



**METRO  
MINING  
LIMITED**

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# ASX ANNOUNCEMENT

26 May 2020

## AGM Chair & Managing Directors Address



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This ASX Announcement has been authorised by, Metro Mining Director, Simon Finnis.

**FORWARD LOOKING STATEMENT** Statements & material contained in this ASX Release, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events & expectations and, as such, involve known and unknown risks & uncertainties. Although reasonable care has been taken to ensure facts stated in this Release are accurate and/or that the opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.



## AGM Chairman's Address

### **My Fellow Shareholders,**

Who would have thought we would be conducting this year's AGM via video conference? Obviously, it is not our preferred option however it is important we all continue to do, whatever we can, to play our part in battling COVID-19.

**It is becoming a cliché but none-the-less remains very true.... that we live in changing and challenging times.**

I am going to keep my comments brief. I am also going to depart from "the norm" where you might expect me to restrict my comments to the activities of the last financial year.

Comments on the last financial year's activities and operations have been published in the printed version of our Annual Report which is available in hard copy and on our website. So too, by the way, is Metro Mining's first Sustainability Report.

In summary, during 2019, we achieved:

- Budgeted sales of 3.5 Million tonnes
- Site based operating costs reduced by 15% Year on Year
- Gross Profit of \$25.977Million (Net Profit \$3.623Million)
- End of year net cash of \$32.547Million.

### **A Good Result!**

I would like to now address "where we are" and "where we are going to from here."

*"Where we are" is relatively easy to cover – and quite pleasing.*

*"Where we are going to from here" – perhaps not as easy!*

Simply put, your Board is very satisfied with the way Metro's management team, our partnering contractors and our own workforce have performed over the wet season and the subsequent start-up of operations for 2020.

- Over the wet season we planned and undertook maintenance and site upgrades – much of which included improvements designed to support a Stage 2 expansion.
- We retained experienced and valued team members ... and
- We returned post wet season to an operational status as quickly and efficiently as we possibly could.
- Our first Shipment sailed on the 19<sup>th</sup> of April
- We achieved an above budget mining rate for April.... and
- We have maintained above budget production since.

To achieve all of this, with the challenges caused by the Covid-19 virus and keeping our workforce safe, is a remarkable achievement and real credit to the Bauxite Hills Operations team.

A great deal goes on “behind the scenes” to get these runs on the board. They say, “nothing beats experience” and that is certainly proving to be the case at Bauxite Hills.

Having said that, I am not going to pretend it will be all smooth sailing from here. Your Board is well aware of many of the headwinds we face. We also remain ever vigilant to address, where possible, unknown challenges as they emerge.

- **There are uncertainties regarding additional long-term contracts for Metro’s bauxite.** Simon and the China based marketing team are working diligently, under very different circumstances, to achieve desired results.
- There **are uncertainties regarding the alumina/aluminium market.** Both appear to be recovering. These are worldwide issues, not Metro-centric issues.
- Obviously there have been inter-nation political sensitivities that have surfaced recently, and it is not for Metro to offer comment on them. However, having said that, we are heartened by recent reports that China’s manufacturing sector appears to be recovering. ***That is what is important to us!***
- Also, very important to us are our relationships with our present and future customers. We put a great deal of effort into establishing mutually rewarding and respectful relationships and that has served us well.

#### **It is Certainly Not All Doom and Gloom.**

- We continue to ship product under our existing contract with Xinfu. The planned June quarter production is sold, and the shipping schedule is finalised.
- We continue to negotiate with several potential new and existing customers
- Metro has a strong balance sheet – cash on hand and other receivables as at the end of the last Quarter was \$11.7 million.

- Financing for the Stage 2 expansion is in place.
- Our partnership with NAIF strengthened by State Government support, the excellent relationship we have with State and Federal Government Members of Parliament who have assisted us and the excellent working relationship we have with several Government agency officials, all demonstrate considerable support toward Metro and the Bauxite Hills Mine.
- Work has been completed on engineering and design work related to the Stage 2 Expansion to an annual operating production rate of 6.0 Million WMT. Rocktree Consulting has tendered for the long lead time items and the project costs remain in line with DFS estimates.

