

29 January 2025

Metro Mining Limited (MMI)

BUY**Share Price: A\$0.06****On track for a landmark year in CY25****Target Price: A\$0.13**

MMI reported a solid Dec. Q'24 with bauxite shipped of 2.05M WMT (pre-announced) and operating cashflow of A\$33.7M (up 15% QoQ). Site EBITDA margin increased to A\$17.4/WMT (A\$13.8/WMT Sep. Q'24) reflecting higher bauxite pricing offset in part by higher site costs. MMI expect ongoing optimisation activities will drive site costs down over CY25. With the onset of the wet season, mining operations have ceased and the annual wet season maintenance program is underway. We expect mining operations to recommence in late March with CY25 guidance of 6.5-7.0M WMT (Petra 6.5M WMT). The scene is set for a landmark year in CY25 supported by higher production and very strong bauxite prices. BUY with PT of 13.1c/sh (up from 11.7c previously) reflecting upgraded bauxite prices.

Dec. Q'24 key points (Figs. 1-2)

- Dec. Q'24 shipments of 2.05M WMT (+22% vs Dec. Q'23, -4% vs Sep. Q'24 of 2.13M WMT).
- CY24 shipments +24% to 5.7M WMT (CY23 4.6Mt).
- EBITDA margin rose 26% QoQ to A\$17.4/WMT.
- Operational cashflow rose 15% QoQ to A\$33.7M.
- Cash at end Dec. of A\$31M and receivables of A\$11M.
- Debt of A\$83M (US\$51.6M) plus A\$8M undrawn debt.
- Balance sheet appears sufficient to cover wet season costs of ~A\$20M plus royalty payments of ~A\$15M.

Bauxite market remains tight

- Chinese bauxite demand continues to rise (Fig. 3).
- Chinese alumina prices rose to a record high, retreating recently as new capacity comes on-line (Fig. 4).
- Guinea and Australian bauxite prices have risen 74% and 104% respectively since Jan 2023 (Fig. 5).
- MMI is in position to benefit from a high bauxite price environment.

MMI offers significant leverage to bauxite price

- We have upgraded our bauxite price and AUD/USD forecasts (Fig. 6).
- CY25 & 26 EBITDA has risen 46% & 21% respectively.

MMI is trading at attractive multiples

- Valuation – 13.1c/share based on 1xP/NPV10.
- CY25/26 PE 2.3x & 3.0x, EV/EBITDA 1.2x & 0.4x.

Key Dates Ahead

- March '25 – Production recommences.
- 1H 25 – Ongoing debottlenecking studies.

