



Metro Mining Ltd

Aug 1st 2016

Metro Mining Ltd: Two Australian brokers see rally continuing

Metro Mining Ltd's (ASX:MMI) shares have been on a tear recently, last trading at \$0.145, which is more than double than just one month ago.

Brokers Argonaut and Morgans see the share price continuing to rise. The following are extracts from their latest reports.

Argonaut: target price \$0.26

Metro Mining (MMI) has received a strategic cornerstone investment from private equity group Greenstone Resources. Greenstone will invest \$8.9m for a 19.9% stake.

The investment is priced at 8.5¢/sh, a 27% premium to MMI's last closing price. Greenstone has indicated willingness for a follow-on investment of up to US\$20m to support the financing of Bauxite Hills.

In 2016 MMI has achieved key milestones having secured Native Title and Land Access, delivered a Revised Positive Feasibility Study with expanded production, attained a transshipment contract, submitted its Environmental Impact Statement (EIS), and acquired a strategic 22% stake in its neighbour Gulf Alumina.

Our revised valuation of \$0.33 (previously \$0.32), incorporates additional cash from the Greenstone investment. We apply a 20% discount to NAV (previously 30%), to account for development risk, achieving a \$0.26 target price. SPEC BUY recommendation maintained.

Morgans: target price \$0.20

Metro Mining (MMI) is moving to develop the Bauxite Hills project, Cape York, with capex of A\$40m for 4Mtpy of bauxite production.

Submissions public and government to MMI's Environmental Impact Statement (EIS) closed on 29 June 2016. Responses and MMI's final statement of environmental commitments is to be lodged for approval, with determination of the EIS anticipated by end 2016.

Under the terms of an earn-in JV with Mahar San, MMI is earning an 80% interest in the Mahar San volcanogenic massive sulphide project, Myanmar, where in-pit sampling and re-sampling diamond drilling has reported ore grade and width base and precious metal intercepts, with the best channel 4m @ 6.7g/t Au, 261g/t Ag, 1.35% Cu, 11.6% Zn and 2.63% Pb.

MMI has now announced a placement to Greenstone Resources at A8.5cps to raise A\$8.9m.

Greenstone will hold a 19.9% stake in MMI, will have representation on the Bauxite Hills development steering committee, and is committed to funding a further A\$20m in follow-on equity.

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Price: A\$0.12

Market Cap: A\$56.898M

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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