

Metro Strengthens Offtake Position

Metro Mining Limited (ASX: MMI) (**Metro**) is pleased to announce it has signed a non-binding Memorandum of Understanding ("**MoU**") regarding a bauxite offtake agreement with the Chinese State-owned Enterprise, SPIC Aluminium and Electric Power Investment Co. Ltd. ("**SPIC**")

Highlights

- **State Power Investment Corporation** is a very significant Chinese state-owned enterprise;
- The MoU covers supply of 6.5 million tonnes of bauxite, over 4 years from 2018;
- This MoU complements Metro's existing binding Offtake Agreement with Xinha for 7Mtpa over 4 years and Metro's non-binding Letter of Intent with Lubei Chemicals;
- Taken together these represent 100% of the planned output from 2018 and 2019, and 90% of the possible expanded capacity from 2020 and 2021 as proposed in the BFS (refer ASX Release 15 March 2017).
- The MoU confirms the continued and positive response to Metro's ongoing marketing strategy in China;
- A binding Offtake Agreement with **SPIC** is under negotiation.

The MoU with **SPIC** is in addition to the binding 7Mtpa, 4-year Offtake Agreement signed with Xinha (ASX Release 13 October 2016) and the non-binding Letter of Intent with Lubei Chemicals (ASX Release 30 May 2017). Negotiations with Lubei Chemicals regarding a binding Offtake Agreement are continuing.



The parent company of SPIC, State Power Investment Corporation, newly established through the merger of China Power Investment Corporation and State Nuclear Power Technology Corporation, is a large state-owned enterprise under the administration of the Central Government with a registered capital of RMB 45 billion and total assets of RMB 866.1 billion.

The aluminium division, SPIC Aluminium and Electric Power Investment Co. Ltd, has aluminium smelting capacity of 2.5 million tonnes annually, and alumina refining capacity of 2.6 million tonnes annually, the latter mainly in Shanxi Province of China. The SPIC group have a presence in 35 countries employing 140,000 people.

Key Components of the MoU are

- Sales to commence May 2018;
- Initial term 4 years;
- The MoU covers the supply of 6.5 million dry metric tonnes (dmt) of bauxite;
 - 2018 - 500,000 dmt
 - 2019 - 1 million dmt
 - 2020 - 2 million dmt
 - 2021- 3 million dmt
- Additional bauxite may be requested and supplied subject to agreement between the parties.

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

“Once again this demonstrates the strong appetite for our bauxite in the Chinese refining market, and validates our mining and marketing strategy.”

“Construction at the Bauxite Hills Mine is virtually complete, and is on schedule to commence production in April 2018, following the end of the Cape York wet season.”



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