

Metro Moves to Acquire 100% of Gulf Alumina

Metro Mining Limited (ASX: MMI) (Metro) is pleased to announce that it has now received sufficient acceptances of its Offer to Gulf Shareholders to proceed with compulsory acquisition of the remaining interests.

On 5 December 2016, Metro announced that it had received acceptances representing 57.3% of Gulf's issued capital taking its interest in the company to 96.6%.

Metro now has received acceptances from 80% of the Gulf shareholders to whom the Offer was made and its interest in Gulf has increased to 99.7%. Metro will now commence compulsory acquisition of the remaining Gulf shares.

A compulsory acquisition notice will be sent to all Gulf shareholders who have not already accepted the Offer. Those Gulf shareholders are encouraged to accept Metro's Offer before it closes on 23 December 2016 and receive the offer consideration earlier than will be the case if their shares are acquired under the compulsory acquisition process

Messrs Weidong Zhang, William Wang and Jianbo Song have resigned as directors of Gulf and Mr George Lloyd and Mr Barry Casson have been appointed as non-executive directors and will join Mr Stephen Lonergan. Mr Casson will also act as Company Secretary.

Metro is now combining Gulf's Skardon River Bauxite Project with its Bauxite Hills Project to create a long life, low capital cost and high margin Australian bauxite project.

Work has also commenced on a bankable feasibility study (**BFS**) which is expected to reflect synergies and other benefits of combining the two projects.

The combination of the two projects is expected to double Metro's reserve of direct shipping ore (**DSO**) bauxite from 48 to 96.5 million tonnes to create one of the largest independent projects within the internationally acclaimed Weipa bauxite producing region.

Reserves	DSO Tonnes (Mt)	DSO Bauxite Qualities (Dry Basis)	
		THA (%)	RxSi / RSiO ₂ (%)
Metro Reserve ¹	48.2	38.4	6.4
Gulf Reserve ²	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 sections 3.2 and 4.12 of the Bidder's Statement released to the ASX on 24 Dec 2015.

1. 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 1500C. RxSi is reactive silica at 1500C. (41.8Mt is a Proved Reserve and 6.4Mt is a Probable Reserve)

2. Refer Metro's Offer Document dated 28 Oct 2016. (16.6Mt is a Proved Reserve and 31.8Mt is a Probable Reserve)

Metro CEO Simon Finnis stated that the combination of the projects will benefit all stakeholders, including shareholders, traditional owners, and the State and Federal Governments, as well as the local economy.

"Recent meetings with our traditional owners confirmed their support for Metro's combined approach, which will minimise impact on the environment.

"The combined Bauxite Hills Project will also improve capital and operating efficiencies, streamline regulatory approvals, improve project financing and enhance product marketing opportunities," Mr Finnis said.

Metro has gained the established mining lease over Gulf's tenements and additional infrastructure including airstrip, haul roads and port location.

"Our sights are firmly set on expediting the combined Bauxite Hills Project through to production" Mr Finnis said.

The successful takeover of Gulf adds to a string of achievements by Metro this year. In October 2016 the company signed a binding offtake agreement with China's Xinha Group for 7Mt of bauxite to be delivered over the initial four years of mining. In July, UK based Greenstone Resources invested A\$8.9million in the company and conditionally committed to investing a further \$US20 million in the development of Bauxite Hills. Native Title and Land Access Agreements were also finalised early in the year.



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Competent Person Statement: The information in this report that relates to Metro Reserves is based on information compiled by MEC Mining and reviewed by Edward Bolton, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Edward Bolton is a full-time employee of MEC Mining Pty Ltd. Edward Bolton has sufficient experience that is relevant to the style of mineralization, 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'. Edward Bolton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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