

5 November 2024

## Metro Mining Limited (MMI)

BUY

Share Price: A\$0.05

### Another monthly shipping record

Target Price: A\$0.093

MMI has achieved a new monthly record in October of 793k WMT (wet metric tonnes) shipped, eclipsing the previous record of 780k WMT in September. Results were achieved despite three days lost due to the delayed arrival of a ship combined with planned maintenance shutdowns. The higher rates reflect successful optimisation being undertaken, with the expansion project delivering increased production capacity. MMI expects ongoing optimisation activities will continue to drive site costs down over the remainder of the year. MMI is the only pure play ASX bauxite producer providing attractive exposure to a strong bauxite pricing environment. BUY with PT of 9.3c/sh (unchanged).

#### Operational update (Figure 1)

- Oct. shipments +2% vs Sep. 2024, +18% on pcp
- Oct. shipments of 793k WMT in line with our forecast of 800k WMT.
- Monthly shipping rates have increased from 720kt in Aug. to 780kt Sep. and 793kt Oct.
- We forecast an average of 800kt per month in Dec. Q'24 to meet the low end of CY24 6.0-6.4M WMT guidance.
- New daily mining record of 33,364 WMT set during Oct. (8.3mtpa annualised rates).
- Shipping rates are averaging ~7Mtpa.

#### Bauxite prices remain high (Figure 2)

- Strong Chinese demand continues to push Australian seaborne bauxite prices higher.
- MMI is well positioned to benefit from the current high price environment.

#### Financial Summary

- Valuation – 9.3c/share based on 1xP/NPV10, rising to 13.0c/share at spot.
- PE (CY24/25) – 20.2x & 3.1x.
- EV/EBITDA – 7.4x & 1.7x.
- Cash – A\$17M, debt – A\$61.7M.
- Short term debt of A\$11.7M to be repaid this quarter.
- Senior debt repayments commence on a monthly basis at ~A\$2.2M per month from March 2025 over two years.

#### Key Dates Ahead

- Dec. Q'24 – Potential Senior debt refinancing.
- 1H 25 – Ongoing debottlenecking studies.

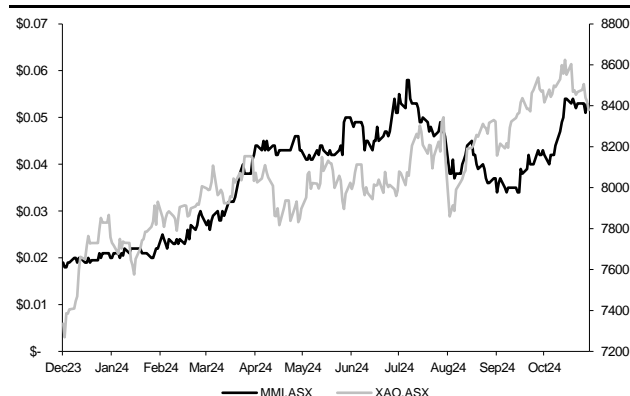
#### Company Data

Shares – ordinary (M)	5955.4
Dilution (M)	240.7
Total (fully diluted) (M)	6196.1
Market capitalisation (\$M)	309.7
12 month low/high (\$)	0.02/ 0.06
Average monthly turnover (\$M)	25.2
GICS Industry	Metals & Mining

#### Financial Summary (fully diluted/normalised)

Year End Dec	CY23A	CY24F	CY25F	CY26F	CY27F
Revenue (\$M)	236.2	339.4	422.7	468.6	444.2
Costs (\$M)	214.4	294.6	288.4	295.2	291.7
EBITDA (\$M)	21.8	44.9	134.3	173.4	152.5
NPAT (A\$M)	-9.3	15.7	102.9	102.1	92.8
EPS (cps)	-0.2	0.3	1.7	1.6	1.5
EPS Growth (%)	83.3	218.4	556.5	-0.8	-9.2
PER (x)	na	20.6	3.1	3.2	3.5
Cashflow (A\$M)	8.3	34.1	131.5	178.0	118.5
CFPS (c/sh)	0.2	0.6	2.1	2.9	1.9
PCFPS	11.0	9.5	2.4	1.8	2.7
EV	159.0	336.9	228.1	108.7	69.4
EV/EBITDA	7.3	7.5	1.7	0.6	0.5
Payout ratio (%)	na	na	na	50%	80%
DPS	0.0	0.0	0.0	0.8	1.2
Yield (%)	0.0	0.0	0.0	15.8	23.0
Franking (%)	0.0	0.0	0.0	50.0	100.0

