

## Q2 2019 Highlights

- June quarter shipments were 836k Wet Metric Tonnes (WMT).
- 3.5Mt expansion works completed and commissioned
- Shipping levels since mid-June have exceeded 3.5Mtpa rate
- Sales Revenue (gross) of A\$48.4M and site EBITDA of A\$9.1m was generated
- Average price received of A\$57.29/ WMT with an average margin of A\$10.89/WMT
- Definitive Feasibility Study (DFS) for Stage 2 expansion to Annual Production of 6.0M WMT by 2021 is well advanced and completion is expected during the current quarter.
- Metro's available cash on hand and receivables as at 30 June 2019 was A\$29.5M (March Qtr A\$13.2M).
- Metro remains on track to meet its current production and shipping guidance of 3.3-3.5M WMT.

### Bauxite Hills Production Results

Period	April '19*	May '19	June '19	June Qtr '19	June Qtr '18
Bauxite Mined (WMT) ('000)	124	329	427	880	445
Bauxite Shipped (WMT) ('000)	151	311	374	836	399
Bauxite Mined (WMT per day)	6,249	10,601	14,231	n/a	n/a
Bauxite Shipped (WMT per day)	8,401	10,034	12,467	n/a	n/a

\*NB: April was a partial month due to Cyclone Trevor and ship loading commenced on 13 April 2019



# Bauxite Hills Mine Operations

## SAFETY PERFORMANCE

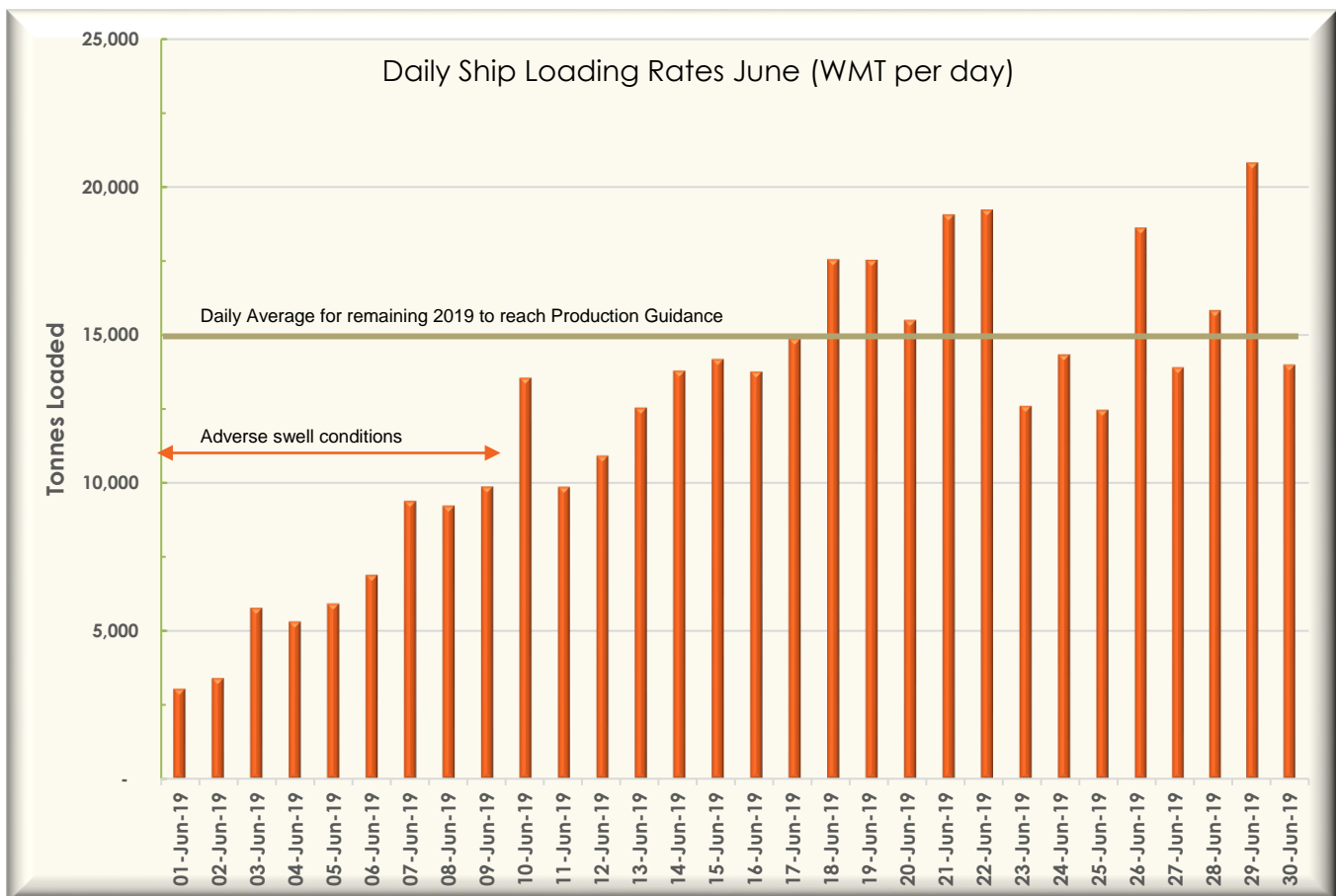
The second quarter saw the start-up of production for 2019 and 149,320 work hours completed lost time injury (LTI) free. This is an excellent result and shows the commitment to safety that Metro and its contract partners have at all levels. Continuous improvement to our safety systems and building on what has become a good safety culture on site is our on-going priority.