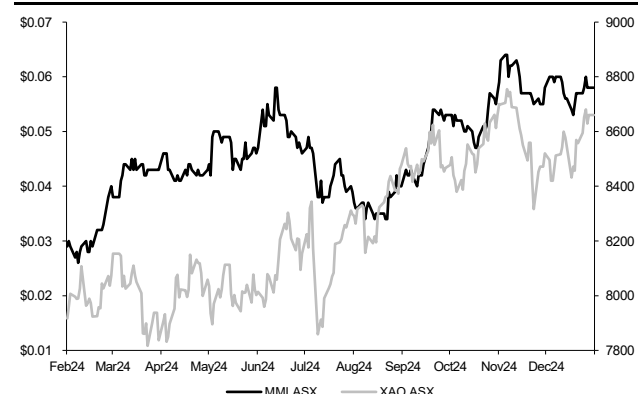
Company Data

Shares – ordinary (M)	6071.9
Dilution (M)	184.3
Total (fully diluted) (M)	6256.2
Market capitalisation (\$M)	364.3
12 month low/high (\$)	0.02/ 0.06
Average monthly turnover (\$M)	11.7
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End Dec	CY23A	CY24F	CY25F	CY26F	CY27F
Revenue (\$M)	236.2	318.0	513.2	546.7	494.5
Costs (\$M)	214.4	282.5	314.8	340.0	334.3
EBITDA (\$M)	21.8	35.5	198.3	206.7	160.2
NPAT (A\$M)	-9.3	6.3	165.9	126.6	100.0
EPS (cps)	-0.2	0.1	2.7	2.0	1.6
EPS Growth (%)	83.3	147.2	2526.7	-23.7	-21.0
PER (x)	na	59.4	2.3	3.0	3.8
Cashflow (A\$M)	8.3	22.7	194.7	213.1	118.6
CFPS (c/sh)	0.2	0.4	3.1	3.4	1.9
PCFPS	11.0	16.5	1.9	1.8	3.2
EV	159.0	421.2	234.0	91.6	58.0
EV/EBITDA	7.3	11.9	1.2	0.4	0.4
Payout ratio (%)	na	na	na	50%	80%
DPS	0.0	0.0	0.0	1.0	1.3
Yield (%)	0.0	0.0	0.0	16.9	21.3
Franking (%)	0.0	0.0	0.0	50.0	100.0

MMI – performance over one year



Disclosure and Disclaimer

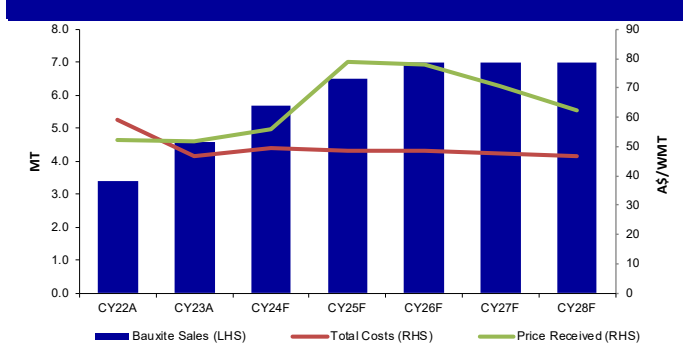
This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was Co-Lead Manager for this company's placement to raise \$40.0m by way of a placement at A\$0.041/sh on 1st May 2024, for which fees were received.

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Analysis

METRO MINING LIMITED (MMI)

