

Q2 2022 Highlights

- **Operation risk is reduced: Offtake binding, mine and floating crane at full capacity, contract prices rising through the year underpinned by low-cost freight**
- **Q2 production 900 WMT despite weather impacts: 3.6 to 4.0 M Wet Metric Tonnes (WMT) guidance for 2022 production & sales**
- **Bauxite trade is at record levels, market prices recovering strongly during Q2**
- **Transformational 75% capacity expansion from 4 to 7 M WMT pa, taking Metro to lowest cost supplier with binding offtake underpinning a less than 2-year payback**

Metro has undergone significant positive change in the last 12 months. The new management team has taken actions to reduce risk, strengthen and improve the core fundamentals of the business, and create a more resilient operation through:

- Adding further customers, binding offtake and increased contract pricing,
- Significantly reducing delivered costs through new transshipment crane into large Capesize vessels,
- Locking in 90% of freight and bunkers with forward contracts,
- Investment in asset reliability and productivity: such as trucks, trailers, screens, conveyors, marine assets, and crane grabs.

Mining for the quarter was 0.92 M Wet Metric Tonnes (WMT) and shipments were 0.85 M WMT, a 35% increase on June quarter 2021. Revenue received was \$37M at an average price of A\$44.1/WMT. Despite shipping commencing on 10th April, the June quarter was affected by lengthy periods of unseasonal adverse weather, multiple workforce COVID/flu events and a floating crane fault covered by warranty. As a result, production and shipping volumes were less than planned.

The improvement actions in place, more of which have been taken subsequent to the end of the quarter, have resulted in better results than may have been expected in similar conditions in the past. Metro has confidence in forward looking production and shipping rates with guidance for 3.6 to 4.0 M WMT produced and shipped in 2022.

The bauxite market is strong and demand for imports from China is at record levels. There is a continuing positive outlook given expected supply disruptions from Indonesia and Guinea (a combined 68% of Chinese imports). Within this context, and the additional demand for bauxite, the Metro Board gave investment approval, subject to financing, in June 2022 to expand the production capacity at the Bauxite Hills Mine by 75% from 4 to 7 M WMT/a, underpinned by a refreshed definitive feasibility study and committed additional offtake from foundation customer Xinfra. The expansion requires a low level of capital expenditure of A\$28.3 M and forecasts payback in less than 2 years and thus impressive returns for investors (See ASX announcement 29 June 2022). The expansion is scheduled to be completed in Q3 2023 at which point Metro will be one of the lowest cost suppliers of bauxite delivered to China.

Strengthening fundamentals, improving operational efficiency and resilience

Metro is currently in the first quartile of the China delivered cost curve and is on a path to becoming one of the world's lowest cost suppliers of bauxite delivered to China.

In the last 12 months, Metro's new management team has implemented a number of significant initiatives to improve the Bauxite Hills operational efficiency and resilience. These have resulted in a reduction in risk and an improvement in efficiency and unit costs.

These have included:

- Procurement (predominantly through Metro's marine services supplier, TSA) of a floating crane barge, mobilised ahead of schedule, which enabled Metro to secure lower cost Cape-size freight markets,
- A program to reduce both operational and corporate costs and improve efficiencies with the goal that the Bauxite Hills Mine will become the World's lowest cost global quality bauxite supplier into China.

Major improvements implemented in the last quarter to improve operational resilience have been:

- Incorporation of lessons learned from operating in the 2021/22 wet season, including change to screen sizes and operating practice, and conveyor belt maintenance program,
- Dry hire and maintenance contract with mobile mining fleet partner BMG of 5 additional prime movers on a short-term basis to replacing ageing fleet which were proving unreliable and expensive to maintain,
- Contracts of Affreightment (CoA) have been entered into to lock in the majority of freight costs for 2022 and 90% of 2023 and 2024 delivered offtake,
- Additional workforce for labour coverage in the event of COVID/flu outbreaks and to provide additional capacity and consistency of operational performance for the remainder of the 2022.

Independent consultant, CM Group, places Metro, at 6 Mt/a scale, as No 1 on the 2026 delivered China seaborne cost curve



Operational performance for the Quarter

Production Results (wmt) ('000)	Q2 2022	Q2 2021
Bauxite Mined	915	729
Bauxite Shipped	849	629
Unit Operating Results (A\$/wmt)		
Revenue	44.1	49.9
Costs		
Site Costs	28.1	28.2
Freight	18.6	29.8
Royalties	3.2	3.6
Total	49.9	61.6
EBITDA Margin	(5.8)	(11.7)

Production for the 2022 operating season commenced in early April 2022.