#### MMI – performance over one year



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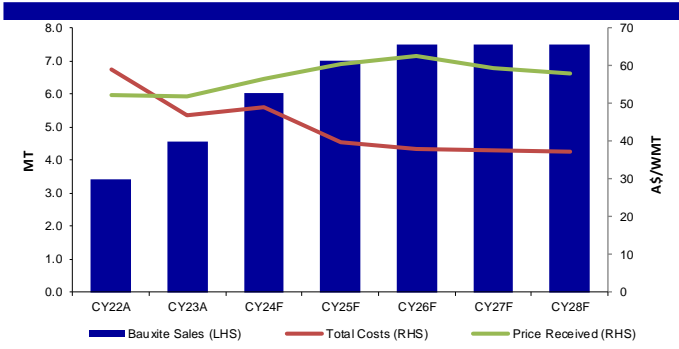
This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was Co-Lead Manager for this company's placement to raise \$40.0m by way of a placement at A\$0.041/sh on 1<sup>st</sup> May 2024, for which fees were received.

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## Analysis

### METRO MINING LIMITED (MMI)

4-Nov-24							Share Price	(\$)	0.052					
Year End Dec							Iss. Shares	(M)	5,955.4					
A\$							Options/Warrants/Other	(M)	240.7					
							Mkt Cap.	(\$M)	309.7					
PROFIT & LOSS		CY23A	CY24F	CY25F	CY26F	CY27F	RESERVES & RESOURCES							
Sales Revenue	\$M	235.8	339.4	422.7	468.6	444.2	<b>Reserves</b>							
Other Income	\$M	0.4	0.0	0.0	0.0	0.0	Tonnes	Mt	84.8	78.8	71.8	64.3	56.8	
Operating Costs	\$M	214.4	294.6	288.4	295.2	291.7	Grade Al2O3	%	49.9	49.9	49.9	49.9	49.9	
Exploration	\$M	0.0	0.0	0.0	0.0	0.0	Grade SiO2	%	12.9	12.9	12.9	12.9	12.9	
Other	\$M	0.0	0.0	0.0	0.0	0.0	<b>M &amp; I Resources</b>							
<b>EBITDA</b>	<b>\$M</b>	<b>21.8</b>	<b>44.9</b>	<b>134.3</b>	<b>173.4</b>	<b>152.5</b>	Tonnes	Mt	118.7	112.7	105.7	98.2	90.7	
Dep. & Amort.	\$M	16.7	18.4	28.6	32.1	29.8	Grade Al2O3	%	49.2	49.2	49.2	49.2	49.2	
<b>EBIT</b>	<b>\$M</b>	<b>5.1</b>	<b>26.5</b>	<b>105.7</b>	<b>141.3</b>	<b>122.7</b>	Grade SiO2	%	14.1	14.1	14.1	14.1	14.1	
Net Interest	\$M	14.4	10.8	2.8	(4.6)	(9.8)	<b>PRODUCTION (100%)</b>							
<b>Pre-Tax Profit</b>	<b>\$M</b>	<b>(9.3)</b>	<b>15.7</b>	<b>102.9</b>	<b>145.9</b>	<b>132.5</b>	Bauxite Mined	Mt	4.61	6.02	7.00	7.50	7.50	
Tax	\$M	0.0	0.0	0.0	43.8	39.8	Bauxite Sales (Shipped)	Mt	4.57	6.02	7.00	7.50	7.50	
Minorities	\$M	0.0	0.0	0.0	0.0	0.0	<b>REVENUE (attributable)</b>							
<b>Net Profit</b>	<b>\$M</b>	<b>(9.3)</b>	<b>15.7</b>	<b>102.9</b>	<b>102.1</b>	<b>92.8</b>	Bauxite Hills	\$M	235.8	339.4	422.7	468.6	444.2	
Abnormal	\$M	(4.2)	0.0	0.0	0.0	0.0	Other	\$M	0.0	0.0	0.0	0.0	0.0	
<b>Reported Profit</b>	<b>\$M</b>	<b>(9.3)</b>	<b>15.7</b>	<b>102.9</b>	<b>102.1</b>	<b>92.8</b>	Total	\$M	235.8	339.4	422.7	468.6	444.2	