The formal commitment to Stage 2 is being influenced by the uncertainty for global growth and the current associated weakness in aluminium and alumina prices. Again, this is a worldwide reality and not Metro-centric.

The Board is looking for more clarity post the Covid-19 crisis before committing to the Stage 2 expansion.

At this time, all I can indicate is that completion of Stage 2 is not expected to occur prior to the 2nd half of 2021. Production next year is, therefore, likely to be between 4.0-5.0M WMT rather than the previously communicated 6Mt.

In the meantime, we can be proud of our ongoing and ever strengthening relationship with our Indigenous partners. Again, we constantly strive for mutually rewarding and respectful partnerships and we will continue to do so.

I would like to conclude by recognising, once again, the considerable amount of sheer hard work that has gone into upgrading Bauxite Hills over the wet season and the successful recommencement of mining and shipping which, no doubt, Simon will expand upon in his address.

Safety is our top priority and providing a safe workplace for our employees is paramount. There is always room for improvement in everything we do however the Board acknowledges the excellent work done by our safety team and all those employed on and off site.

On behalf of the Board, I also thank the Senior Management team. It has been a stellar effort!

I would also like to thank my fellow Board Members. A great deal of effort has gone into guiding Management and further developing Governance. I believe the vast majority of Metro's shareholders understand and appreciate the results that have been achieved under difficult times.

Nothing would be possible without the ongoing support of our major shareholders and financiers. To each and every one of you, my sincere thanks once again.

I want to assure shareholders the Board is always mindful of its obligations to you, and your expectations. I am very pleased with results that have been achieved over the past year.

Thank you



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Annual General Meeting

26 May 2020

# A Sustainable Company



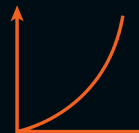
Revenue Earning



Long Life Mine



Generating Cash



Strongly Growing Market



Simple Project –  
Low CAPEX & OPEX



Enduring Geographical  
and jurisdictional  
Competitive Advantage

# 2019 Achievements

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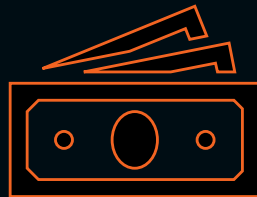
Production Increase