Despite improvements made throughout 2021 and 2022 to improve operational efficiency and resilience (refer above) production and shipping this quarter were affected by a range of factors – the number of days of adverse weather being greater than forecast, plant and equipment availability and COVID/flu impacting employee absenteeism. Due to the interrupted operations production unit costs, standby costs and demurrage were higher than forecast.

Mining for the quarter was 915K WMT with 849K WMT shipped.

Despite lower than planned production in the quarter, aggregate operational costs were consistent with expectations.

Pleasingly, the Floating Crane Barge tonnage rates and capability continued to improve in the quarter as processes, procedures were refined and operator skills improved, with data indicating it is achieving its nameplate capacity.

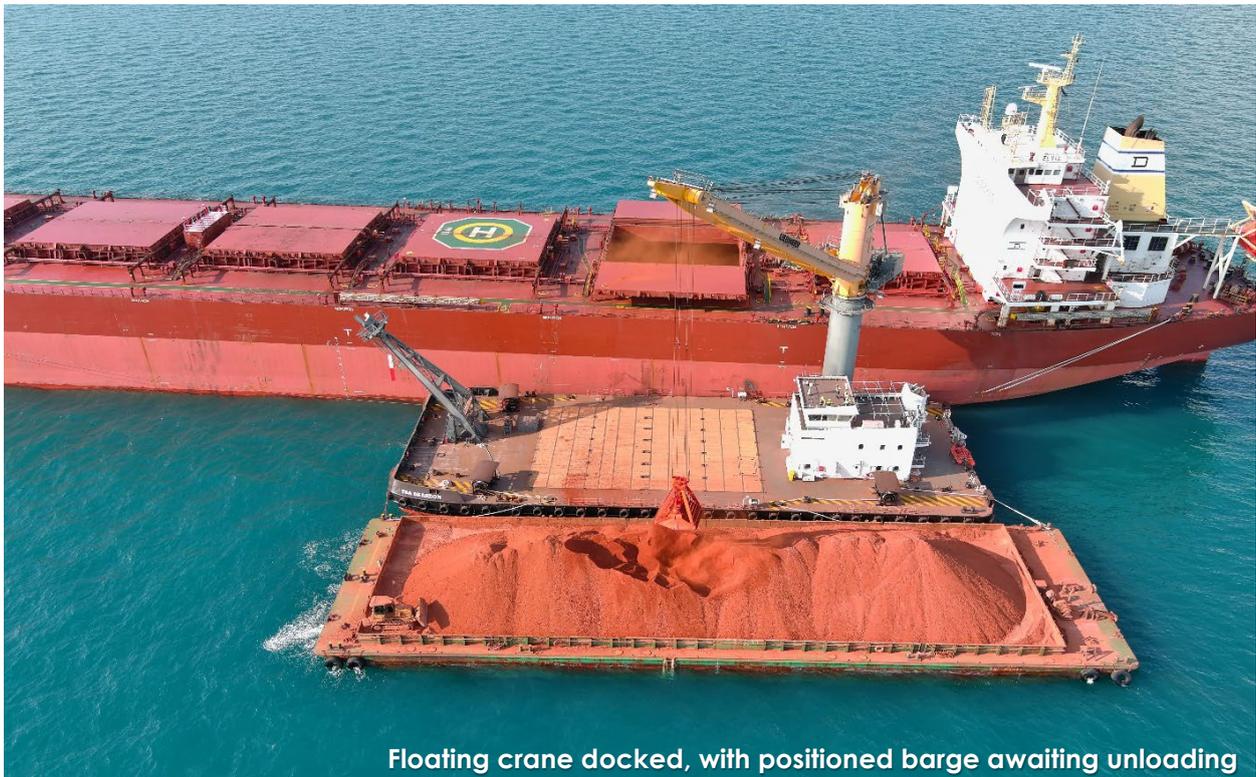
With the actions taken over the last 12 months, and which continue to be taken, to improve operational efficiency and resilience, Metro is confident that more consistent production and shipping rates will be achieved and that 3.6 to 4.0 M WMT will be produced and shipped in 2022.

