

## Q3 2020 Highlights

- September Quarter shipments were 1,230Kt bringing total shipments for the year to 2,481Kt;
- Transshipping continued to perform strongly with daily loading rates averaging 16,192 tonnes per day during the quarter, maintaining the near record levels seen in the June Quarter;
- Metro continued to successfully operate within the established Policies and Procedures in response to COVID-19 at Corporate Offices and the Bauxite Hills Mine, with zero cases recorded;
- The Mine's operational results during 2020 demonstrate that, with the existing plant and equipment, the Bauxite Hills Mine can easily operate at a 4Mtpa rate.
- Sales Revenue (gross) of A\$61.9M was received, generating site EBITDA of A\$9.5M;
- Average price received of A\$49.87/WMT with an average site margin of A\$7.72/WMT for the quarter;
- Metro's cash on hand and other receivables as at 30 September 2020 was \$45.8Million (June Quarter \$44.4Million);
- In mid-September, the Bauxite Hills Mine moved into its planned 2020 wet season shutdown earlier than usual. The decision was made, given the ongoing impact of COVID-19, on market conditions across the aluminium supply chain which negatively impacted market demand and prices;
- Operations are expected to recommence in April 2021 when deliveries into the existing contract with Xinfu recommence;
- Trading conditions are improving and it is anticipated 2021 will see further improvements;
- Negotiations for further sales in 2021 and beyond are progressing;
- The strong operational performance in early 2020 has delivered robust cashflows leaving Metro in a good financial position.

### BAUXITE HILLS PRODUCTION RESULTS

Period	2020 June Qtr	2020 Sept Qtr	2020 YTD	2019 Sept Qtr	2019 Full Year
Bauxite Mined (WMT) ('000)	1,419	1,062	2,481	1,420	3,504
Bauxite Shipped (WMT) ('000)	1,251	1,230	2,481	1,415	3,504
Bauxite Mined (WMT per day)	15,768 <sup>1</sup>	13,974 <sup>3</sup>	14,858 <sup>4</sup>	15,435	14,336
Bauxite Shipped (WMT per day)	16,034 <sup>2</sup>	16,192 <sup>3</sup>	16,112 <sup>5</sup>	15,379	14,919

(1) Daily rate based on mining commencement date of 2 April 2020

(2) Daily rate based on shipping commencement date of 14 April 2020

(3) Quarter based on mining & shipping from 1 July to 14 September 2020

(4) YTD based on mining from 2 April to 14 September 2020

(5) YTD based on shipping from 14 April to 14 September 2020

# Bauxite Hills Operations

## SAFETY PERFORMANCE

Maintaining a safe workplace at Metro Mining continues to be the top priority and the quarter was completed Lost Time Injury (LTI) free with 84,200 workhours completed. Due to effective COVID controls implemented and strictly adhered to by all personnel the Bauxite Hills Mine continues to be COVID free.

## SITE BASED ACTIVITIES

Bauxite mining for the quarter was 1,062K wet metric tonnes (WMT) with 1,230K WMT shipped; both representing continued strong performance from the corresponding June Quarter. An excellent result given the additional COVID-19 protocols required.

As advised in our 14 August ASX Announcement the mine moved into its planned 2020 wet season shutdown earlier than anticipated due to difficult market conditions impacting demand for and pricing of bauxite exports into China. The last Ocean-Going Vessel completed loading 14 September.

ALL ASPECTS OF THE LOGISTICS CHAIN PERFORMED WELL:

- The road haulage fleet, which was supplemented at the start of the 2020 operating year with an additional three triple trailer sets, performed to expectations with high machine availability and significantly better haulage rates than 2019. Through to the beginning of September, mining rates comfortably exceeded shipping rates, ensuring sufficient stockpiles to efficiently manage operations. As Bauxite Hills Environmental Approvals require zero bauxite stocks be held at the port area during the wet season stockpiles were run down to zero by cessation of mining operations.
- There was scheduled maintenance at the Port area in July with a planned belt replacement on the barge loading facility. However, despite the resulting two days down time, the screening plants and barge loading facility operated at budgeted capacity.
- Marine activities exceeded budget during the quarter. Transshipping rates continued to benefit from the increased channel depth at the Skardon River mouth resulting in Metro being able to load barges at, or closer to, their capacity resulting in fewer barge movements, delivering lower fuel consumption and other operational cost savings.
- Shiploading rates benefitted from high operator productivity which ensured record average loading rates during the quarter despite a short period in July of unusually high swell conditions; not normally seen at that time of year.