Operational Performance



Reduced Unit Costs



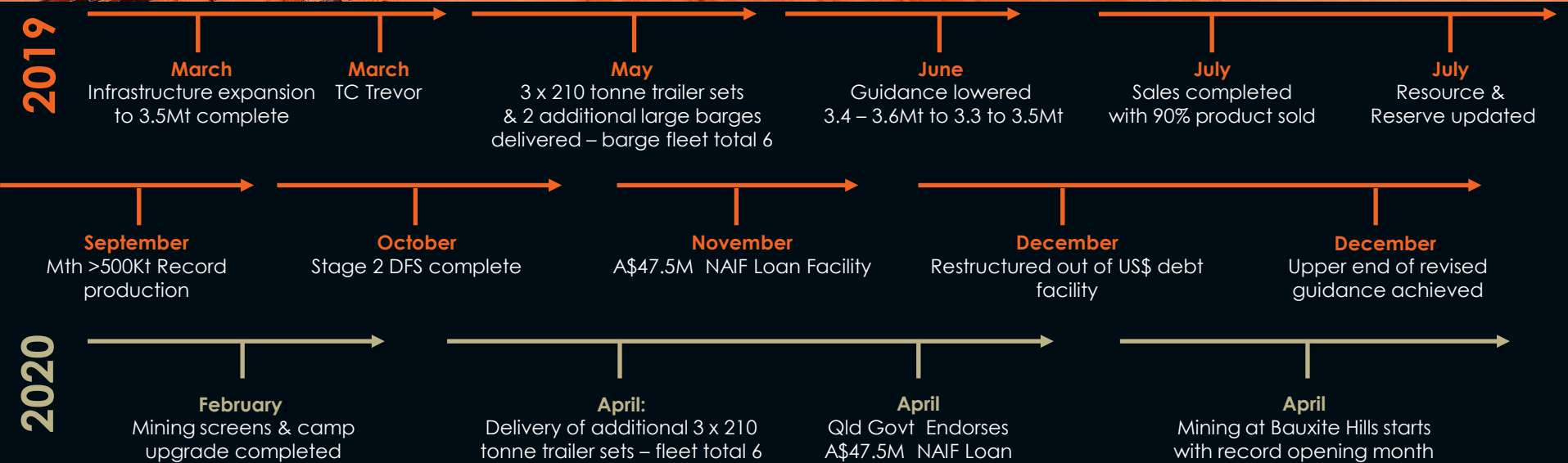
Revenue/EBITDA Growth



Stage 2 DFS Expansion

