

2 November 2016

Metro's Offer for Gulf Alumina Confirmed as Superior

Metro Mining Limited (ASX: MMI) (**Metro**) is pleased to announce that on 1 November 2016 the board of Gulf Alumina Limited (**Gulf**) announced it had determined that Metro's offer to acquire all of the shares of Gulf which it does not already own (**Offer**) is superior to the proposal from Moly Mines Limited (ASX: MOL) (**Moly**).

Metro currently has a 39.3% interest in Gulf and owns the Bauxite Hills project which adjoins Gulf's bauxite project at Skardon River, Cape York.

Metro considers that its Offer provides the logical opportunity to unlock over \$200 million in synergies from combining Metro's and Gulf's complementary projects, as estimated by Grant Thornton and Xstract Mining Consultants in Gulf's independent expert report dated 13 May 2016.

The combination of Metro and Gulf will also create a leading independent Cape York focused Australian bauxite company, well positioned to deliver value for all stakeholders, including shareholders, traditional owners, the local community and state and federal governments.

Metro's Offer is subject only to Metro's relevant interest in Gulf shares exceeding 51% during the Offer period. Metro's Offer is open for Gulf shareholder acceptance and will close 5 December 2016, unless extended.

Metro notes that Moly's proposal, as well as being inferior in value, including the inability to provide any synergies like Metro, remains highly conditional and requires approval from FIRB and ASX (among others) and remains very uncertain. Many of the prevailing conditions are beyond Moly's control and appear very difficult to satisfy.

Under the offer implementation agreement between Gulf and Moly, Metro understands that Moly has until Tuesday, 8 November 2016 to match Metro's Offer before the Gulf board can recommend to Gulf shareholders that Metro's Offer is superior.

Gulf's announcement is attached for further information.



ASX: MMI | ACN 117 763 443

For Further Information: P: +61 (0) 7 3009 8000 | F: +61 (0) 7 3221 4811 | E: info@metromining.com.au

Contact: Simon Finnis, **Chief Executive Officer** | Scott Waddell, **Company Secretary**

Electronic copies & more information available at: www.metromining.com.au

Registered Office & Head Office: Lvl 8, 300 Adelaide St, Brisbane | GPO Box 10955, Brisbane Q 4000

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1 November 2016

GULF BOARD DETERMINES METRO OFFER SUPERIOR

Gulf Alumina Limited refers to the offer by Metro Mining Limited to acquire all of the shares in Gulf Alumina Limited, dated 28 October 2016 and released by Metro Mining Limited to ASX on that day.

A copy of the Offer is **attached** to this announcement. Gulf advises that the Board of Directors of Gulf has determined that such offer is a Superior Offer to the offer announced by Moly Mines Limited on 22 September 2016, and that Gulf has notified Moly Mines Limited accordingly.

Moly Mines has five Business Days after 1 November 2016 within which to announce a matching or superior proposal to the Metro Mining proposal, if it wishes to do so. The Board will not withdraw its recommendation in favour of the Moly Mines offer until expiry of that period and will then only do so if Moly Mines has not announced a revised offer which is matching or superior to the Metro Mining offer.

FURTHER INFORMATION

For further information, please contact:

Weidong Zhang
Managing Director
+61 2 9221 4689



OFFER BY METRO MINING LIMITED

ACN 117 763 443

to acquire all of your shares in

GULF ALUMINA LIMITED ACN 108 086 371

for either

\$0.60 CASH

or

\$0.50 CASH AND ONE METRO SHARE

for each Gulf Share that you hold

The Offer is dated 28 October 2016 and will close at 7.00pm (Sydney time)
on 5 December 2016, unless extended.

Please call Metro Mining Limited's Company Secretary on
+61 7 3009 8004 if you have any queries relating to this Offer Booklet.

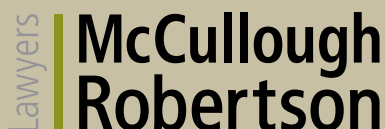
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible.

FINANCIAL ADVISER
Argonaut Capital Limited



LEGAL ADVISER
McCullough Robertson Lawyers



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IMPORTANT NOTICES

This offer booklet is dated 28 October 2016 (**Offer Date**).

The Offer is made to all Gulf Shareholders on the Offer Date.

The Offer may be withdrawn by sending a withdrawal document to you, but generally not within one month of the date of the Offer.

This Offer Booklet is important and should be read in its entirety before deciding to accept the Offer. This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

No party other than Metro has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

By returning the Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Offer detailed in this Offer Booklet.

Definitions, currency and time

Defined terms used in this Offer Booklet are contained in section 6.1. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Taxation

There will be tax implications associated with accepting the Offer. Metro considers that it is not appropriate to give advice regarding the tax consequences of accepting the Offer under this Offer Booklet and recommends that you consult your professional tax adviser in connection with the Offer.

Governing law

This Offer Booklet, and the contracts formed on acceptance of the Offer are governed by the law applicable in Queensland, Australia. By returning the Acceptance Form, you submit to the exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

No representations

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in the Offer Booklet may not be relied upon as having been authorised by Metro or any of its directors or officers.

Not a disclosure document

This Offer Booklet is not a disclosure document for the purposes of the Corporations Act and does not contain all of the material information which a prospective investor may reasonably require to make an informed investment decision about the Metro Shares, including in relation to the assets and liabilities, financial position and performance, profits and losses and prospects of Metro and its Shares. A Prospectus has been prepared for this purpose and is included with this Offer Booklet. Please read this Prospectus in full if you are considering accepting the Offer and electing to receive the Cash and Scrip Consideration.

Investment decisions

This Offer Booklet does not constitute financial product advice and does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Offer for your Gulf Shares.

Forward looking statements

This Offer Booklet contains certain forward looking statements and statements of current intention. The forward looking statements in this Offer Booklet reflect views held at the Offer Date.

You should be aware that those statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of Metro, its officers or any person named in this Offer Booklet or involved in the preparation of this Offer Booklet makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

Risks

Refer to the 'Risk factors' section in the Prospectus accompanying this Offer Booklet for a summary of general and specific risk factors that may affect Metro or its related entities.

Privacy statement

Metro has collected your information from the register of Gulf Shareholders. The Corporations Act permits information to be made available to certain persons, including Metro. Your information may also be disclosed on a confidential basis to Metro's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact Metro for details of information held by Metro about you.

LETTER FROM THE CHAIRMAN

28 October 2016

Dear Gulf Shareholder

Offer to acquire all of your Gulf Shares

On behalf of Metro Mining Limited (**Metro**), I am pleased to present this offer to acquire all of your shares in Gulf Alumina Limited (**Gulf**) (**Offer**).

As you are probably aware, Metro is Gulf's largest shareholder, with a relevant interest in 39.3% of Gulf Shares. Metro also owns the Bauxite Hills Project which adjoins Gulf's Skardon River Project in Cape York, Queensland.

Under Metro's Offer, you may elect to receive either:

- cash of \$0.60 for each Gulf Share you own (**Cash Consideration**); or
- \$0.50 cash plus one share in Metro for each Gulf Share you own (**Cash and Scrip Consideration**).

Based on Metro's closing share price on 28 October 2016 of \$0.12, the Cash and Scrip Consideration has an implied value of \$0.62 per Gulf Share.

The Offer is only subject to Metro having a relevant interest in more than 51% of Gulf Shares at or before the end of the Offer Period. The Offer is made in respect of all Gulf Shares on issue (other than those in which Metro currently has a relevant interest in), including those which are issued as a result of the exercise of Gulf Options granted on or before the Offer Date.

Superior Offer to Gulf Standalone

Metro considers its Offer superior to remaining a shareholder in Gulf as a standalone entity, for the following reasons:

- the Offer provides attractive value, with an ability to elect to choose either all cash consideration or a mix of cash and equity to share in the potential upside of Metro;
- if you choose to accept the Offer and elect to receive the Cash and Scrip Consideration, you will take shares in an ASX listed company, which offers greater liquidity than holding unlisted Gulf Shares;
- if you elect to receive the Cash and Scrip Consideration, you will take equity in a company with a proven board and management team that has been involved in the development and operation of numerous mining projects globally;
- Metro can unlock significant value through the development of Metro's and Gulf's projects on a combined rather than a standalone basis, with Gulf's own independent expert Grant Thornton estimating there could be over \$200 million of synergies; and
- you will avoid significant risks involved with remaining a Gulf shareholder, which is an unlisted company facing numerous challenges, given its limited project development expertise when compared with Metro, as well as ongoing delays to its project, including Land Court proceedings, a weak balance sheet and reliance on debt funding.

Superior Offer to Moly's Highly Conditional Proposal

Metro also considers its Offer superior to the highly conditional offer proposed by Moly Mines Limited (**Moly**). Moly having been suspended from trading on ASX since April 2014 and is a controlled subsidiary of Sichuan Hanlong Group Co., Limited (**Hanlong**), who holds 53.8% of Moly's shares.

Hanlong has been the subject of recent controversy in both Australia and China, including the conviction of former Hanlong employee and Moly director, Mr Hui Xiao in 2016 for insider trading. Hanlong is also Moly's sole lender, with more than \$14 million of debt currently outstanding. Hanlong's nominee is Moly's Chairman and Hanlong nominees make up half the Moly board.

Moly has proposed to acquire all Gulf Shares for \$0.46 cash and 1.4 unlisted options in Moly (**Moly Options**) per Gulf Share. The Moly Options are exercisable at \$0.16, which provides net cash of less than \$0.24 per Gulf Share once the exercise of the Moly Options is taken into account. The value of the Moly Options is very uncertain, given Moly remains suspended from ASX and given the exercise price of the Moly Options is 130% higher than the closing price of Moly's shares the day before it was suspended from ASX trading.

Moly's highly conditional proposal is subject to numerous conditions, some of which are outside of the control of Moly. Moly's conditions include, amongst others, obtaining FIRB approval for the acquisition of Gulf, obtaining approval from ASX and its shareholders for re-listing, there being no material adverse change to Gulf's tenure or Gulf having to share infrastructure, Moly obtaining 'all necessary regulatory and other approvals, consents and waivers', and there being no material adverse change in the 'business, assets, liabilities, financial or trading position, profitability or prospects of Gulf'.

In light of the above, Metro considers its Offer superior to Moly's highly conditional proposal for the following reasons:

- Metro's Offer allows for the logical combination of Metro's Bauxite Hills Project and Gulf's Skardon River Project, with clear benefits and over \$200 million of synergies identified;
- Metro's Offer includes higher cash consideration and superior equity upside;
- Metro has an experienced independent board and management team, a well balanced share register and is free from external control;
- Metro, being ASX listed and not suspended, offers immediate liquidity and equity market re-rating benefits (assuming you elect to receive the Cash and Scrip Consideration); and
- Metro's Offer is the only offer capable of acceptance and will be unconditional once Metro obtains a 51% interest in Gulf.

Important Information for Gulf Shareholders

It is also important that you are aware of the highly unusual situation where Gulf Shareholders who own 55.6% of Gulf have no apparent discretion to revoke their pre-offer agreements with Moly unless the Gulf board makes a determination that Metro's Offer is superior.

As such, given the current ownership of Gulf, unless your Gulf board makes a determination that Metro's Offer is superior, you will not be able to enjoy the benefits of Metro's Offer. Given this, I would encourage you to directly contact your Gulf board members to urge them to recommend Metro's Offer and show your support by also accepting Metro's Offer.

How to Accept Metro's Offer

To accept Metro's Offer please complete and return the enclosed Acceptance Form.

Please read this Offer Booklet for more details about the Offer, as well as the attached Prospectus should you wish to receive the Cash and Scrip Consideration. Full terms of the Offer are set out in Schedule 1.

In the event you have any questions about Metro's Offer, please contact your legal, financial or other professional adviser or Metro's Company Secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time) or visit the Metro website at www.metromining.com.au.



Yours sincerely

Stephen Everett

Chairman

Metro Mining Limited

1 BENEFITS OF ACCEPTING METRO'S OFFER

1.1 Metro's Offer is Superior to Moly's Highly Conditional Proposed Offer

1. Logical Combination

- | | |
|----------------|---|
| Metro ✓ | <ul style="list-style-type: none">• Metro is an independent and well managed ASX listed company based in Brisbane, Queensland• Metro already owns 39.3% of Gulf and the Bauxite Hills Project which adjoins Gulf's Skardon River Project in Cape York, Queensland• Gulf's own independent expert Grant Thornton assessed that a Metro and Gulf combination could deliver synergies of over \$200 million¹• The combination of Metro and Gulf would create a company with enhanced bauxite market relevance with greater investor appeal |
| Moly ✗ | <ul style="list-style-type: none">• Moly has been suspended from ASX trading since April 2014 and is based in Perth, Western Australia• There are no synergies or strategic benefits provided by a combination with Moly• Moly cannot provide any ASX listing benefits until it is re-admitted to quotation, which may take many months, or not occur at all |

2. Independent & Free from External Control

- | | |
|----------------|---|
| Metro ✓ | <ul style="list-style-type: none">• Metro's board is led by an independent chairman• Independent directors represent the majority of Metro's board• Metro has a well balanced share register with several strategic, well funded investors, all owing less than 20% |
| Moly ✗ | <ul style="list-style-type: none">• Moly is a controlled subsidiary of Hanlong• Moly's Chairman is Hanlong's nominee• Hanlong's nominees represent half of Moly's board• Hanlong dominates Moly's ownership with a 54% shareholding• Hanlong is the sole lender to Moly with more than \$14 million of debt outstanding |

3. Proven Board & Management Team

- | | |
|----------------|--|
| Metro ✓ | <ul style="list-style-type: none">• Metro's board and management team has a proven track record in the development and operation of numerous mining projects globally• Metro has recently secured strategic financing support from Greenstone, a leading metals and mining investment fund, and binding off-take from Xinfu, one of China's largest independent bauxite importers• Metro has also successfully negotiated native title and land access with traditional owners |
| Moly ✗ | <ul style="list-style-type: none">• Moly's board has overseen Moly being suspended from ASX since 2014• Moly's directors have not been able to resolve ongoing legal claims against Moly since 2015²• Moly's board and management have no apparent project development or operational expertise• Moly only appears to have 'skeleton' staff led by an acting CEO |

¹ See section 1.2.

² Refer to Moly announcement 29 December 2015.

4. Attractive Value

Metro ✓	<ul style="list-style-type: none"> • Availability of all-cash alternative of \$0.60 for each Gulf Share providing certainty of return • Immediate and significant equity upside through a cash and scrip alternative of \$0.50 cash plus 1 Metro share for each Gulf Share • Gulf's own independent expert Grant Thornton has valued Metro's shares (post combination with Gulf) at \$0.20 per share³ • The consensus broker valuation for Metro's shares (pre any Metro and Gulf combination benefits) is \$0.23⁴ • Metro's Offer exceeds the most recent and highest price paid for Gulf Shares⁵
Moly ✗	<ul style="list-style-type: none"> • Moly is only offering \$0.46 plus 1.4 unlisted options in Moly, which are exercisable at \$0.16, for each Gulf Share • Once the exercise of options is taken into account, Moly is only offering net cash of less than \$0.24 for each Gulf Share • Value of the unlisted Moly Options is uncertain, given the exercise price is more than 130% higher than Moly's last share price and Moly is suspended from trading on ASX • Moly has no broker coverage and will remain controlled by Hanlong

5. Capable of Acceptance & Limited Conditionality

Metro ✓	<ul style="list-style-type: none"> • Metro's Offer is capable of immediate acceptance • Metro's Offer is only subject to Metro obtaining a 51% interest in Gulf • Upon Metro obtaining a 51% interest in Gulf, you will receive your consideration within 28 days
Moly ✗	<ul style="list-style-type: none"> • No formal offer has been made by Moly • Moly's proposed offer is highly conditional and requires approval from FIRB and ASX (among others), with some conditions appear very difficult to satisfy • Whether Moly can actually make an offer capable of acceptance is uncertain and reliant on factors outside Moly's control

³ Refer to page 72 of the Independent Expert's Report.

⁴ Based on Morgans report dated 14 July 2016 and Argonaut report 11 July 2016.

⁵ See section 1.3.

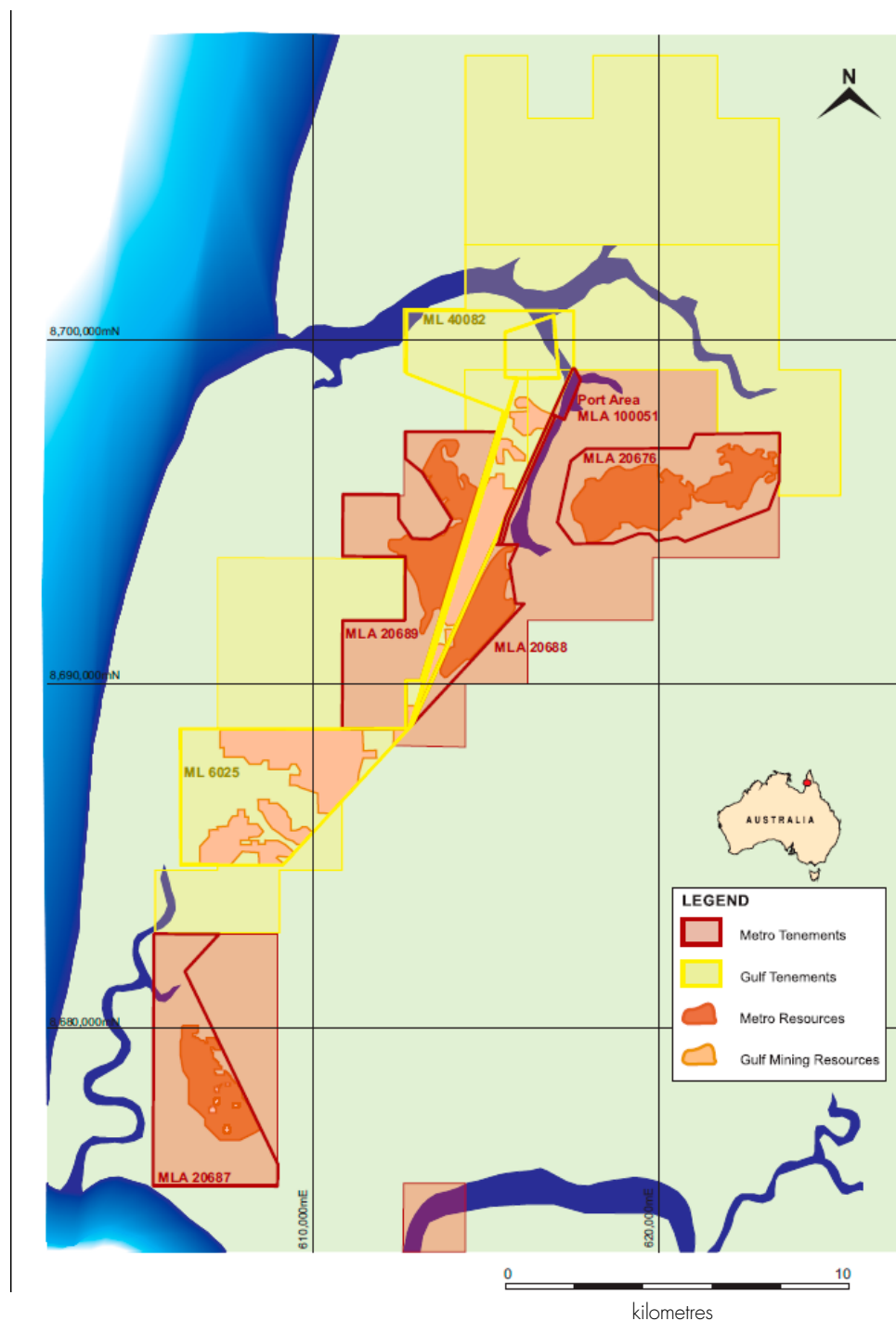
1.2 Logical Combination with Clear Benefits

The combination of Metro and Gulf has overwhelming commercial logic, given the adjacent, contiguous and complementary nature of both Metro and Gulf's projects.