Dividends Paid	\$M	0.0	0.0	0.0	51.1	74.2	<b>COSTS</b>							
Adjustments	\$M	(0.0)	0.0	0.0	0.0	0.0	Site Costs	A\$/WMT	28	25	21	19	19	
<b>Retained Earnings</b>	<b>\$M</b>	<b>(232.5)</b>	<b>(216.8)</b>	<b>(113.9)</b>	<b>(62.8)</b>	<b>(44.3)</b>	Royalties	A\$/WMT	6	7	8	8	8	
<b>CASH FLOW</b>							Total Costs	A\$/WMT	47	49	40	38	37	
Revenue	\$M	226.9	339.4	422.7	468.6	444.2	Total costs	\$M	214.4	294.6	278.4	284.2	280.7	
Costs	\$M	(214.6)	(294.6)	(288.4)	(295.2)	(291.7)	Corp / Other	\$M	0.0	0.0	10.0	11.0	11.0	
Net Interest	\$M	(3.9)	(10.8)	(2.8)	4.6	9.8	Total	\$M	214.4	294.6	288.4	295.2	291.7	
Tax Paid	\$M	0.0	0.0	0.0	0.0	(43.8)	<b>CAPEX</b>							
<b>Gross Cash Flow</b>	<b>\$M</b>	<b>8.3</b>	<b>34.1</b>	<b>131.5</b>	<b>178.0</b>	<b>118.5</b>	Bauxite Hills	\$M	11.6	30.8	7.5	7.5	5.0	
Net Capex	\$M	(11.6)	(30.8)	(7.5)	(7.5)	(5.0)	Other	\$M	0.0	0.0	0.0	0.0	0.0	
Exploration	\$M	(0.9)	0.0	0.0	0.0	0.0	Total	\$M	11.6	30.8	7.5	7.5	5.0	
Dividends	\$M	0.0	0.0	0.0	(51.1)	(74.2)	<b>DEPRECIATION</b>							
Other	\$M	(23.5)	(2.7)	(15.2)	0.0	0.0	Bauxite Hills	\$M	16.7	18.4	28.6	32.1	29.8	
<b>Free Cashflow</b>	<b>\$M</b>	<b>(27.6)</b>	<b>0.6</b>	<b>108.8</b>	<b>119.4</b>	<b>39.3</b>	Other	\$M	0.0	0.0	0.0	0.0	0.0	
Equity Issues	\$M	0.0	51.9	0.0	0.0	0.0	Total	\$M	16.7	18.4	28.6	32.1	29.8	
Net Borrowings	\$M	39.3	(27.3)	(19.4)	(25.7)	(6.9)	<b>EBITDA</b>							
Net Investments	\$M	(11.7)	0.0	0.0	0.0	0.0	Bauxite Hills	\$M	21.4	44.9	134.3	173.4	152.5	
Surplus Cash Flow	\$M	(0.0)	25.3	89.4	93.7	32.4	Other (incl. writedowns)	\$M	0.4	0.0	0.0	0.0	0.0	
<b>BALANCE SHEET</b>							Total	\$M	21.8	44.9	134.3	173.4	152.5	
Cash	\$M	12.1	37.4	126.7	220.4	252.8	<b>ASSUMPTIONS</b>							
Other Current	\$M	23.2	50.9	63.4	70.3	66.6	Exchange Rate	A\$/US\$	0.66	0.66	0.68	0.68	0.70	
<b>Total Current</b>	<b>\$M</b>	<b>35.3</b>	<b>88.3</b>	<b>190.1</b>	<b>290.7</b>	<b>319.4</b>	Bauxite Price CIF	US\$/DMT	42.2	49	55	54	53	
Fixed Assets	\$M	132.2	144.6	123.5	98.9	74.1	Bauxite Price CIF	US\$/WMT	37.1	43	48	48	47	
Exploration	\$M	1.5	0.0	0.0	0.0	0.0	Bauxite Price CIF	A\$/WMT	55.9	64	72	70	67	