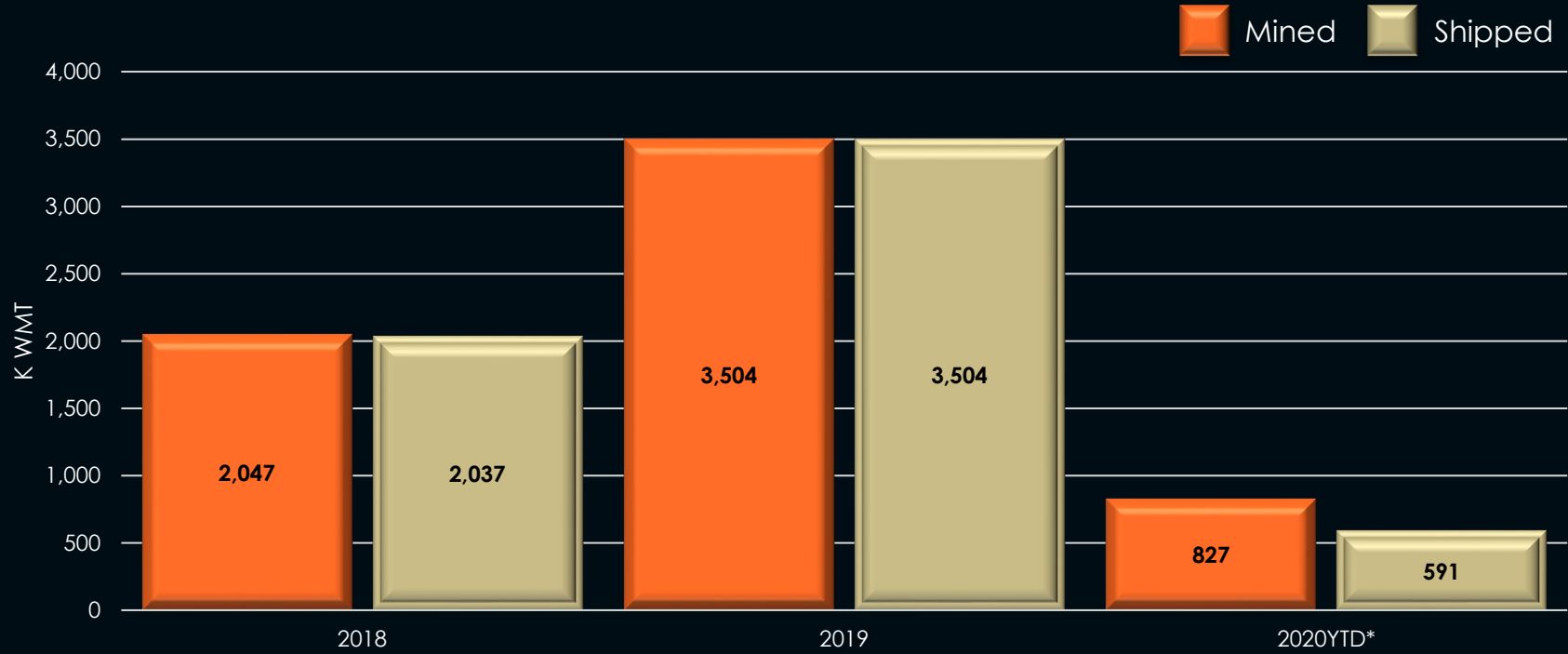


# Metro Delivers

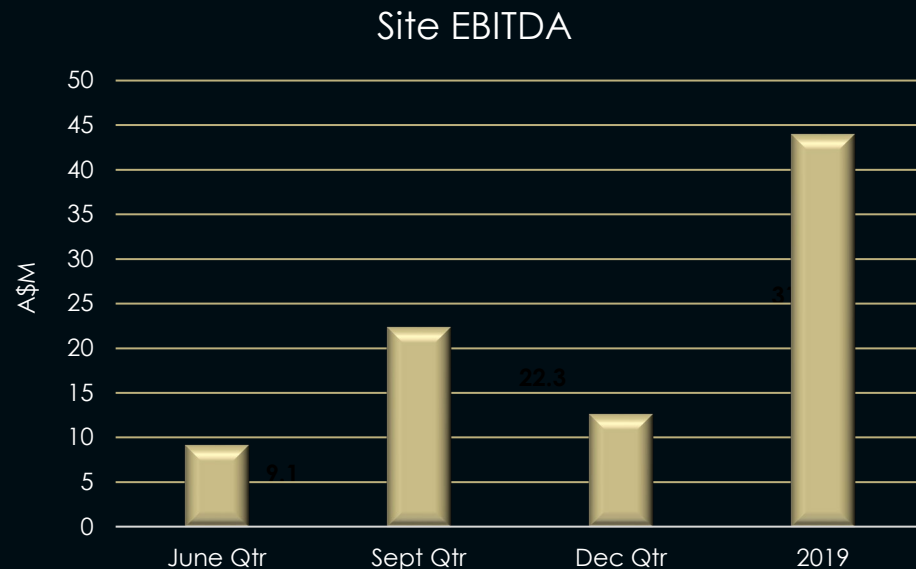
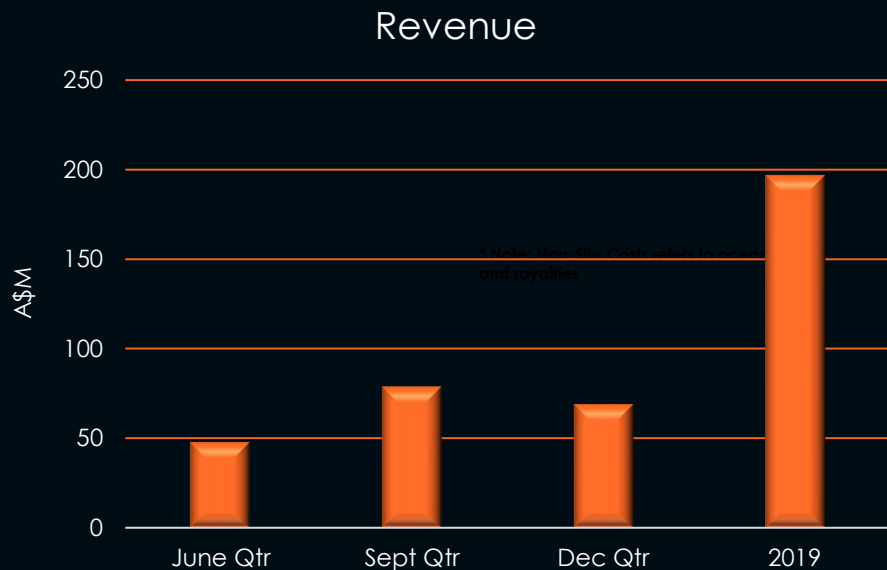