The logic was confirmed by Gulf's own independent expert, Grant Thornton Corporate Finance Pty Ltd (**Grant Thornton**), who identified over \$200 million of synergies.⁶

Grant Thornton also identified that the combination of Metro and Gulf could deliver permitting, funding and other strategic benefits.⁷

Consolidated project ownership by Metro would also create a company with enhanced bauxite market relevance and enhanced investor appeal.



⁶ Refer to the Independent Expert's Report which appeared as Annexure A to Gulf's second supplementary target's statement (which is attached to Metro's ASX announcement dated 17 May 2016).

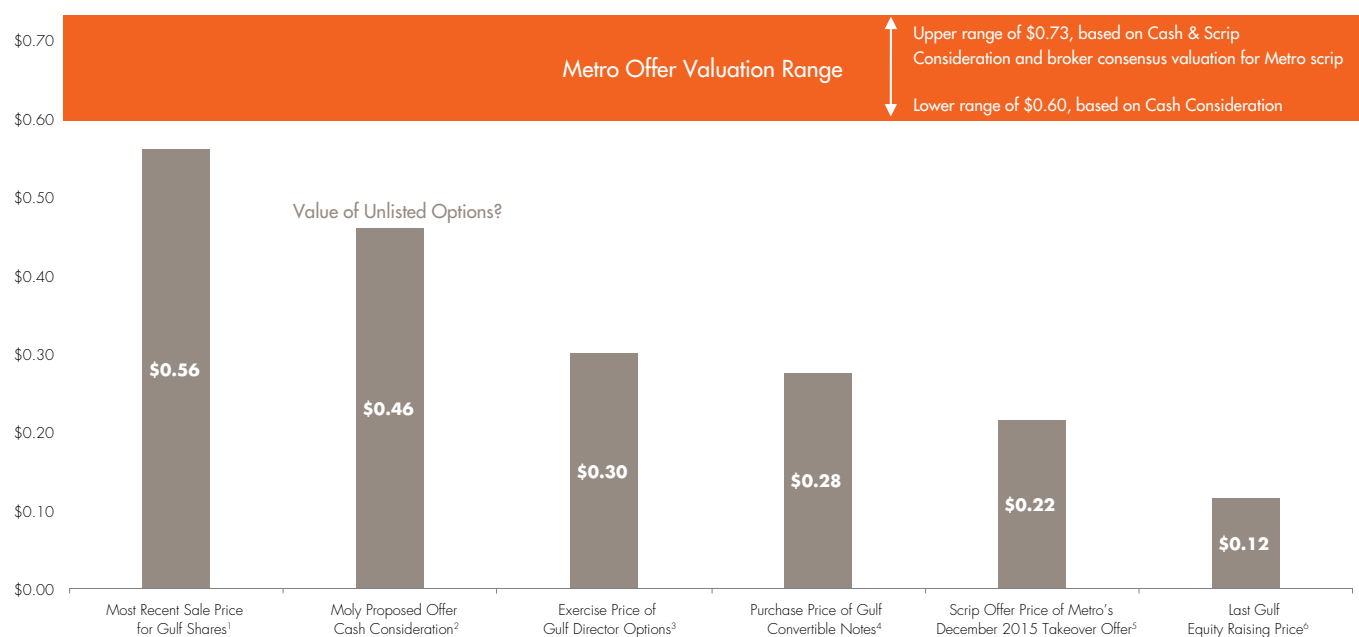
⁷ Refer to pages 11 and 42 of the Independent Expert's Report.

1.3 Attractive value is being offered by Metro

Metro's Offer exceeds the most recent and highest price paid for Gulf Shares, being the purchase of 15,844,013 Gulf Shares at \$0.56 per Gulf Share, equivalent to about 18% of Gulf's issued capital, by Metro in September and October 2016.

Metro's Offer also provides two attractive alternatives of Offer Consideration. The Cash Consideration provides you the opportunity to realise your investment in Gulf at an attractive price with complete certainty, while the Cash and Scrip Consideration provides you the opportunity to gain immediate equity upside, while still providing you a sizable and certain cash return for your Gulf investment.

The chart below highlights the attractive value Metro is offering you, relative to other prices paid or proposed to be paid for Gulf Shares.



In the Independent Expert's Report, Grant Thornton estimated the value of Gulf on a control basis to be between \$0.69 and \$0.89 per Gulf Share, including a 40% control premium. The value of Gulf on a minority basis was estimated to be between \$0.28 and \$0.35 per Gulf Share, which included a 60% discount to the control basis valuation after taking into account the minority interest of individual Gulf Shareholders and the illiquid nature of an investment given Gulf is an unlisted company. Refer to page 65 of the Independent Expert's Report for further details.

Notes:

1. Based on the purchase of 15,844,013 Gulf Shares (about 18% of Gulf's issued capital) by Metro in September and October 2016.
2. This value only includes the cash component of Moly's offer. The value of the Moly Options is uncertain and unknown, however you will need to pay \$0.16 per option (\$0.224 per 1.4 Moly Options) to exercise the Moly Options before you receive any Moly Shares. The exercise price of the options represents more than 130% premium to Moly's last share price of \$0.069 before it was suspended from trading on 22 April 2014.
3. Based on the exercise price of 3,240,000 Gulf Options held by Gulf's directors Weidong Zhang and William Wang exercised in the period from 3 February 2016 to 30 June 2016.
4. Based on combined face value (including transaction costs) of the purchase of the convertible note in Gulf as disclosed in Gulf's first supplementary target's statement dated 23 March 2016.
5. Based on Metro's off-market takeover offer for Gulf in December 2015 of 3.3 Metro shares for every one Gulf Shares the VWAP of Metro Shares in the five trading days before the date of Metro's Bidder's Statement of \$0.065 per Metro Share.
6. Based on equity raising and issuance of 12,819,426 Gulf Shares on 30 June 2011.

2 ABOUT THE OFFER

2.1 Key dates

The key dates in respect of the Offer are set out below:

Activity	Date
Date of this Offer	28 October 2016
Offer closes (end of Offer Period)	5 December 2016 [#]
Gulf Shareholders who have accepted the Offer receive Cash Consideration or Cash and Scrip Consideration (based on their election)	Within 28 days of the Minimum Acceptance Condition being satisfied (or waived)*
Expected date for quotation for Metro Shares issued as part of the Cash and Scrip Consideration	Around 4 January 2016*

[#]Metro reserves the right to extend the Offer.

*Gulf Shareholders who do not accept the Offer may still have their Gulf Shares acquired if Metro is entitled to give those Gulf Shareholders a Compulsory Acquisition Notice, in case the Offer Consideration will be provided no later than the times described in section 414 Corporations Act.

This timetable is indicative and subject to change. Subject to the Corporations Act, Metro reserves the right to change these dates. The Offer may be withdrawn by sending a withdrawal document to you, but not generally within one month of the date of the Offer.

2.2 Value considerations

Metro believes that the comparative values of Gulf on a per share basis as outlined in section 1.3 represent a range of potential valuation consideration for Gulf Shareholders.

2.3 If Metro receives acceptances for 90% of Gulf Shares not already held by Metro

If Metro receives acceptances from at least 75% of Gulf Shareholders by number (other than Metro) who hold at least 90% of Gulf Shares not held by Metro, Metro intends to issue a Compulsory Acquisition Notice to each remaining Gulf Shareholder giving notice that it wishes to acquire their Gulf Shares.

Following the issue of this notice, Metro intends to acquire the remaining Gulf Shares, in accordance with the process set out in section 414 of the Corporations Act.

2.4 Profile of Metro

Details of Metro and its project are set out in the Prospectus included with this Offer Booklet. You are encouraged to read this Prospectus in full before deciding whether to accept the Offer.

2.5 Updates regarding the Offer

Metro will advise Gulf Shareholders of any changes or new developments related to the Offer including, by way of example, the satisfaction or waiver of the Minimum Acceptance Condition, the extension of the Offer or any other variations relevant to Gulf Shareholders, by announcing the change or new development on ASX's company announcement's platform (ASX:MMI).

3 HOW TO ACCEPT THE OFFER

3.1 All of your holding

This Offer is for all or some of your Gulf Shares.

3.2 How to accept this Offer

To accept this Offer, please complete and sign the enclosed Acceptance Form in accordance with the instructions on that form and return it to Metro, along with any other documents, before the end of the Offer Period.

Please see section 4 of Schedule 1 for the full terms regarding how to accept this Offer.

3.3 Mailing and delivery addresses

You may hand deliver or post the Acceptance Form and any associated documents to:

BY HAND DELIVERY	BY POST
Metro Mining Limited (Gulf Alumina Limited Offer) Level 8 300 Adelaide Street Brisbane QLD 4000	Metro Mining Limited (Gulf Alumina Limited Offer) PO Box 10955 Adelaide Street Brisbane QLD 4000

A reply paid envelope (for use within Australia only) is enclosed for your convenience.

Alternatively you may scan and email a copy of the Acceptance Form and associated documents to:
swaddell@metromining.com.au

Please note that you may be required to provide Metro with the originals of any documents which you send by email if they are required to register the transfer. Please see the instructions on the Acceptance Form for more information.

Acceptances for the Offer must be received before the end of the Offer Period, which is 7.00pm (Sydney time) on 5 December 2016.

3.4 Acceptance Form

The Acceptance Form which accompanies this Offer Booklet forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer for your Gulf Shares.

3.5 When you will receive your consideration under the Offer

Should you accept the Offer, Metro will provide your preferred form of Offer Consideration within 28 days after the Minimum Acceptance Condition is satisfied (or waived).

Any cash consideration will be paid by cheque, payable to the registered holder of your Gulf Shares.¹ If you elect to receive the Cash and Scrip Consideration, your Metro Shares will be issued to the registered holder(s) of your Gulf Shares.

In the event that you accept the Offer but do not elect which form of consideration you would like to receive, you will be deemed to have made an election to receive the Cash and Scrip Consideration.

3.6 Enquiries

If you are in any doubt how to deal with this document, you should consult your Broker or your legal, financial or other professional adviser.

If you have any questions about the Offer or how to accept it, please call Metro's Company Secretary on +61 7 3009 8004 between 9.00am and 5.00pm (Brisbane time) Monday to Friday.

¹ If your Gulf Shares are held jointly, the cheque will be payable to the first named holder of your Gulf Shares.

4 PROFILE OF GULF

4.1 Disclaimer

The following information on Gulf has been prepared by Metro using publicly available information, and has not been independently verified. Accordingly, Metro does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Gulf in this Offer Booklet should not be considered comprehensive. Certain information and risks in relation to Gulf may exist in relation to which Metro is unaware. This is particularly the case as Gulf is an unlisted public company and is therefore subject to more limited continuous disclosure obligations than Metro.

4.2 Overview

Gulf is an unlisted Australian based company based in Sydney, New South Wales. It was established in 2004 to develop bauxite deposits for export to China's rapidly expanding alumina/aluminium industry.

Gulf's focus is its 100% owned Skardon River Project, located 90 kilometres north of Weipa, in the Western Cape York region of Queensland. The mining lease area, which is made up of mining leases (MLs) ML 6025, ML 40069 and ML 40082, covers a total of 3,925 hectares, including parts of the Skardon river. Gulf's MLs have lapsed and will require renewal.

Gulf also owns tenements in the Cape York region of Queensland and on Marchinbar Island, located off the northern tip of the Northern Territory.

4.3 Skardon River Project

Gulf's three MLs are currently subject to a renewal application process. In addition, its environmental impact statement (EIS) process is complete and the EIS report was issued by the Queensland Department of Environment and Heritage Protection (Department) in June 2016. The Department has issued draft condition for review prior to final approval of Gulf's Environmental Authority.

The EIS included a proposal for the mining of a bauxite ore body of 50 million tonnes (Mt), with an initial production rate of 3 Mt per annum rising to 5 Mt per annum subject to market conditions. The project operational life is expected to be 10 years.

Skardon River Project Resource and Reserves

The following tables provide a breakdown of the reserves and resource of Gulf's project, as disclosed in the Independent Expert's Report.

The reserve and resources in the Independent Expert's Report are based on the technical report prepared by Xtract Mining Consultants which is included as Appendix L to the Independent Expert's Report (Technical Report). It was noted in the Technical Report that the technical expert did not consider that Gulf's feasibility study which was completed in December 2015 has been completed to the standard of a definitive feasibility study, with numerous aspects remaining to be finalised (i.e. transshipment, capital and operating costs).²

Skardon River DSO Reserves					
Category	Mt	Al ₂ O ₃ %	AAI ₂ O ₃ %	SiO ₂ %	RSiO ₂ %
Proved	16.6	49.8	41.4	14.3	6.1
Probable	31.8	49.2	39.8	15	6.4
TOTAL	48.3	49.4	40.3	14.7	6.3

Notes

- The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades.
- AAI₂O₃ refers to Low Temperature Available Alumina.
- RSiO₂ refers to Reactive Silica.

² See page 29 of the Technical Report. The reserve and resource tables are set out on page 31 of the Independent Expert's Report.

Skardon River DSO Resources					
Category	Mt	Al ₂ O ₃ %	AAI ₂ O ₃ %	SiO ₂ %	RSiO ₂ %
Measured	16.6	50.2	41.7	13.9	5.9
Indicated	32.3	49.4	40.0	14.2	6.2
Inferred	14.6	49.4	39.8	14.3	6.1
TOTAL	63.5	49.6	40.4	14.3	6.1

Notes

- The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually the columns and rows in the above table may not show exact sums or weighted averages of the reported tonnes and grades.
- AAI₂O₃ refers to Low Temperature Available Alumina.
- RSiO₂ refers to Reactive Silica.
- Resource estimates were reported to have been provided at a range of cut-off grades at increments of 5% between 15% to 30% total SiO₂

Infrastructure

The tenements comprising the Skardon River Project include existing legacy infrastructure associated with past Kaolin mining activities and which will require substantial upgrading before Gulf will be able to commence mining activities.

4.4 Other tenements

Gulf also holds several bauxite exploration tenements. However, the majority of these tenements are either not granted or unable to be explored due to native title owner permission being withheld and/or the Northern Territory government imposing a moratorium on exploration.

Northern Cape York

Gulf has applied for four exploration tenements at Jackson River, Bamaga, Skardon Channel and Skardon River North. These tenements cover approximately 1,200 square kilometres but are yet to be granted.

Marchinbar Island

Gulf holds an exploration licence over 320 square kilometres on Marchinbar Island, located off the northern tip of the Northern Territory.

According to Gulf, historic drilling in the early 1950s indicates potential for a DSO bauxite resource subject to additional work being undertaken.

However, following discussions in 2007, Metro understands that the traditional owners did not give their consent for Gulf to undertake exploration. Furthermore the Northern Territory government then imposed a five year moratorium on exploration, which was extended for a further three years in 2012.

South Aurukun

Gulf holds two exploration tenements at Merapah in the South Aurukun zone, which comprise an area of 390 square kilometres proximate to the Aurukun tenements held by Glencore.

4.5 Directors

Weidong Zhang – Managing Director

Weidong Zhang obtained a PhD in Chemical and Materials Engineering from Auckland University in 1992 and has over 20 years of aluminium industry experience, including the technology and project development division of Comalco Limited (now part of the Rio Tinto Group) from 1992 to 1997. In 1998, Mr Zhang joined Sino Mining Limited in Sydney, specialising in resource project development targeting the demand of the Chinese market and the associated project financing and product marketing. From 2000, Mr Zhang was involved in the development, implementation and management of Sino Mining's US\$240 million investment project in Alcoa worldwide bauxite and alumina production facilities until 2008. Gulf engaged Mr Zhang in 2008. He was also a director of Lion Energy Limited, an ASX listed company, from 2009 to 2013.

William Cheng Wang – Non-Executive Director

William Wang majored in finance from The Chinese University of Hong Kong and has held senior management positions in several major Chinese state-owned companies for over 15 years. In his most recent position as a Deputy General Manager, Mr Wang oversaw an international commodities trading arm with group assets exceeding \$1.5 billion. Now domiciled in Australia, Mr Wang is active

with Australian investment and resource companies and is currently the director of Investment Banking of the AIMS Financial Group, and chairman of Diatreme Resources Limited, an ASX listed company. He has also held the position of Acting CEO for Katana Group Limited.

Jianbo Song – Non-Executive Director

Following the equity investment in January 2008 of Shandong Nanshan Aluminium Co. Ltd in Gulf, Mr Song was appointed as a director for Gulf.

Stephen Lonergan – Non-Executive Director

Mr Lonergan was appointed to the Gulf Board on 26 October 2015 as an independent director. Mr Lonergan was Company Secretary of KBL Mining Limited until 1 May 2014 and retired as executive director of KBL Mining Limited on 15 May 2014. Until its takeover in 2010, Mr Lonergan was the General Counsel and Company Secretary of CBH Resources Limited. He was also a director and Company Secretary of Paradigm Metals Limited until November 2012, and a director of Finder Resources Limited until August 2013. Mr Lonergan was also general counsel of Savage Resources and Pancontinental Mining and has been involved in the Australian and international mining industry for more than 30 years. He has been Company Secretary of Aeon Metals Limited since 28 September 2006.

4.6 Management

John Keppo – Accounting, Administration and Company Secretary

Mr Keppo was appointed Company Secretary on 12 September 2012. He has extensive experience in the banking and finance industry, with the last 14 years in a variety of roles with ASX listed companies operating in the mining and exploration sector. Mr Keppo has worked in areas of Australia, China and Papua New Guinea. In addition to Gulf's secretarial duties, Mr Keppo has been overseeing the accounting and administrative function within Gulf for the past six years.

George Gaal – Business and Commercial

Mr Gaal was engaged in September 2009 to provide advice and support to executive management, covering a range of pre-IPO activities involving commercial, general management and financial issues. Prior to this role, Mr Gaal was the CFO of ASX listed Minerals Corporation Limited that operated the kaolin business at Skardon River and also sponsored the float of China Century Capital Limited on ASX in 2007.

4.7 Gulf capital structure

Metro has made Offers to each Gulf Shareholder to acquire all of their Gulf Shares for the Offer Consideration. The Offer extends to any Gulf Shares which are issued during the Offer Period as a result of the exercise of Gulf Options.

As at the Offer Date, there are 88,869,175 Gulf Shares on issue. Furthermore, there are also currently 2,493,000 Gulf Options on issue, each with an exercise price of \$0.30.

If you are a holder of Gulf Options and you exercise those options and are issued Gulf Shares during the Offer Period, you can accept the Offer for the Gulf Shares received from the exercise of those options.

4.8 Gulf's royalty agreement

In May 2014, Gulf entered into a minerals royalty deed arranged by Royalty Stream Investments Pty Ltd whereby Gulf committed to pay a royalty on bauxite and other products produced and sold from designated Skardon River tenements.

The rights to the royalties are consideration for funding payments totalling \$5 million, which are comprised of an upfront payment of \$2.5 million (**First Payment**) as well as an additional milestone payment of \$1.5 million upon the execution of an off-take heads of agreement based on sale of the bauxite product with an agreed minimum annual volume (Second Payment).

The First Payment was paid in May 2014 with the Second Payment paid in December 2014.

4.9 Gulf dividend history

Gulf did not declare or propose dividends in the financial years ended 30 June 2016 and 30 June 2015.

4.10 Financial profile of Gulf

Consolidated Balance Sheet for Gulf

The following is a consolidated balance sheet for Gulf, which was extracted from Gulf's 2016 Financial Report:

		2016 \$	2015 \$
ASSETS	Current Assets		
	Cash assets	317,650	1,360,594
	Receivables	90,117	67,267
	Prepayments	39,306	35,521
	Total current assets	447,073	1,463,382
	Non-current assets		
	Tenement and other security deposits	757,700	742,700
	Plant and equipment	187,030	190,013
	Deferred exploration and project expenditure	11,567,209	9,654,069
	Total non-current assets	12,511,939	10,586,782
	Total assets	12,959,012	12,050,164
LIABILITIES	Current Liabilities		
	Payables	656,033	377,483
	Convertible note	-	1,800,000
	Accrued interest – convertible note	364,833	472,241
	Total current liabilities	1,020,866	2,649,724
	Total non-current liabilities	-	-
	Total liabilities	1,020,866	2,649,724
	Net Assets	11,938,146	9,400,440
EQUITY	Issued Capital	10,342,766	7,084,914
	Accumulated profits (losses)	1,100,984	1,821,130
	Reserves	494,396	494,396
	Total Equity	11,938,146	9,400,440

4.11 Important note on sources of information

Metro has relied on the information in Gulf's 2016 Financial Report to prepare the financial information for Gulf contained in this Offer Booklet.