The 2022 rehabilitation program progressed during the quarter with 40 hectares prepared in readiness for seeding later in the year.

Bauxite market

The bauxite market is recovering from COVID induced lows. The key facts from the last quarter are:

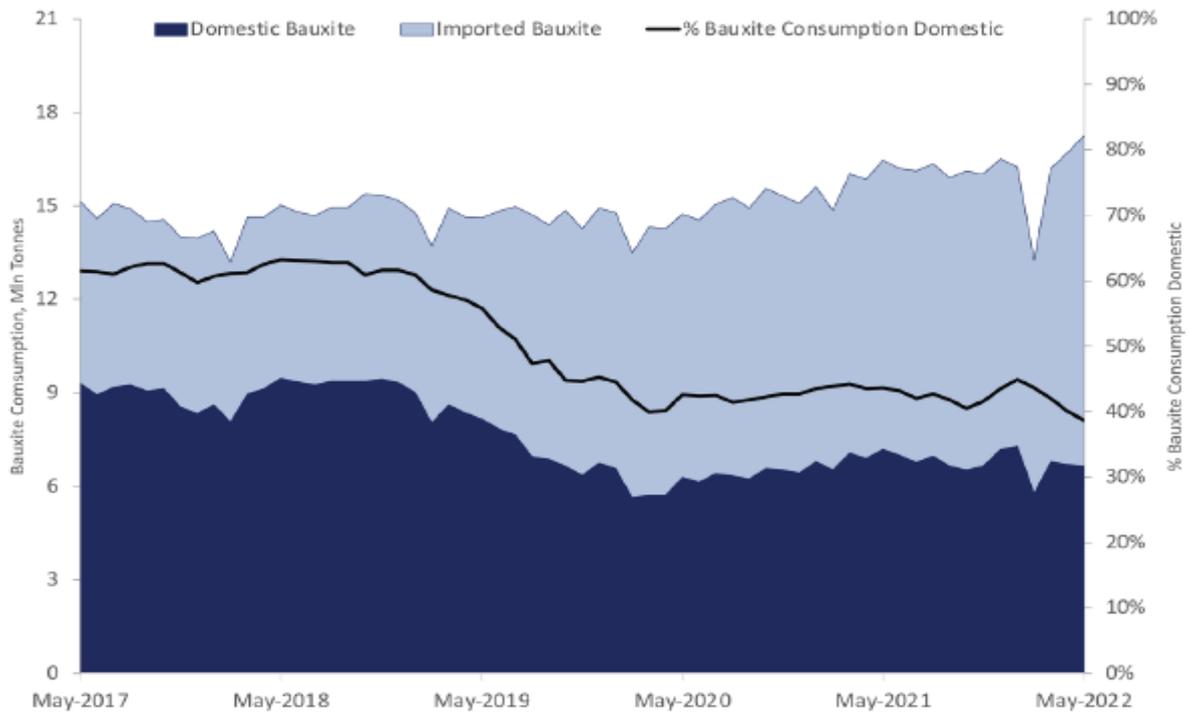
- Record bauxite imports into China in the current calendar year-to-date,
- New refineries have been commissioned in China at the same time domestic transport has been impacted by COVID,
- Delivered China prices are trending upwards quite strongly,
- There is evidence that Indonesia (15% of Chinese imports) is starting to implement its well signalled ban on bauxite exports,
- In Guinea (53% of Chinese imports), the military Government is starting to enforce lease requirements to construct downstream refineries and also is investigating alleged manipulation of declared sales prices to minimise local tax payments.