Intangibles	\$M	0.0	0.0	0.0	0.0	0.0	Bauxite Price FOB	A\$/WMT	40.1	48	57	55	52	
Other	\$M	0.0	2.7	17.9	17.9	17.9	Av Price Received	A\$/WMT		56	60	62	59	
<b>Total NC Assets</b>	<b>\$M</b>	<b>133.7</b>	<b>147.2</b>	<b>141.4</b>	<b>116.8</b>	<b>92.0</b>	<b>VALUATION (fully diluted)</b>							
<b>TOTAL ASSETS</b>	<b>\$M</b>	<b>169.0</b>	<b>235.5</b>	<b>331.5</b>	<b>407.4</b>	<b>411.4</b>	Bauxite Hills Mine (NPV10)	\$M	\$684.0	\$ 0.110				
Total Debt	\$M	79.4	52.1	32.6	6.9	0.0	Exploration	\$	\$ -	\$ -				
Current Liab	\$M	56.2	56.2	56.2	99.9	95.9	Corporate / Other	\$	\$(64.1)	\$(0.010)				
Non Current Liab	\$M	23.5	49.7	62.2	69.0	65.4	Net Cash (Debt)	\$	\$(44.8)	\$(0.007)				
<b>TOTAL LIAB</b>	<b>\$M</b>	<b>159.0</b>	<b>157.9</b>	<b>151.0</b>	<b>175.9</b>	<b>161.3</b>	<b>Total</b>	<b>\$M</b>	<b>\$575.1</b>	<b>\$ 0.093</b>				
<b>NET ASSETS</b>	<b>\$M</b>	<b>10.0</b>	<b>77.6</b>	<b>180.5</b>	<b>231.6</b>	<b>250.1</b>								
<b>SH/HLDRS FUNDS</b>	<b>\$M</b>	<b>10.0</b>	<b>77.6</b>	<b>180.5</b>	<b>231.6</b>	<b>250.1</b>								
<b>RATIO ANALYSIS</b>														
EPS	¢	(0.2)	0.3	1.7	1.6	1.5								
PER	x	na	20.6	3.1	3.2	3.5								
EPS Growth	%	(83.3)	(218.4)	556.5	(0.8)	(9.2)								
EBITDA per share	¢	0.5	0.7	2.2	2.8	2.5								
EBITDA Multiple	x	4.2	7.2	2.4	1.9	2.1								
EV/EBITDA	x	7.3	7.5	1.7	0.6	0.5								
CFPS	¢	0.2	0.6	2.1	2.9	1.9								
PCFR	x	11.0	9.5	2.4	1.8	2.7								
DPS	¢	0.0	0.0	0.0	0.8	1.2								
Yield	%	0.0	0.0	0.0	15.8	23.0								
Franking	%	0.0	0.0	0.0	50.0	100.0								
Payout Ratio	%	0.0	0.0	0.0	50.0%	80.0%								
Gearing ND/E	%	67.6	19	na	na	na								
Interest Cover	x	0.4	2.5	0.0	na	na								
EBITDA Margin	%	9.2	13.2	31.8	37.0	34.3								
EBIT Margin	%	2.2	7.8	25.0	30.2	27.6								
Return On Assets	%	3.0	11.2	31.9	34.7	29.8								
Return On Equity	%	na	20.2	57.0	44.1	37.1								
Eff Tax rate	%	0.0	0.0	0.0	30.0	30.0								
<b>OTHER DATA</b>														
Share Price	\$/sh.	0.021	0.052	0.052	0.052	0.052								
Number of shares	M	4365.9	6196.1	6196.1	6196.1	6196.1								
Market Capitalisation	\$M	91.7	322.2	322.2	322.2	322.2								
EV	\$M	159.0	336.9	228.1	108.7	69.4								

