



METRO

**MINING
LIMITED**

ASX ANNOUNCEMENT

22 November 2016

Annual General Meeting

Chairman's Address

&

Chief Executive Officer's Presentation



ASX: MMI | ACN 117 763 443

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CHAIRMAN'S ADDRESS

I would like to thank all shareholders – large and not-so-large - for their ongoing support during a year that can only be described as “challenging.”

Clearly, shareholders will be keen to hear the latest news on the status of our takeover offer for Gulf Alumina Ltd. I will address that issue once we have reviewed the year that was.

At the last AGM, and throughout the last financial year, we assured shareholders our focus would be on the “main game”. That was and is, of course, developing Bauxite Hills - the company's flagship project.

As our CEO Simon Finnis details in the Annual Report, work on Bauxite Hills included -- but certainly was not limited to:

- Announcing an increase to the mining reserve,
- Signing a non-binding off-take agreement - followed by a vital binding agreement - with Xinfra
- Securing Native Title and Land Owner Agreements
- Submitting the EIS for Government consideration, and
- DFS for 2mtpa operation

Our DFS for an expanded production scenario, which had been put on hold during our bid for Gulf Alumina, will be completed expeditiously.

Our corporate development activities over the last 12 months have also been extensive.

In July 2015 we successfully raised \$5.6 million via a Placement and Entitlement Offer.

In July 2016 we secured another strategic cornerstone investor with Greenstone Resources agreeing to invest \$9M in our Company for a 19.98% stake. This was at a significant premium to the prevailing share price at the time.

Greenstone coming on board has been very important for Metro. Our development strategy has been ratified and Greenstone's commitment of follow-on funding of up to US\$20Million at the time of project financing, has helped to de-risk the project.

Whilst all of our shareholders are important to us – particularly those who have steadfastly supported us over a long period of time - Greenstone's demonstrated support for both Bauxite Hills and Metro's overall development was a significant milestone.



The execution of a binding off-take agreement with Xinfu, another Metro shareholder, was also of considerable significance, and vital to secure future project financing.

On behalf of the Board, I would like to thank Simon for his stewardship of the company over the past twelve months. I also thank the very close knit Metro team for their ongoing stellar efforts.

Now for an update on Gulf Alumina Ltd

Most of you would be aware that Gulf have an adjoining Bauxite project adjacent to Bauxite Hills.

In December 2015, following an approach from Gulf's largest shareholder, Metro launched a takeover bid for Gulf.

Whilst the approach from Gulf's shareholder was fortuitous, we have for some time believed an ideal scenario would be to develop both projects together and establish a **very significant** independent Cape York bauxite supplier.

The joint development would yield significant economic advantages.

Key considerations were shared infrastructure and joint resources.

Combining the two projects would also either double the mine life or enable higher production rates. The reserve of direct shipping ore would increase from 48 to 96.5 million tonnes.

We could create economies of scale, improve efficiency, streamline regulatory approvals, improve financing capabilities and make the joint project more attractive to customers.

Metro would also benefit from an established Mining Lease over Gulf's tenements and existing infrastructure, including camp, airstrip, haul roads and a barge loading facility.

Importantly, we saw this as an excellent opportunity to increase shareholder value and potential return.

Following the original bid we gained 22% of Gulf.

Subsequently, in September this year, Metro increased its holding to 39% by also acquiring the shares of Gulf's second largest shareholder group. This would not have been possible without the continuing financial support of our two largest shareholders- Balanced Property Trust and Greenstone Resources.

Things really started to get "interesting" when, also in September, Moly Mines Ltd made a very conditional takeover bid for Gulf. We quickly countered their bid on 25th October with an unconditional offer (other than achieving control) that was recognised as superior by the Gulf Board.

On the 8th November Moly responded with an increased offer that was still very conditional.

On the 17th November, last Thursday, the Gulf Board announced Moly's offer did not match Metro's. The Gulf Board unanimously recommended its shareholders accept our offer in the absence of any superior offer made for their shares.

