



# Metro Mining

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## Metro Mining readies export logistics at growing bauxite project

Metro Mining (ASX:MMI) has further de-risked its developing export business profile by entering into a deal for the provision of transshipment services relating to the Bauxite Hills project in Queensland.

The agreement with Bauxite Transshipment Services (BTS) will allow Metro to minimise capital expenditure as BTS will provide all tugs and barges required for the operation.

This move is expected to deliver a low-cost and low-risk transshipment solution that does not require any dredging or bed levelling of the Skardon River.

As a joint venture between Transshipment Services Australia and indigenous ship loading company Dadaru, BTS will represent an opportunity for Metro to maximise the employment of local people.

The terms of the agreement provide the flexibility to expand the transshipping operation as production increases.

Although details of the contract are commercial in confidence, the rates are believed to be extremely competitive.

Bauxite Hills is located about 95 kilometres north of Weipa on Queensland's Cape York, where Metro controls about 1,300 square kilometres of exploration tenements.

### Operating outlook

Progress in establishing Bauxite Hills' transshipment procedure builds on the recent outlining of a significantly stronger operating scenario at the site, with double the production output and a 148% increase in net present value (NPV).

The project is now being contemplated as producing 4 million tonnes per annum of bauxite by employing a 24-hour operational regime.

This is expected to deliver substantial economies of scale and underpins an increase in NPV from A\$235 million in a previous Definitive Feasibility Study (DFS) to A\$582 million

IRR improved about 5% to 156%, with average annual EBITDA estimated at A\$134 million and profit after tax coming in at \$92 million.

By comparison, after-tax net profit under the 2 million tonnes per annum scenario contemplated after-tax net profit at \$37.3 million a year.

These improved metrics are expected to be realised for only a modest increase in capital costs, with initial capex now tipped at \$40.1 million versus a prior estimate of \$33.9 million.

This is because increasing bauxite production to 4 million tonnes per annum will only require minor changes to the operational and equipment requirements from the smaller DFS scenario.

### Analysis

The selection of experienced operators BTS ensures the future bauxite transshipment to key export markets will be efficient and cost-effective for Metro.

**Price:** A\$0.064

**Market Cap:** A\$22.007M

### Share Information

**Code:** MMI

**Listing:** ASX

**Sector:** General Mining

**Website:** www.metromining.com.au

### Company Synopsis:

*Metro Mining (ASX:MMI) is a bauxite exploration & development company based in Brisbane.*

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This contract is important because it brings BTS' extensive marine experience to assist in the planning and implementation of the marine element of the operation and allows Metro to concentrate on the other aspects of mine development.

Metro's experience on this end was recently on display with the planning of a significantly more robust operation at Bauxite Hills, benefiting from economies of scale.

Expansion of the project's scope to 4 million tonnes of production per annum is expected to deliver substantial profit increases for a relatively small capital increase.

Relevant to the development agreement with BTS, the latest Bauxite Hills optimisations are also expected to deliver significant reductions in barging, transshipping and freight costs.

These will be achieved through the increased scale of operations and introduction of an offshore platform for loading Panamax-class vessels when production is increased.

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