28-Jan-25 Year End Dec	A\$	CY23A	CY24F	CY25F	CY26F	CY27F	Share Price (\$)	0.060
PROFIT & LOSS							Lss. Shares (M)	6,071.9
Sales Revenue	\$M	235.8	318.0	513.2	546.7	494.5	Options/Warrants/Other (M)	184.3
Other Income	\$M	0.4	0.0	0.0	0.0	0.0	Mkt Cap. (\$M)	364.3
Operating Costs	\$M	214.4	282.5	314.8	340.0	334.3	RESERVES & RESOURCES	
Exploration	\$M	0.0	0.0	0.0	0.0	0.0	Reserves	
Other	\$M	0.0	0.0	0.0	0.0	0.0	Tonnes	83.2 77.5 71.0 64.0 57.0
EBITDA	\$M	21.8	35.5	198.3	206.7	160.2	Grade Al2O3	% 49.8 49.8 49.8 49.8 49.8
Dep. & Amort.	\$M	16.7	16.4	28.8	32.4	30.0	Grade SiO2	% 13.1 13.1 13.1 13.1 13.1
EBIT	\$M	5.1	19.1	169.5	174.4	130.2	M & I Resources	
Net Interest	\$M	14.4	12.8	3.6	(6.4)	(12.6)	Tonnes	118.7 113.0 106.5 99.5 92.5
Pre-Tax Profit	\$M	(9.3)	6.3	165.9	180.8	142.8	Grade Al2O3	% 49.2 49.2 49.2 49.2 49.2
Tax	\$M	0.0	0.0	0.0	54.2	42.8	Grade SiO2	% 14.1 14.1 14.1 14.1 14.1
Minorities	\$M	0.0	0.0	0.0	0.0	0.0	PRODUCTION (100%)	
Net Profit	\$M	(9.3)	6.3	165.9	126.6	100.0	Bauxite Mined	Mt 4.59 5.66 6.50 7.00 7.00
Abnormal	\$M	(4.2)	0.0	0.0	0.0	0.0	Bauxite Sales (Shipped)	Mt 4.57 5.68 6.50 7.00 7.00
Reported Profit	\$M	(9.3)	6.3	165.9	126.6	100.0	REVENUE (attributable)	
Dividends Paid	\$M	0.0	0.0	0.0	63.3	80.0	Bauxite Hills	\$M 235.8 318.0 513.2 546.7 494.5
Adjustments	\$M	(0.0)	0.0	0.0	0.0	0.0	Other	\$M 0.0 0.0 0.0 0.0 0.0
Retained Earnings	\$M	(232.5)	(226.2)	(60.3)	3.0	23.0	Total	\$M 235.8 318.0 513.2 546.7 494.5
CASH FLOW							COSTS	
Revenue	\$M	226.9	318.0	513.2	546.7	494.5	Site Costs	A\$/WMT 28 27 23 23 23
Costs	\$M	(214.6)	(282.5)	(314.8)	(340.0)	(334.3)	Royalties	A\$/WMT 6 7 10 10 9
Net Interest	\$M	(3.9)	(12.8)	(3.6)	6.4	12.6	Total Costs	A\$/WMT 47 50 47 47 46
Tax Paid	\$M	0.0	0.0	0.0	0.0	(54.2)	Total costs	\$M 214.4 282.5 304.8 329.0 323.3
Gross Cash Flow	\$M	8.3	22.7	194.7	213.1	118.6	Corp / Other	\$M 0.0 0.0 10.0 11.0 11.0
Net Capex	\$M	(11.6)	(36.6)	(7.5)	(7.5)	(5.0)	Total	\$M 214.4 282.5 314.8 340.0 334.3
Exploration	\$M	(0.9)	0.0	0.0	0.0	0.0	CAPEX	
Dividends	\$M	0.0	0.0	0.0	(63.3)	(80.0)	Bauxite Hills	\$M 11.6 30.4 7.5 7.5 5.0
Other	\$M	(23.5)	(19.1)	0.0	0.0	0.0	Other	\$M 0.0 6.2 0.0 0.0 0.0
Free Cashflow	\$M	(27.6)	(33.0)	187.2	142.4	33.6	Total	\$M 11.6 36.6 7.5 7.5 5.0
Equity Issues	\$M	0.0	54.5	0.0	0.0	0.0	DEPRECIATION	
Net Borrowings	\$M	39.3	(2.4)	(22.0)	(44.0)	(11.0)	Bauxite Hills	\$M 16.7 16.4 28.8 32.4 30.0
Net Investments	\$M	(11.7)	0.0	0.0	0.0	0.0	Other	\$M 0.0 0.0 0.0 0.0 0.0
Surplus Cash Flow	\$M	(0.0)	19.1	165.2	98.4	22.6	Total	\$M 16.7 16.4 28.8 32.4 30.0
BALANCE SHEET							EBITDA	
Cash	\$M	12.1	31.2	196.4	294.8	317.4	Bauxite Hills	\$M 21.4 35.5 198.3 206.7 160.2
Other Current	\$M	23.2	47.7	77.0	82.0	74.2	Other (incl. writedowns)	\$M 0.4 0.0 0.0 0.0 0.0
Total Current	\$M	35.3	78.9	273.4	376.8	391.6	Total	\$M 21.8 35.5 198.3 206.7 160.2
Fixed Assets	\$M	132.2	152.4	131.1	106.2	81.2	ASSUMPTIONS	
Exploration	\$M	1.5	0.0	0.0	0.0	0.0	Exchange Rate	A\$/US\$ 0.66 0.66 0.64 0.67 0.68
Intangibles	\$M	0.0	0.0	0.0	0.0	0.0	Benchmark Price CIF	US\$/DMT 46.0 55 75 70 65
Other	\$M	0.0	19.1	19.1	19.1	19.1	Bauxite Price CIF	US\$/DMT 42.2 49 68 63 58
Total NC Assets	\$M	133.7	171.5	150.2	125.3	100.3	Bauxite Price CIF	US\$/WMT 37.1 43 60 55 51
TOTAL ASSETS	\$M	169.0	250.4	423.6	502.1	491.9	Bauxite Price CIF	A\$/WMT 55.9 65 93 83 75
Total Debt	\$M	79.4	77.0	55.0	11.0	0.0	Bauxite Price FOB	A\$/WMT 40.1 46 79 69 60
Current Liab	\$M	56.2	56.2	56.2	110.4	99.0	Av Price Received	A\$/WMT 51.6 56 79 78 71
Non Current Liab	\$M	23.5	46.5	75.7	80.8	72.9	EBITDA Margin	A\$/WMT 5 6 31 30 23
TOTAL LIAB	\$M	159.0	179.6	186.9	202.2	171.9	VALUATION (fully diluted)	
NET ASSETS	\$M	10.0	70.8	236.7	299.9	319.9	Bauxite Hills Mne (NPV10)	\$M \$747.3 \$ 0.119
SH/HLDRS FUNDS	\$M	10.0	70.8	236.7	299.9	319.9	Exploration	\$ - \$ -
RATIO ANALYSIS							Corporate / Other	\$ (70.5) \$ (0.011)
EPS	¢	(0.2)	0.1	2.7	2.0	1.6	Net Cash (Debt) CY25	\$141.4 \$ 0.023
PER	x	na	59.4	2.3	3.0	3.8	Total	\$818.2 \$ 0.131
EPS Growth	%	83.3	147.2	2,526.7	(23.7)	(21.0)		
EBITDA per share	¢	0.5	0.6	3.2	3.3	2.6		
EBITDA Multiple	x	4.2	10.6	1.9	1.8	2.3		
EV/EBITDA	x	7.3	11.9	1.2	0.4	0.4		
CFPS	¢	0.2	0.4	3.1	3.4	1.9		
PCFR	x	11.0	16.5	1.9	1.8	3.2		
DPS	¢	0.0	0.0	0.0	1.0	1.3		
Yield	%	0.0	0.0	0.0	16.9	21.3		
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	65	na	na	na		
Interest Cover	x	0.4	1.5	0.0	na	na		
EBITDA Margin	%	9.2	11.2	38.6	37.8	32.4		
EBIT Margin	%	2.2	6.0	33.0	31.9	26.3		
Return On Assets	%	3.0	7.6	40.0	34.7	26.5		
Return On Equity	%	na	8.9	70.1	42.2	31.2		
Eff Taxrate	%	0.0	0.0	0.0	30.0	30.0		



