

Metro Mining Confirms Final Investment Decision on 7 Mt/a Expansion, Including Improved Transshipping Solution

- Final Investment Decision (FID) on expansion to 7 MWMT/a (financed) of A\$ 31.9M.
- Key elements in FID will see improved economics, resilience and optionality.
- Previous Transshipping expansion plan modified by utilizing an existing Off-shore Floating Terminal (OFT) with increased loading capacity and proven weather resilience.
- Expected delivery in Q4 2023, post a drydocking.
- OFT is a 50/50 JV negotiated with Louis Dreyfus Ports & Logistics.
- On-shore screening upgrade using weather resilient “wobbler feeder” technology.
- Potential upside capacity available in the OFT and wobbler could underpin further expansion of Bauxite Hills to 8 to 9 MWMT, subject to establishing expansion performance and completion of a further study.

Metro Mining Limited (ASX: MMI) is pleased to announce that the Board has made its final investment decision (FID) on the expansion route to 7.0 Million Wet Metric Tonnes per annum (MWMT/a) for its Bauxite Hills Mine, located 95kms north of Weipa on Western Cape York, North Queensland. Bauxite ore is the mineral processed into aluminium and MMI is Australia’s only pure play bauxite miner.

The key elements of FID are:

1. A decision on the expanded transshipping solution utilizing a large, existing Offshore Floating Terminal (OFT)
2. Commitment to a more resilient and lower operating cost screening solution.

Simon Wensley, CEO and MD of MMI commented: *“It is exciting to now have the expansion pathway clear, fully approved, underpinned by offtake and financed. The established OFT and wobbler technologies are part of our continuing strategy to create more resilience, lower cost and increased upside optionality in our business. Additionally, the JV with Louis Dreyfus adds globally renowned and specialist expertise to our existing contract partner team.”*

Transshipping Expansion

MMI has identified a superior option for its transshipping operation. Instead of building a second floating crane barge (FCB), MMI has procured a larger, existing Offshore Floating Terminal (OFT). The OFT will provide substantial upside including earlier mobilization, lower cost risk, enhanced capacity upside, flexibility and greater operating window/weather resilience than an FCB due to its large size.

The OFT, currently named ALM Tinka, is almost identical to the transshipping solution identified in MMI’s original feasibility study in 2019 and has the following characteristics:

- 132m in length, 28m width, non-propelled barge with 2 x 34 tonne safe working load hydraulic unloading cranes and a hopper, conveyor, ship loading system.
- One of 2 vessels, delivered in 2012 initially for loading iron ore magnetite fines in Australia, it was then modified to load bauxite. Its sister vessel, Magdragon2, is currently successfully employed at the Sino iron Project in WA.
- Has been loading raw bauxite of similar density and handling characteristics to MMI bauxite off the coast of

Guinea for the last four years.

- Rated capacity up to 2,000 WMT/hr with potential to target 30,000 WMT/day of bauxite.