## SITE BASED ACTIVITIES

Bauxite mining for the quarter was 880k wet metric tonnes (WMT) with 836k WMT shipped; both representing record levels since operations commenced.

This was a particularly pleasing result given the weather impact from ex Tropical Cyclone Trevor in early-April which delayed the commencement of operations in 2019, and a disruption to shipping from late May to early June caused by unexpected large and sustained swell conditions.

From the second week of June, daily shiploading rates have averaged over 15,000 WMT per day, including a daily record of 20,835 WMT. This level of production has held through July and exceeds the daily average required to reach 3.5Mt from the start of the year. Bauxite Hills is on track to meet its current production and shipping guidance of 3.3-3.5M WMT for the 2019 operating year.



Mine EBITDA for the quarter was A\$9.1M, including A\$5.7M in June, and is expected to increase in the September and December quarters as production volumes expand, achieving greater economies of scale and generating greater revenue.

# Bauxite Hills Mine Operations

Daily mining rates were hindered at the start of the quarter by the wet conditions and delays to the delivery of the new triple trailers. Mining was also predominantly from the BH1 deposit, located approximately 25km from the port. For the remainder of the year, a higher proportion of bauxite will be mined from the closer BH6 deposit. Bauxite stocks at the end of the quarter were over 60kt.

The decision to transition mining activities to an owner operator model has proven to be highly successful, generating the anticipated planned efficiencies and cost reductions across the business.

Transshipment and shiploading activities re-commenced for 2019 on 13 April. Bauxite Hills has a nominal 8/9-month operating season and to achieve guidance an average ship-loading rate of 13.5Kt per day is required. As previously commented, the average daily shiploading rate has exceeded this rate since mid-June.

Process improvements identified over the wet season and implemented this year are now delivering results. Ultramax class (~61,000t capacity) Ocean Going Vessels (OGVs) are being loaded on average in just over 4 days, from the commencement of loading. The slowest part of the OGV loading process is final cargo trim. To ensure daily shiploading rates are maintained, Metro is commencing loading of the next OGV whilst finishing off the incumbent OGV. In addition, OGVs with larger cranes and grabs are being targeted for charter, with strong performing vessels returning for repeat cargoes.

The underlying site unit costs (excluding depreciation and amortisation) for the quarter were A\$23.47/WMT sold and were below \$20/WMT during June when production approached budgeted levels. This downward trend in site costs is anticipated to continue into the September quarter as production increases.

Unit ocean freight costs compared favourably to levels experienced during 2018 with Metro locking in favourable freight contracts at the start of the year when bunker prices were lower and the ocean freight market was easing. The benefit of these contracts will continue to be realised next quarter.

Ocean freight rates are denominated in US\$, and the benefit of the reduced rates was offset slightly by the weaker A\$ against the US\$. Demurrage incurred also exceeded budgeted levels due to the swell conditions experienced in late May / early June.