Source: Petra Capital

Dec. Q'24 key points

MMI delivered quarterly shipments of 2.05M WMT (previously reported January 6) which was 4% below Sep. Q'24 of 2.13M WMT (Figure 1). This resulted in CY24 sales of 5.7M WMT which was +24% vs CY23 of 4.6M WMT and below the low end of guidance at 6.0-6.4M WMT. Production was impacted by ten days of adverse weather in Dec. including wave heights of up to 3.5m. Quarterly EBITDA site margin was up 26% to A\$17.4/WMT qoq (Petra A\$16.0/t) reflecting higher bauxite pricing (+\$7.4/t CIF, +\$7.0/t FOB) offset in part by higher site costs of A\$26.2/t (+A\$2.6/t). MMI expect to deliver further economies of scale following planned maintenance this quarter on the Barge Loading Facility / Transshipping assets backed by higher CY25 production (guidance 6.5-7.0M WMT).

Cash at the end of Dec. was A\$31.2M with A\$10.8M of trade receivables (Petra estimate was A\$39.9M cash). Wet season costs are estimated at ~A\$35M comprising A\$20M plus A\$15M in Dec. Q'24 royalties to be paid. The balance sheet appears sufficient to cover the wet season with cash and receivables of A\$42M plus A\$8M of undrawn debt. MMI has the option to defer royalty payments.