Metro has also relied on information disclosed during Metro's takeover bid for Gulf in the first quarter of 2016, as well as information on Gulf's website (www.gulfalumina.com.au) and in other public documents lodged with ASIC. In addition, Metro has also relied upon a letter from Gulf addressed to Gulf Shareholders, dated 27 July 2015.

Metro does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

4.12 Further information

Further information about Gulf can be found on Gulf's website: www.gulfalumina.com.au.

5 ADDITIONAL INFORMATION

5.1 Profile of the Merged Group

The profile of the Merged Group will vary depending on the outcome of the Offer. Unless otherwise indicated, the description 'Merged Group' assumes that Gulf is a wholly-owned subsidiary of Metro. If Metro does not acquire 100% of Gulf Shares, some of the benefits that would otherwise accrue to Metro if Gulf were to become a wholly-owned subsidiary of Metro may not be fully realised.

Should Metro not obtain sufficient acceptances of the Offer to acquire 100% of Gulf, but achieves the Minimum Acceptance Condition, Metro intends to exercise its voting rights as a Gulf Shareholder to procure the combination of the two companies' bauxite projects in the Skardon River.

There are significant risks associated with Metro's intentions for Gulf. Should you intend to accept the Offer, please read the section titled 'Risk factors' in the Prospectus before making any election to receive the Cash and Scrip Consideration.

5.2 Offer Consideration

The price for the acquisition of Gulf Shares under the Offer is to be satisfied by the payment of cash and the issue of Metro Shares. The Offer Price is either:

- (a) \$0.60 cash (**Cash Consideration**); or
- (b) \$0.50 cash and one Metro Share (**Cash and Scrip Consideration**),
for each Gulf Share that you own.

The relative amounts of cash to be paid and Metro Shares to be issued will depend on the number of Gulf Shares that Metro acquires under the Offer and the composition of elections for Cash Consideration and Cash and Scrip Consideration.

The calculations in this section on the maximum consideration to be paid by Metro assume that, as a result of the Offer, Metro acquires all Gulf Shares on issue as at the Offer Date (other than those held by Metro) and each Gulf Shareholder elects to receive the Cash and Scrip Consideration.

5.3 Loan facility

In conjunction with its Offer, Metro has also made an offer to Gulf to provide it with an unsecured loan facility for \$1.9 million on similar, or substantially similar, terms to the loan facility provided by Moly. The facility will be made available to Gulf upon satisfaction of the Minimum Acceptance Condition.

5.4 Maximum number of Metro Shares

The maximum number of Metro Shares which are required to be issued under the Offer if acceptances are received for all the Gulf Shares on issue as at the Offer Date is approximately 53,956,322 (assuming all Gulf shareholders accepted the Cash and Scrip Consideration and excluding rounding adjustments).³

If all Gulf Option holders convert their Gulf Options into Gulf Shares before the end of the Offer Period and accept the Offer, an additional 2,493,000 Metro Shares would be required to be issued, on the same basis.

Metro has sufficient placement capacity under Listing Rule 7.1 (which prohibits issues exceeding 15 percent of a company's share capital in any 12 month period) to issue the maximum number of Metro Shares that may need to be issued under the Offer.

5.5 Maximum Cash Consideration

If all Gulf Shareholders (other than Metro) accept the Offer and elect to receive the Cash Consideration, the total Cash Consideration payable by Metro would be approximately \$33,869,593.

5.6 Sources of Cash Consideration

Metro currently has cash reserves of approximately \$9.2 million as at 30 September 2016. In addition, Metro has entered into a bridging loan agreement with key strategic shareholder Greenstone, to fund the Cash Consideration payable by Metro under the Offer, as well the repayment of the loan facility provided by Moly (if required). The arrangement with Greenstone is summarised in the Prospectus.

³ Based on the number of Gulf Shares which Metro does not have a relevant interest in as at the Offer Date.

5.7 Foreign Shareholders

If you are a Foreign Shareholder and you elect to receive the Cash and Scrip Consideration, unless Metro otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue you with Metro Shares on acceptance of the Offer; and
- (b) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand,

you will not be entitled to receive Metro Shares as consideration for your Gulf Shares. Instead, you will be deemed to have made an election to receive the Cash Consideration.

5.8 Taxation consequences

There may be tax implications associated with accepting the Offer, including capital gains tax implications. The following summary is not intended to be an authoritative or complete statement of the tax law applicable to the specific circumstances of every Gulf Shareholder.

In particular the summary is only applicable to Gulf Shareholders that are Australian residents for income tax purposes, hold post CGT shares, and hold their Gulf Shares on capital account for income tax purposes. This summary does not apply to Gulf Shareholders that hold their Gulf Shares in the course of a business of trading or dealing in securities. This summary does not apply to Gulf Shareholders who acquired their Gulf Shares as part of an employee share scheme operated by Gulf. This summary does not apply to Gulf Shareholders that are subject to the taxation of financial arrangements regime.

A Gulf Shareholder that accepts the Offer and whose Gulf Shares are subsequently transferred to Metro, is taken to have disposed of their Gulf Shares for Australian capital gains tax (CGT) purposes. Shareholders make a capital gain equal to the amount by which the Offer consideration exceeds the cost base that the Gulf Shareholder has for the Gulf Shares. Subject to the availability of the CGT discount (see below) and any losses available to be offset against the capital gain, this amount is included in the Gulf Shareholder's taxable income.

A Gulf Shareholder will alternatively make a capital loss equal to the amount by which the reduced cost base of the Gulf Shares exceeds the Offer consideration. A capital loss may be used to offset a capital gain made in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests applicable to companies and trusts.

CGT discount

Any Gulf Shareholder who is an individual, the trustee of a trust or a complying superannuation entity may be entitled to claim the CGT discount in calculating any capital gain provided that:

- (a) the Gulf Shares were acquired at least 12 months before disposal to Metro;
- (b) the Gulf Shareholder did not choose to index the cost base of their Gulf Shares; and
- (c) the CGT discount is applied to the capital gain after any available capital losses are first offset against that capital gain.

The CGT discount allows a Gulf Shareholder who is an individual or the trustee of a trust to discount the capital gain by 50 percent and include 50 percent of the capital gain in the taxable income of that individual or trust.

A Gulf Shareholder that is a complying superannuation entity may discount the capital gain by 33⅓ percent and include 66⅔ percent of the capital gain in the taxable income of that complying superannuation entity.

Where Gulf Options are exercised and the Gulf Shares issue on exercise are acquired under the Offer, the Gulf Shareholder will not be entitled to the CGT discount for the disposal of these Gulf Shares in accordance with the Offer as they have not been held for 12 months prior to disposal.

The CGT discount is not available to a Gulf Shareholder that is a company.

CGT rollover

Where Metro acquires 80% of the Shares in Gulf, a Gulf Shareholder may be eligible to claim partial CGT rollover relief to apply to their disposal of Gulf Shares under the scrip for scrip rules so that any CGT payable on the disposal is deferred. There is no rollover in respect of the Cash Consideration. CGT Rollover relief will only apply, if at all, in respect of the Cash and Scrip Consideration. There is no rollover relief where a capital loss is realised on the transaction. Whether the rollover is available depends on the individual circumstances of each Shareholder as well as the satisfaction of a number of criteria.

If the Metro Offer becomes unconditional and Metro does not receive acceptances such that it obtains a relevant interest in at least 80% of all Gulf Shares and acquires those Gulf Shares, the rollover relief will not be available.

In certain circumstances, it may be necessary for Metro to make a joint election with Gulf Shareholders in order for CGT rollover relief to apply. To the extent a joint election is necessary for rollover relief to apply then, at the request of the Gulf Shareholder and provided the Gulf Shareholder has informed Metro in writing of the cost base of their Gulf Shares, Metro will make the joint election.

Also, Metro will not make any choice or election under the CGT rollover provisions to prevent Gulf Shareholders from obtaining CGT rollover relief.

All Gulf shareholders are advised to seek independent professional advice about their particular circumstances and non-resident Gulf shareholders should seek their own advice on the Australian and foreign taxation consequences of any sale of their Gulf shares.

5.9 Stamp duty

Gulf shareholders who dispose of their Gulf Shares and acquire Metro Shares will not incur any Australian stamp duty under the Offer. Metro will pay any transfer or landholder duty in connection with the Offer.

Gulf will be deemed a 'landholder' for Queensland landholder duty purposes.

As Metro proposes to acquire an interest of 50% or more in Gulf, the acquisition will be subject to landholder duty in Queensland.

Landholder duty is calculated at full transfer duty rates of up to 5.75% multiplied by the unencumbered value of the landholdings of Gulf.

Metro estimates that the landholder duty payable by it will be between \$1.5 million and \$3 million, depending on the level of acceptances under the Offer.

5.10 Goods and Services Tax

The disposal of Gulf Shares and the acquisition of Metro Shares under the Offer will not be subject to GST. However, where a Gulf shareholder is registered for GST, it may not be entitled to claim input tax credits on costs associated with this transaction.

5.11 Risks associated with holding Metro Shares

Before deciding whether to accept the Offer, you should read this entire Offer Booklet carefully.

Gulf Shareholders who elect to receive the Cash and Scrip Consideration will receive Metro Shares as consideration under the Offer. The value of Metro Shares will depend on the future performance of Metro and the market price of Metro Shares from time to time. The future performance of Metro may be influenced by factors associated with investing in both the exploration and mining industry and listed securities generally which are beyond the control of Metro.

Gulf Shareholders who wish to receive the Cash and Scrip Consideration should read the Prospectus included with this Offer Booklet in its entirety and, in particular, the section titled 'Risk factors', in order to understand the key risks that may affect the performance of the Merged Group and the value of Metro Shares issued as Offer Consideration.

5.12 Risks associated with giving up your Gulf Shares

There are potential risks associated with giving up your Gulf Shares. These risks are associated with the lost opportunity to remain a Gulf Shareholder and share in any potential upside of Gulf as a stand-alone company. This includes the potential to accept a competing proposal.


Before deciding to accept the Offer, you should weigh up the risks of accepting the Offer (including, if you intend to make an election to receive the Cash and Scrip Consideration, the risks associated with holding Metro Shares as set out in the section titled 'Risk factors' in the Prospectus) against the risks of remaining a Gulf Shareholder.

6 DEFINITIONS AND INTERPRETATION

6.1 Definitions

In this Offer Booklet:

Term	Definition
2016 Financial Report	means the audited financial statements lodged by Gulf for the year ended 30 June 2016.
Acceptance Form	means the form of acceptance and transfer accompanying this Offer Booklet.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Bauxite Hills Project	means Metro's bauxite project near Skardon River, as described in the Prospectus.
Business Day	means a business day as defined in the Listing Rules.
Cash and Scrip Consideration	means \$0.50 cash and one Metro Share for each Gulf Share.
Cash Consideration	means \$0.60 cash for each Gulf Share.
Compulsory Acquisition Notice	means a notice given to Metro under section 414(2) Corporations Act to those Gulf Shareholders (other than Metro) who have not accepted the Offer, to the effect that Metro intends to acquire the Gulf Shares held by them.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of Metro.
Foreign Shareholder	means a Gulf Shareholder whose address on the Gulf share register is in a jurisdiction other than Australia or its external territories or New Zealand.
Greenstone	means Greenstone Resources II LP and, where the context requires, any or all of its related bodies corporate.
Gulf	means the Gulf Alumina Limited ACN 108 086 371.
Gulf Board	means the board of directors of Gulf.
Gulf Directors	means the current directors of Gulf.
Gulf Options	means options over unissued Gulf Shares.
Gulf Shareholder	means a registered holder of Gulf Shares.
Gulf Shares	means fully paid ordinary shares in the capital of Gulf.
Independent Expert's Report	has the meaning given to that term in section 1.2.
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable to a company while it is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Metro	means Metro Mining Limited ACN 117 763 443.
Metro Share	means a fully paid ordinary share in the capital of Metro.
Merged Group	means Metro and each of its Subsidiaries (including Gulf) which will exist should Metro gain a relevant interest in 100% of Gulf's Shares.
Minimum Acceptance Condition	means Metro having a relevant interest in more than 51% of Gulf Shares at or before the end of the Offer Period.
Moly	means Moly Mines Limited ACN 103 295 521.
Moly's Offer	means the offer by Moly for all Gulf Shares for \$0.46 cash plus 1.4 Moly Options.
Moly Option	means an option for a Moly Share to be issued to Gulf Shareholders as part of the consideration of Moly's Offer.



Term	Definition
Moly Share	means a fully paid ordinary share in Moly.
Offer or Offers	means the offer by Metro on the Offer Terms to acquire your Gulf Shares and, where the context requires, each offer the each other Gulf Shareholder on the same terms.
Offer Booklet	means this offer booklet.
Offer Consideration	means the consideration under the Offer, being either the Cash Consideration or the Cash and Scrip Consideration.
Offer Date	means 28 October 2016.
Offer Period	means the period commencing on the Offer Date and ending at 7.00pm (Sydney time) on 5 December 2016.
Offer Terms	means the terms of the Offer set out in Schedule 1 to this Offer Booklet.
Prospectus	means the prospectus included with this Offer Booklet for the issue of Metro Shares as part of the Cash and Scrip Consideration.
Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from Gulf Shares directly or indirectly after the date of the Offer, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Gulf or any of its Subsidiaries.
Share	means a fully paid ordinary share in the capital of a company.
Skardon River Project	means the bauxite development project being undertaken by Gulf, as described in section 4.3.
Subsidiaries	has the meaning given to that term by section 9 Corporations Act.

6.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (a) headings are for convenience and do not affect the interpretation;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Offer Booklet;
- (c) a reference to a section is a reference to a section of this Offer Booklet;
- (d) a singular word includes the plural and vice versa;
- (e) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a corporation, trust, partnership, unincorporated body, government and local authority or agency, or other entity whether or not it comprises a separate legal entity;
- (g) a reference to legislation or to a provision of legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
- (h) a reference to '\$' or 'dollar' is to Australian currency;

SCHEDULE 1

Terms of the Offer

1 Offer

- 1.1 The Offer is made to all Gulf Shareholders on the Offer Date and any person who becomes a Gulf Shareholder during the Offer Period as a result of the exercise of Gulf Options granted on or before the Offer Date.
- 1.2 Metro offers to acquire all or some of your Gulf Shares together with all the Rights attaching to them on the terms set out in this Schedule 1.
- 1.3 The Offer extends to Gulf Shares that are issued during the Offer Period as a result of the exercise of Gulf Options granted on or before the Offer Date.
- 1.4 By accepting this Offer, you undertake to transfer to Metro not only your Gulf Shares, but also all of the Rights attached to your Gulf Shares.
- 1.5 This Offer is dated 28 October 2016.

2 Offer Consideration

- 2.1 The Offer Consideration for your Gulf Shares is either:
 - (a) \$0.60 cash (**Cash Consideration**); or
 - (b) \$0.50 cash and one Metro Share (**Cash and Scrip Consideration**),for each Gulf Share that you own.
- 2.2 You may make an election as to which form of Offer Consideration you wish to receive in respect of your Gulf Shares, by following the instructions on the Acceptance Form.

You may only receive one type of Offer Consideration

- 2.3 You may only elect to receive one type of Offer Consideration in respect of your Gulf Shares, unless you hold two or more parcels of Gulf Shares as nominee or trustee for, or otherwise on account of, another person, in which case you may separate elections in relation to each of those parcels of Gulf Shares by duly completing and lodging separate Acceptance Forms in respect of the separate parcels.

Default Offer Consideration

- 2.4 If you do not make an election in accordance with the instructions on the Acceptance Form, you will be deemed to have elected to receive to receive the Cash and Scrip Consideration in respect of all of your Gulf Shares.

3 Offer Period

The Offer will remain open for acceptance from the Offer Date until 7.00pm (Sydney time) on 5 December 2016, unless it is withdrawn or extended.

4 How to accept this Offer

All of your holding

- 4.1 This Offer is for all or some of your Gulf Shares.
- 4.2 To accept this Offer you must complete, sign and return the accompanying Acceptance Form in accordance with the instructions on it and deliver it or send it by post or email so that it is received by Metro before the end of the Offer Period.
- 4.3 If you want to accept the Offer for part of your Gulf Shares only, the number of Gulf Shares that you accept in respect of must be clearly identified on the Acceptance Form.

Mailing and delivery addresses

- 4.4 The mailing and delivery addresses for completed Acceptance Forms are as follows.

The mailing address is:
Metro Mining Limited
(Gulf Alumina Limited Offer)
PO Box 10955
Adelaide Street
Brisbane QLD 4000



Alternatively you may deliver the Acceptance Form and any associated documents to:

Metro Mining Limited
(Gulf Alumina Limited Offer)
Level 8
300 Adelaide Street
Brisbane QLD 4000

or by email to:

swaddell@metromining.com.au

4.5 A reply paid envelope (not able to be used by Gulf Shareholders outside Australia) is enclosed for your convenience.

Acceptance Form

4.6 The Acceptance Form which accompanies this Offer forms part of it. The requirements on the Acceptance Form must be observed in accepting this Offer. In particular, the Acceptance Form requires that you give Metro original copies of any Gulf share certificates that you hold or, if you do not hold original share certificates, make certain representations about them.

Power of attorney, deceased estate

4.7 When accepting this Offer, you must also forward for inspection:

- (a) if the Acceptance Form is signed by an attorney, the power of attorney; and
- (b) if the Acceptance Form is signed by the executor of a will or the administrator of the estate of a deceased Gulf Shareholder, the relevant grant of probate or letters of administration.

When acceptance is complete

4.8 Acceptance of this Offer will not be complete until the completed Acceptance Form has been received in accordance with section 4.4, you have given Metro any document it requires to give effect to the transfer to Metro of legal and beneficial ownership of your Gulf Shares and the requirements of the Offer have been met, provided that:

- (a) Metro may in its sole discretion waive any or all of those requirements at any time; and
- (b) where those requirements have been complied with for some but not all of your Gulf Shares, Metro may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Gulf Shares for which the requirements have been complied with but not in respect of the remainder.

4.9 If your Acceptance Form is returned by post it will be taken as received before the end of the Offer Period if the envelope in which it is sent is postmarked before the end of the Offer Period.

5 Payment (issue) of Offer Consideration

When consideration is paid (issued)

5.1 Subject to sections 5.2 and 5.4 of this Schedule 1, if you accept the Offer you will be paid or issued (or both) as the case requires, Offer Consideration no later than 28 days after the later of:

- (a) the Minimum Acceptance Condition is satisfied or waived; and
- (b) your acceptance of the Offer.

Dissenting Gulf Shareholders

5.2 If you are a dissenting shareholder for the purposes of section 414 Corporations Act and your Gulf Shares are acquired by Metro under that section, you will receive your Offer Consideration in accordance with the process and timeframes required of that section.

Payments to Foreign Shareholders

5.3 If you accept the Offer and you are a Foreign Shareholder and Metro does not make a determination under section 5.8, you will be deemed to have made an election to receive the Cash Consideration.

The Cash Consideration will be paid in Australian currency and will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form. Under no circumstances will interest be paid on the cash component of your consideration.

Where additional documents are required

- 5.4 Where the Acceptance Form requires additional documents to be given with your acceptance (such as a power of attorney), if the documents are given:
- (a) with your acceptance, Metro will provide the consideration in accordance with section 5.1;
 - (b) after acceptance and the Offer is not subject to the Minimum Acceptance Condition at the time that Metro is given the documents, Metro will provide the Offer Consideration no later than 28 days after the documents are given.
- 5.5 If you do not give Metro the required additional documents within one month after the end of the Offer Period, Metro may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

Where Metro is entitled to any Rights

- 5.6 If Metro becomes entitled to any Rights on acceptance of this Offer, you must give Metro all documents that Metro needs to give Metro title to those Rights. If you do not give those documents to Metro, or if you have received the benefit of those Rights, Metro will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Metro) of those Rights.