<b>Unit Operating Results</b>					
	<b>Apr '19</b>	<b>May '19</b>	<b>Jun '19</b>	<b>June '19 Qtr</b>	<b>2018 FY</b>
<b>Revenue A\$/WMT</b>	60.21	54.86	58.12	57.29	58.20
<b>Costs</b>					
Site Cost A\$/WMT*	35.51	21.94	19.87	23.47	24.23
Non-Site Cost					
▪ Freight A\$/WMT	16.29	16.78	17.00	16.79	18.06
▪ Royalties A\$/WMT	6.76	5.98	6.03	6.15	5.73
<b>TOTAL</b>	<b>58.57</b>	<b>44.71</b>	<b>42.90</b>	<b>46.40</b>	<b>48.03</b>
<b>EBITDA MARGIN A\$/WMT</b>	<b>1.64</b>	<b>10.15</b>	<b>15.22</b>	<b>10.89</b>	<b>10.17</b>

\*Excluding depreciation & amortisation

No Exploration activity occurred during the quarter





# Bauxite Hills Mine Operations

## BAUXITE HILLS MINE STAGE 2 EXPANSION

Work is nearing completion on the updated DFS for the Stage 2 Expansion of Annual Production to 6.0M WMT pa by 2021. The DFS will incorporate operating experience to date, updated capital costs, operational improvements and upgrades being implemented, and the bauxite market conditions in China.

The main component of the DFS is the optimisation of the on-water transshipment equipment that will facilitate loading of larger vessels at significantly higher loading rates. This will involve the construction, commissioning and operation of an Offshore Floating Shiploading Facility ("OFSF"). The DFS assessed several alternatives for the OFSF and a preferred option has been identified which is a variation of original expectations. However, this option has required more detailed design and assessment and has resulted in a small delay in the finalisation of the DFS.

To ensure ore supply will match budgeted ship loading rates, mine planning and efficiency improvement studies regarding materials handling at the port and Barge Loading Facility are also being completed.

The financing strategy for the Stage 2 Expansion has progressed well with funding expected to be sourced from new and existing debt facilities and internally generated cashflow.

The DFS remains on track to be completed in August 2019 and proceeding with Stage 2 is subject to Board Approval.

## BAUXITE SALES

Metro's bauxite marketing and sales program continues to progress. All production during the June quarter 2019 was sold and shipped to Chinese customers and deliveries were within contractual specifications.

Approximately 2.2M WMT of 2019 production will be sold under the long-term off-take to Xinfu. Under this contract prices received are linked to an RMB denominated alumina price index. Pricing of the remainder of 2019 product sales is expected to be linked to the prevailing market price.

During the quarter, a new binding contract was signed with a major State-Owned Chinese Aluminium Group which owns Alumina Refineries in the provinces of Shanxi, Shandong, Guangxi and Guizhou. The contract is for 420,000 WMT (+/- 10%) of bauxite, to be delivered in the second half of the 2019 calendar year. The bauxite will be processed through one of their inland refineries which will be modified to process Bauxite Hills material.

Approximately 90% of Metro's planned 2019 production of 3.5M WMT is now contracted. Interest in Bauxite Hills ore remains strong for delivery from 2020.

Given all revenue is US\$ denominated, the continuing weak A\$/US\$ exchange rate had a positive impact on Metro's A\$ revenue during the quarter.

# Bauxite Hills Mine Operations

## INDIGENOUS ENGAGEMENT

Metro has commenced a native seed collection program in Injinoo and Mapoon. The program is focused on native seed collection by the Indigenous communities that form part of Metro's Ancillary Agreement. Seed collection workshops are held in Mapoon and Injinoo on a monthly basis to transfer collected seed and provide training. All seed that is collected is then used at the mine in the rehabilitation process.

On 15 – 17 May, Metro Mining sponsored two nominated Ankamuthi representatives to attend the Indigenous Business Development Summit in Darwin, with a focus on gathering ideas and information to assist development of local Indigenous business opportunities. The Summit was considered a success and both representatives have reported back to their relevant communities in Injinoo and Hopevale.

Metro is also pleased to have sponsored the Connect to Country program organised by the Ankamuthi Tribal Aboriginal Corporation, to bring together Ankamuthi school children with a number of Ankamuthi Elders out on country where sharing of traditional customs and stories was undertaken.