Figure 1: Dec. Quarterly Actuals vs Petra Forecast

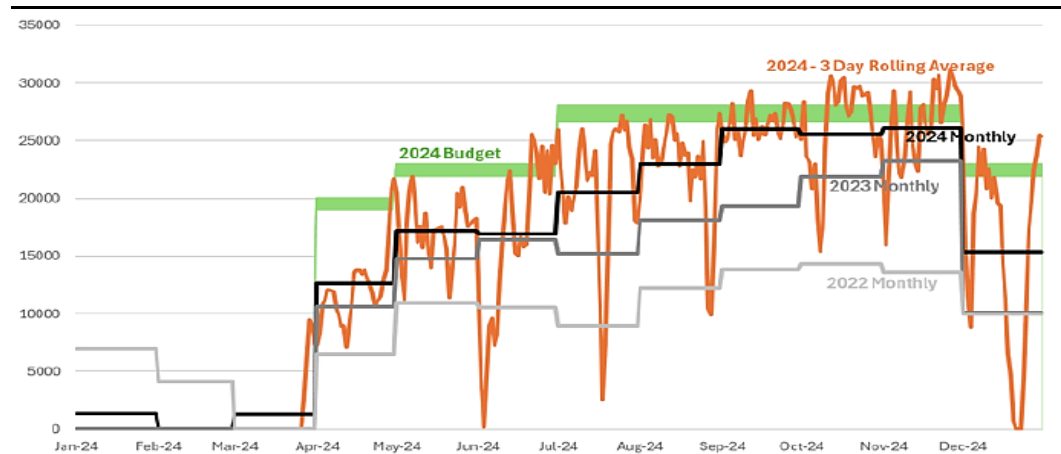
		MMI Q3 24	MMI Q4 24	Petra Q4 24	% var
Bauxite Mined	Mt	2.15	2.05	2.05	0%
Bauxite Shipped	Mt	2.13	2.06	2.05	0%
CIF Pricing	A\$/WMT	65.3	72.7	67.3	8%
FOB Pricing	A\$/WMT	44.0	51.0	50.8	0%
Site Costs	A\$/WMT	23.6	26.2	21.0	25%
Royalties	A\$/WMT	6.6	7.2	7.8	-8%
Total	A\$/WMT	30.2	33.4	28.8	16%
Site EBITDA	A\$/WMT	13.8	17.4	16.0	9%
Site EBITDA	A\$M	29.4	35.8	32.8	9%

Source: MMI, Petra Capital.

Shipping rates

Shipping volumes (Figure 2) have risen strongly through CY24 to a total of 5.7M WMT (+24% vs CY23 of 4.6M WMT). During Dec. Q'24, MMI demonstrated capacity to consistently operate at, and at times above, the expansion project target rate of 7.0M WMT per annum. Importantly, during the period of adverse weather, the Ikamba (OFT) demonstrated operational resilience, remaining offshore and able to safely take advantage of loading windows where in the past no transshipping would have occurred. This capability can now be factored into an extended operating season.

Figure 2: MMI Bauxite Shipments 2022, 2023 and 2024 YTD (3 day rolling average)



Source: MMI. Note: green area is the targeted shipping rate.

Bauxite market remains tight

Bauxite imports to China continue to rise (Figure 3) reaching an annual record of 159MT for CY24 (+12% vs CY23). Alumina prices also rose strongly to record levels >US\$700/t (Figure 4) although prices have retreated more recently reflecting additional alumina capacity coming online in China and India. The strong demand for bauxite has resulted in record high prices (Figure 5) with Guinea bauxite at US\$120/t DMT (+74% since Jan 23) and Australian high temperature (HT) bauxite at US\$95/DMT (+104% since Jan 23).

MMI will not negotiate prices for Mar. Q'25 due to the wet season pause in shipments and expects to enter the market again in February for Jun. Q'25 open volume. Metro's customer mix for 2025 has been strengthened with multi-cargo contracts signed with Aluminium Corporation of China (Chalco), and Shandong Lubei Chemical (Lubei), both in addition to existing contracts with Xinfa Aluminium Group. Following the trial cargo to Emirates Global Aluminium's (EGA) Al Taweelah refinery in Abu Dhabi in 2024, a multi-cargo contract has been signed with EGA for 2025 resulting in a total contract offtake for 2025 of 6.9M WMT.