With mining areas at BH1 and BH6 now fully opened after more than two years of operations, the planned acceleration of rehabilitation activities continues. Mining activities now fully incorporate simultaneous rehabilitation with progressive backfilling of the exposed pits and direct placement of topsoil from new mining areas to mined out areas. Seeding of the topsoil is planned to occur towards the end of this calendar year, and prior to the onset of the wet season.

## COVID-19 Response

Metro's response to COVID-19 was outlined early in the year (refer ASX Release 23 March 2020) with the Policies and Procedures continuing to evolve in response to Government guidance and directives.

Similar to the June quarter, these policies and procedures operated extremely well throughout the current quarter with no disruptions to operations experienced. COVID-19 continues to be a rapidly evolving situation and procedures are constantly monitored and updated accordingly by Metro's Senior Executives, Health & Safety Professionals, HR and IT teams.

# Bauxite Hills Operations

## BAUXITE SALES

With the strong support of Metro's foundation customer Xinha deliveries were accelerated into the existing contract to maintain production at efficient levels. COVID travel restrictions impacted Metro's bauxite marketing and sales program and, when combined with ongoing effects of COVID and its impact on market conditions across the aluminum supply chain, no additional contracts were able to be finalized outside of Xinha, resulting in the mine accelerating its transition into Wet Season shutdown.

The average bauxite price received declined given the impact of COVID-19 on aluminum and the subsequent weakness in the alumina price. The continued strength in the A\$/US\$ exchange rate also negatively impacted received A\$ revenue.

Negotiations with several refineries continue to advance and confidence in the sector is now showing signs of improvement:

- Aluminum and Alumina prices have recovered from their COVID driven lows, although alumina is still being impacted by the availability of western world alumina that is generally available at a lower cost than domestic Chinese alumina.
- Confidence looks to be returning with more alumina capacity coming back online in China and other input costs such as reagents and energy are remaining lower allowing most to make modest profits at the prevailing prices.
- Ocean freight from Guinea and Indonesia has increased, which has seen an increase in the delivered bauxite price into China.

As a result, it is anticipated that 2021 will see improved trading conditions.

## BAUXITE HILLS MINE STAGE 2 EXPANSION

Metro's Stage 2 Expansion remains the core strategy for the long-term development of Bauxite Hills. Timing for the formal commitment to Stage 2 remains influenced by general uncertainty over the outlook for global growth due to the impact of COVID-19. As outlined previously, whilst there have been recent improvements in macro conditions leading to a recovery in general confidence in the sector, customers remain reluctant to enter into long term offtake agreements. Metro will continue to monitor market conditions prior to taking the decision to formally proceed with the expansion.

Debt financing remains in place through the previously announced Loan Facility from the Northern Australia Infrastructure Facility ("NAIF"). The sunset date for Financial Close was extended during the quarter to 31 March 2021.

As a result, completion of the Stage 2 is not expected to occur until 2022 at the earliest.

## Financial Results:

Underlying site unit costs for the quarter were A\$20.89/WMT, continuing the low unit costs achieved at site during the 2020 operating season. These are a result of the economies of scale driven by the strong mining and transshipment performance and a continued cost focus at site.

Unit costs for ocean freight varied during the quarter reflecting the volatility in global freight markets. Metro's costs were partially cushioned from this volatility with ships secured through a combination of spot bookings and through freight contracts established earlier in 2020.

# Bauxite Hills Operations

UNIT OPERATING RESULTS				
	2020 June Qtr	2020 Sept Qtr	2020 YTD	2019 Full Year
<b>Revenue A\$/WMT</b>	52.71	49.87	51.30	56.13
<b>Costs</b>				
Site Cost A\$/WMT	18.92	20.89	19.90	20.68
Non-Site Cost				17.12
▪ Freight A\$/WMT	17.45	16.38	16.92	
▪ Royalties A\$/WMT	5.08	4.88	4.98	5.77
<b>TOTAL</b>	<b>41.45</b>	<b>42.15</b>	<b>41.80</b>	<b>43.57</b>
<b>EBITDA MARGIN A\$/WMT</b>	<b>11.26</b>	<b>7.72</b>	<b>9.50</b>	<b>12.56</b>

## INDIGENOUS ENGAGEMENT

COVID-19 restrictions were progressively eased in the remote communities over the quarter and allowed standard Indigenous engagement processes to be gradually reintroduced.

The last COVID fortnightly Community Update was sent 20 August and included details about the early wet-season shutdown and associated workforce reduction due to COVID related impacts.

The May Liaison Committee meeting was rescheduled to 3 September in Cairns and attended by all Seven Rivers Aboriginal Corporation (SRAC) and Old Mapoon Aboriginal Corporation (OMAC) Representatives.