## Bauxite Price Outlook

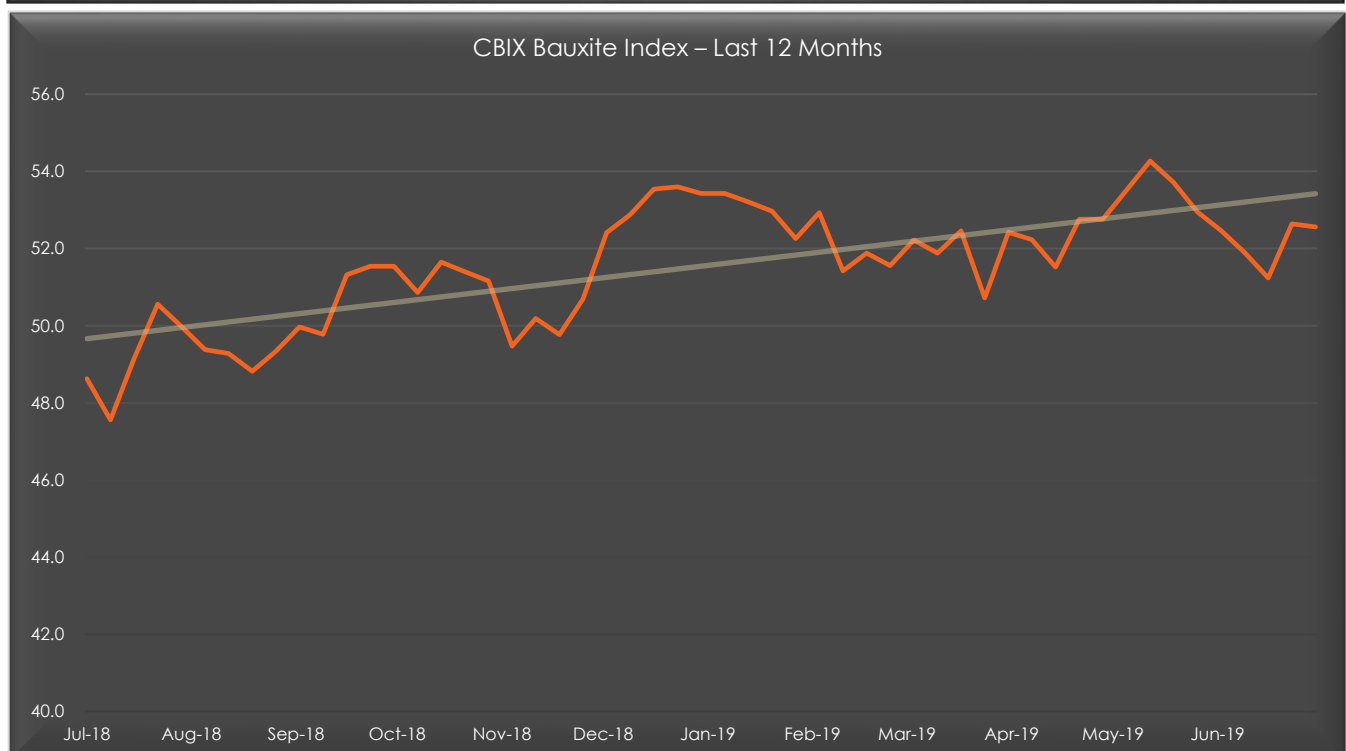
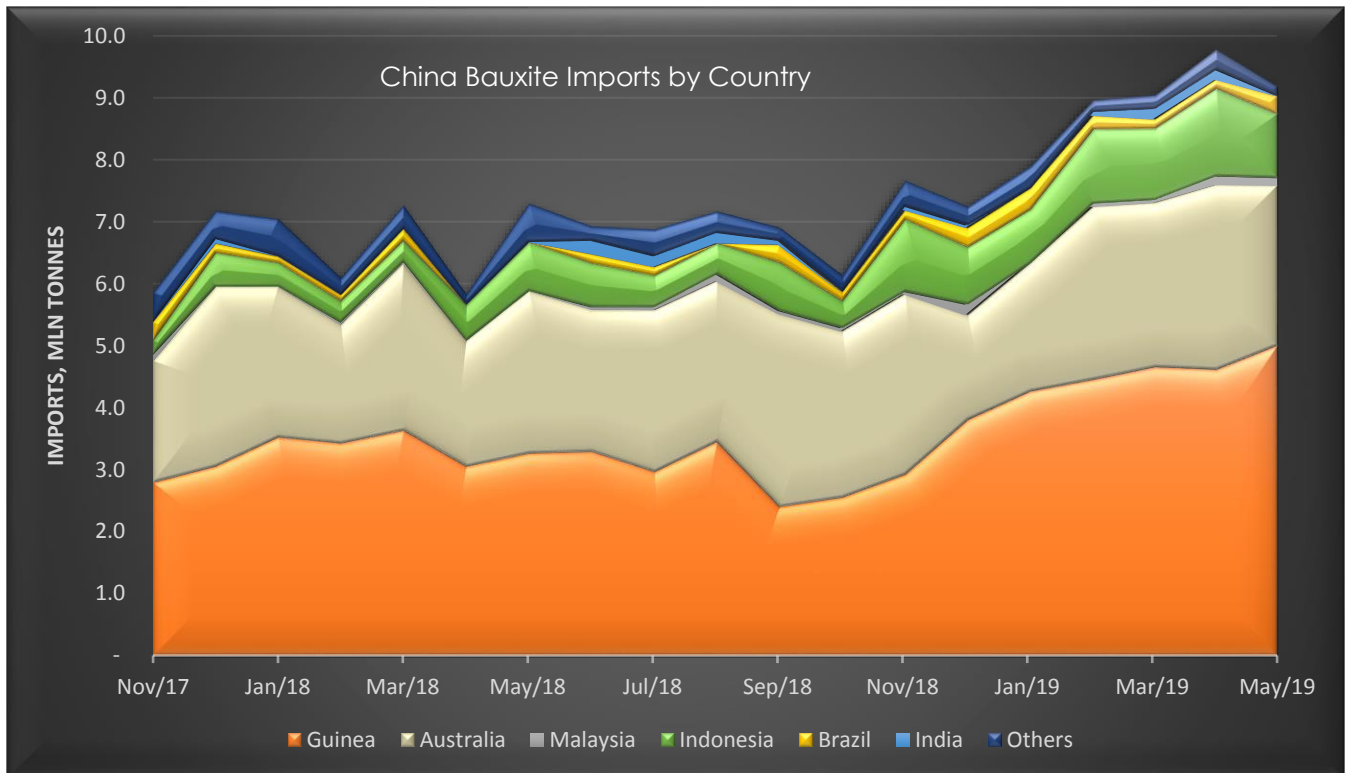
The price and demand outlook for bauxite continued to be positive during the quarter, despite the temporary closure of Alumina refinery capacity in Shanxi province following environmental audits by Chinese authorities