# Operational Performance

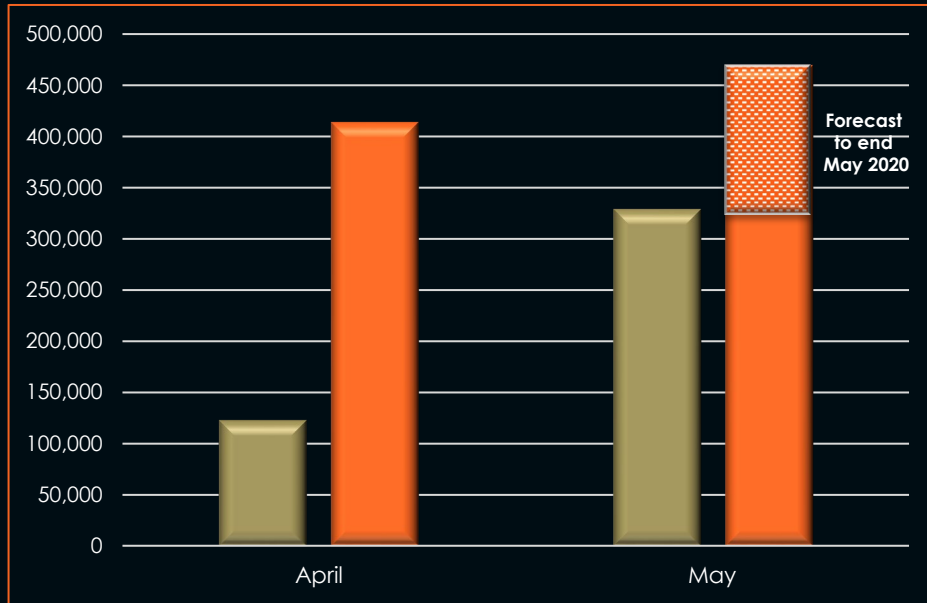


# Revenue/EBITDA Growth

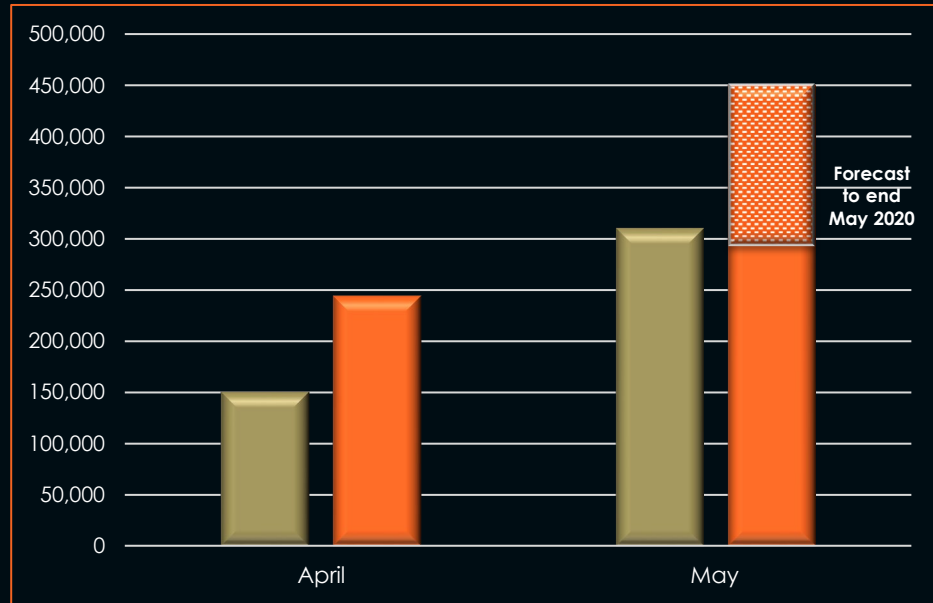


# April/May Production Comparison 2019/2020

2019 Mining 2020 Mining



2019 Shipping 2020 Shipping





# Stage 2 Expansion

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Source: IAI, CM Analysis

## 6.0M WMT pa

- ✓ Significant economic benefits confirmed
- ✓ LOM unit operating costs forecast to reduce by ~18% delivered to China – margins increased
- ✓ Positions Bauxite Hills in lowest quartile of global cash cost curve for bauxite producers
- ✓ Significant reduction in unit operating costs delivered via Floating Terminal loading larger Ocean-Going Vessels