Payment to be mailed by cheque

- 5.7 Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as agreed by Metro) in Australian currency. Cheques will be sent to the address on the Acceptance Form by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

Clearances for offshore residents

- 5.8 If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cth) or otherwise), or of the Australian Taxation Office, have been obtained.

6 Condition of the Offer

Condition

- 6.1 This Offer and the contract that results from acceptance of this Offer are subject to the Minimum Acceptance Condition being satisfied.

Nature of condition

- 6.2 The Minimum Acceptance Condition:
- (a) is a condition subsequent; and
 - (b) until the expiration of the Offer Period will be for the benefit of Metro alone and may be relied upon only by Metro.

Effect of breach or non-fulfilment

- 6.3 The non-fulfilment of the Minimum Acceptance Condition does not prevent a contract arising to acquire your Gulf Shares resulting from your acceptance of this Offer. If, at the end of the Offer Period, all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In that case, Metro will return the Acceptance Form together with all documents to the address shown in the Acceptance Form.

Metro may waive the Minimum Acceptance Condition

- 6.4 Metro may waive the Minimum Acceptance Condition at any time.

Effect of acceptance

- 6.5 Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you, unless, by the end of the Offer Period, the Minimum Acceptance Condition has not been satisfied (or, if applicable, waived) in which case, this Offer will automatically terminate.
- 6.6 By signing and returning the Acceptance Form, you will be deemed to have:
- (a) irrevocably accepted this Offer (and each variation of this Offer) in respect of all your Gulf Shares (or that number which you identified in the Acceptance Form) despite any difference between that number and the number of Gulf Shares shown in the Acceptance Form;
 - (b) irrevocably authorised Metro to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your Gulf Shares;
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Gulf Shares to Metro;

- (c) represented and warranted to Metro, as a condition of the contract resulting from your acceptance of the Offer, that at the time of acceptance and at the time of transfer to Metro:
 - (i) you have paid to Gulf all amounts which are due for payment for your Gulf Shares;
 - (ii) all of your Gulf Shares are fully paid and free from all mortgages, charges, liens and other encumbrances of any nature; and
 - (iii) you have full power and capacity to sell and transfer those Gulf Shares;
- (d) granted to Metro and each of its Directors power of attorney to sign any document or do any thing on your behalf necessary to cause Gulf to issue a replacement share certificate for those Gulf Shares;
- (e) agreed to:
 - (i) do anything necessary to ratify any act taken or purported to be taken by Metro or any of its Directors under the power of attorney granted by section 6.6(d); and
 - (ii) indemnify Metro and each of its Directors in respect of that act;
- (f) from the time of acceptance until the earlier of:
 - (i) the transfer of all of your Gulf Shares is registered by Gulf; or
 - (ii) the Offer is terminated,
 irrevocably appointed Metro or any nominee of Metro as your attorney to exercise all your powers and rights attaching to your Gulf Shares including (without limitation) to:
 - (iii) to requisition, convene, attend and vote at all general meetings of Gulf or appoint a proxy or proxies to attend and vote on your behalf at that meeting; and
 - (iv) sign all documents and resolutions relating to your Gulf Shares, and generally to exercise all powers and rights which you may have as a Gulf Shareholder and perform actions as may be appropriate to vest good title in your Gulf Shares in Metro;
- (g) agreed that in exercising the powers conferred by the power of attorney in section 6.6(f), Metro is entitled to act in the interests of Metro;
- (h) agreed not to attend or vote in person at any general meeting of Gulf or to exercise or purport to exercise any of the powers conferred on Metro or its nominee in section 6.6(f); and
- (i) if you have elected to receive the Cash and Scrip Consideration, agreed to accept the Metro Shares, to which you have become entitled by acceptance of this Offer, subject to the constitution of Metro and have authorised Metro to place your name on the register of members for those Metro Shares.

Withdrawal

- 6.7 Metro may withdraw unaccepted Offers at any time, subject to Metro's compliance with laws, including the conditions of any regulatory relief that Metro may obtain in connection with the Offer.

Variation

- 6.8 Metro may vary unaccepted and accepted Offers at any time, subject to Metro's compliance with laws, including the conditions of any regulatory relief that Metro may obtain in connection with the Offer and, in respect of accepted Offers, subject to Metro being satisfied that the variation is not materially adverse for any person who has accepted an Offer.

7 Acceptances by transferees and nominees

Who may accept the Offer

- 7.1 During the Offer Period the board of Metro may determine that:
- (a) any person who is able to give good title to a parcel of Gulf Shares may accept (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to that person; and
 - (b) any person who holds one or more parcels of Gulf Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

Holding shares

- 7.2 A person is taken to hold Gulf Shares if the person is, or is entitled to be registered as, the holder of those Gulf Shares.

Holding shares on trust or as a nominee

- 7.3 A person is taken to hold Gulf Shares on trust for, as nominee for, or on account of, another person if that person:
- (a) is entitled to be registered as the holder of Gulf Shares; and
 - (b) holds the interest in the Gulf Shares on trust for, as nominee for, or on account of, that other person.

Effective acceptance

- 7.4 An acceptance of an Offer under section 7.1(b) is ineffective unless:
- (a) the person who holds on account of another person, gives that other person written notice stating that the Gulf Shares consist of a separate parcel; and
 - (b) the acceptance specifies the number of Gulf Shares in that parcel.

Notice of acceptance

- 7.5 A notice under section 7.4(a) must be made in writing.
- 7.6 Notwithstanding section 7.3, a person may, at the one time, accept for two or more parcels under section 7.6 as if there had been a single offer for a separate parcel consisting of those parcels.

8 Other matters

Notices and other communications

- 8.1 Subject to the Corporations Act, a notice or other communication given by Metro to you in connection with this Offer is deemed to be duly given if it is in writing and:
- (a) is delivered at your address as recorded on the register of members of Gulf or the address shown in the Acceptance Form;
 - (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia, by pre-paid airmail, to you at either of those addresses; or
 - (c) if you have an electronic address recorded on the register of members for Gulf, sent to you at that electronic address.

Return of documents

- 8.2 If:
- (a) this Offer is withdrawn after your Acceptance Form has been sent to Metro, but before it has been received; or
 - (b) for any other reason Metro does not acquire the Gulf Shares to which your Acceptance Form relates,
- Metro will return at your risk your Acceptance Form together with all other documents forwarded by you.

9 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Offers and all stamp duty payable for a transfer of Gulf Shares for which Offers are accepted, will be paid by Metro.

10 Official quotation of Metro Shares

10.2 The Metro Shares offered by Metro as consideration under the Offer will rank equally with Metro Shares on issue at the Offer Date.

10.2 Metro will apply to ASX for the granting of official quotation of the Metro Shares to be issued as consideration under the Offer promptly after their issue. However, official quotation will be not granted automatically on application. While Metro will take all reasonable steps to procure the quotation of the Metro Shares to be issued as consideration under the Offer, Metro disclaims any liability in connection with any delay in procuring, or inability to procure, the quotation of such shares.

11 Governing law and jurisdiction

This Offer and any contract resulting from your acceptance of the Offer are governed by the laws of Queensland.

By accepting the Offer, you irrevocably submit to the non-exclusive jurisdiction of Queensland courts and courts competent to hear appeals from those courts.

ANNEXURE A



Prospectus

Prospectus

Metro Mining Limited ACN 117 763 443

For the issue of New Metro Shares
to Gulf Shareholders under the Offer

Last date for acceptance of the Offer: 7.00pm (Sydney time) on 5 December 2016

This is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

FINANCIAL ADVISER

Argonaut Capital Limited



LEGAL ADVISER

McCullough Robertson Lawyers



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IMPORTANT NOTICES

General

This Prospectus is dated 28 October 2016. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of any investment to which this Prospectus relates. No Metro Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person may give any information or make a representation about the Offer, which is not in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to become a shareholder Metro. Read this document in its entirety. Examine the assumptions underlying the forward looking statements and the risk factors that could affect the financial position or performance of Metro. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before making a decision in relation to the Offer. The Offer does not take into account the investment objectives, financial situation or needs of particular investors.

No offering where offering would be illegal

The Offer is available to Australian residents in each state and territory of Australia. The Offer is not extended to any investor outside Australia, other than to foreign investors who the Board determines are eligible to participate (having regard to the nature of any compliance obligations that Metro would be required to satisfy in the relevant jurisdiction). The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This Prospectus is not an offer in any place where, or to any person to whom, it would not be lawful to make the Offer.

In particular, this Prospectus may not be distributed into the United States. The Shares have not been registered under the US Securities Act of 1993 (as amended) and will not be offered or sold in the United States.

Defined terms

Some terms used in this Prospectus are defined in the Glossary.

Electronic prospectus

This Prospectus is available electronically at www.metromining.com.au/investor-media-centre/announcements. The Application Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety. Obtain a paper copy of the Prospectus (free of charge) by calling Metro's company secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time). Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from www.metromining.com.au/investor-media-centre/announcements.

Privacy

Metro, its share registry and its advisers may collect, hold and use personal information received from you to communicate and provide services to you, including the provision of the Metro Shares. Metro may disclose information to its agents, service providers (such as the share registry) and government bodies. The Company's privacy policy sets out how you may access, correct and update the personal information that Metro holds about you (by contacting the share registry), how you can complain about privacy related matters and how Metro responds to complaints.

Currency

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

Photographs and diagrams

Photographs used in this Prospectus without descriptions are only for illustration. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

Letter from the Chairman

28 October 2016

Dear Gulf Shareholder

Opportunity to invest in Metro Mining Limited

On behalf of Metro Mining Limited (**Metro**), I am pleased to offer you an opportunity to invest in Metro through participation in this offer of New Metro Shares in exchange for your shares in Gulf Alumina Limited (**Gulf**).

Metro is an ASX-listed Brisbane-based company with a proven board and management team, which has rapidly advanced its Bauxite Hills bauxite project near Skardon River (**Bauxite Hills Project**) since gaining 100% ownership of the project in November 2014.

In the past year, Metro has completed a definitive feasibility study (**DFS**), secured a binding off-take agreement with Xinfu Group, one of the largest integrated aluminium producers in China, raised equity capital, secured native title and land access agreements with traditional owners of the project area and submitted its environmental impact statement for a five Mtpa bauxite mine at its Bauxite Hills Project.

Metro, in the last year, has also become Gulf's largest shareholder with a current relevant interest in approximately 39.3% of Gulf Shares. As you are probably aware, Metro's Bauxite Hills Project adjoins Gulf's Skardon River Project.

On 25 October 2016, Metro announced its intention to make an offer to all Gulf shareholders (other than Metro) (**Gulf Offer**), pursuant to which Metro would offer Gulf shareholders either:

- (a) cash of \$0.60 for each Gulf Shares you own (**Cash Consideration**); or
- (b) a cash and share alternative of \$0.50 cash plus a New Metro Share for each Gulf share you own (**Cash and Scrip Consideration**).

The Cash and Scrip Consideration represents implied consideration of \$0.62.¹

The Offer is conditional upon Metro's relevant interest in Gulf Shares exceeding 51% on or before the Closing Date. The Offer is made in respect of all Gulf Shares on issue (other than those in which Metro currently has a relevant interest in), including those which are issued as a result of the exercise of Gulf Options on issue at the date of the announcement of the Offer.

Acceptance of the Offer (and election to receive the Cash and Scrip Consideration) will enable you to participate in the significant potential synergies, through combining the two projects, whilst enabling you to realise a sizeable portion of your investment in Gulf for cash. In addition, a combination of Metro and Gulf is expected to lead to a market re-rating which you will benefit from your continued share ownership.

¹ Based on the closing price of Metro Shares of \$0.12 on 28 October 2016, being the Offer Date.

This prospectus is only relevant to Gulf Shareholders accepting the Offer who elect to receive the Cash and Scrip Consideration, and includes information about Metro and the Merged Group which may arise should Metro gain control of Gulf.

I encourage you to read this Prospectus, together with the Offer Booklet for more details about the Offer. To accept the Offer, please complete and return the Acceptance Form annexed to the Offer Booklet.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser or Metro's company secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time) or visit the Metro website at www.metromining.com.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S. Everett', is written over a light yellow rectangular background.

Stephen Everett
Chairman
Metro Mining Limited

1 Investment overview

1.1 Summary offer details

Terms of offer	Details
Offer Consideration per Gulf Share	\$0.50 cash and one New Metro Share per Gulf Share
New Metro Shares offered under this Prospectus	Up to 56,449,322 [#]
Total number of Metro Shares on issue following the Offer	Up to 583,162,350 [#]

[#] Assumes Metro acquires 100% of Gulf, all Gulf Shareholders elect to receive Cash and Scrip Consideration and all Gulf Options on issue at the date of the Offer are exercised and elect to receive Cash and Scrip Consideration.

1.2 Important dates

Event	Date
Announcement of the Offer	25 October 2016
Prospectus date (Offer opens)	28 October 2016
Offer closes (7.00pm Sydney time)	5 December 2016*
Allotment of New Metro Shares issued under the Offer	Within 28 days of the Minimum Acceptance Condition being satisfied or waived [#]

* Metro reserves the right to extend the Offer. New Metro Shares will be issued within 28 days after the Minimum Acceptance Condition is satisfied or waived. An issue date of 2 January 2016 assumes that the Minimum Acceptance Conditions is satisfied on 5 December 2016

[#] Different circumstances may apply if you are a Foreign Shareholder or do not provide all documents required with your Acceptance Form. See clause 5 of Schedule 1 in the Offer Booklet for further information.

All dates and times are subject to change and are indicative only. All times are Sydney time. The Company reserves the right to vary these dates and times without notice.

Metro may close the Offer early, withdraw the Offer, or accept late applications. If this Prospectus and the Offer are withdrawn for any reason, the Corporations Act requires that the Company return all application monies to the applicants. However, given no cash application monies are being paid to Metro, but rather the New Metro Shares are being issued in exchange for shares in Gulf, in the event of a withdrawal of the Prospectus or the Offer, Metro's acquisition of Gulf Shares will not proceed unless Metro acquires the Gulf Shares by the payment of cash consideration only, as outlined in the Offer Booklet.

1.3 Purpose of the Offer

As outlined in the Offer Booklet, Metro is seeking to acquire all of the ordinary shares on issue in Gulf (including those Gulf Shares that are issued as a result of the exercise of options on issue at

the Offer Date). The purpose of the Offer is therefore to acquire as many Gulf Shares as possible from Gulf Shareholders, in exchange for the Offer Consideration.

Metro is also offering Gulf Shareholders the opportunity to sell Metro their Gulf Shares for cash consideration only, as outlined in the Offer Booklet.

1.4 Questions and answers

Question	Answer
Who is the issuer of this Prospectus?	Metro is the issuer of this Prospectus.
What is the Offer?	<p>Under the terms of the Offer Booklet, Gulf Shareholders may choose to receive either:</p> <p>(a) \$0.60 cash per Gulf Share; or</p> <p>(b) \$0.50 cash and one New Metro Share per Gulf Share.</p> <p>However, this Prospectus is only relevant to those Gulf shareholders to elect to receive Metro's offer of \$0.50 cash and one New Metro Share per Gulf Share. This represents implied consideration of \$0.62,² allowing Gulf Shareholders to realise a portion of their investment in Gulf, while sharing in the potential upside of the estimated synergies to be obtained should Metro gain control of Gulf and be able to execute its strategy of combining the two companies' highly complementary projects.</p> <p>Further information about the estimated synergies and benefits of accepting the Offer is set out in section 1.2 of the Offer Booklet.</p> <p>The terms of the Offer are outlined in detail in Schedule 1 of the Offer Booklet.</p>
Is the Offer subject to any conditions?	Metro's Offer is conditional only upon Metro's relevant interest in Gulf Shares exceeding 51% on or before the Closing Date (Minimum Acceptance Condition). The full terms of the Offer are outlined in detail in Schedule 1 of the Offer Booklet.
How long is the Offer open for?	The Offer opens on 31 October 2016 and is scheduled to close at 7.00pm (Sydney time) on 5 December 2016 (unless extended).
Do I have to pay any fees?	<p>No brokerage, charges or stamp duty will be payable by you on acceptance of the Offer.</p> <p>If you choose to sell your Gulf Shares other than by acceptance of the Offer, you may incur brokerage costs and GST on those costs, and stamp duty may apply.</p>
What is the Company's financial position?	Information regarding the Company's financial position is set in section 6 of this Prospectus. A Pro Forma Statement of Financial Position has also been prepared to illustrate the effect of the Offer, and is included in section 4.3 of this Prospectus.
What risks are involved with an investment in the Company?	An investment in Metro is subject to both general and specific risks which you should consider before making a decision to apply for New Metro Shares. You should carefully consider the risk factors that could affect the performance of Metro and the Merged Group before deciding whether to accept the Offer. Many of these risks are outside the control of Metro and its directors, and cannot be mitigated.

² Based on the closing price of Metro Shares of \$0.12 on 28 October 2016, being the Offer Date.

Question	Answer
	<p>Key specific risks include:</p> <ul style="list-style-type: none"> (a) general market risk; (b) funding; (c) exploration; (d) commodity price; (e) foreign exchange; (f) dependence upon key personnel; (g) native title; (h) authorisation; (i) delays; (j) regulatory; (k) contractual; (l) less than 100 percent ownership; (m) inability to achieve estimated synergies; (n) Metro does not control Gulf; (o) assumed financial information for Gulf; (p) taxation; (q) dilution risk; (r) issue of Metro Shares as consideration; (s) fluctuation in the market value of Metro Shares; and (t) merger integration risks. <p>A summary of the key risks is set out in section 7.</p>
<p>What should I do?</p>	<p>To accept the Offer, you should:</p> <ul style="list-style-type: none"> (a) read this Prospectus in full; (b) consult your legal, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and (c) accept the Offer in the manner described in section 5 under the heading 'How to accept'. <p>If you have any queries about the Offer, you may also call Metro's company secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time).</p>

Question	Answer
How do I accept the Offer?	<p>Full details on how to accept the Offer are set out in section 5 under the heading 'How to accept'.</p> <p>To accept the Offer, please complete the Acceptance Form attached to this Prospectus and return it to the Company before 5 December 2016. A reply paid envelope (not able to be used outside Australia) is enclosed for your convenience.</p> <p>The mailing address is:</p> <p>Metro Mining Limited (Gulf Alumina Limited Takeover) PO Box 10955 Adelaide Street Brisbane QLD 4000</p> <p>Alternatively, you may deliver the Acceptance Form and any associated documents by hand to:</p> <p>Metro Mining Limited (Gulf Alumina Limited Takeover) Level 8 300 Adelaide Street Brisbane QLD 4000</p> <p>You may also scan or photograph your completed Acceptance Form and email it to:</p> <p>swaddell@metromining.com.au</p> <p><u>By accepting the Offer and electing Cash and Scrip Consideration, you agree to subscribe for one New Metro Share for every Gulf Share that you accept the Offer in respect of and you agree to be bound by Metro's constitution.</u></p>
If I accept the Offer, when will I be issued my New Metro Shares?	<p>Provided that the necessary transfer documents accompany your Acceptance Form, you will be issued your New Metro Shares within 28 days after the Minimum Acceptance Condition is satisfied or waived.</p>
What rights and liabilities attach to the New Metro Shares?	<p>The New Metro Shares will rank equally in all respects with the Existing Metro Shares held by the Existing Metro Shareholders. The rights and liabilities attaching to all Metro Shares are set out in the Company's constitution.</p> <p>Further information regarding the rights and liabilities attaching to New Metro Shares is set out in sections 8.2 and 9.2.</p>
Will my New Metro Shares be listed on ASX?	<p>Metro will apply to ASX for quotation of the New Metro Shares to be issued under the Offer. Quotation of the New Metro Shares to be issued under the Offer will not be automatic but will depend on ASX exercising its discretion to admit them to the official list.</p> <p>However, Metro is already admitted to the official list of ASX and shares in Metro in the same class or on the same terms as those to be issued under the Offer are already quoted.</p>

Question	Answer
What happens if I accept the Offer?	<p>If you accept the Offer and it becomes or is declared unconditional, you will be issued your New Metro Shares within the time specified above.</p> <p>Once you accept the Offer you will not be able to sell your Gulf Shares or otherwise deal with the rights attaching to your Gulf Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.</p>
What happens if I do not accept the Offer?	<p>If you do not accept the Offer, you will remain a Gulf Shareholder and will not be issued Metro Shares.</p> <p>However, Metro intends to compulsorily acquire your Gulf Shares should it become entitled to do so. If this occurs, you will still receive the Offer Consideration for your Gulf Shares.</p>
What are the tax implications of accepting the Offer?	<p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Gulf Shares.</p>
What happens if I exercise my Gulf options?	<p>The Offer extends to Gulf Shares that are issued before the Closing Date on the exercise of Gulf Options. If you exercise your Gulf Options, you can accept the Offer for the Gulf Shares received from the exercise of those options.</p>

1.5 Important notice

This section is not intended to provide full details of the Offer. Gulf Shareholders must read this Prospectus in full to make an informed investment decision. The New Metro Shares offered under this Prospectus carry no guarantee of return of capital, return on investment, payment of dividends or on the future value of Metro Shares.

