

Demand Drives 2019 Expansion

Highlights

- Strong customer demand leads to Improvement and upgrade strategy at the Bauxite Hills Mine.
- Forecast production for 2019 will increase to 3.5M Wet Metric Tonnes (WMT).
- Expansion will result in increased sales revenue and lower unit costs via greater economies of scale.
- Payback on the capital costs anticipated within the 2019 year.
- Definitive Feasibility Study ("DFS") for Stage 2 expansion to 6M WMT pa is being updated and expected to be completed in Q2 2019.

Metro Mining Ltd (ASX: MMI) (Metro) is pleased to announce a series of initiatives to increase bauxite production in 2019. This expansion is being driven by strong customer demand and will increase 2019 production to 3.5M WMT.

The expansion plans will be predominately implemented in Q1 of 2019 during the planned wet season shutdown at Bauxite Hills. Long lead items have already been ordered to ensure timely delivery.



The increase in production will allow Metro to deliver meaningful volumes to customers that have experienced shortages of domestic bauxite supply. Metro's product has been well accepted in China with sales being made to a total of five customers to date.

Much of the existing plant and infrastructure at Bauxite Hills has been designed to accommodate higher operating levels so the initiatives to incrementally increase production are easy to implement and low cost. Many of these initiatives were part of the long-term Stage 2 expansion to steady state production of 6.0M WMT pa (subject to DFS update and Board approval) and as such will be brought forward.

These include:

- Supplementing the current truck and haulage fleet configuration.
- Duplicating screening capacity at the Barge Loading Facility.
- Accelerating installation of a jaw crusher to enable shipment of any oversized material.
- Supplementing the marine fleet and on-water infrastructure to maximise efficiency of tug and barge movements.

These initiatives will not only increase production but lower unit costs. The production increase results in greater economies of scale and provides other operational benefits.

Capital costs are expected to be approximately A\$6.8M funded from a combination of Metro's cash reserves and existing financing arrangements.

Metro will also update the DFS for the Stage 2 expansion which will incorporate the operating experience to date and current bauxite market conditions in China. This is currently planned to be completed in Q2 2019.

Metro's Managing Director and Chief Executive Officer Simon Finnis said:

"Metro has seen an increase in demand for our bauxite from a range of customers in China. The operation has now produced over 1.6M WMT of bauxite and we have identified low cost and short lead time initiatives to increase production next year. The pay back on the capital would be well within the 2019 calendar year, an excellent return.

We have an outstanding platform to incrementally add to sales in 2019, increase operational cashflow, and assess in detail the Stage 2 expansion opportunity".



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