Gulf board members said they, and their respective associates, intended accepting the Metro offer with respect to their shares **at the end of the Metro Offer Period**, unless there was a change in circumstances – that is any superior offer. The end of our offer period is December 5.

We will, our course, keep shareholders informed of any further developments.

So, as I said it's been a challenging year!

I sincerely thank my fellow Board members for their dedication and hard work, over what has been an extraordinary and, as I said “challenging” year. This is represented in the Annual Report where you will see that we had 21 board meetings in the last financial year.

To all our shareholders I say thank you. I again point out that the support of each and every one of you is sincerely appreciated.

In the coming year I am sure you will be rewarded for your patience.

<ENDS>





Annual General Meeting

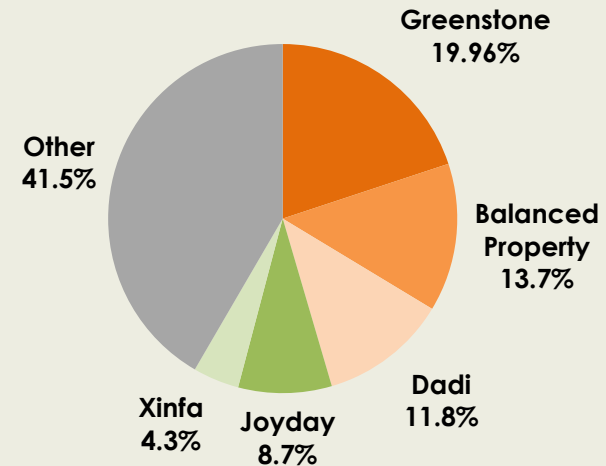
ASX : MMI | 22 November 2016

Corporate Snapshot

Capital Structure

Share Price (21-Nov-16)	\$0.135
Shares on Issue	527.2m
Market Cap	\$71.2m
Options	14.2m
Cash (30 Sep 2016)	\$9.2m
Investment in Gulf*	\$20.9m
Unsecured Debt (31 Oct 2016)	\$8.5m
Net Cash & Investments	\$22.6m
Enterprise Value	\$49.6m

Shareholders



Broker Coverage  **Morgans** IN ALLIANCE WITH 

Board & Management

Board		Management	
Stephen Everett Chairman	George Lloyd Non-Executive Director	Simon Finnis Chief Executive Officer	
Philip Hennessy Non-Executive Director	Lindsay Ward Non-Executive Director	Mike O'Brien Project Director	Colleen Fish Environmental Manager
Jijun Liu Non-Executive Director	Dongping Wang Non-Executive Director	Scott Waddell Chief Financial Officer	Norman Ting General Manager, Marketing
Mark Sawyer Non-Executive Director			

* Based on Gulf's valuation under Metro's offer of ~\$53m and Metro's 39.3% interest in Gulf