A benefit of transitioning to the early wet season shut down was Metro's Community Liaison Officers were able to spend more time in the communities, of Injinoo, Mapoon and Hope Vale, given they were not required to spend time at the mine site during this period.

Metro staff will travel to Injinoo and Mapoon in the last quarter of 2020 to provide information and general communications about the extended shut-down period to affected community groups and organisations.

Monthly community seed collection programs continued in Mapoon, and recommenced in Injinoo, over the quarter. It was noted that an increase in the amount of seed volumes collected are required to meet the rehabilitation plan and community focus will be lifted to meet the required targets.



*Injinoo seed collectors being briefed during a recent Seed Collection Workshop conducted by Metro personnel*

# Bauxite Price Outlook

## BAUXITE PRICE OUTLOOK

The Aluminium supply started to show some improvement from the depressed levels caused by the COVID-19 related economic conditions during the previous quarter. There was reduced volatility in alumina and bauxite prices although a nervousness remains amongst refineries.

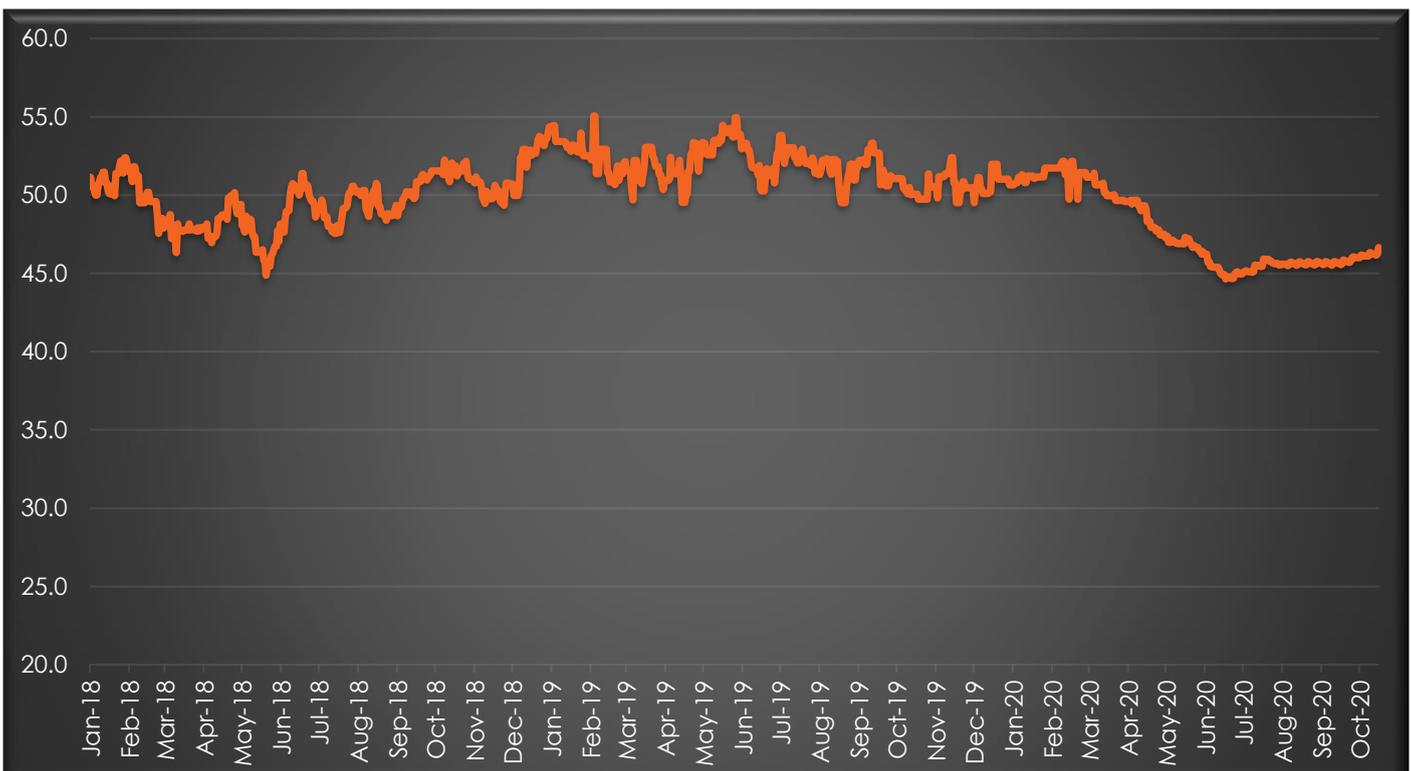
- Imported bauxite prices CFR China (per the CBIX Bauxite Index), was largely stable during the quarter and ended the period at US\$46.00/DMT.
- Domestic alumina prices retreated from the post COVID-19 highs seen in July and finished the quarter at approximately RMB2,320/t.

