

## Metro Strengthens Offtake with Lubei LOI

Metro Mining Limited (ASX: MMI) (**Metro**) is pleased to announce it has signed a non-binding Letter-of-Intent ("LOI") with Shandong Aluminium Company Limited ("**Lubei**") covering the supply of 0.5 to 1 million tonnes per annum of bauxite for a minimum of three years from the commencement of mining operations planned for April next year.

The proposed Lubei Offtake is in addition to an existing binding Offtake Agreement with China's Xinfu for 7 million tonnes over 4 years.

### Highlights

- Lubei is a very significant Chemicals Group and the 5th largest importer of bauxite into China;
- Execution of the LOI provides further confirmation of Bauxite Hills commercially attractive product and validation of Metro's marketing expertise and sales strategy;
- Initial Offtake tonnage to be 0.5 to 1.0 million tonne per annum for 3 years, commencing in 2018 with a possible one year extension by mutual agreement;
- Attractive market linked pricing structure;
- Binding Offtake Agreement currently under negotiation;
- Complements existing binding Offtake Agreement with Xinfu for 7 million tonnes over 4 years;
- Increases expected Offtake Agreements to over 60% of first 4 years of production from Bauxite Hills Mine;
- Ongoing additional Offtake and marketing interest from potential customers both within China and internationally;

Lubei is a division of Shandong Lubei Enterprise Group General Company, a diversified chemicals business producing fertilisers, industrial chemicals and alumina for Chinese domestic and international markets.

Lubei produces approximately one million tonnes of alumina annually at its refinery located near Wudi, Shandong Province. Lubei is the 5th largest importer of bauxite into China and currently purchases approximately 2.5 million tonnes of imported bauxite annually.

## Key Components of The LOI are

- Continued, immediate collaboration by the parties in order to finalise a long-term and binding Offtake Agreement;
- Intent for 3 year initial term with a one year extension by mutual agreement;
- Annual tonnage of between 0.5 and 1.0 million tonnes per annum;
- Pricing determined by the Market Price as agreed between the parties.

Metro Mining Managing Director Simon Finnis said the LOI was yet another important milestone for Metro and the Bauxite Hills Mine.

“While it is a non-binding agreement, this LOI shows the strong appetite for our bauxite in the Chinese refining market.”

“We are committed to proceed to a binding agreement as quickly as possible, and are extremely pleased to have attracted another strong counterparty in Lubei.”

“The proposed Lubei supply is in addition to the binding 7 million tonne, 4 year Offtake agreement signed with Xinfra in 2016 and, once completed, will put Metro in a very strong sales position for the ramp up phase of the Bauxite Hills Mine.”

Metro continues to track quickly towards production at Bauxite Hills and proposes to commence the construction phase of its Bauxite Hills Mine in July 2017. Production is scheduled to commence in April 2018, following the end of the Cape York wet season.



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