Key Achievements – Past 12 Months

Significant Progress has been Achieved for Shareholders

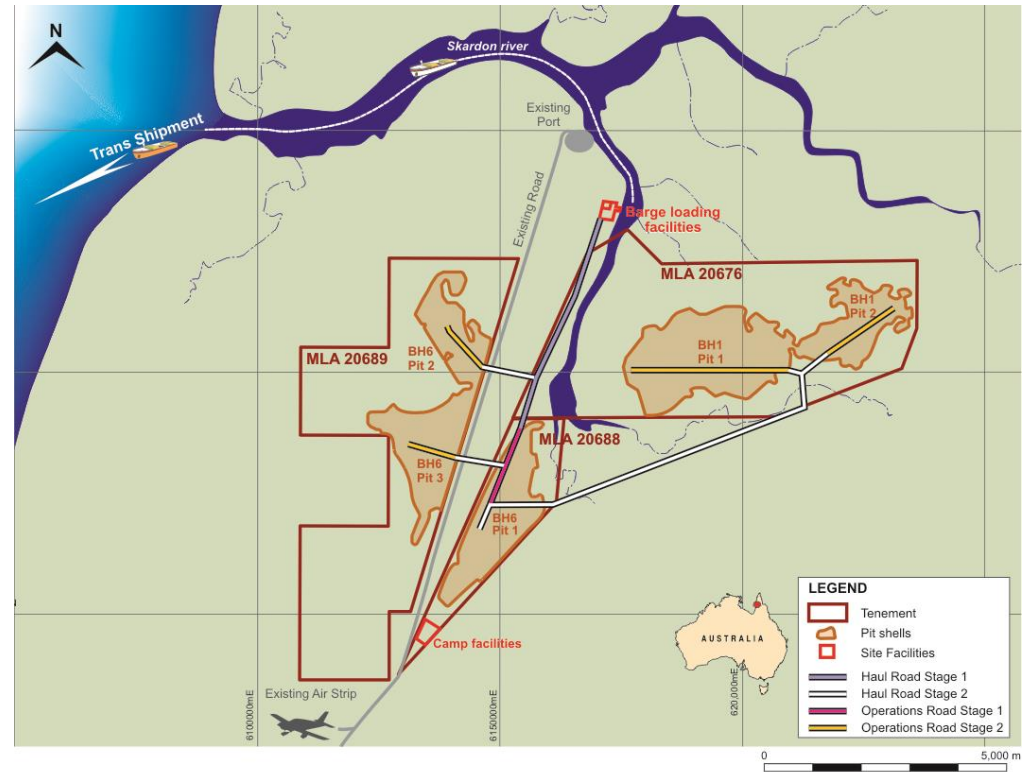
Project Level		Corporate Level	
1.	DFS for 2Mtpa*	1.	Takeover for Gulf Launched
2.	Native Title & Land Access	2.	Strategic 39% Stake in Gulf Secured
3.	Transshipment Solution with TSA	3.	\$8.9 Million Financing with Greenstone at Significant Premium to market
4.	PFS for 4Mtpa**	4.	Binding Off-take with Xinha – 7Mt* over 4 years***
5.	EIS Submitted	5.	Gulf Board Recommends Metro Offer
6.	DFS for 4-5Mtpa Well Progressed	6.	Positive Engagement with Leading Financiers & other Potential Off-takers

Bauxite Hills Update

Well Advanced and On-Track for First Production in 2018

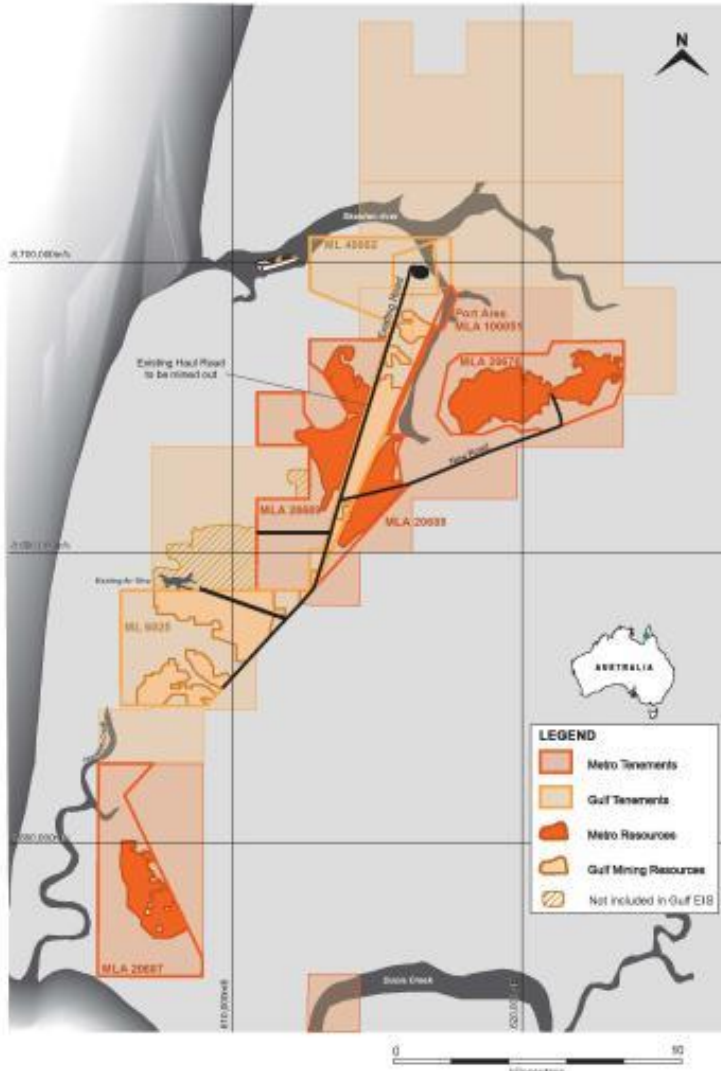
- **Native Title and Land Access Secured**
- **TSA to Provide and Operate All Tugs and Barges Required for Transhipment**
- **Robust PFS for 4Mtpa***
 - ▶ Low capex of ~\$40m, 13 year LOM, competitive costs & attractive margins
 - ▶ Post tax NPV₁₀ of ~\$580m & IRR of +150%
- **EIS Submitted**
 - ▶ Strong support from local community and state and federal governments
- **DFS for 4-5Mtpa Well Progressed**
 - ▶ To be finalised post Gulf offer
- **Product Quality Confirmed by Xinfa Off-take**
 - ▶ ~50% of planned production for first 4 yrs