2 Metro – Company Overview

2.1 Company overview

Metro is an Australian incorporated, ASX listed bauxite company based in Brisbane, Queensland with a market capitalisation of approximately \$63 million.³ Metro's key asset is its 100% owned Bauxite Hills Project, located 95 kilometres north of Weipa, in the world-renowned high-quality, export-grade bauxite Cape York region of Queensland.

Since merging with Cape Alumina Limited in 2014, Metro has rapidly advanced its Bauxite Hills Project through multiple resource and reserve upgrades, to the completion of a DFS based on a 1.95 million tonne per annum (**Mtpa**) operation, as well as a PFS based on a 4 Mtpa operation. Based on this PFS, Metro has now commenced a 4 Mtpa DFS which is well advanced and currently on hold pending the outcome of the Offer.

In October 2016, Metro secured a binding off-take agreement with Xinfu Group, one of the largest integrated aluminium companies in China, pursuant to which Metro will sell bauxite to Xinfu. Further details about the four-year agreement are outlined in section 8.4.

In addition to its Bauxite Hills Project, Metro has a portfolio of bauxite exploration tenements covering approximately 1,300 square kilometres in western Cape York.

Metro has several coal tenements which cover sizeable coal resources. Due to market conditions the coal tenements are being maintained in good standing with minimal expenditure.

Metro is listed on ASX under the code 'MMI' and has a diverse shareholder base of approximately 2,500 shareholders.

2.2 Metro's board and management

Metro is directed by a highly experienced and skilled board of seven non-executive directors. The board is led by Stephen Everett, who has more than 40 years of board and management experience both locally and overseas across production and project management in publicly listed companies.

In addition, Metro's strong management team, led by CEO Simon Finnis, has a depth of experience in mining and minerals exploration.

Further information regarding Metro's board and management team is set out in section 3 below.

2.3 Bauxite Hills Project (100%)

Metro's key asset is its Bauxite Hills Project approximately 95 kilometres north of Weipa in Western Cape York.

³ Based on the number of Metro Shares on issue and the closing price of Metro Shares of \$0.12 on the Offer Date.

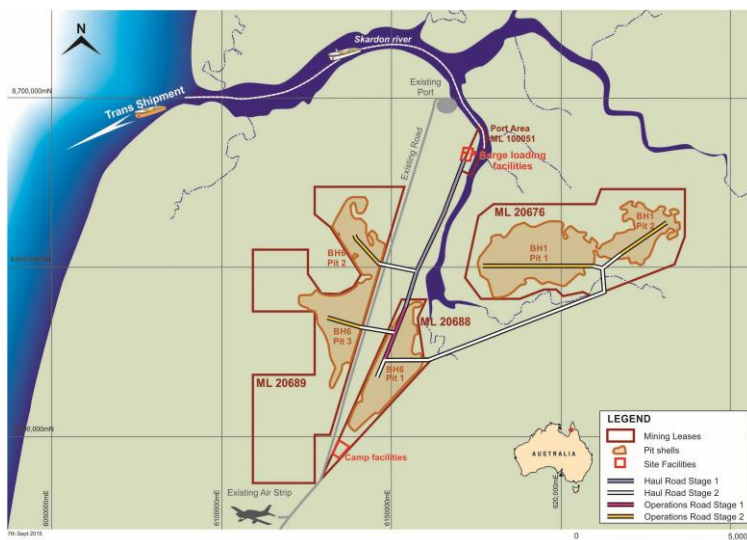


Figure 1: Bauxite Hills Project development plan
Source: Metro

The Bauxite Hills Project is a low capex, simple, long life, and low cost bauxite mining project. The DFS, which was completed in November 2015, supports the potential for very attractive project economics based on a 1.95 Mtpa scaled project.⁴

The comprehensive environmental impact statement (**EIS**) for annual production up to five Mtpa has been lodged with the Queensland Government Department of Environment and Heritage Protection and the public notice period has been completed, with a total of 19 submissions received. These submissions are being considered and Metro expects to lodge a supplementary EIS as soon as practicable. If Metro's Offer is successful, the supplementary EIS will address the co-location of key infrastructure for the combined projects. The final EIS approval for the Bauxite Hills Project under this timetable is expected by mid 2017, while commencement of construction is targeted for the second half of 2017.

Feasibility Studies

Metro completed a DFS for a 1.95 Mtpa operation in November 2015. Based on the DFS results and findings, Metro then completed a PFS for an expanded 4 Mtpa operation in January 2016.⁵ Metro is well advanced in confirming the PFS results in a robust DFS. This is expected to be completed in the second quarter of 2017. Key features of the PFS include:⁶

- (a) a 53.6 million tonne DSO resource and a 13 year mine life, with the potential to extend the mine life by mining the 11.7 million tonnes indicated DSO bauxite resource at the nearby BH2 deposit;
- (b) increased plant and equipment utilisation, achieved by moving to a 24 hour operation, delivering significant economies of scale for little additional capital expenditure;
- (c) low initial capital cost of approximately \$40.1 million;
- (d) simple mining operations with minimal environmental impact; and
- (e) after tax NPV₁₀ of \$582 million and after tax IRR of 156%.

⁴ Refer to Metro's announcement to the market dated 5 November 2015.

⁵ Metro confirms all material assumptions underpinning production target and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2.

⁶ Refer to Metro's announcement to the market dated 27 January 2016.

The PFS is based on the detailed technical studies undertaken as part of the DFS for the 1.95 Mtpa operation; as such, Metro has a high degree of confidence in the PFS technical outcomes.

A summary of key PFS assumptions and results (as announced to the market on 27 January 2016) are outlined below.

Assumption	Input
Annual production rate (steady state)	4.0Mt
LOM production	49.1Mt
Mine life	13 years
Bauxite price (FOB)	USD\$38.60 – 45.40/t
Exchange rate (AUD/USD)	0.75
Discount rate	10% / 15%
Pre-mining development capital expenditure	\$40.1 million
Deferred and sustaining capital expenditure	\$4.9 million
Working capital	\$4.0 million
Result	Output
NPV (Real, after tax)	\$582 million
IRR	156%
Payback period	1.2 years
Total LOM revenue	\$2.93 billion
LOM average operating margin	\$33.66 per tonne
LOM average operating costs (ex-royalties)	\$18.80 per tonne
LOM total operating expenditure	\$26.07 per tonne

Competent Person Statement

The information in this Prospectus that relates to Exploration Results and Mineral Resources is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.AusIMM). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr McLean consents to the inclusion in the Prospectus of the matters based on information in the form and context in which it appears.

The information in this Prospectus that relates to Mining and Reserves is based on information compiled by MEC Mining Pty Ltd and reviewed by Edward Bolton, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. The information in this Prospectus to which this statement is attached that relates to the 'Metro Mining – Bauxite Hills' Reserve Estimate is based on information compiled by Edward Bolton, a consultant to Metro and a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Edward Bolton is full-time employee of MEC Mining Pty Ltd. Edward Bolton has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Edward Bolton consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

Mineral Resources and Ore Reserves

Metro has updated its Bauxite Hills Project Mineral Resource and Ore Reserve as at 2 June 2015. The Bauxite Hills Mineral Resource and Ore Reserve are in accordance with the JORC Code and are presented in the tables below.

Bauxite Hills DSO Resource Statement – ASX Release 2 June 2015						
Area	Category	DSO Tonnes (Mt)	DSO Bauxite Qualities (Dry Basis)			
			Total Al ₂ O ₃ (%)	THA (%)	Total SiO ₂ (%)	RxSi (%)
BH1 & BH6	Measured Resource (Dry <i>In-situ</i>)	41.8	51.0	39.2	11.0	6.1
BH1 & BH6	Indicated Resource (Dry <i>In-situ</i>)	8.3	49.3	37.1	14.0	6.8
BH1 & BH6	Inferred Resource (Dry <i>In-situ</i>)	3.4	48.4	35.9	14.8	7.2
TOTAL		53.6	50.6	38.6	11.7	6.3

Notes

The tonnages above are calculated using the following default bulk densities determined from a program of sonic drilling (1.6g per cm³ for BH1 and 2g per cm³ for BH6). Actual values are used where measurements have been taken.

DSO is defined as bauxite that can be exported directly with minimal processing and beneficiation.

THA is trihydrate available alumina, set out below, at 150°C.

(gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina).

RxSi is reactive silica at 150°C.

Resource cut off based on greater than or equal to 45% total Al₂O₃ and less than and equal to 8% reactive SiO₂.

Bauxite Hills DSO Resource Statement – ASX Release 2 June 2015						
Area	Category	DSO Tonnes (Mt)	DSO Bauxite Qualities (Dry Basis)			
			Total Al ₂ O ₃ (%)	THA (%)	Total SiO ₂ (%)	RxSi (%)
BH1 & BH6	Proved Reserve (ROM @ 10% Moisture)	41.8	50.7	38.6	10.9	6.3
BH1 & BH6	Probable Reserve (ROM @ 10% Moisture)	6.4	49.3	36.8	13.4	6.9
TOTAL		48.2	50.2	38.4	11.2	6.4

Notes

The tonnages above are calculated using the following default bulk densities determined from a program of sonic drilling (1.6g per cm³ for BH1 and 2g per cm³ for BH6). Actual values are used where measurements have been taken.

DSO is defined as bauxite that can be exported directly with minimal processing and beneficiation.

THA is trihydrate available alumina, set out below, at 150°C.

(gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina).

RxSi is reactive silica at 150°C.

The proved reserve is included in the BH1 & BH6 Measured Resource. The Probable Reserve is included in the BH1 & BH6 Indicated Resource.

Reserve cut off based on greater than and equal to 45% total Al₂O₃ and less than and equal to 8% reactive SiO₂.

2.4 Bauxite exploration assets

Western Cape York

Metro controls approximately 1,300 square kilometres of exploration tenements in Western Cape York. Over these tenements, Metro has been granted 9 EPMs. Metro also currently has two EPM applications and seven mining lease applications (**MLAs**).

Metro has identified five priority bauxite exploration areas in Cape York, the most advanced being the Bauxite Hills Project.

Significant drilling has been conducted over these areas and additional in-situ bauxite resources have been defined.

Metro plans further reconnaissance, exploration and drilling programs to advance more projects in the future. Key areas of focus include the Duyfken, Weipa Satellites and Vrilya areas.

A summary of the Metro's other key mineral resources estimates outside the Bauxite Hills Project which are a focus for Metro is set out below.

Other DSO Resources in Western Cape York – ASX Release 10 December 2015						
Area	Category	DSO Dry In-Situ Tonnes (Mt)	Total Al ₂ O ₃ (%)	THA (%)	Total SiO ₂ (%)	RxSi
BH2	Indicated	11.7	49.1	37.4	15.7	6.7

Notes

The tonnage above is calculated using a bulk density of 1.92 gm/cm³ determined from a program of sonic drilling.

DSO or "Direct shipping ore" is defined as bauxite that can be exported directly with minimum processing and beneficiation.

THA is trihydrate available alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product (DSP) alumina) at 150°C.

RxSi is reactive silica at 150°C.

The above resource is based on the 2012 JORC Code.

Other Bauxite Resources of Focus for Metro in Western Cape York					
Area	Category	In-situ dry tonnes (Mt)	Dry beneficiated tonnes (Mt)	Beneficiated bauxite qualities	
				Total Al ₂ O ₃	Total SiO ₂
Musgrave	Indicated	2.2	1.6	52.8	11.2

BH4	Inferred	2.0	1.1	49.0	11.3
BH5	Inferred	1.8	0.9	50.0	10.7
Total resource		6.0	3.6	50.9	11.1

Notes

The tonnages above are calculated using a bulk density of 1.8. Beneficiated tonnes are determined from the percentage recovery of material greater than 1.2mm based on laboratory screening of each sample.

Beneficiated bauxite qualities are based on the analyses of samples with material greater than 1.2mm.

The above resources are based on the 2004 JORC Code and the information has not been updated to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Details of Metro's tenements in Cape York are outlined in Schedule 1.

Central Queensland

Metro also holds two granted EPMs over a central Queensland bauxite project, as set out in Schedule 2. This area is considered prospective as there are known occurrences of bauxite on abutting tenements where Australian Bauxite Limited has announced to the ASX high grade bauxite assays from its Brovinia project and a 1.7 million tonne DSO bauxite resource from its Toondoon Mining Lease.⁷ The prospectivity of the district is further enhanced by the presence of 24.5 million tonnes of bauxite resources at Australian Bauxite Limited's Binjour project located approximately 50 kilometres to the northeast.⁸

2.5 Metro's other assets

In addition to the Bauxite Hills Project and its bauxite exploration assets, Metro has a portfolio of coal tenements which have over 4.5 billion tonnes⁹ of thermal coal resources in the Surat Basin, Queensland.

Metro restricted the work on its coal tenements in 2013 due to the depressed coal market. Metro considers the tenements to provide attractive optionality to a recovery in the coal market so the tenements are being maintained in good standing with minimal expenditure. Further details regarding Metro's coal tenements are set out in section 3.4 of Metro's bidder's statement released to the market on 24 December 2015.

⁷ Refer to Australian Bauxite Limited's announcements to the market dated 7 September 2015 and 3 December 2012 respectively.

⁸ Refer to Australian Bauxite Limited's announcement to the market dated 29 June 2012.

⁹ Refer to Metro's announcement to the market dated 21 September 2016.

3 Metro's board and management

3.1 Metro's board of directors



Stephen Everett**Independent Non-Executive Chairman**

A graduate of chemical engineering from the University of New South Wales, Mr Stephen Everett has more than 40 years of 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 Agrimin Limited.



Philip Hennessy**Independent Non-Executive Director**

Mr Philip Hennessy has over 30 years of 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 the Queensland Chairman of KPMG 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.



Mark Sawyer**Non-Executive Director**

Mr Mark Sawyer is Senior Partner at Greenstone Capital LLP and co-founder of Greenstone Resources LP private equity fund. Mr Sawyer co-founded Greenstone in 2013 after a 19 year career in the mining sector, including as co-head of group business development at Xstrata plc, and in senior roles at Rio Tinto plc and Cutfield Freeman & Co Ltd. Mr Sawyer, together with Greenstone's co-founder, oversees all aspects of the management of the business. He serves as a Director of Greenstone Management Ltd, the fund's General Partner, and is a member and co-Chair of the Investment Committee.

**Dongping Wang****Non-Executive Director**

A Graduate of the China Mining University, Mr Dongping Wang is Chair of DADI Engineering Development Group and was instrumental in establishing DADI as China's largest coal industry engineering group. Mr Wang has worked at the highest level in the Chinese coal industry for 30 years and is a highly renowned coal processing expert and prominent figure in the Chinese coal industry. Previously Mr Wang was Process Plant Manager and later Director of Operations at Pingshuo Antaibao Coal (a World Bank funded USA/China joint venture project). He has also been General Manager of Long-Airdox (Tianjin) and led the introduction of modern coal process technology from Australia to China.

**Jijun Liu****Non-Executive Director**

Mr Jijun Liu is the Managing Director of the China Xinfu 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.

**George Lloyd****Independent Non-Executive Director**

Mr George Lloyd has over 30 years of resource industry experience, including in senior executive and board member roles in listed and unlisted companies with interests in minerals, energy, industry services and corporate finance. Mr Lloyd holds a Bachelor of Engineering (Industrial Engineering) and a Master of Business Administration from the University of New South Wales and is a graduate of the Stanford Executive Program. Mr Lloyd is a Fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), and is currently the Chairman of Ausenco Limited.

**Lindsay Ward****Independent Non-Executive Director**

Mr Lindsay Ward is an experienced senior executive having worked for over 30 years in a broad range of industries including mining, exploration, ports, mineral processing, rail haulage, electricity generation, gas transmission, alternative waste treatment, transport and logistics at general manager, chief executive officer, managing director, non-executive director and chairman level.

Mr Ward is currently chief executive officer of Palisade Asset Management with responsibility for a range of infrastructure assets including gas transmission pipelines, wind farms, rural livestock exchanges, alternative waste treatment plants and a power station. Prior to this, Mr Ward was managing director of Dart Mining NL (ASX: DTM), a Victorian based exploration and development company.

Mr Ward holds a Bachelor of Applied Science (Geology) Honours and the Institute Medal, a Graduate Diploma of Business

Management and a Diploma of Mining. Mr Ward is a Graduate Member of the Australian Institute of Company Directors (GAICD).

3.2 Management team

Simon Finnis

Chief Executive Officer



Mr Simon Finnis was previously the Chief Executive Officer of Grand Cote Operations in Senegal, his primary responsibilities being to oversee construction and bring the Grand Cote mineral sands project into operation. In a mining industry career spanning over 28 years, Simon has worked throughout Australia in underground and open cut mining operations. His previous experience includes overseeing the re-opening of the Mt Lyell Mine in 1994 and 1995, re-development of the CSA Mine between 1998 and 2001, and the development of the Pooncarie Mineral Sands project from feasibility through to operations from 2001 to 2007. Mr Finnis also held the role of Operations Manager during the final years of his involvement at Pooncarie. Mr Finnis has considerable experience through feasibility, construction, commissioning and operations of both new and brown fields' operations. Mr Finnis 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, Mr Scott Waddell was Head of Finance for the Monash Energy project in Victoria's La Trobe Valley. Mr Waddell's resources experience was gained over nine years with Anglo Coal and over eight years with Rio Tinto in a wide variety of senior roles across multiple sites. Mr Waddell has an extensive understanding of the global bauxite and resources sectors. Mr Waddell holds a Bachelor of Business from Queensland University of Technology and is a Fellow of the Certified Practicing Accountants and an Associate Member of the Governance Institute of Australia. Mr Waddell has also completed numerous post graduate courses including a Graduate Diploma in Applied Corporate Governance, a Company Directors Course with the Australian Institute of Company Directors, and a Post Graduate Diploma of Purchasing and Materials Management with RMIT University in Melbourne.

Mike O'Brien

Project Director



Mr Mike O'Brien has over 40 years of experience in mining and minerals, including over 25 years extensive management experience with multinational companies including Shell Coal and Anglo American. Mr O'Brien has worked in operational roles as General Manager of a large underground longwall mine, General Manager of a very large open cut mine, and has also held senior corporate positions in Shell Coal's technical group. This included responsibility for mining, geological and engineering development. Mr O'Brien has also held the role of Chief Executive Officer 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.

4 Profile of Merged Group

4.1 Introduction and intentions

The profile of the Merged Group will vary depending on the outcome of the Offer. Unless otherwise indicated, the description of the Merged Group in this section 4 assumes that Gulf is a wholly-owned subsidiary of Metro.

Should Metro acquire 100% of Gulf, it intends to combine the two companies' projects to achieve the potential synergies outlined in section 1.2 of the Offer Booklet.

If Metro does not acquire 100% of Gulf Shares, some of the benefits that would otherwise accrue to Metro if Gulf were to become a wholly owned subsidiary of Metro may not be fully realised.

Should the Minimum Acceptance Condition be satisfied but Metro is unable to obtain 100% of Gulf, Metro intends to exercise its voting rights as a Gulf Shareholder to procure the combination of the two companies' bauxite projects in the Skardon River. This may involve, for example, seeking to appoint a majority of Metro nominee directors to the Gulf board.

Should the Minimum Acceptance Condition not be satisfied or waived, Gulf Shareholders who have accepted the Offer will continue to hold their Gulf Shares. In such a scenario Metro, as Gulf's largest shareholder, will continue to work towards the logical combination of the two companies bauxite projects in Skardon River.