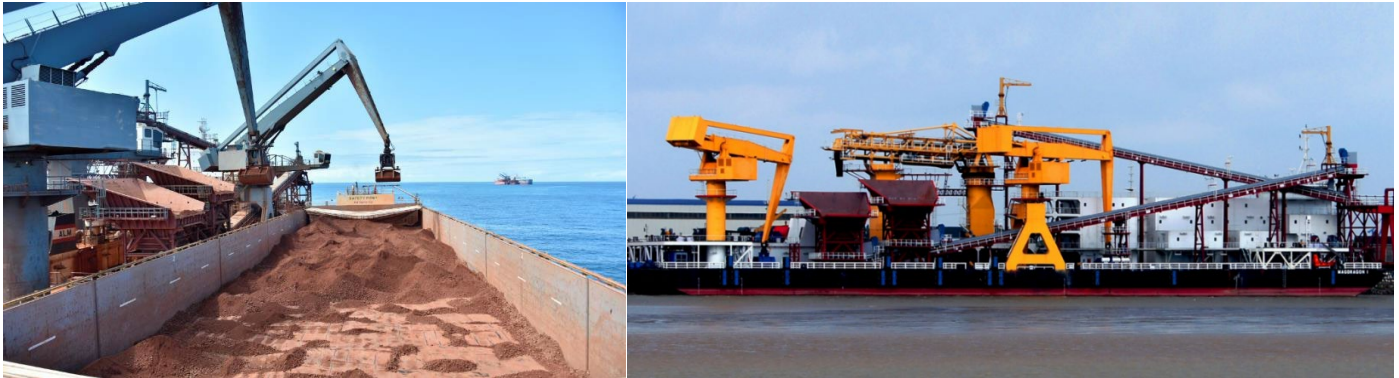


Figure 1 & 2: ALM Tinka when launched and in operation

Binding joint venture terms for ownership of the OFT have been concluded with current owner ALM Shipping Management Ltd (ALM Shipping), for MMI to purchase a 50% effective interest in the vessel for US\$15M, including mobilization to Australia and a significant dry-docking refurbishment (OFT JV). ALM Shipping is led by Louis Dreyfus Ports and Logistics (LDPL), a global logistics solutions provider and subsidiary of Louis Dreyfus Armateurs SAS. The vessel is expected to arrive in Cape York in Q4 2023 and, following regulatory approval, will then be bareboat chartered by the OFT JV to MMI for operations under a 10 year contract, which includes buy out options for MMI. LDPL will oversee the mobilization and drydocking and MMI will confirm its operational strategy over the coming weeks.

Whilst the asset is not new and requires an interim dry-docking, on balance it presents risk reduction in its accelerated arrival timeline, greater cost predictability, proven operating performance, resilience to poor sea conditions and capacity upside.

On entering service at the Bauxite Hills Mine, the OFT will be renamed **Ikamba** – the traditional Ankamuthi word for Saltwater Crocodile which inhabit the waterways around Bauxite Hills and which have certain characteristics in common with the new OFT!

Product Screening Upgrade

The concept for the expansion of screening capacity has been amended since the DFS, with MMI electing to install a new screening plant with a capacity of a 1,500 WMT/hr, comprising an Apron and a Wobbler Feeder. This will replace one of the existing grizzly and vibrating screen plants, with the second being retained for backup, product blending and additional capacity. The combined new wobbler and retained screen will have a nameplate capacity of approx. 2,500 WMT/hr. It is expected that adopting this alternate screening technology will increase the throughput rate and provide greater resiliency in handling wet product.

Based on the procurement activities completed to date the commissioning of the new screening plant is expected in March 2024. In the interim, the existing two screening plants will provide sufficient throughput capacity to meet the improved rates at the Barge Loading Facility in 2023. These plants underwent a major maintenance overhaul in the recent shutdown and are now providing much higher levels of availability over Q4 2022.

Comparison with 2022 Definitive Feasibility Study

MMI announced the results of its Expansion Definitive Feasibility Study (DFS) in June 2022 (ASX Announcement on 29 June 2022). Since that time, it has developed a strong expansion project management team, completed detailed design on all areas of the expansion, committed to long lead time items and executed the first stages of the expansion plan,

namely committing to additional haulage equipment, committing to additional barge capacity and executing the upgrade on the barge loading facility over the 2023 wet season shutdown. The total estimated capital cost of the expansion as set out in the DFS in June 2022 was A\$28.3M. With scope modification and inflation, estimated total capex was likely to surpass A\$31M. The revised estimated expansion pathway capex is on par at A\$31.9M.

Expected Capex Table

Capital Cost (A\$m)	2nd Floating Crane (2022 DFS)	Ikamba
Transhipper		
Direct Cost	19.0	20.5
Commissioning & Project Management	2.1	2.1
Contingency	2.2	1.2
	23.3	23.8
Other		
Upgrade Port & Barge Loading Facility	3.5	6.8
Additional Trailers	1.1	-
Contingency	0.4	1.3
	28.3	31.9

* assumed DFS exchange rate of AUD/USD 0.72

The revised approach is expected to provide increased weather resilience, lower operating costs and increased capacity upside than the results released in the 2022 DFS. Retaining volume, product pricing and foreign exchange assumptions, the estimated post expansion value of the company (NPV) has improved by 9% from A\$372M to A\$405M.