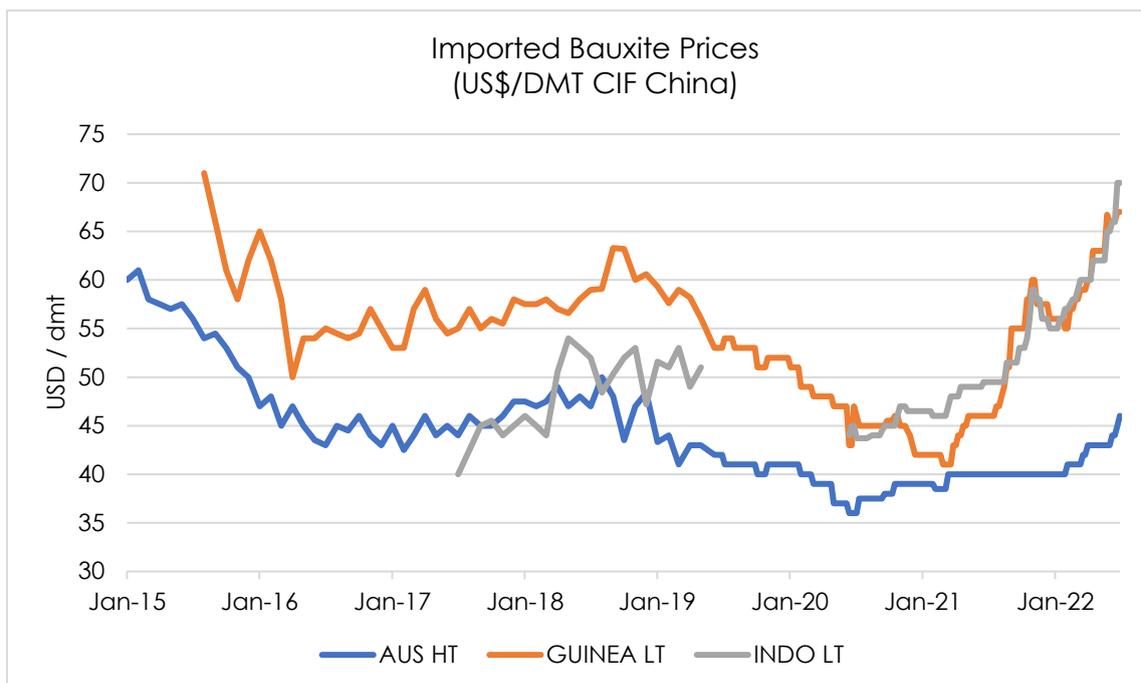
Floating crane docked, with positioned barge awaiting unloading



Apparent Bauxite Consumption (mln t/month)



China bauxite demand by source (Million DMT)