There are significant risks associated with Metro's intentions for Gulf. Should you intend to accept the Offer, please read the section titled 'Risk factors' in the Prospectus before making any election to receive the Cash and Scrip Consideration.

4.2 Overview of the Merged Group

Following completion of the Offer, the Merged Group is expected to have the following key attributes:

- (a) it will be the leading independent Cape York bauxite company with an attractive portfolio of complementary development and explorations assets;

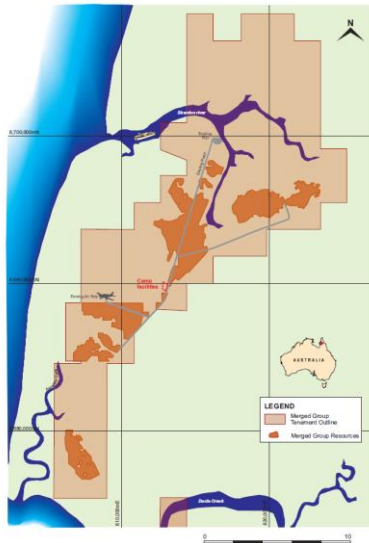


Figure 3: Merged Group tenement holdings on Cape York
Source: Metro

- (b) operational scale and flexibility will result from the combination of two adjacent and similar development projects;
- (c) a significant reserve base in excess of 96.5 million tonnes at 39.4% THA and 6.3% RxSi¹⁰ as set out in the table below;

	DSO Tonnes (Mt)	DSO Bauxite Qualities (Dry Basis)	
		THA (%)	RxSi / RSiO ₂ (%)
Metro Reserve	48.2	38.4	6.4
Gulf Reserve ¹¹	48.3	40.4	6.3
Total	96.5	39.4	6.3

Note

This information has been prepared in reliance on the information set out in section 4.3 of the Offer Booklet and Metro's reserves, as disclosed in section 2 of this Prospectus.

- (d) the ability to realise operational and development synergies through economies of scale, improved efficiency and the removal of duplicated costs;
- (e) a simplified permitting process is expected given a single operation;
- (f) a reduced environmental impact due to consolidation of infrastructure;
- (g) a single working relationship with government, native title partner and other key stakeholders;
- (h) enhanced relevance within the bauxite market, which, together with the removal of stand-alone project competition for product sales, will place the Merged Group in a stronger position to attract and secure product sales on improved terms;

¹⁰ Based on Metro reserve of 48.2 million tonnes at 38.4% THA and 6.4% RxSi released 2 June 2015 and Gulf reserve of 48.3 million tonnes at 40.3% THA and 6.3% RxSi as set out in the Expert Report. THA is trihydrate available alumina at 150°C. RxSi is reactive silica at 150°C.

¹¹ Refer to page 37 of the independent expert's report which appears as Annexure A to Gulf's second supplementary target's statement, attached to Metro's announcement to the market dated 17 May 2016.

- (i) enhanced equity market scale and relevance which should increase liquidity and investor appeal;
- (j) increased financial strength will optimise the funding of Merged Group's development projects given expected operational advantages, increased scale, market relevance and financier appeal;
- (k) a strategic position as a bauxite miner and supplier and the second largest bauxite tenement position in Cape York after Rio Tinto;
- (l) the ability to optimise future exploration and development activities across the Merged Group's portfolio; and
- (m) a strong board and management team with significant depth of corporate and technical expertise and a proven track record of delivering shareholder value through successful discovery, development and operation of mining projects.

4.3 Pro forma Statement of Financial Position

Summary of information

The information included in this section is pro forma financial information for the Merged Group comprising Metro and Gulf as at 30 June 2016 (**Pro Forma Statement of Financial Position**). This Pro-Forma Statement of Financial Position has been prepared on the assumption that all Gulf Shareholders' accept the Offer and elect to receive the Cash Consideration. The Pro Forma Statement of Financial Position of the Merged Group is unaudited and has been produced with reference to the audited financial reports for Metro and Gulf as at 30 June 2016, adjusted to account for subsequent events deemed material to the Merged Group.

The financial information reflects the latest publicly available information for Gulf that is capable of being compared.

The pro forma financial information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated. However, the Pro Forma Statement of Financial Position does reflect the cash outflows and/or the issue of new Metro Shares to Gulf Shareholders, and other adjustments required as a result of this Offer.

The Pro Forma Statement of Financial Position is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer. In addition, the Pro Forma Statement of Financial Position is presented in a summary format and does not contain all the disclosures required under the Corporations Act or the Australian Accounting Standards.

Financial information relating to Gulf has been sourced from its audited financial reports for the full year ended 30 June 2016. Metro has relied on the information in financial reports issued by Gulf to prepare the financial information for Gulf contained in this document.

Metro does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Metro has not had access to the directors, management or staff of Gulf or to any working papers, accounting records or other documents for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Gulf used in this document, for providing pro forma financial information.

The pro forma financial information presented in this section should also be read in conjunction with the risks set out in the section titled 'Risk factors' in the Prospectus, other information contained in this Prospectus and the accounting policies of Metro and Gulf as disclosed in their consolidated annual reports for the financial year ended 30 June 2016.

Pro Forma Statement of Financial Position

The Pro Forma Statement of Financial Position of the Merged Group as at 30 June 2016 is set out below.

	Metro Mining Limited Consolidated Entity 30 June 2016 \$ (prior to adjustments)	Gulf Alumina Limited Consolidated Entity 30 June 2016 \$ (prior to adjustments)	Combined Company Pro Forma * after adjustment \$ (with 51% of Gulf)	Combined Company Pro Forma * after adjustment \$ (with 100% of Gulf)
Assets				
Current assets				
Cash and cash equivalents	2,684,309	317,650	10,177,754	10,177,754
Trade and other receivables	361,205	90,117	451,322	451,322
Other assets	6,161	39,306	45,467	45,467
Total current assets	3,051,675	447,073	10,674,543	10,674,543
Non-current assets				
Property, plant and equipment	10,344	187,030	197,374	197,374
Available for sale investments	3,975,733	-	-	-
Exploration and evaluation assets	10,586,825	11,567,209	65,023,072	65,023,072
Other assets	7,560	757,700	765,260	765,260
Total non-current assets	14,580,462	12,511,939	65,985,706	65,985,706
Total assets	17,632,137	12,959,012	76,660,249	76,660,249
Liabilities				
Current liabilities				
Trade and other payables	1,115,388	656,033	4,734,819	6,254,103
Employee benefits	85,848	-	85,848	85,848
Interest bearing liabilities	-	364,833	16,894,195	43,290,951
Total current liabilities	1,201,236	1,020,866	21,714,862	49,630,902
Total liabilities	1,201,236	1,020,866	21,714,862	49,630,902

Net assets	16,430,901	11,938,146	54,945,387	27,029,347
Equity				
Contributed equity	56,105,993	10,342,766	64,488,289	64,488,289
Reserves	3,734,767	494,396	3,734,767	3,734,767
Accumulated profit (losses)	(43,409,859)	1,100,984	(39,674,425)	(41,193,709)
Non-controlling interests	--	-	26,396,756	-
Total equity	16,430,901	11,938,146	54,945,387	27,029,347

Notes*:

- (a) The actual Statement of Financial Position of the Merged Group will be different from the Pro Forma Statement of Financial Position above. Consolidation adjustments that will be necessary to comply with AASB 3 'Business Combinations' have not yet been determined.
- (b) The consolidated Pro Forma Statement of Financial Position has been prepared from the Statements of Financial Position of Metro and Gulf as at 30 June 2016.
- (c) Adjustments have been made to the 'Combined Company Pro Forma (after adjustment)' columns in respect of the following:
 - (i) Metro raised \$8.9 million through a placement with Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Metro Holdings LP (**Greenstone**) in the third quarter of 2016. Metro's cash was increased by \$8.3 million after allowing for \$0.6 million in fund raising costs.
 - (ii) Metro acquired a further 17% interest in Gulf in the third quarter of 2016. The cost of the acquisition was \$8.7 million and this was funded through an unsecured loan of \$8.5 million, repayable within 6 months.
 - (iii) Metro has adjusted its cash position and accumulated losses for its expenditures in the third quarter of 2016.
 - (iv) Gulf's cash position and current interest bearing liabilities have been increased by \$1.9 million, reflecting the short term loan from Moly Mines Limited (**Moly**) (referred to in Moly's announcement to the market dated 22 September 2016).
- (d) No other adjustment has been made for Gulf post 30 June 2016 in respect of other changes including the following:
 - (i) expenditure and other income post 30 June 2016 has not been accounted for in the Pro Forma Statement of Financial Position; or
 - (ii) other changes that Metro is not aware of.
- (e) The cash balance of the Merged Group would be less than the amount stated in the Pro Forma Statement of Financial Position due to expenditure undertaken post 30 June 2016.
- (f) The Payables includes an estimate of stamp duty payable to the Queensland Government as well as transaction and other costs expected if the Offer is successful.
- (g) As set out in section 5.10 of the Offer Booklet and section 5.7 of this Prospectus, stamp duty may be payable and has been included in the Pro Forma Statement of Financial Position. The stamp duty liability is based on the estimated market value of Gulf's landholdings being \$52,950,568. Please note these values are estimations only. At or around the date of the transaction an independent valuation will be obtained for duty purposes. As the assumption of an AASB 3 'Business Combinations' has been made, the stamp duty has been expensed and is shown in accumulated profit (losses).

4.4 Pro forma adjustments and transaction assumptions

The following key assumptions have been made in producing the Pro Forma Statement of Financial Position:

General

The pro forma information has been prepared using the Australian International Financial Reporting Standards and reflects the accounting policies of Metro to the extent possible based on publicly available information. Consolidation adjustments that will be necessary to comply with AASB 3 'Business Combinations' have not yet been determined. The Pro Forma Statement of Financial Position has not been audited.

The pro forma information excludes the impact of general trading and other non-recurring transactions which have occurred since 30 June 2016, but are not considered to materially impact the financial position presented in the Pro Forma Statement of Financial Position.

Gulf acquisition

Financial information about Gulf has been obtained from publicly available sources. Metro is not aware of any events subsequent to the Gulf balance date of 30 June 2016 which would materially alter the Pro Forma Statement of Financial Position other than those disclosed in the Notes above.

The Pro Forma Statement of Financial Position assumes the acquisition of Gulf by Metro had been completed at 30 June 2016 after taking into account the pro forma adjustments noted above. The actual date of the acquisition will be at a later date. AASB 3 'Business Combinations' states that the acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair values at that date. Accordingly, Metro will assess the fair value of identifiable net assets of Gulf on completion of the acquisition.

The Pro Forma Statement of Financial Position is based on the assumption that the fair value of assets (other than intangible assets) and liabilities of Gulf are equal to their book value. A full purchase price allocation exercise will be undertaken post acquisition, and the fair value of the assets, liabilities and contingent liabilities will be more accurately assessed at that time. This will not impact on the valuation of the business, but may impact the classification between tangible, identifiable intangible assets and goodwill.

Identifiable intangible assets recognised upon acquisition of Gulf may need to be amortised over the period of their economic benefit to the Merged Group and those amortisation charges will reduce future reported earnings. Due to limited public information available on Gulf, it is not possible for Metro to identify all of the intangible assets and consequent amortisation charges at this stage.

Deferred tax assets and deferred tax liabilities have been calculated assuming that:

- (a) Metro will acquire 100% of Gulf, and Gulf will join the Metro tax consolidated group;
- (b) as at 30 June 2016, Metro will be entitled to offset taxable income with carry forward tax losses of \$47,881,513 by satisfying the loss integrity rules and in some instances subject to an available fraction. Metro does not recognise the associated deferred tax asset; and
- (c) Metro will not recognise a deferred tax asset for Gulf's carried forward tax losses of \$8,601,074 (deferred tax asset of \$2,580,322). In order for these losses to be available to the Metro tax consolidated group modified 'continuity of ownership test' or 'same

business test' rules need to be satisfied and the losses will be subject to an available fraction.

There are no deferred tax balances disclosed in the pro forma financial statements as, based on the above assumptions and pro forma calculations, there will be a net deferred tax asset which is not currently proposed to be recognised.

4.5 Prospective financial information of the Merged Group

This Prospectus does not provide revenue or profit projections for the Merged Group. Metro does not believe that it has reasonable grounds to include revenue or profit forecasts in this Prospectus. Metro believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for Gulf Shareholders.

5 How to accept

5.1 Shareholder's choices

Gulf Shareholders may:

- (a) accept the Offer in respect of all of their Gulf Shares;
- (b) accept the Offer in respect of only a portion of the Gulf Shares which they hold; or
- (c) allow the Offer to lapse without accepting the Offer in respect of any of the Gulf Shares which they hold.

Metro may reject any Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Offer is **7.00pm (Sydney time) on 5 December 2016**.

Acceptance Forms must be received by Metro no later than **7.00pm (Sydney time) on 5 December 2016** unless Metro, in its absolute discretion, agrees to extend the time for receipt of Acceptance Forms. The Directors reserve the right to close the Offer earlier than this time, including upon receipt of Acceptance Forms from all Gulf Shareholders.

5.2 Accepting the Offer for all of your Gulf Shares

If you wish to accept the Offer in respect of all of your Gulf Shares, follow the instructions set out in the Acceptance Form.

Please return your completed Acceptance Form to Metro so that it is received no later than **7.00pm (Sydney time) on 5 December 2016** at the address set out below:

BY HAND DELIVERY

Metro Mining Limited
(Gulf Alumina Limited
Takeover)
Level 8
300 Adelaide Street
Brisbane QLD 4000

BY POST (a reply paid envelope is enclosed)

Metro Mining Limited
(Gulf Alumina Limited
Takeover)
PO Box 10955
Adelaide Street
Brisbane QLD 4000

BY EMAIL

Scan or photograph, and send a
copy of the completed
Acceptance Form, to:

swaddell@metromining.com.au

5.3 Accepting the Offer for a portion of your Gulf Shares

If you wish to take up the Offer in relation to only a portion of the Gulf Shares which you hold, complete the Acceptance Form for the number of New Metro Shares you wish to take up and follow the other steps required under section 5.2.

5.4 Allow the Offer to lapse

If you do not wish to accept the Offer, do not take any further action and allow the Offer to lapse.

5.5 Acceptance Form is binding

A completed and lodged Acceptance Form constitutes a binding offer to acquire New Metro Shares on the terms of this Prospectus and cannot be withdrawn.

If the Acceptance Form is not completed correctly it may still be treated as a valid application for New Metro Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

By completing and returning your personalised Acceptance Form you will also be taken to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) are a Gulf Shareholder and are not otherwise a person to whom it would be illegal to make an offer or issue New Metro Shares under the Offer;
- (b) acknowledge that the New Metro Shares have not been, and will not be, registered under the US *Securities Act of 1933* or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you agree to apply for the relevant New Metro Shares and to be bound by Metro's constitution.

5.6 Validity of Acceptance Forms

An Acceptance Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Acceptance Form received with this Prospectus, the Gulf Shareholder represents and warrants that the Gulf Shareholder has personally received a complete and unaltered copy of this Prospectus before completing the Acceptance Form.

The Company will not accept a completed Acceptance Form if it has reason to believe the Gulf Shareholder has not received a complete copy of the Prospectus or it has reason to believe that the Acceptance Form has been altered in any way.

5.7 Brokerage

No brokerage fee is payable by Gulf Shareholders who accept the Offer.

5.8 Stamp duty

Gulf shareholders who dispose of their Gulf Shares and acquire Metro Shares will not incur any Australian stamp duty under the Offer. Metro will pay any transfer or landholder duty in connection with the Offer.

Please refer to section 5.10 of the Offer Booklet for further details.

5.9 Notice to nominees

The terms of the Offer are outlined in detail in Schedule 1 of the Offer Booklet. In particular, section 7 of Schedule 1 of the Offer Booklet provides information in relation to acceptances by transferees and nominees, which should be carefully reviewed by nominees to ensure compliance with the acceptance procedure.

5.10 Information Availability

Gulf Shareholders can obtain a copy of this Prospectus from Metro's website at www.metromining.com.au/investor-media-centre/announcements or by calling Metro's company secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time). Gulf Shareholders who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this Prospectus will not include an Acceptance Form. A replacement Acceptance Form can be requested by calling Metro's company secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time).

6 Financial information

Metro is a disclosing entity for the purposes of the Corporations Act and as such, is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Metro to notify ASX of information about particular events and matters as they arise for the purposes of ASX making that information available to the market.

In particular, Metro has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately once it becomes aware of any information concerning Metro which a reasonable person would expect to have a material effect on the price or value of Metro Shares or other securities issued by Metro. That information is publicly available through the ASX website at www.asx.com.au using ticker code 'MMI'.

Copies of documents lodged with ASIC in relation to Metro may be ordered from ASIC online or otherwise inspected at an ASIC office.

The last financial report of Metro was lodged for the financial year ended 30 June 2016. A copy of this report is available on Metro's website at www.metromining.com.au or through the ASX website at www.asx.com.au using ticker code 'MMI'. You may also request a paper copy by calling Metro's company secretary, Scott Waddell, on +61 7 3009 8004 on weekdays between 9.00am and 5.00pm (Brisbane time). The stated basis of preparation is in accordance with the recognition and measurement principles of the Australian Accounting Standards.

Subsequent to the issue of Metro's Annual Report, Metro has continued to provide financial information about its operations to investors. All information provided to the public is available through the ASX website at www.asx.com.au using ticker code 'MMI'.

A Pro Forma Statement of Financial Position has also been prepared to illustrate the effect of the Offer, and is included in section 4.3 of this Prospectus.

7 Risk factors

Before deciding whether to accept the Offer, you should read this section of the Prospectus carefully. Gulf Shareholders will receive Metro Shares as consideration under the Offer (assuming they elect to receive the Cash and Scrip Consideration). The value of Metro Shares will depend on the future performance of Metro and the market price of Metro Shares from time to time. The future performance of Metro may be influenced by factors associated with investing in both the exploration and mining industry and listed securities generally which are beyond the control of Metro.

Gulf Shareholders should be aware of the following key risks that may affect the performance of the Merged Group and the value of Metro Shares issued as Offer Consideration.

7.1 General Risks

Market

The price at which Metro Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, exploration and mining industry securities.

The market for Metro Shares may also be affected by a wide variety of events and factors, including variations in Metro's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed exploration and mining industry entities that investors consider to be comparable to Metro. Some of these factors could affect Metro's share price regardless of Metro's underlying operating performance.

Tax

Changes to the rate of taxes imposed on Metro (including in overseas jurisdictions in which Metro operates now or in the future) or tax legislation generally may affect Metro and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Metro's interpretation may lead to an increase in Metro's tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. Metro is not responsible either for tax or tax penalties incurred by investors.

7.2 Specific investment risks associated with Metro

Set out below are examples of risks associated with Metro. In determining these risks, the directors have concentrated on risks attaching specifically to an investment in Metro as compared to risks of the exploration and mining industry and Gulf, to which Gulf Shareholders are already exposed.

These risks to which Gulf Shareholders are already exposed include risks of exploration, operation, commodity price volatility, exchange rate fluctuation, environmental, native title claims and changing regulatory environment.

Funding

Metro is operating in a capital intensive sector and may need additional funding, obtained by additional capital raising or debt sources, to undertake its capital expenditure program for the Merged Group. There can be no guarantee that Metro will be able to source funding on

commercially acceptable terms and any additional equity will dilute the interests of Metro Shareholders.

If additional funding is unable to be obtained, Metro may be required to reduce the scope of the proposed mining operations or even realise its investment in its projects.

Exploration

The tenement interests of Metro are at various stages of exploration. Potential investors should understand that mineral exploration, mining and development are high risk undertakings and there can be no assurance that the tenements currently held or acquired in the future will result in the discovery of an economic ore deposit. If a viable deposit is identified there is also no guarantee it can be commercially developed. There is no certainty that the proposed exploration will reveal mineable mineralisation or that such mineralisation will be commercially viable.