## Funding

- ✓ A\$51.4 M Capital Costs (incl 10% contingency)
- ✓ Project Payback <18 months
- ✓ Approval from NAIF received for \$47.5M facility. Qld Government sign off in March 2020
- ✓ Detailed engineering & design is complete.
- ✓ Construction Contracts negotiated and agreed.

Uncertainties in world markets due to COVID 19 have delayed the decision.



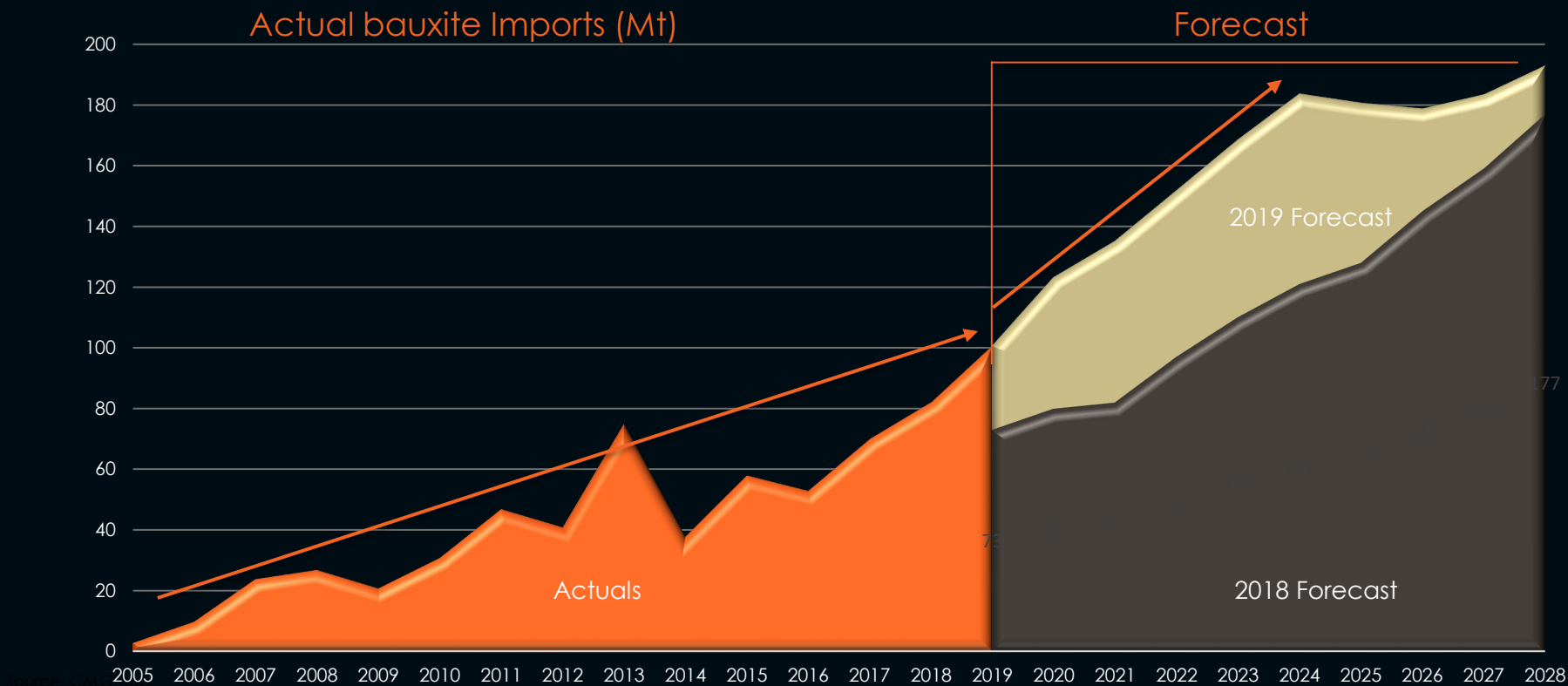
# Stage 2 Expansion – Floating Terminal

Source: IAI, CM Analysis



Floating Terminal by Rocktree for indicative purposes only

# China Demand Outlook Remains Strong

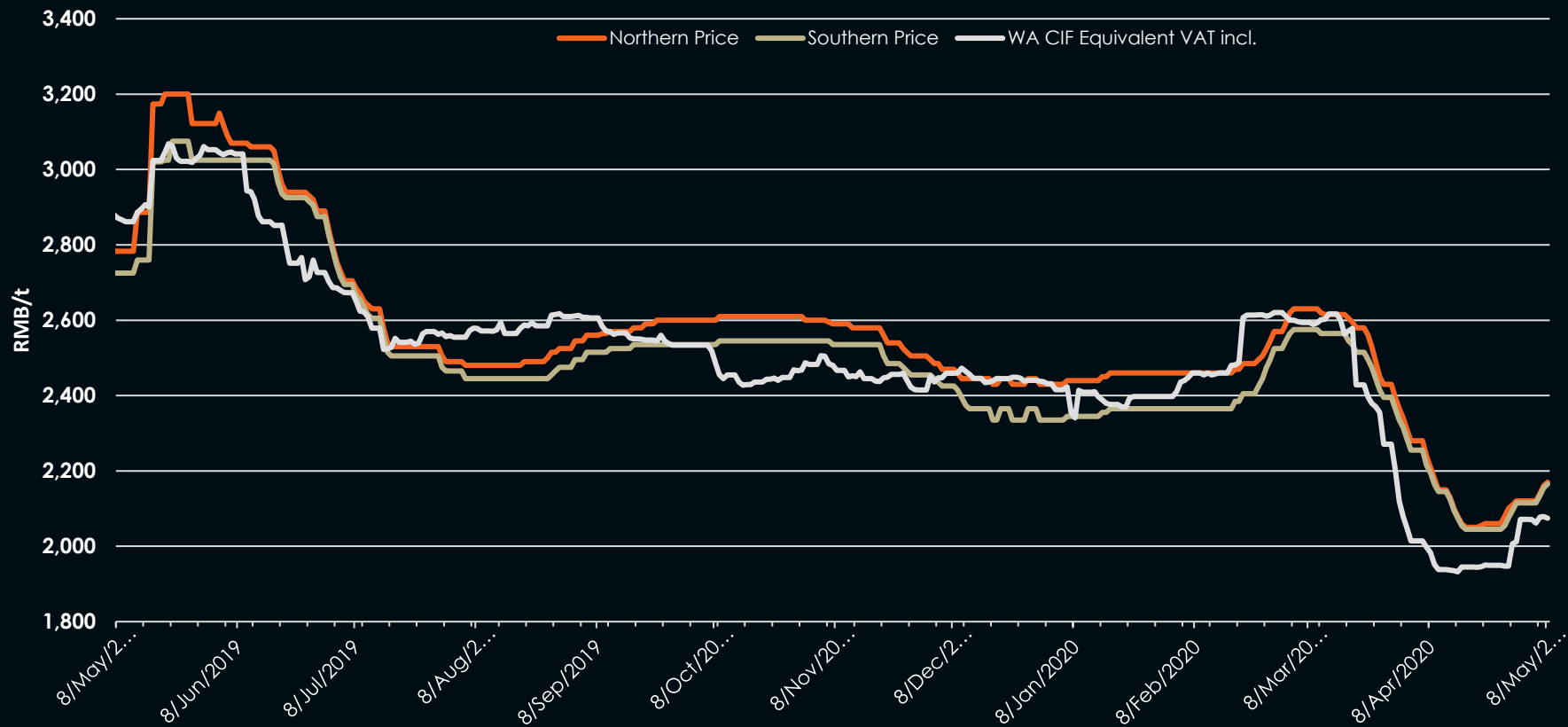


Source: CM Group



# China Alumina Prices – May '19 to May '20

Source: CM GROUP



# Bauxite Market & Price Outlook

Source: CM GROUP

- China bauxite imports continue to increase - 2019 imports were just over 100Mt, 18Mt increase from 2018.
- Official Q1 2020 data, China imported 28.5Mt – on target for forecast of approximately 120Mt
- Major growth driver remains domestic ore depletion, not primary Al demand
- Bauxite prices have softened in March quarter due to the impact of COVID-19
  - Although recovered from recent lows primary aluminium prices have fallen 10% in 2020
  - Alumina extremely volatile with a range of RMB3,500/t to RMB2,075/t. Currently at RMB2,200/t.
  - Reagent prices, particularly caustic soda, have dropped significantly
  - Domestic bauxite prices have fallen but many refiners in Henan and Shanxi are still reporting shortages