Figure 3: China Bauxite Consumption – Imports & Domestic (Mt per month)

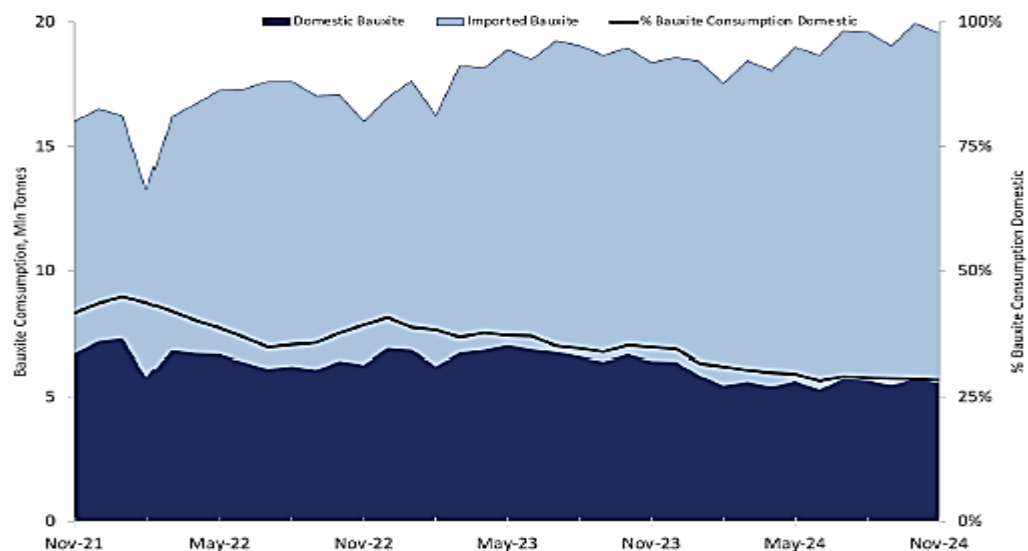
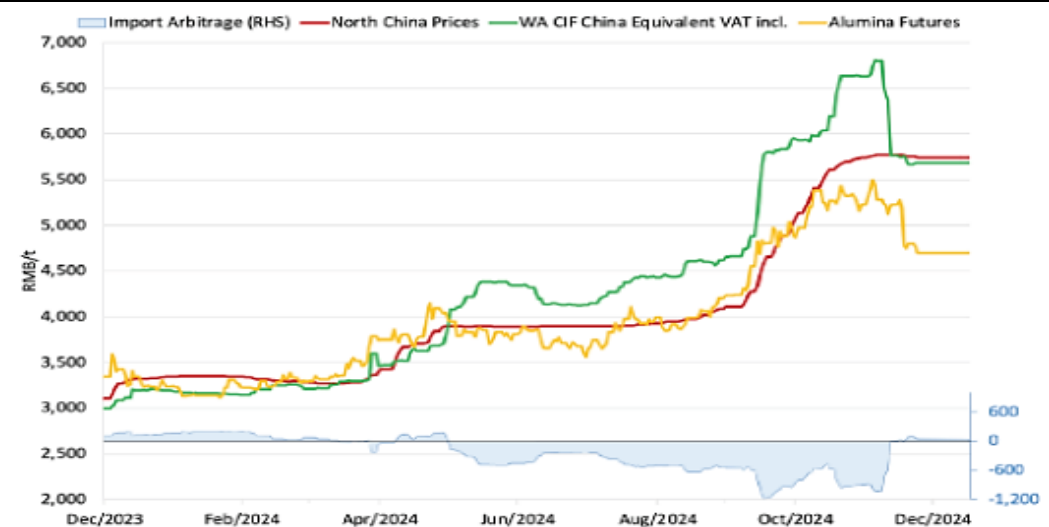
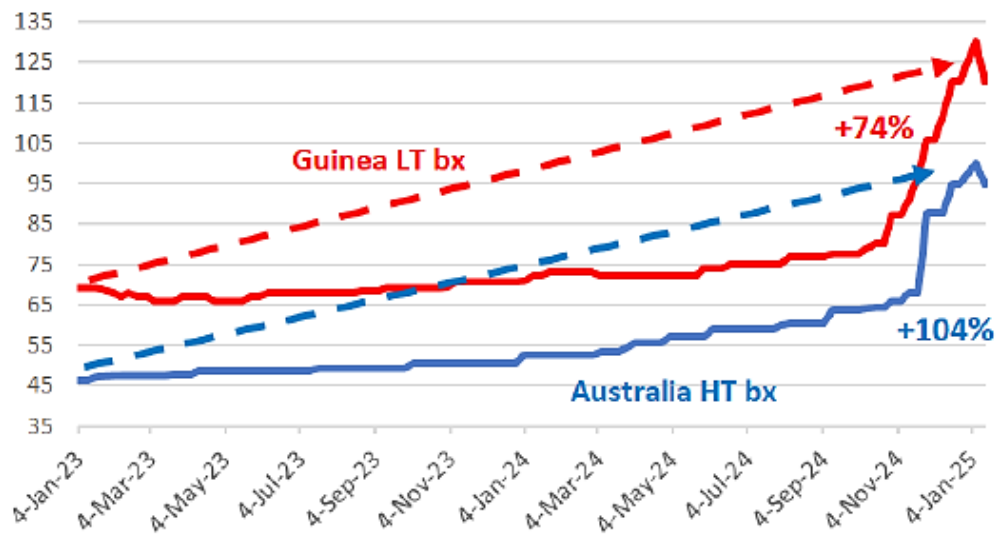