Commodity price

Metro and the Merged Group's future revenue will likely be derived largely from bulk commodities (in particular, bauxite). Consequently, potential future earnings are likely to be closely tied to the price of these commodities. The bauxite price, like any commodity, is subject to price fluctuations which may have a material adverse impact upon both the value of Metro's assets and Shares. These price fluctuations may be affected by a variety of factors outside the control of Metro, such as demand for minerals, forward selling by producers, production cost levels in producing regions, inflation, interest rates, and currency exchange rates.

Metro and the Merged Group may suspend or curtail some or all of its future exploration activities if the market price for bauxite was to fall below production costs for a sustained period. In particular, the results of Metro's feasibility studies described in section 2.3 are based on forecasts of the price of bauxite over the planned mine life. These forecasts are sensitive to any changes in the price of bauxite and variations to the forecast price of bauxite might have a material adverse effect on the economics of the project and the development.

In addition, should Gulf Shareholders accept the Offer and elect to receive the Cash and Scrip Consideration, they will be exposed to the risks of the coal industry, in addition to the risks of the bauxite industry they are currently exposed to.

Foreign exchange

Revenue, profit, expenses, assets and liabilities of Metro and the Merged Group may be adversely exposed to fluctuations in exchange rates.

Dependence upon key personnel

Metro has a core team of executives and senior personnel, whose loss (and Metro's failure to secure and retain additional key personnel) could influence Metro's progress in pursuing its mine development plans within the time frames and cost structures envisaged. The impact of such loss would be dependent upon the replacement employee's quality and time of appointment, as well as the terms of their remuneration, relative to the employee they are replacing.

There is no guarantee that the key personnel of Metro will be successful in their objectives despite their considerable experience and previous success.

Native title

Existing tenements held and new tenements acquired by Metro and the Merged Group may be affected by native title claims and procedures. There is potential for a determination to be made

that native title exists in relation to the land subject to a tenement held by Metro or the Merged Group, which could adversely affect the operation of Metro's business and development activities.

In addition, a challenge may be made to a native title agreement which Metro or the Merged Group has already entered into, which may cause Metro or the Merged Group to incur unforeseen costs and delays in the development of the projects.

In this event, compliance with either such determination may have a material adverse effect on the position of Metro and the Merged Group in relation to cash flows, financial performance, business development, dividend payment and share price.

Authorisation

Interests in exploration and mining tenements are evidenced by the granting of leases or licences, which are for specific terms and carry annual expenditure and reporting conditions.

There is a risk that any permit held by Metro or the Merged Group may not be renewed in the future, that any application for a grant may be refused, or that Metro may be unable to comply with regulatory requirements to retain title to its permits or applications. If Metro is unable to renew a licence or permit Metro and the Merged Group may suffer damage and be denied the opportunity to explore and develop mineral resources.

Failure to observe Metro's obligations relating to minimum expenditure and environment and safety could prejudice Metro or the Merged Group's right to maintain a permit for a given tenement.

Delays

Delays to the construction or development timetable for Metro's or the Merged Group's projects could lead to additional costs being incurred or affect Metro's or the Merged Group's ability to raise further funds. Such delays could include, for example, delays caused by adverse weather conditions in the vicinity of the projects and delays in gaining all necessary regulatory approvals (including, in respect of the Merged Group, delays to the approval of an updated EIS based on the combination of the Bauxite Hills Project and the Skardon River Project).

Regulatory

Metro and the Merged Group's activities in the bulk commodities industry are subject to legislation, regulation and various approvals. The introduction of new legislation or regulations, or alteration of current legislation and regulations, could have a material adverse effect on the financial performance of and current or proposed activities of Metro or the Merged Group.

In addition, Metro and the Merged Group will require various licences and approvals to progress the Bauxite Hills Project, including the grant of an environmental approval in respect of the Bauxite Hills Project. There is a risk that these may not be obtained, are delayed, or are subject to unsatisfactory conditions, which may have a material adverse impact on Metro or the Merged Group.

Contractual

Development of Metro and the Merged Group's resources and subsequent sale of material will depend on a number of material contractual arrangements. While Metro will have contractual rights in the event of the contracting party's non-compliance, there is no guarantee that Metro will be successful in securing compliance or full performance. Failure by any other party to comply with an obligation under a contract with Metro may lead to a material adverse effect on Metro and the Merged Group.

7.3 Transaction specific risk

Less than 100 percent ownership

It is possible that Metro may not acquire all Gulf Shares under the Offer. The impact upon Metro of acquiring less than 100 percent will depend upon the final level of ownership acquired. However, the existence of minority shareholders in Gulf could have an impact on Metro's intentions regarding Gulf.

Inability to achieve estimated synergies

Should Metro gain control of, or 100% ownership of, Gulf, it intends to combine the two companies' projects. This combination is expected to result in significant synergies, as set out in section 1.2 of the Offer Booklet. These synergies relate to a reduction in pre-production capital expenditure, a reduction in average operating costs over LOM and the removal of duplicated corporate overheads. Metro or the Merged Group may be unable to achieve some or all of these synergies, resulting in higher than anticipated costs for the combined projects and Metro or the Merged Group.

Metro does not control Gulf

If Metro waives the Minimum Acceptance Condition, and does not receive sufficient acceptances to control Gulf, the benefits of the combination of Metro and Gulf may not be realised at all, or until such time as Metro is able to exercise control of Gulf.

Assumed financial information for Gulf

There is a risk that the publicly available financial information provided by Gulf and utilised by Metro in formulating the Offer and preparing this Bidder's Statement is not materially correct.

Taxation

There may be income tax implications associated with accepting the Offer, which will depend on the specific circumstances of each Gulf Shareholder. Gulf Shareholders should seek their own independent taxation advice before accepting the Offer.

Refer to section 5.9 of the Offer Booklet for further details.

A key criterion for the availability of partial capital gains tax (**CGT**) rollover relief in respect of the Metro Shares received under the Cash and Scrip Consideration (should you accept the Offer) is that Metro increases its holding of Gulf Shares to at least 80 percent as a result of the Offer. There is a risk that Metro will not receive sufficient acceptances under the Offer to meet this criterion and CGT rollover relief may not be available to Gulf Shareholders.

Dilution

As the consideration payable for the Offer consists of Metro Shares, the interests of existing Metro Shareholders (which may include Gulf Shareholders following completion of the Offer) will be materially diluted.

Issue of Metro Shares as consideration

Under the Offer, Metro Shares will be offered to Gulf Shareholders, other than Foreign Shareholders. If current Gulf Shareholders or current Metro Shareholders do not wish to hold shares in the Merged Group and seek to sell their shares, including as a result of the sale of

Metro Shares on behalf of Foreign Shareholders, this may have a material adverse effect on the market price of Metro Shares and on the Merged Group.

Fluctuation in the market value of Metro Shares

Under the Offer, Gulf Shareholders are offered consideration consisting of a specified number of Metro Shares. The market value of Metro Shares at the time they are received by Gulf Shareholders may vary from their market value on the date that Gulf Shareholders accept the Offer.

Accordingly, the value of the consideration paid and the value of an accepting Gulf Shareholders investment in Metro may be affected by market fluctuation. Metro is not obliged to make any adjustment in the consideration payable under the Offer if the value of Metro Shares changes before the Closing Date.

Merger integration risks

Integrating two companies produces some risks, including combining management, information systems and work practices. Integration costs that are higher than expected could have a material adverse effect on Metro and the Merged Group.

The increased burden on the management of Metro and the Merged Group may delay decision-making process and oversight.

8 Material agreements

8.1 Key documents

The Board considers that certain agreements relating to Metro are significant to the Offer, the operations of Metro or may be relevant to investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

8.2 Constitution

The following is a summary of the major provisions of the Company's constitution:

- (a) **(Voting at a general meeting)** Subject to any shares which may in the future be issued with special or preferential rights, every member present in person at a general meeting of Metro or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Metro Share held. On a poll, partly paid shares confer a fraction of a vote in proportion to the amount paid up on the share.
- (b) **(Meeting of members)** Each Metro Shareholder is entitled to receive notice of, attend and vote at meetings of Metro and to receive all notices, accounts and other documents required to be sent to Metro Shareholders under Metro's constitution, the Corporations Act and the Listing Rules.
- (c) **(Dividends)** The directors of Metro may authorise the payment to members of dividends as appear to the directors to be justified by the profits of Metro. Dividends are payable on all Metro Shares in proportion to the amount of the total issue price paid (but not credited) for the Metro Shares. This is subject to any special or preferential rights attached to any class of shares created after the issue of the Metro Shares. If a fully paid share is on issue for only part of the period in respect of which a dividend is payable, the dividend for that share will be apportioned and paid according to the proportion of that period for which the share is on issue and is fully paid.; and
- (d) **(Transfer of Metro Shares)** Metro Shares may be transferred by a proper transfer effected under the ASX Settlement Operating Rules, or by a written instrument of transfer in any usual form or in any other form approved by the directors of Metro. The directors of Metro may only decline to register a transfer of Metro Shares (other than a proper transfer under the ASX Settlement Operating Rules) where permitted or required to do so under the Listing Rules. If the directors refuse to register a transfer, Metro must, within five Business Days after the transfer is lodged with Metro, give the party lodging the transfer written notice of the refusal and the reason for refusal. The directors of Metro must decline to register a transfer of Metro Shares when required by the Corporations Act or the Listing Rules.
- (e) **(Issue of further Metro Shares)** The directors of Metro may allot, issue, grant options in respect of, or otherwise dispose of, further shares in Metro on terms as they see fit. However, the directors must act in accordance with any restrictions imposed by Metro's constitution, the Corporations Act, the Listing Rules and any rights for the time being attached to the shares in any special class of those shares.
- (f) **(Winding-up)** If Metro is wound up, then, subject to any special rights attaching to any class of shares, Metro Shareholders will be entitled to participate in any surplus assets of Metro in proportion to the amount paid up (or which ought to have been paid up) on their Metro Shares when the winding-up begins.

- (g) **(Share buy-back)** Subject to the provisions of the Corporations Act and the Listing Rules, Metro may buy back Metro Shares on terms and at times determined by the directors.
- (h) **(Variation of class rights)** Unless otherwise provided by Metro's constitution or by the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or abrogated:
 - (i) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
 - (ii) with the sanction of a special resolution passed at a separate meeting of the holders of those shares.
- (i) **(Dividend reinvestment plan)** Metro's constitution authorises the directors of Metro to establish and maintain dividend reinvestment plans (whereby any member may elect to forego any dividends that may be payable on all or some of the Metro Shares held by that member and to receive instead Metro Shares).
- (j) **(Indemnities)** To the extent permitted by law, Metro indemnifies every officer and former officer of Metro against a liability incurred by the person acting in that capacity. In addition, every officer is indemnified out of the assets of Metro against any liability incurred in defending any civil or criminal proceedings:
 - (i) in which judgment is given in favour of the officer, or in which the officer is acquitted; or
 - (ii) in connection with any application for that proceeding in which relief is granted to the officer under the Corporations Act by the court.
- (k) **(Alteration of Metro's constitution)** Metro's constitution can only be amended by special resolution passed by at least 75 percent of Metro Shareholders present and voting at a general meeting of Metro. Metro must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

8.3 Bridging Loan Facility Agreement

After seeking bridging loan proposals from a number of parties, Metro has entered into a loan bridging facility agreement with Greenstone (**Loan Bridging Facility Agreement**). Greenstone has committed to providing bridging finance to fund:

- (a) the consideration payable to Gulf shareholders or optionholders who have accepted an 'Approved Offer' from Metro and associated transaction costs;
- (b) the repayment of the \$1.9 million loan from Moly to Gulf, which Metro will make available to Gulf upon satisfaction of the Minimum Acceptance Condition; and
- (c) for other uses that may be approved by Greenstone.

The provision of bridging finance is conditional on Moly not having acquired more than 51% voting power in Gulf. The bridging finance is provided on an unsecured basis.

Metro intends to repay outstanding moneys owed to Greenstone (under this agreement or any other document agreed between the parties to be a transaction document) (**Outstanding Moneys**) by conducting a future equity raising, debt financing or conversion into equity. Metro and Greenstone have agreed, in the event that Greenstone participates in any future equity

raising or conversion into equity as part of that debt repayment, that unless the parties agree otherwise Greenstone will not hold more than 30% of the issued share capital in Metro.

The Loan Bridging Facility Agreement was negotiated on an arm's length basis and contains terms that are standard for these types of agreements including representations and warranties, undertakings, events of default and fees costs and expenses (including commercially negotiated arrangement fees).

8.4 Offtake Agreement

Metro Bauxite Hills Sales Pty Ltd entered as agent for Aldoga Minerals Pty Ltd (**Aldoga**) and Cape Alumina Pty Ltd (**Cape Alumina**) entered into an off-take agreement with Shandong Xinfa Import and Export Co. Ltd under which Shandong has agreed to purchase a fixed annual contract tonnage of bauxite over four years, being one million tonnes in the first year, followed by two million tonnes in each of the following three years, for a total of seven million tonnes (**Offtake Agreement**). Metro Sales can vary the contract tonnage up or down by 10% in a contract year. Take or pay provisions are applicable to both parties through liquidated damages clauses if the party fails to deliver or take (as the context requires) at least 90% of the contract tonnage for the contract year and the shortfall is not made good within a period of three months.

The Offtake Agreement is subject to:

- (a) the grant of the mining leases and environmental approvals;
- (b) a final investment decision being made for the Bauxite Hills mine owned and operated by Aldoga and Cape Alumina by 31 December 2018; and
- (c) Metro having 40,000 tonnes of bauxite being capable of being shipped by 31 December 2018.

Force majeure and other customary clauses for an agreement of this nature are also included in the Offtake Agreement.

8.5 Strategic Financing Agreements

As announced to the market on 11 July 2016, Metro executed strategic financing agreements with Greenstone (**Strategic Financing Agreements**). Pursuant to the Strategic Financing Agreements, Greenstone has made an initial investment of \$8.9 million in Metro via a placement of 105 million Metro Shares at \$0.085 cents per Metro Share. The placement occurred in two tranches, with the second tranche of Metro Shares issued to Greenstone on 20 September 2016.

The Strategic Financing Agreements further provide that, subject to a satisfactory construction decision in respect of the Bauxite Hills Project and agreement on structure and terms, Greenstone shall be willing to make a follow-on equity investment in Metro of up to USD\$20 million to support the financing of the construction of Bauxite Hills Project.

8.6 Bafflebox Loan Agreement

On or about 19 September 2016, the Bafflebox Mining Trust agreed to loan Metro \$8.5 million to fund the acquisition by Metro of Gulf Shares and to use any additional funds not used for that purpose for working capital purposes (**Bafflebox Loan Agreement**). The term of the Bafflebox Loan Agreement is six months and the interest rate is 8% per annum for the first three months after the initial drawdown and 10% thereafter. If the Bafflebox Mining Trust participates in any equity raising undertaken by Metro during the term of the Bafflebox Loan Agreement, the Bafflebox Mining Trust can give a conversion notice and set-off the amount it is required to pay for the equity it has acquired by the amount owing under the Bafflebox Loan Agreement.

8.7 Transshipment agreement

On 2 February 2016 Metro announced that it had entered into an agreement with Bauxite Transshipment Services Pty Ltd for the provision of transshipment services relating to the Bauxite Hills Project. See Metro's announcement to the market dated 2 February 2016 for further information.

8.8 Equity plans

Metro has an employee share option plan to assist in the retention and motivation of employees (**ESOP**). Under the ESOP, Metro may offer Metro Shares or Metro Options to full or part-time employee or their nominee, who have been selected to participate in the ESOP. Metro is entitled to place conditions and disposal restrictions on securities issued under the ESOP, as well as determine the terms of such securities. Metro Shares are awarded to executives generally over a period of three years based on long-term incentive measures. These long-term incentives include specific goals that have been given a high level of importance in relation to the future growth of Metro. Performance conditions generally include progressing Metro's projects toward production and funding Metro by disposals of non-core assets either by sale or otherwise, on satisfactory terms.

The maximum number of Metro Shares and Metro Options that may be offered to participants under the ESOP is 5% of the issued capital of Metro at the relevant time. All Metro Options issued under the ESOP are unquoted. Metro will apply for quotation of all Metro Shares issued under the ESOP (or upon exercise of a Metro Option). The number of Metro Options on issue to employees and directors of Metro are summarised in section 9.3.

9 Additional information

9.1 Continuous reporting and disclosure obligations

This Prospectus is a 'transaction specific prospectus' issued under section 713 of the Corporations Act as a prospectus for the issue of continuously quoted securities.

In general terms, a transaction specific prospectus is only required to contain information about the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information about all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

The Company is subject to regular reporting and disclosure obligations because it is a 'disclosing entity' for the purposes of the Corporations Act. Additionally, as a listed company, Metro is subject to the Listing Rules which require disclosure to ASX of any information the Company has which a reasonable person would expect to have a material effect on the price or value of Metro Shares.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to Metro which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to other publicly available information in relation to the Company before making a decision whether or not to invest.

Metro will provide, free of charge, a copy of any of the following documents to a Gulf Shareholder upon request:

- (a) a copy of the Offer Booklet;
- (b) Metro's Annual Report, its Half Yearly Report and its consolidated annual financial report for the financial year ended 30 June 2016;
- (c) any ASX announcement subsequent to the date the Annual Report was released;
- (d) any ASX announcement referred to in this Prospectus; and
- (e) any document lodged with ASIC subsequent to the date the Annual Report was released.

Copies of ASX announcements are available on the ASX website or the Company's website at www.metromining.com.au.

In addition, copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The information in Metro's Annual Report, its Half Yearly Report and the continuous disclosure notices may be of interest to investors and their financial advisers.

The Directors rely upon section 712(3) of the Corporations Act with the inclusion by reference of material referred to above for full disclosure of relevant information to Gulf Shareholders for the purposes of section 711 of the Corporations Act, including the nature and extent of any Directors' interests or of persons identified in section 711(4) of the Corporations Act.

Company announcements since 30 June 2016 to the date of this Prospectus are set out below.

Date	Announcement title
11 July 2016	Trading Halt
11 July 2016	Strategic Financing with Greenstone
12 July 2016	Change in substantial holding
21 July 2016	CEO Presentation at Noosa Mining Conference
25 July 2016	Appendix 3B
27 July 2016	June Quarter 2016 – Quarterly Activities & Cash Flow Report
28 July 2017	Closing of Tranche 1 Funding of \$8.1 Million from Greenstone
28 July 2016	Section 708A Cleansing Statement
28 July 2016	Appendix 3B
29 July 2016	Notice of General Meeting/Proxy Form
29 July 2016	Appendix 3X
29 July 2016	Becoming a substantial holder
2 August 2016	Disclosure for Appendix 3B – Listing Rule 3.10.5A
30 August 2016	CEO Presentation at EGM
30 August 2016	Results of Meeting
30 August 2016	Change in substantial holder
31 August 2016	Full Year Statutory Accounts
31 August 2016	Corporate Governance Statement & App 4G
2 September 2016	Appendix 3X
19 September 2016	Trading Halt
20 September 2016	Close of Tranche 2 Funding from Greenstone
20 September 2016	Appendix 3B
20 September 2016	Section 708A Cleansing Statement
21 September 2016	Strategic Increase in Gulf Ownership
21 September 2016	Annual Report to shareholders
21 September 2016	Change in substantial holding
23 September 2016	Proposed Transaction between Moly Mines and Gulf Alumina
13 October 2016	Binding Off-Take Agreement with Xinfa Group
14 October 2016	Notice of Annual General Meeting/Proxy Form
20 October 2016	CEO Presentation at 121 Mining Hong Kong
25 October 2016	Offer for Gulf Alumina

The Company will give free of charge, to any person who requests it during the application period under this Prospectus, a copy of the Annual Report or the Half Yearly Report and any continuous disclosure notices lodged by the Company from 30 June 2016 to the date of this Prospectus. The

information in the Annual Report, the Half Yearly Report and the continuous disclosure notices may be of interest to investors and their financial advisers.

9.2 Rights attaching to New Metro Shares

The rights attaching to the New Metro Shares, which are the same as the Existing Metro Shares, are set out in the Company's constitution and summarised in section 8.2 of this Prospectus.

9.3 Existing Metro Options

There are currently 14,297,493 Metro Options on issue to a small number of officers and employees of Metro, as set out in the table below.