Whilst refineries remain cautious there continues to be some positive developments for bauxite that indicate the potential for a more positive 2021 for Metro:

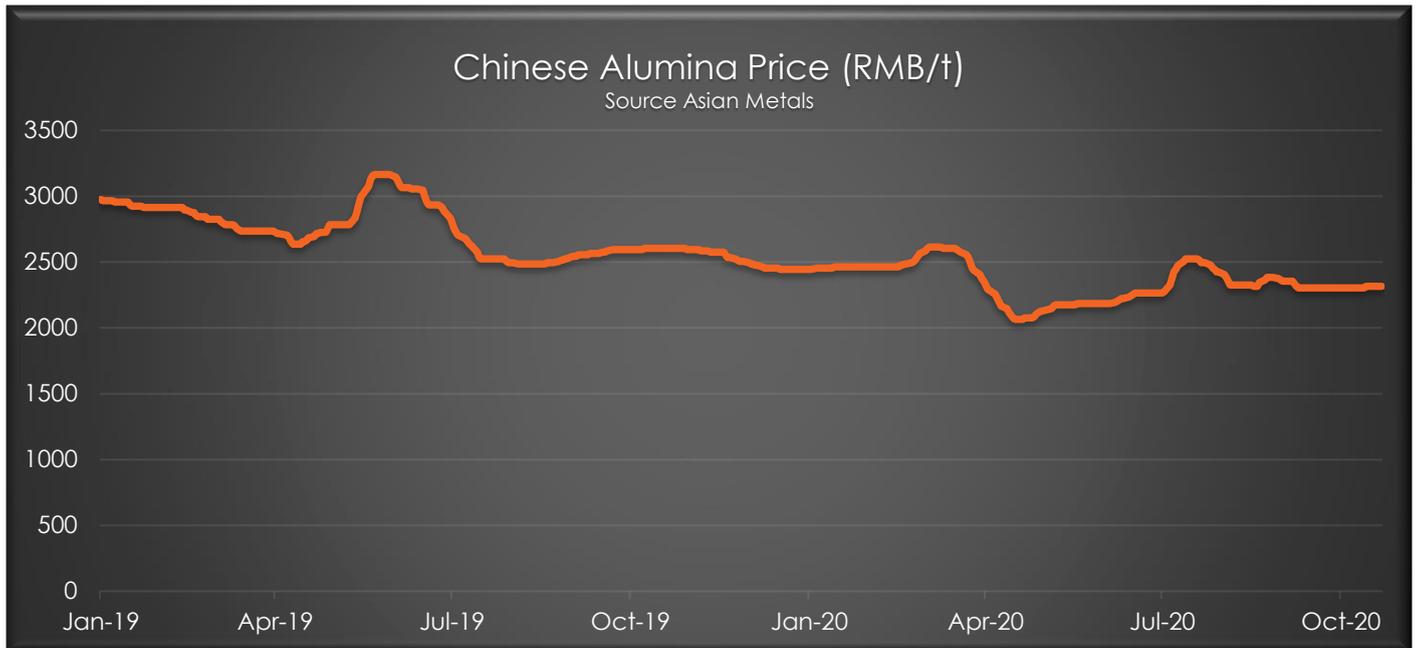
- A fall in reagent costs (namely caustic soda and energy) mean that refineries are now operating back at break-even or profitable levels.
- Cape freight rates from Guinea have settled to more normalised levels which has taken the pressure off spot bauxite prices and supply out of Guinea.
- Domestic bauxite supply remains constrained and inland refineries will require imported bauxite as alumina production increases.
- Bauxite imports into China have remained at good levels over the last 3-4 months

### CBIX Bauxite Price Index US\$/DMT

Source: CM Group



# Bauxite Price Outlook



## CORPORATE

### Cash Position:

At the end of the quarter Metro's cash on hand and other receivables (including the GST refund) was A\$45.8Million compared to \$44.4Million at the end of June 2020 (this is before trade creditors and other payables). In addition, Metro holds A\$0.3Million of restricted cash, comprising various security deposits.

Given the transition to the early wet season shut down, a cost cutting program has been implemented including a reduction in Directors' fees and Senior Management salaries. This will reduce the Company Corporate and Administration costs by approximately 39% during the non-operating period. In addition, the Board has resolved not to grant any performance rights applicable under the 2020 Short Term Investment Plan.

### Debt Facilities:

As at the end of the current quarter, Metro had two fully drawn A\$ project debt facilities, totalling A\$35 Million (excluding accrued interest).

### Hedging:

No forward sale, A\$/US\$ contracts were in place as at Quarter end.



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

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