- **Recruitment of key roles well advanced**
- **US\$20M of equity financing support for construction indicated by Greenstone**



Gulf Acquisition

Compelling Logic and Gulf Board Support



Key Points

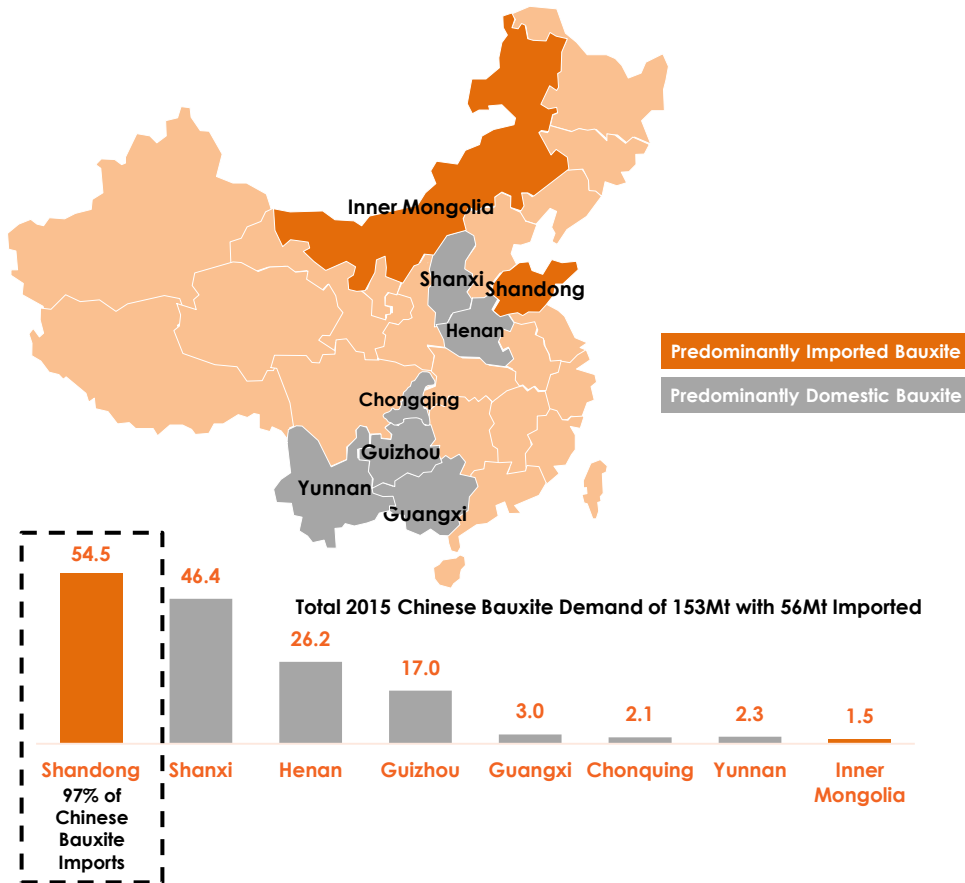
- **Gulf's tenements adjoin and bisect Metro's**
 - ▶ Gulf has similar reserves & resources to Metro
 - ▶ Gulf has access to existing infrastructure associated with historic Kaolin mining operation
- **Metro is Gulf's largest shareholder with a 39% interest**
- **Over \$200m of synergies outlined in Gulf's independent expert report in May 2016**
- **The Gulf board has recommended that Gulf shareholders accept Metro's offer**
 - ▶ \$0.60 cash per Gulf share; or
 - ▶ \$0.50 cash & 1 Metro share per Gulf share
- **Metro's offer fully funded via a bridge facility with Greenstone**
- **Offer scheduled to close 5 December 2016**
- **Metro to focus on expanding and optimising combined project development post acquisition**