The approved flow sheet is expected to provide significant upside in installed capacity with only incremental investment expected to be required in mobile mining and marine equipment. Once the OFT has been commissioned and the expansion flow sheet throughput established, Metro will explore potential further expansion options towards 8.0 to 9.0 MWMT/a.

Near Term Impact

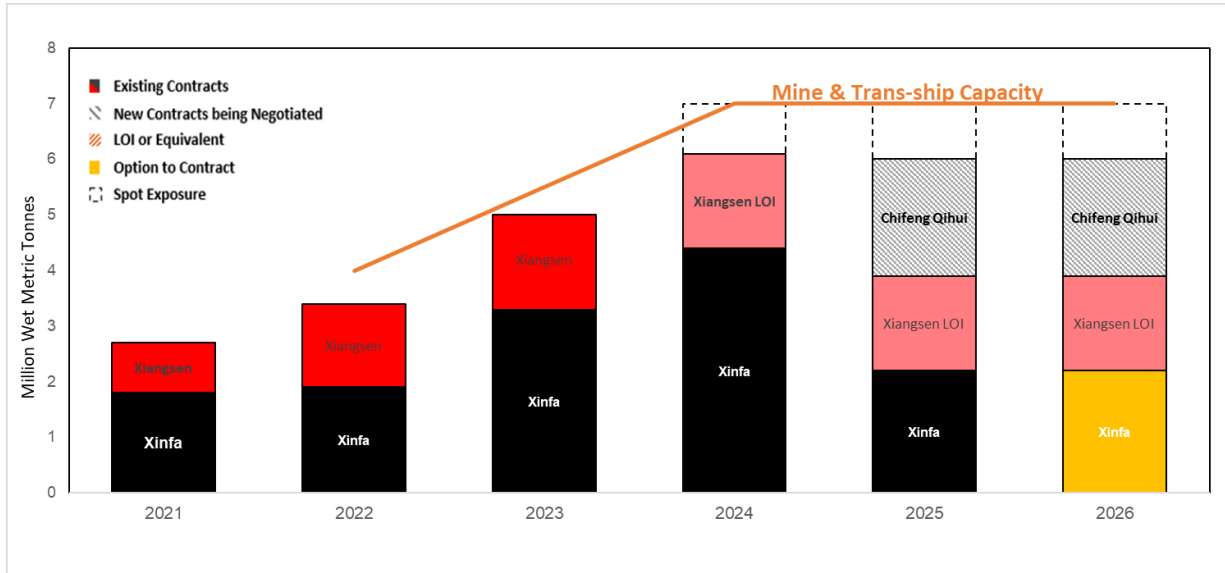
The expansion is fully underpinned by offtake and freight contracts through to the end of 2024 (ASX Announcements on 29 June 2022 and 31 October 2022). Underpinning a sales guidance of 4.5 to 5.0 MWMT for 2023 and 6.0 to 7.0 MWMT for 2024.



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The demand for traded bauxite remains firm from China and other markets, with Metro’s segment pricing continuing to rise. The exit of Indonesia from the traded market in 2023 is being evidenced by a dwindling vessel movement which will likely place further upward pressure on prices.

Financing

The MMI Board has made the FID decision based on the expected cash flows of the company, including the recently announced Nebari Partners Loan facility of US\$30 M in two tranches (ASX Announcement on 13 March 2023).

About Bauxite and MMI

Bauxite is the ore used to make aluminium, a critical and strong growth metal in the energy transition. MMI is an independent bauxite producer and explorer, with its 100% owned Bauxite Hills Mine operating on the Weipa bauxite plateau approx. 95 km North of Weipa town, near the coast on the Skardon River. MMI produces a high alumina bauxite shipping direct to customers in very large ore carriers. MMI recognises and has productive agreements with the traditional owners of the land on which it operates and is proud of its high percentage of indigenous employees and the economic impact it has in Cape York and Far North Queensland.

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This ASX Announcement has been authorised by the Board of Directors.

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