China's May bauxite imports exceeded 9.0M WMT for the third consecutive month, bringing the first 5-month total to nearly 45Mt. Inland refineries have continued to diversify their bauxite supply and buy product from imported sources, with several of these refineries either converted, or in the process of converting their refineries to process imported product. Illegal mining and environmental malpractice are coming under the media spotlight again in some inland provinces, and any tightening in compliance is likely to accelerate the shift to imported bauxite.

# Bauxite Price Outlook

Domestic caustic soda prices continue to remain under pressure which improves the competitive position of higher silica bauxite such as Metro's product.

Imported bauxite prices CFR China, as measured by the CBIX bauxite index, remained near their recent two-year highs at US\$52.60/DMT (dry metric tonne). China's domestic bauxite prices in Henan and Shanxi remained relatively stable, albeit some price strength was seen towards the end of the quarter on the back of a tightening in supply







# Corporate

## CASH POSITION

Metro's cash on hand and trade receivables increased during the quarter and at 30 June 2019 was A\$29.5M compared to \$13.2m at the end of the March 2019 quarter.

In addition, Metro holds A\$7.1M of restricted cash, comprising financial assurance bonds and other security deposits.

## DEBT FACILITIES

During the quarter, Metro had two fully drawn debt facilities, including accrued interest, totalling A\$42.1M (at A\$/US\$0.701).

The A\$21.4M debt facility with Sprott Private Resources Lending is structured with principal repayments commencing in July 2019 at US\$1.07M per month until the final repayment date in August 2020.

The A\$20.3M facility with Inगतatus AG Pty Ltd remains due to be repaid in September 2020.

## HEDGING

At end of the quarter Metro has in place forward sale A\$/US\$ contracts totalling US\$17.0M expiring during the June quarter at an average exchange rate of 0.7013.

## CASHFLOW

The reconciliation of cash and trade receivables movements during the quarter is outlined below.

## Other

Given Metro's focus on Bauxite, opportunities are currently being assessed to divest Metro's coal assets in a value creating way.

All contractual obligations and arrangements with SAB Mining have been concluded at the date of this report.



**For Further Info:** P: +61 (0) 7 3009 8000 | E: [info@metromining.com.au](mailto:info@metromining.com.au) | W: [www.metromining.com.au](http://www.metromining.com.au)  
**Contact:** Simon Finnis, **Managing Director & CEO** | Mitchell Petrie, **Co Sec** | Duane Woodbury, **CFO**  
**ASX:** MMI | **ACN 117 763 443** **Head Office:** 247 Adelaide St, Brisbane | GPO Box 10955, Brisbane Q 4000

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