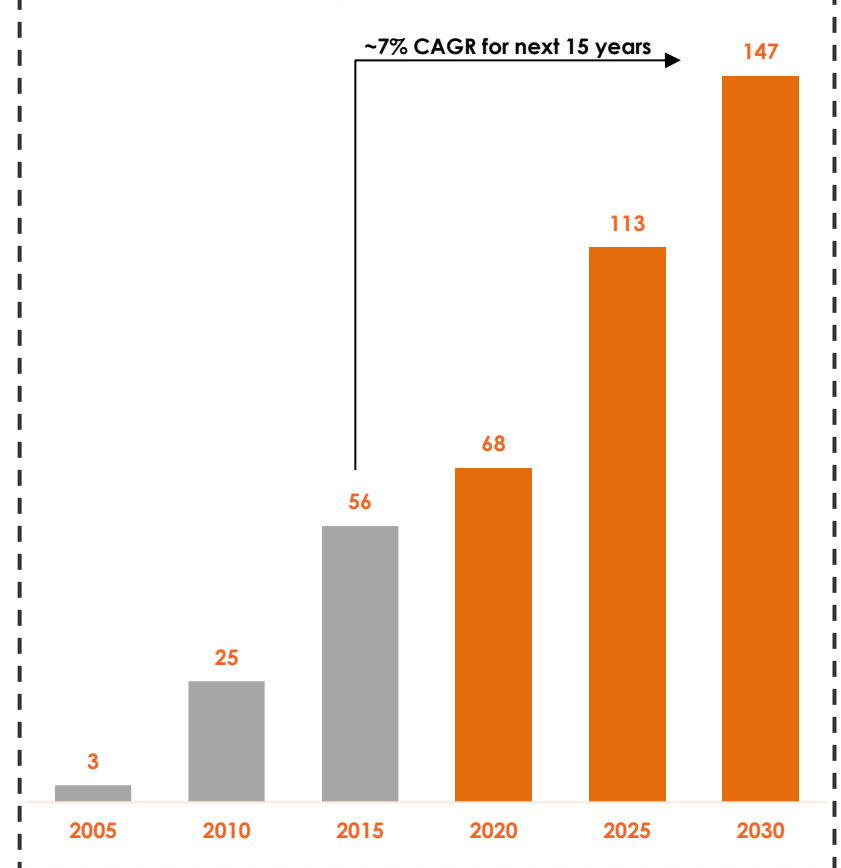
Demand Driven Fundamentals

Strongly Growing Chinese Seaborne Market for Imported Bauxite Supports Metro's Strategy

China Bauxite Demand (by 2015 Capacity Mtpa)



