



# Metro Mining Ltd

Apr 11<sup>th</sup> 2016

## Metro Mining Ltd lodges environmental statement for Bauxite Hills Project

Cashed up Metro Mining Ltd (ASX:MMI) has submitted a key Environmental Impact Statement (EIS) for the Bauxite Hills Project in Cape York to the Queensland Government Department of Environment & Heritage Protection (DEHP).

Metro is seeking to commence bauxite production in Q3 2017 and is planning to mine 5 million tonnes per annum of Direct Shipping Ore (DSO).

A recent Pre-Feasibility Study (PFS) projected annual EBITDA of \$133 million with low capital costs and operating costs.

A Definitive Feasibility Study is currently underway and with completion expected around mid-2016, this will provide upcoming news flow.

The DSO resource for Cape York was recently increased to 65.3 million tonnes.

EIS - a major milestone for Bauxite Hills Project

The environmental assessment is a key milestone in the approval process for the Bauxite Hills Project and marks the commencement of the Queensland Government's environmental assessment of it.

The project does not require a tailings dam and nor does it require dredging or bed levelling of the Skardon River. It will mainly operate during the eight months of operation each year of the dry season.

Simon Finnis, CEO, commented:

"We have engaged some of the industry's best consultants to assess the Bauxite Hills Project including CDM Smith who have significant experience in advising on the environmental aspects of other recently approved Projects of Regional Significance in Queensland.

"Given the care which has been invested in the project design, we are confident that all relevant environmental issues have been identified and adequately addressed."

EIS timeline

The Bauxite Hills Project is classified as a Project of Regional Significance by the Queensland Government.

Under the approval process DEHP and relevant referral agencies will assess the adequacy of the EIS in responding to the Government prescribed Terms of Reference.

If the EIS is deemed to satisfy the TOR, it will be placed on public display for a 30 day period. The company anticipates that the display period may commence within 2 months.

During the display period, the public and Queensland Government agencies can submit comments on the EIS.

Based on recent timeframes for determination of similar projects, determination of the EIS by late 2016 is achievable.

High profit margin bauxite project

**Price:** A\$0.061

**Market Cap:** A\$23.841M

### Share Information

**Code:** MMI

**Listing:** ASX

**Sector:** General Mining

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

### Company Synopsis:

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

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The PFS demonstrated that Bauxite Hills with a net present value of A\$582 million and an Internal Rate of Return of 156% is a rare, high margin project in a sector that will require new supplies of high grade bauxite in coming years.

Metro seeks to mine and ship a DSO product to Chinese markets from a project with low CAPEX and OPEX.

With a 13 year mine life, the PFS projected operating costs at just A\$18 a tonne, with a simple mining and transportation to a stockpile and barge loading.

A capital payback of just over one year sets the scene for Metro to generate significant revenues and profits from 2017/18.

## Bullish bauxite market

Chinese's imported bauxite demand is expected to double to +100 million tonnes per annum in the coming decade. Currently 75% of Chinese imports are low temperature bauxite.

Since 2009, the average quality of Chinese bauxite reserves has declined driving demand for imports.

Of interest, The Bauxite Index reported last week that the Malaysian bauxite export ban has been extended by an additional three months to July 15, 2016.

It said: "...should the ban be extended beyond July, supply may begin to be affected and Chinese refiners may become more active in sourcing alternative supply."

This should increase demand for reliable Australian supply of bauxite in the medium term.

## Gulf Alumina

Metro is seeking to merge with unlisted Gulf to create a leading independent Cape York bauxite company, providing ASX listed liquidity to Gulf shareholders.

Metro said that as a result of acceptances of the Original Offer by a number of Gulf shareholders, Metro is currently entitled to over 22% of the fully paid ordinary shares in Gulf.

Metro has now outlined an increased offer for all of the ordinary shares in Gulf of 3.5 Metro Shares for every 1 Gulf Share.

## Off take

An off-take MoU was secured with Xinfu, one of the largest integrated aluminium companies in China.

The MoU secured in August 2015 was based on previous 2 million tonnes per annum plan with following key terms: an initial term of 5 years with minimum tonnage of 1 million tonnes per annum and up to a maximum of 1.2 million tonnes per annum.

## Analysis

With A\$5.3 million in cash at December 31, 2015 end, Metro has an enterprise value of \$16 million.

With a share price of \$0.06, and most analysts having near term price forecasts of \$0.18 - \$0.20, Metro provides a potentially high margin investment opportunity with significant news flow ahead.

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