  - Ocean freight has fallen considerably
  - A\$ has weakened this calendar year but has bounced strongly from lows in February
- Stagnant market because uncertainty due to COVID – concern about end markets.



# Positive Community Relationships

- Relationship continues to grow and flourish
- Metro becoming a key participant in the Northern Cape York Community
- COVID Management protocols in place after liaison with Traditional Owners
- Local employment levels a key achievement





# Share Price & Corporate Structure

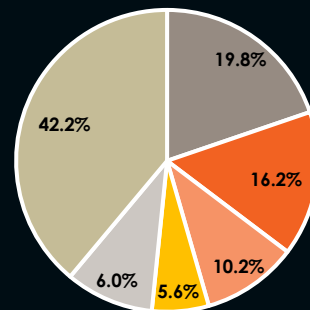
## Share Price Performance



Board of Directors	
Independent Chairman	Stephen Everett
Managing Director & CEO	Simon Finnis
Non-Executive Director	Mark Sawyer
Independent Non-Executive Director	Philip Hennessy
Independent Non-Executive Director	Fiona Murdoch

Current Capital Structure		Share & Market Cap Range 01/2019-05/2020	
Share Price (22 May 2020)	A\$0.098	0.08	0.17
Shares on Issue	1,383.4M	1,383.4M	1,383.4M
<b>Market Capitalisation</b>	<b>A\$136.1M</b>	<b>\$110.67M</b>	<b>\$235.2M</b>
Options Unlisted	30.1M		
Cash & Receivables (31 Mar 2020)	A\$11.7M		
Debt Facilities	A\$35M		
<b>Enterprise Value</b>	<b>A\$154.9M</b>		

## Share Register



	Greenstone
	Balanced Property
	BlackRock
	DADI
	Other Institutions
	Other Shareholders



# Disclaimer

## FORWARD LOOKING STATEMENT

Statements and material contained in this ASX Presentation, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of Metro Mining Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Graphs used in this ASX Presentation (including data used in the graphs) are sourced from third parties and Metro Mining has not independently verified the information. Although reasonable care has been taken to ensure that the facts stated in this ASX Presentation are accurate and that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this ASX Presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

## For Further Information:

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This ASX Presentation has been authorised by Metro Mining Director, Simon Finnis

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to the Bauxite Hills Mine Mineral Resource is based on information compiled by Ed Radley who is a consultant to Metro Mining and a Member of the Australian Institute of Mining and Metallurgy (MAusIMM). Mr Ed Radley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'. Mr Ed Radley has consented in writing for inclusion in this Report the matters based on the information in the form and context it appears.

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to the "Metro Mining – Bauxite Hills" 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. Competent Person Statement:

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.Ausimm). Mr McLean has sufficient experience that is relevant to the style of mineralisation and 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'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.