holds a Bachelor of Science (Geology) with Honours from the University of Newcastle and a Diploma in Project Management from the Australian Institute of Management. He is experienced in the planning and execution of exploration and development programs as well as navigation of both the State and Federal Government approvals processes for mining projects. He has been responsible for the generation, design, management and evaluation of green-field exploration projects in Eastern Australia. As Site Senior Executive, Nicholas has also been responsible for the management and assessment of mine-site practices in mines in Queensland, and is a long standing member of Australian Institute of Geoscientists.

Asian Metal: What are most challenging issues in your experience?

Simon: In Australia some of the most challenging aspects are managing the Governmental requirements with regards to environmental approvals, and with managing all the stakeholders, including Government, Native Title parties and customers. We are lucky in that we have a team that is very experienced in all these aspects, so we anticipate being able to deliver a successful project more quickly and easily than others who have less experience under Australian conditions.

Asian Metal: It is reported that Metro Mining Limited announced a takeover bid to acquire all of the shares in Gulf Alumina in early December. Is that true? What was the reason for it? And what are your thoughts on its feasibility? What will be the major benefits for both Metro and Gulf Alumina shareholders after a successful merger?

Simon: On 2 December Metro Mining Limited signaled its intention to launch a full takeover bid for Gulf Alumina Limited (Gulf). On 10 December Metro lodged its Bidders Statement, which explains in detail the rationale for the takeover. We have offered to buy all of the outstanding Gulf shares by way of issuing 3.3 Metro shares for each Gulf share.

We have managed to secure a 20% stake in Gulf from a founding shareholder. Under Corporations Law in Australia, this is the maximum we can acquire before launching a takeover.

As we have described in our Bidders Statement, combining the two operations has compelling benefits for Metro and Gulf shareholders, such as:

- Doubling the Mining Reserve to 96Mt of available bauxite;
- Creating economies of scale to reduce capital intensity and operating costs;
- Creating a larger scale project that will have relevance in the bauxite market;
- Creating liquidity for Gulf Shareholders who will finally be able to trade their investment if desired;
- Enhanced financing capability which will reduce dilution of shareholders, and;
- Minimising duplication of infrastructure in the area and therefore minimising the impact on the environment.

Asian Metal: What will be the targeted tonnage of bauxite in stage 1 and 2?

Simon: Our plan is to bring our low cost solution to the project which will ramp-up over time. Between now and production commencing we will carry out detailed feasibility studies on what may be the optimal tonnage, and will also work with our customers regarding their requirements, to determine the most appropriate extraction rate.

Asian Metal: Any plans for expansion? What will be the production costs for bauxite after the merger? What are the benefits to bauxite customers in China?

Simon: Given the reserve base of just under 100 million tonnes, a resource base in excess of that and a large tenement holding which has the potential for further bauxite resources, we would certainly have the base to consider expansions. Bauxite customers will benefit from a larger reserve base, managed by a very experienced team of people. This will mean that they will receive a consistent supply of high quality bauxite in the long term.

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Structural Steel

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