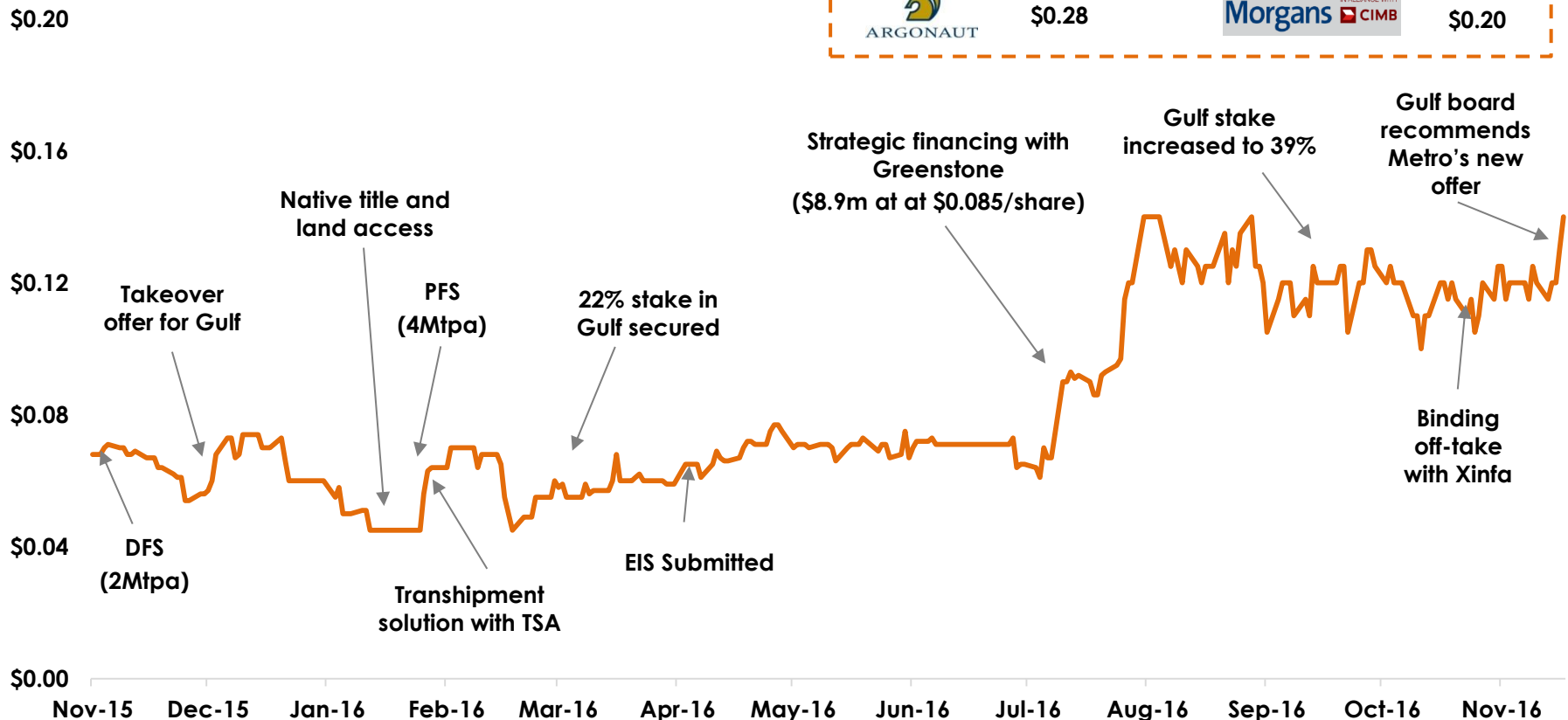
China Bauxite Imports (Mt)



Share Price Performance

Metro's Share Price Still Provides Significant Upside

Metro Share Price & Key Events - LTM



Upcoming Activities

Metro's Development Strategy to be Finalised Post Gulf Offer with Production Targeted for Early 2018, Irrespective of Gulf Offer Outcome

	2016	2017				2018	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Close of Gulf Offer							
DFS							
EIS Permitting							
Mining Lease Grant							
Mine Construction							
Mine Production							

SUMMARY

Metro Remains Focused on Becoming a Near Term Bauxite Producer and Delivering Significant Value for Shareholders



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Competent Person Statement

The information in this report that relates to Exploration Results 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.