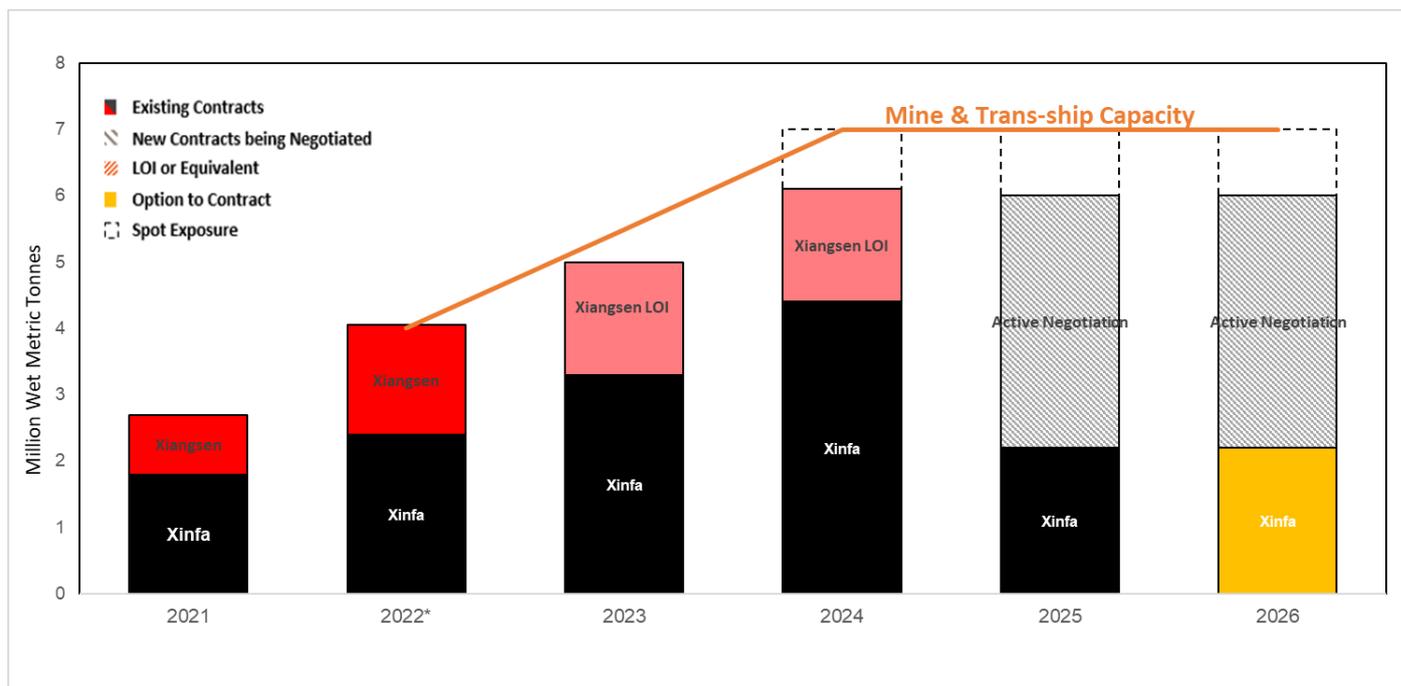
Sources: CM Group

Metro bauxite sales

Metro's contracted 3.8 M WMT sales for April to January, were locked in at the end of Q1.

As part of the expansion plan announced in June 2022, Metro announced that the Company has signed a Binding Offtake Agreement with China's Xinfra Group to supply an additional 1.1 M WMT in 2023 on a CIF basis and 2.2 M WMT in 2024 on an FOB basis at fixed prices above current contract levels. This is in addition to the existing 3-year 2.2 M WMT/a FOB contract which has a quarterly negotiated pricing mechanism to reflect the market. Reflecting the relationship between the two companies, Xinfra has agreed to rollover the tonnage to later periods if there is any delay to the delivery of the second FCB. Xinfra was Metro's foundation customer and is one of the largest integrated aluminium companies in China with significant refining and smelting operations in Shandong, Shanxi, Guangxi and Xinjiang Provinces.

The agreements with Xinfra, together with the Letter of Intent entered into with Xiangsen Aluminium, represent offtake of 5M WMT in 2023 and 6M WMT in 2024.



Expansion

On 29 June 2022 Metro announced that the Metro Board of Directors has approved a Final Investment Decision (FID), subject to financing, to expand the capacity of the Bauxite Hills Mine to 7.0 M WMT pa. The approval for the expansion is underpinned by Metro having recently secured additional binding offtake with Xinha Aluminium Group for 2023 and 2024.

DFS Philosophical approach

- Rapid and not re-inventing the wheel
- Expand capacity beyond planned production
- Focus on critical levers
- Build in significant redundancy and contingency

There is no further traditional owner, environmental or regulatory approvals required, as Metro already has approval to mine up to 10.0 M WMT pa.

The expansion economics are compelling. The expansion strategy requires a relatively low level of capital expenditure and will deliver a payback in less than 2 years.

The economics of the Definitive Feasibility Study (DFS) have been run at a production/sales rate of 6.0 M WMT pa over a 15-year mine life, delivering strong returns with an NPV (10%) of \$372 M, IRR 78%, and average Site EBITDA margin of \$83 M. The expansion capital of \$28.3 M takes productive capacity to 7.0 M WMT pa which, given the strong market outlook, provides flexibility to support upside spot demand as required and, at the same time, reducing implementation risk.

The expansion will include the procurement of an additional Floating Crane Barge (FCB). The FCB, with a much lower capital cost than the previously considered floating terminal, allows a more rapid, lower risk and lower cost implementation as well as significant operating risk reduction and synergy. Securing access to a new crane is the critical path item for commissioning of this additional FCB by the end of Q3 2023.

Community

Metro attended the biannual Northern Peninsula Area Cultural Festival in late June. The festival attracted a crowd of approximately 2,500 to celebrate this year's theme "Keep the Flame of Culture Burning". Metro hosted a stall for information sharing regarding recruitment, available positions and potential partnerships and also sponsored a photography competition.



Paula Ludwick, Jaeme Davey and Jay Gebadi
at the NPA Cultural Festival

Metro has also recently finalised arrangements with an Ankamuthi led business to conduct cultural heritage monitoring services at site.

Metro is a proud member of the Far North Queensland community. Currently, employment of First Nations personnel exceeds the target set out in the Ancillary Agreement.