Figure 4: Traded Alumina Price – China and International (RMB/t)



Source: MMI, CM Group.

Figure 5: Traded Bauxite Prices (US\$/DMT CIF China)



Source: MMI, CM Group.

Changes to valuation and earnings

- We have reduced CY25 production from 7.0Mt to 6.5Mt, reduced CY26 and long term production from 7.5Mtpa to 7.0Mtpa.
- We have updated our bauxite price and AUD/USD forecasts.

Figure 6: Summary of Changes

		CY24F			CY25F			CY26F		
		New	Old	% var	New	Old	% var	New	Old	% var
Revenue	A\$m	318.0	324.5	-2%	513.2	434.4	18%	546.7	492.4	11%
Operating Costs	A\$m	282.5	285.2	-1%	314.8	298.3	6%	340.0	321.3	6%
EBITDA	A\$m	35.5	39.2	-10%	198.3	136.1	46%	206.7	171.1	21%
EBIT	A\$m	19.1	22.2	-14%	169.5	107.4	58%	174.4	138.8	26%
NPAT	A\$m	6.3	9.7	-35%	165.9	102.9	61%	126.6	99.7	27%
EPS	A\$/sh	0.1	0.2	-35%	2.7	1.6	61%	2.0	1.6	27%
DPS	A\$/sh	0.0	0.0		0.0	0.0		1.0	0.8	27%
Valuation	A\$m	818	731	12%						
Price Target	A\$/sh	0.131	0.117	12%						
Shares Fully Diluted	M	6256	6256	0.0%						
Bauxite Mined	Mt	5.66	5.67	0%	6.5	7.0	-7%	7.0	7.5	-7%
Benchmark Price CIF	US\$/DMT	55	55	0%	75	62	21%	70	61	15%
Bauxite Price CIF	US\$/DMT	49	49	0%	68	55	24%	63	54	17%
Bauxite Price CIF	US\$/WMT	43	43	0%	60	48	24%	55	48	17%
AUD/USD	#	0.66	0.66	-1%	0.64	0.68	-5%	0.67	0.68	-1%
Bauxite Price CIF	A\$/WMT	65	64	1%	93	72	30%	83	70	18%
Av Price Received	A\$/WMT	56	57	-2%	79	62	27%	78	66	19%
AISC	A\$/WMT	50	50	-1%	48	43	14%	49	43	13%
EBITDA Margin	A\$/WMT	6.2	6.9	-10%	30.5	19.4	57%	29.5	22.8	29%

Source: Company reports, Petra Capital.



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