Existing Metro Options	Exercise price per Metro Option	Expiry date
10,750,000	\$0.06	11 January 2017
2,500,000	\$0.15	14 December 2017
1,047,493	\$0.04	5 May 2018
14,297,493		

9.4 Litigation

To the best of the Directors' knowledge and belief, no litigation, mediation, conciliation or administrative proceeding is taking place, pending or threatened against the Company.

9.5 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and the statement included in this Prospectus with the consent of that party, as specified below.

BDO Audit Pty Ltd has given, and not withdrawn, its consent to be named as auditor to the Company in the form and context in which it is named.

BDO (QLD) Pty Ltd has given, and not withdrawn, its consent to be named as tax advisor to the Company in the form and context in which it is named.

McCullough Robertson Lawyers has given, and has not withdrawn, its written consent to be named as legal adviser to the Company in the form and context in which it is named.

Argonaut Capital Limited has given, and has not withdrawn, its written consent to be named as financial adviser to the Company in the form and context in which it is named.

9.6 Interests of experts and advisers

Except as set out in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has any interest or has had any interest during the last two years:
 - (i) in the formation or promotion of Metro;
 - (ii) in property acquired or proposed to be acquired by Metro in connection with its formation or promotion, or
 - (iii) the offer of the New Metro Shares; and
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus in connection with the services provided by the person in connection with the:
 - (i) formation or promotion of Metro, or
 - (ii) offer of the New Metro Shares.

McCullough Robertson Lawyers has acted as legal adviser to the Company for the offer under this Prospectus and has provided legal advice on the offer. McCullough Robertson Lawyers will be paid an estimated fee of approximately \$20,000 (GST exclusive) for these services. Further amounts may be paid to McCullough Robertson Lawyers in accordance with their normal time-based charges.

Argonaut Capital Limited (**Argonaut**) has acted as financial adviser to the Company for the Offer. Argonaut has been engaged on an ongoing basis under a retainer to provide financial advice in respect of the Offer.

BDO (QLD) Pty Ltd (**BDO**) have been engaged by Metro to provide tax and accounting advice in relation to the Offer and the issue of New Metro Shares under this Prospectus. BDO will be paid an estimated fee of approximately \$10,000 (GST exclusive) for these services. Further amounts may be paid to McCullough Robertson Lawyers in accordance with their normal time-based charges.

9.7 Substantial Shareholders

The following Shareholders have a substantial holding in Metro:

Shareholder	Existing Metro Shares	Interest (%)
Greenstone Management (Delaware) II LLC as general partner of Greenstone Metro Holdings LP	105,250,000	19.98%
Balanced Property Pty Ltd as trustee for the Balanced Property Trust	71,994,181	13.67%
Dadi Engineering Development (Group) Co. Ltd. and its related entities	62,263,295	11.82%

Shareholder	Existing Metro Shares	Interest (%)
Joyday Pty Ltd and Equity & Permanent Investment Capital Ltd	46,121,040	8.76%

The table above shows the shareholding of each substantial Shareholder as at 28 October 2016 and not the position after the Offer.

9.8 Interests of Directors

Other than as set out above or elsewhere in this Prospectus:

- (a) no Director or proposed Director of Metro has, or has had in the two years before lodgment of this Prospectus, any interest in:
 - (i) the formation or promotion of Metro,
 - (ii) the offer of New Metro Shares, or
 - (iii) any property proposed to be acquired by Metro in connection with the formation or promotion of the offer of the New Metro Shares; and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Metro either:
 - (i) to induce him or her to become, or to qualify him or her as, a Director, or
 - (ii) otherwise for services rendered by him or her in connection with the formation or promotion of Metro or the offer of the New Metro Shares.

The Directors or their associates have a beneficial interest in the following Existing Metro Shares and Existing Metro Options at the date of this Prospectus:

Director	Securities	Registered holder
Stephen Everett	2,794,052 Existing Metro Shares	Prima Group Holdings Pty Ltd as trustee for the Prima Group Holding Pty Ltd Superannuation Fund
	500,000 Existing Metro Options	
Philip Hennessy	1,785,715 Existing Metro Shares	Gamore Pty Ltd as trustee for the WJH Superannuation Fund
	500,000 Existing Metro Options	
Mark Sawyer	Nil	Nil
Dongping Wang	500,000 Existing Metro Options	Dongping Wang
Jijun Liu	Nil	Nil
George Lloyd	863,926 Existing Metro Shares	Joieto Pty Ltd as trustee for the Lloyd Superannuation Fund
	500,000 Existing Metro Options	
	3,516 Existing Metro Shares	Mrs L Lloyd
Lindsay Ward	553,572 Existing Metro Shares	Lindsay Ward as trustee for the Ward Hughes Family Super Fund
	500,000 Existing Metro Options	

9.9 Expenses of the Offer

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be \$40,000.

9.10 Allotment

Metro will apply within seven days from the date of this Prospectus for quotation of the New Metro Shares on ASX. It is expected that allotment of the New Metro Shares under the Offer will take place no more than five Business Days after the close of the Offer.

It is the responsibility of Gulf Shareholders to work out the number of New Metro Shares to be allotted and issued to them before trading the New Metro Shares. The sale by a Gulf Shareholder of New Metro Shares before receiving their holding statement is at the Gulf Shareholder's own risk.

9.11 CHESS

The Company will apply for the New Metro Shares to participate in CHESS. A Gulf Shareholder who is issued New Metro Shares under this Offer will receive a shareholding statement instead of a share certificate. It sets out the number of New Metro Shares issued to them.

The shareholding statement also provides details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the share registry. Further statements are given to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee for them.

9.12 Electronic Prospectus

This Prospectus is available for download in electronic form at www.metromining.com.au/investor-media-centre/announcements. Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by Metro free of charge until the Closing Date.

The Acceptance Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Acceptance Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus before completing the Acceptance Form.

Metro will not accept a completed Acceptance Form if it has reason to believe that the Gulf Shareholder has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Acceptance Form or electronic copy of the Prospectus has been altered in any way.

While Metro believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be altered in any way, Metro can not give any absolute assurance that this will not occur. Any investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from Metro or a financial adviser.

9.13 Privacy

Gulf Shareholders may be asked to give personal information to Metro directly, and through the share registry, such as name, address, telephone and fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to provide facilities and services to Shareholders and undertake administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with the information under the *Privacy Act 1988* (Cth). The Company's privacy policy sets out how Shareholders may request access to and correction of their personal information held by or on behalf of the Company (by contacting the share registry), how Shareholders can complain about privacy related matters and how the Company responds to complaints.

9.14 Authorisation

This Prospectus is issued by the Company. Each Director has consented to the lodgment of the Prospectus with ASIC.

Dated 28 October 2016


Mark Sawyer
Director
Metro Mining Limited

10 Glossary

In this document:

Acceptance Form	means a Gulf Shareholder's personalised acceptance form accompanying the Offer Booklet.
Aldoga	means Aldoga Minerals Pty Ltd ACN 102 192 585.
Annual Report	means the annual report of the Company for the financial year ended 30 June 2016 which includes audited financial statements for the financial year ended 30 June 2016 and the auditor's report, which was lodged with ASX and ASIC on 21 September 2016.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
AUD	means the official currency of the Commonwealth of Australia.
Bafflebox Loan Agreement	has the meaning given to that term in section 8.6 of this Prospectus.
Bauxite Hills Project	means Metro's bauxite project near Skardon River, as described in section 2.3 of this Prospectus.
Board	means the board of directors of the Company.
Business Day	means a business day as defined in the Listing Rules.
Cape Alumina	means Cape Alumina Pty Ltd ACN 107 817 694.
Cash and Scrip Consideration	means \$0.50 cash and one New Metro Share per Gulf Share.
CGT	means capital gains tax.
CHESS	means Clearing House Electronic Subregister System, operated by ASX Settlement.
Closing Date	means the date on which the Offer closes, being 5 December 2016, or another date nominated by the Company.
Company or Metro	means Metro Mining Limited ACN 117 763 443.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of the Company.
DFS	means definitive feasibility study.
DSO	means direct shipping ore. In the context of bauxite, this refers to bauxite that can be exported directly with minimal processing and beneficiation.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
EIS	means environmental impact statement.
EPM	means exploration permit for minerals.
Existing Metro Options	means the options already on issue in Metro and referred to in section 9.3 of this Prospectus.

Existing Metro Shareholders	means the holders of Metro Shares before the date of this Prospectus.
Existing Metro Shares	means the Metro Shares already on issue in Metro as at the date of this Prospectus.
Exploration Results	has the meaning given to that term in the JORC Code.
FOB	means free on board.
Greenstone	means Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Metro Holdings LP.
Gulf	means Gulf Alumina Limited ACN 108 086 371.
Gulf Options	means options over unissued Gulf Shares.
Gulf Shareholders	means shareholders in Gulf as at the date of this Prospectus.
Gulf Shares	means fully paid ordinary shares in Gulf.
Half Yearly Report	means the Company's consolidated interim financial report for the six months ended 31 December 2015.
IRR	means internal rate of return.
JORC Code	means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition.
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Loan Bridging Facility Agreement	has the meaning given to that term in section 8.3 of this Prospectus.
LOM	means life of mine.
Metro	means Metro Mining Limited ACN 117 763 443.
Metro Group	means Metro and each subsidiary of Metro including, where the context requires, Gulf and each subsidiary of Gulf.
Metro Shares	means fully paid ordinary shares in Metro.
Mineral Resource	has the meaning given to that term in the JORC Code.
Minimum Acceptance Condition	has the meaning given to that term in section 1.4 of this Prospectus.
Mining	has the meaning given to that term in the JORC Code.
MLA	means mining lease application.
Moly	means Moly Mines Limited ACN 103 295 521.
New Metro Shares	means the new Metro Shares to be issued by Metro under this Prospectus.
NPAT	means net profit after tax.
NPV	means net present value.
Offer	means Metro's offer to acquire all Gulf Shares currently on issue (or to be issued, as a result of the exercise of Gulf Options that were on issue on the date the Offer was announced).

Offer Booklet	means the offer booklet to which this Prospectus is annexed.
Offer Consideration	means the consideration under the Offer, being the Cash Consideration or the Cash and Scrip Consideration.
Offer Date	means 28 October 2016.
Offtake Agreement	has the meaning given to that term in section 8.4 of this Prospectus.
Ore Reserve	has the meaning given to that term in the JORC Code.
Outstanding Moneys	has the meaning given to that term in section 8.3 of this Prospectus.
Pro Forma Statement of Financial Position	means the pro forma statement of financial position of the Merged Group set out in section 4.3.
Prospectus	means this prospectus.
Shareholders	means shareholders in Metro.
Skardon River Project	means the bauxite development project being undertaken by Gulf, as described in section 4.3 of the Offer Booklet.
Strategic Financing Agreements	has the meaning given to that term in section 8.5 of this Prospectus.
Us or We	means the Company.
USD	means the currency of the republic of the United States of America.
You	means Gulf Shareholders to whom this Prospectus is directed.

Corporate directory

Company

Metro Mining Limited ACN 117 763 443
Level 8, 300 Adelaide Street
BRISBANE QLD 4000
www.metromining.com.au

Directors

Stephen Everett (Chairman)
Mark Sawyer (Non-Executive Director)
Philip Hennessy (Non-Executive Director)
Dongping Wang (Non-Executive Director)
Jijun Liu (Non-Executive Director)
George Lloyd (Non-Executive Director)
Lindsay Ward (Non-Executive Director)

Company Secretary

Scott Waddell

Share Registry

Link Market Services Limited
Level 15, 324 Queen St
BRISBANE QLD 4000
www.linkmarketservices.com.au

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek Street
BRISBANE QLD 4000
www.bdo.com.au

Legal adviser

McCullough Robertson Lawyers
Central Plaza Two, Level 11, 66 Eagle Street
BRISBANE QLD 4000
www.mccullough.com.au

Financial adviser

Argonaut Capital Limited
Level 30, Allendale Square, 77 St Georges Terrace
PERTH WA 6000
www.argonaut.com

Schedule 1

Metro's tenements in Cape York

Tenement	Project name	Holder/ applicant	Status	Expiry date	Area Ha (MLAs) No. Sub Block (EPM)	Commodity targeted
MLA 20573	Pisolite Hills 2	Cape Alumina Pty Ltd	Application	-	3207.8	Bauxite-Kaolin
MLA 20574	Pisolite Hills 3	Cape Alumina Pty Ltd	Application	-	3885.5	Bauxite-Kaolin
MLA 20612	Port Musgrave	Cape Alumina Pty Ltd	Application	-	1050.3	Bauxite
MLA 20676	Bauxite Hills 1	Aldoga Mineral Pty Ltd Cape Alumina Pty Ltd	Application	-	2317.91	Bauxite
MLA 20687	Bauxite Hills 2	Aldoga Mineral Pty Ltd Cape Alumina Pty Ltd	Application	-	1647	Bauxite
MLA 20688	Bauxite Hills 6 East	Aldoga Mineral Pty Ltd Cape Alumina Pty Ltd	Application	-	531	Bauxite
MLA 20689	Bauxite Hills 6 West	Aldoga Mineral Pty Ltd Cape Alumina Pty Ltd	Application	-	2052	Bauxite
EPM 14547	Pisolite Hills	Cape Alumina Pty Ltd	Granted	19/04/2021	48	Bauxite
EPM 15278	Pisolite Hills North	Cape Alumina Pty Ltd	Granted	29/09/2019	53	Bauxite
EPM 15376	Ducie River	Cape Alumina Pty Ltd	Granted	29/09/2019	29	Bauxite
EPM 15984	Port Musgrave	Cape Alumina Pty Ltd	Granted	23/02/2019	4	Bauxite
EPMA 15985	Penefather	Cape Alumina Pty Ltd	Application	-	45	Bauxite
EPM 16899	Skardon River	Cape Alumina Pty Ltd	Granted	16/12/2019	14	Bauxite

Tenement	Project name	Holder/ applicant	Status	Expiry date	Area Ha (MLAs) No. Sub Block (EPM)	Commodity targeted
EPM 17499	Eucid	Cape Alumina Pty Ltd	Granted	30/10/2017	4	Bauxite
EPM 25877	Central Cape York	Cape Alumina Pty Ltd	Granted	12/07/2021	50	Bauxite
EPM 25878	Northern Cape York	Cape Alumina Pty Ltd	Granted	12/07/2021	86	Bauxite
EPM 25879	Southern Cape York	Cape Alumina Pty Ltd	Granted	12/07/2021	82	Bauxite
EPMA 26144	Skardon West	Cape Alumina Pty Ltd	Application	-	8	Bauxite

Schedule 2

Metro's tenements in Central Queensland

Tenement	Project name	Holder/ applicant	Status	Expiry date	Area Ha (MLAs) No. Sub Block (EPM)	Commodity targeted
EPM 15848	Toondoon	Cape Alumina Pty Ltd	Granted	22/05/2018	6	Bauxite
EPM 18281	Auburn	Cape Alumina Pty Ltd	Granted	15/12/2016	22	Bauxite

ANNEXURE B

Acceptance Form

ACCEPTANCE FORM

A Your name

Your holding

Gulf Shares held as at the Offer Date

If your holding has changed between the Offer Date and time of acceptance, then write your current holding here and initial your amendments. Your acceptance will in any event apply in respect of the number of Gulf Shares that you specify below.

This is an important document. If you are in doubt as to how to complete this Acceptance Form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form

This is a personalised form for the sole use of the holder and holding recorded above. Use this form to accept the Offer by Metro for any or all of your Gulf Shares. You should read the entire Offer Booklet (and, if you intend to elect to receive the Cash and Scrip Consideration, the entire Prospectus) carefully before completing this form. Capitalised words used in this form have the meanings given to them in the Offer Booklet.

B You must return your Acceptance Form to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of the number of Gulf Shares that you specify below, on the Offer Terms. To be an effective acceptance, your form must be received by Metro by the end of the Offer Period which is 7.00pm (Sydney time) on 5 December 2016 (unless extended). To accept the Offer you must sign and return this Acceptance Form, along with any other documentation required by:

- (a) mail or hand delivery to the mailing address shown overleaf; or
- (b) email to the email address shown overleaf.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone number where you can be contacted during business hours

Contact name

D Election of the Offer Consideration you wish to receive for your Gulf Shares

You may make an election, in respect of all Gulf Shares indicated below, to receive either the (please select only one option):

Cash Consideration - \$0.60 cash for each Gulf Share that you hold; or

Cash and Scrip Consideration - \$0.50 cash and one Metro Shares for each Gulf Share that you hold

You may only elect to receive one type of Offer Consideration in respect of all of your Gulf Shares, unless you hold two or more parcels of Gulf Shares as nominee or trustee for, or otherwise on account of, another person, in which case you may separate elections in relation to each of those parcels of Gulf Shares by duly completing and lodging separate Acceptance Forms in respect of the separate parcels. Please contact Metro to obtain additional Acceptance Forms for this purpose.

If you do not make a valid election, you will be deemed to have elected to receive the Cash and Scrip Consideration.

E You must specify the number of Gulf Shares you wish to accept the Offer in respect of

You can accept the Offer in respect of all of your Gulf Shares, or in respect of only some of your Gulf Shares. Please specify the total number of Gulf Shares you hold, as well as number of Gulf Shares that you wish to accept the Offer in respect of. You will be deemed to have accepted the Offer in respect of the number of Gulf Shares that you so specify, or if nothing is specified you will be deemed to have accepted in respect of all of your Gulf Shares.

Your total holding

The number of Gulf Shares you are accepting the Offer for

F You must check the box applicable to you

If you have your share certificate in respect of the Gulf Shares that you are accepting the Offer in respect of, you must provide this to Metro upon your acceptance of the Offer. If you do not have your share certificate in respect of the Gulf Shares that you are accepting the Offer in respect of, you may be required to give a statutory declaration to that effect, as required by Metro.

I/We, the person(s) named above, are in possession of the share certificate in respect of my/our Gulf Shares for which the Offer is being accepted, which is being provided to Metro upon my/our acceptance of the Offer.

We, the person(s) named above, are not in possession of the share certificate in respect of my/our Gulf Shares for which the Offer is being accepted, and confirm it has either been lost, or was never issued to me/us by Gulf, and I hereby authorise Metro to make those representations to Gulf on my/our behalf and seek the issue of a replacement share certificate.

G You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of the Gulf Shares I/we have specified above and hereby agree to transfer to Metro all my/our Gulf Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Offer Booklet. By submitting this form I/we declare that all details and statements made by me/us are complete and accurate.

Shareholder 1 (Individual)

Shareholder 2 (Individual)

Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director

Secretary/Director (delete one)

The directors of Metro reserve the right to make amendments to this form where appropriate.

Please refer overleaf for further important instructions

FURTHER IMPORTANT INSTRUCTIONS

To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions in this Acceptance Form.

For further information please refer to the Offer Booklet dated 28 October 2016 which accompanies this Acceptance Form. Capitalised terms used in this form have the same meanings given to them in the Offer Booklet.

By submitting this form, you agree to accept the Offer on the Offer Terms set out in the Offer Booklet.

Completion instructions

A

Please check the front page to ensure that your name and address are correct. If any of these details are incorrect, please write in your correct details and initial the amendments that you make.

Please note your consideration will be issued in the name(s) exactly as stated on the Gulf share register.

B

Please sign this Acceptance Form in the places for signature(s) set out on the front page and in accordance with the following instructions:

- (a) **Joint Shareholders:** If your Gulf Shares are held in the names of more than one person, all those persons must sign this Acceptance Form.
- (b) **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
- (c) **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
- (d) **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by Metro for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to Metro's professional advisers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable under the Offer. You have rights to obtain access to the personal information which you have supplied in connection with the Offer.

Lodgment instructions

Mail, deliver or email the completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing address

Metro Mining Limited
(Gulf Alumina Limited Offer)
PO Box 10955
Adelaide Street
Brisbane QLD 4000

or Email address

Scan or photograph and send a copy of the completed Acceptance Form, along with other required documentation, to:
swaddell@metromining.com.au

A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7.00pm (Sydney time) on 5 December 2016.

If you have any questions about the terms of the Offer or how to accept, please call Metro's Company Secretary on + 61 7 3009 8004 between 9.00am and 5.00pm (Brisbane time).