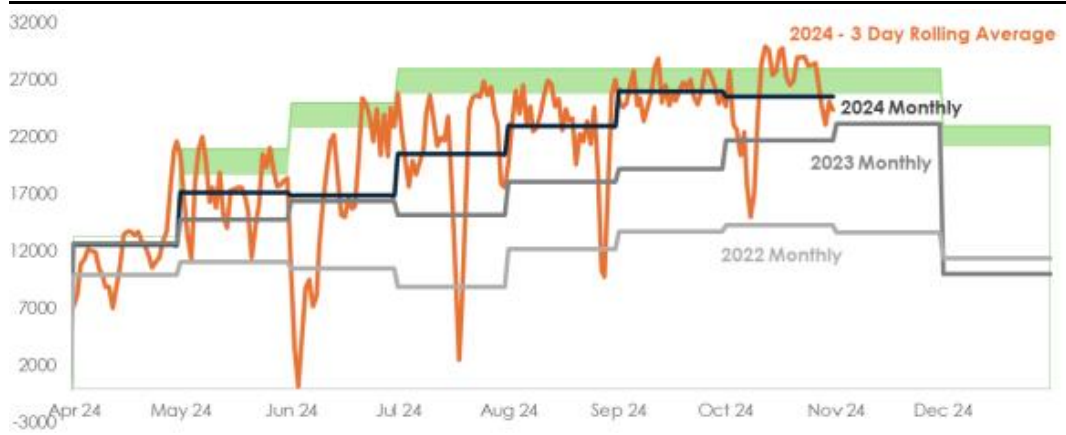


Source: Petra Capital

## Shipping rates continue to rise

Shipping rates continue to rise (Figure 1) with a new monthly record of 793.4k WMT set during October. Daily shipping rates are averaging ~28kt per day which equates to 7Mtpa based on 250 working days. During October, a new daily transshipment record of 33,364 WMT was set, which is 2.3% above the previous record of 32,617 WMT in September.

**Figure 1: MMI Daily shipments (2022, 2023 & 2024 year to date)**

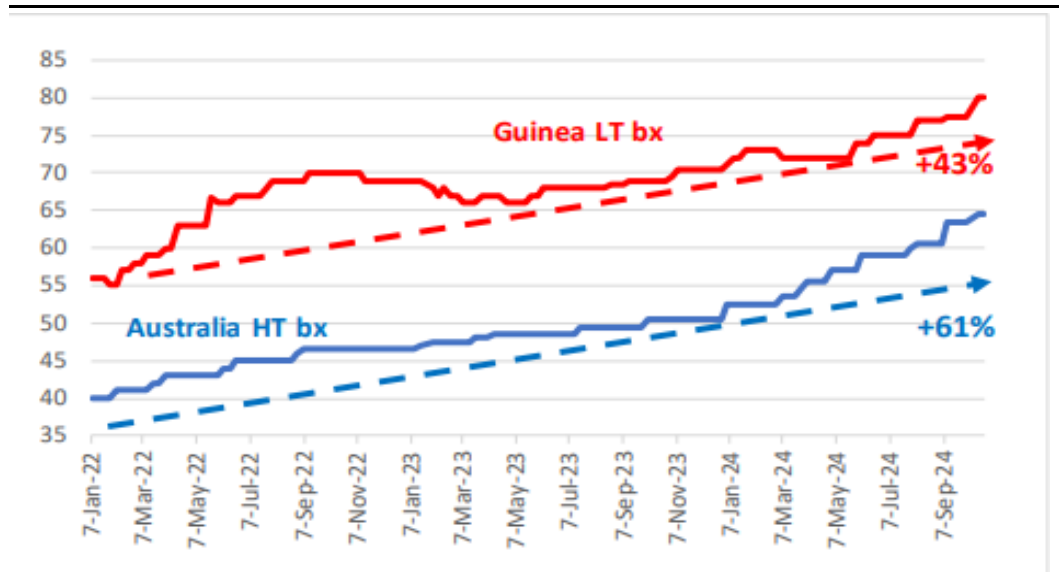


Source: MMI.

## Bauxite prices remain high

Demand for traded bauxite continues to be strong with year to date Chinese imports in September up 12.7% over 2023. Prices continue to rise (Figure 2) with recent spot pricing for Guinea bauxite at US\$80/t DMT (+43% since Jan 22) and Australian high temperature (HT) bauxite at US\$65/DMT (+61% since Jan 22). MMI expects to see the momentum continuing and the recent tightening of the traded bauxite market will start to flow through this coming quarter and into 2025. China is not the only player looking for bauxite with MMI shipping a capesize cargo to Emirates Global Aluminium’s (EGA) Al Taweelah refinery in Abu Dhabi in October.

**Figure 2: Traded Bauxite Prices (US\$/DMT CIF China)**



Source: MMI, CM group. As at October 4<sup>th</sup> 2024.



## Petra Capital

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