Corporate

- **Cash position:** At the end of the quarter, Metro's cash on hand was \$11.2 million. This compares with the position at the end of March 2022 of \$5.2 million.
- **Debt facilities:** At the end of the quarter, Metro had two fully drawn A\$ secured debt facilities totalling \$35 million (excluding accrued interest). In addition, Metro has a \$9.5 million fully drawn Bridge Facility which will mature on 14 October 2022.
- **Hedging:** At the end of the quarter, Metro had in place forward sale A\$/US\$ contracts totalling US\$ 35 million at an average exchange rate of AUD/USD 0.71.

Tenement Schedule

The following tenements are owned 100% by the Metro Group

Tenement	Project Name	State
EPM 25879	Southern Cape York	QLD
EPM 26144	Skardon West	QLD
EPM 26198	Skardon Gap West	QLD
EPM 27611	Skardon North West	QLD
MDL 3003	Columboola A	QLD
MDL 3038	Columboola B	QLD
MDL 423	Skardon North	QLD
MDL 425	Skardon South	QLD
ML 100130	BH1 Haul Road	QLD
ML 20676	Bauxite Hills 1	QLD
ML 20688	Bauxite Hills 6 East	QLD
ML 20689	Bauxite Hills 6 West	QLD
EPC 1165	Columboola	QLD
EPC 1609	Wandoan West 3	QLD
EPM 15278	Pisolite Hills North	QLD
EPM 15376	Ducie River	QLD
EPM 15984	Port Musgrave	QLD
EPM 16755	Skardon River North	QLD
EPM 16899	Skardon River	QLD
EPM 17499	Eucid	QLD
EPM 18242	Skardon	QLD
EPM 18384	Skardon Channel	QLD
EPM 25878	Northern Cape York	QLD
ML 40069	Skardon Pipeline	QLD
ML 40082	Skardon Buffer	QLD
ML 6025	Skardon River No 1	QLD

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

METRO MINING LIMITED

ABN

45 117 763 443

Quarter ended ("current quarter")

30 JUNE 2022

Consolidated statement of cash flows

**Current quarter
\$A'000**

**Year to date
(6 months)
\$A'000**

1. Cash flows from operating activities

1.1	Receipts from customers (Refer: Note A)	35,967	74,321
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(27,850)	(67,513)
	(d) staff costs (Refer: Note B)	(4,195)	(6,899)
	(e) administration and corporate costs	(571)	(1,675)
1.3	Dividends received	-	-
1.4	Interest received	21	23
1.5	Interest and other costs of finance paid (Refer to Item 3.9)	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	63	172
1.9	Net cash from / (used in) operating activities	3,436	(1,570)

Note A: 'Receipts from customers' is only cash received and excludes amounts outstanding under letters of credit.

Note B: 'Staff costs' include both corporate and operational staff.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(77)	(67)
	(d) exploration & evaluation	(352)	(690)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)		
	- Release of / (payment for) Financial Assurance	-	-
2.6	Net cash from / (used in) investing activities	(429)	(756)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	9,500	9,500
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(166)	(155)
3.8	Dividends paid	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material)		
	- Interest Paid	(791)	(1,572)
	- Principal Elements of Lease Payments	(4,190)	(7,089)
	- Other		
3.10	Net cash from / (used in) financing activities	4,353	684

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,213	13,890
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,436	(1,570)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(429)	(756)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,353	684
4.5	Effect of movement in exchange rates on cash held	(1,333)	(1,008)
4.6	Cash and cash equivalents at end of period	11,240	11,240

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,240	5,213
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,240	5,213

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	-
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	44,500	44,500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	44,500	44,500
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
1. Ingatatus AG Pty Ltd. \$20M. 12%. 1 December 2023. Secured. 2. Ingatatus AG Pty Ltd. \$7.5M. 9%. 1 December 2023. Secured. 3. Lambhill Pty Ltd. \$7.5M. 9%, 1 August 2024. Secured. 4. Lambhill Pty Ltd. \$4.5M. 14%, 14 October 2022. Unsecured 5. Greenstone. \$5.0M. 14%, 14 October 2022. Unsecured		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	3,436
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(352)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	3,084
8.4 Cash and cash equivalents at quarter end (item 4.6)	11,240
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	11,240



8.7 **Estimated quarters of funding available (item 8.6 divided by item 8.3)** **3.64**

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **26 July 2022**

Authorised by: **BY THE BOARD**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



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

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.