PETRA CAPITAL

6 May 2025

Metro Mining Limited (MMI)

BUY — **Share Price: A$0.05**

April update sees guidance reiterated

Target Price: A$0.13

MMI announced 424.7k WMT of bauxite shipped in April, a record for the month and up 12% year on year. Given the lingering impacts of the wet season in April, with heavy rain and storm activity causing a three day shutdown, this is a solid result in our view. We forecast 2Mt for Jun. Q'25 with 700kt (four shipments) targeted for May and 875kt (five shipments) for June as weather and tides improve. CY25 Guidance unchanged at 6.5-7.0Mt (Petra 6.63Mt). We forecast Jun. Q'25 cashflow to jump to ~A$65M (Dec. Q'24 A$26M) assuming 2.0Mt of sales and US$75/t DMT CIF prices. Retain BUY with PT of A$0.133/sh (unchanged).

April shipment update

- April bauxite shipped was a record at 424.7kt (+12%, +46.4kt yoy).
- This was despite a three day full demobilisation of assets due to an approaching lower pressure system.
- We forecast Jun. Q'25 sales of 2.0Mt at EBITDA margins of ~A$33/t for ~A$65M operating cashflow.
- Jun. Q'25 sales comprise ~75% (1.5Mt) negotiated pricing and 25% (0.5Mt) fixed legacy contracts.
- CY25 guidance unchanged at 6.5-7.0Mt.

Balance Sheet & Pricing

- The Jun.Q '25 is expected to see significant improvement to the balance sheet with cash forecast to grow from A$12M end Mar. to ~A$72M end of June.
- Debt equates to A$88M (US$56.6M) with monthly repayments of ~A$4M commencing from July 2025 to March 2027.
- MMI is expected to move to net cash in Sep. Q'25
- Spot Aust. bauxite prices appear to be stabilising to ~US$75/t currently, in line with our CY25 forecast.

Financial Summary

- Valuation – 13.3c/share based on 1xP/NPV10.
- PE (CY25/26): 1.9x & 2.4x, EV/EBITDA: 1.0x & 0.2x.
- We forecast CY25 EBITDA of A$200M (+390%).
- Cash A$12.2M (end March), debt US$56.6M (A$88M) following the final US$5M (A$8M) drawdown in Mar. Q'25.
- Balance sheet forecast to move to net cash Sep. Q'25

Key Dates Ahead

- 1H 25 – Ongoing debottlenecking studies.
- May/June '25 – Pricing negotiations for Sep. Q'25.

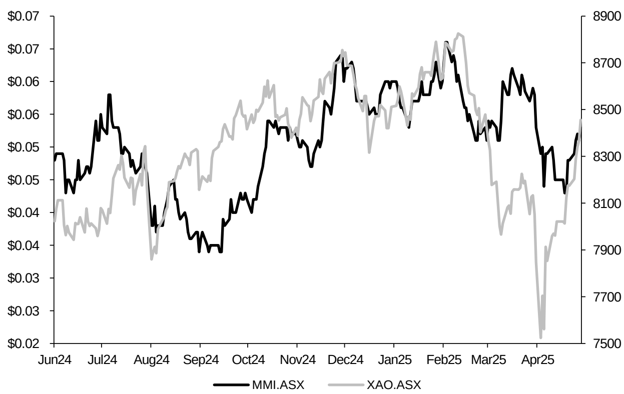
Company Data

Shares – ordinary (M)	6091.9
Dilution (M)	205.1
Total (fully diluted) (M)	6297.0
Market capitalisation ($M)	316.8
12 month low/high ($)	0.03 / 0.07
Average monthly turnover ($M)	15.5
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End Dec	CY24A	CY25F	CY26F	CY27F	CY28F
Revenue ($M)	309.1	520.6	571.5	517.4	462.4
Costs ($M)	264.9	320.4	352.6	340.5	332.5
EBITDA ($M)	40.8	200.2	219.0	176.9	129.9
NPAT (A$M)	0.1	168.0	134.1	110.8	79.2
EPS (cps)	0.0	2.7	2.1	1.8	1.3
EPS Growth (%)	>100	>100	-20.1	-17.4	-28.5
PER (x)	na	1.9	2.4	3.0	4.1
Cashflow (A$M)	20.2	196.4	225.1	132.1	96.8
CFPS (c/sh)	0.3	3.1	3.6	2.1	1.5
PCFPS	18.0	1.7	1.5	2.5	3.4
EV	408.3	191.0	42.0	7.6	-16.9
EV/EBITDA	10.0	1.0	0.2	0.0	-0.1
Payout ratio (%)	na	na	50%	80%	80%
DPS	0.0	0.0	1.1	1.4	1.0
Yield (%)	0.0	0.0	20.5	27.1	19.4
Franking (%)	0.0	0.0	50.0	100.0	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

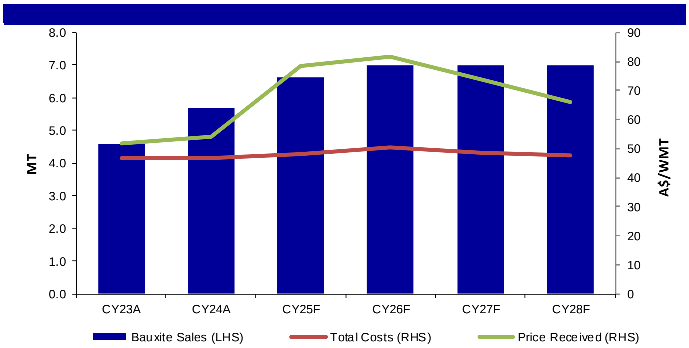
METRO MINING LIMITED (MMI)

5-May-25						
Year End Dec	**A$**					
PROFIT & LOSS		**CY24A**	**CY25F**	**CY26F**	**CY27F**	**CY28F**
Sales Revenue	$M	307.3	520.6	571.5	517.4	462.4
Other Income	$M	1.8	0.0	0.0	0.0	0.0
Operating Costs	$M	264.9	320.4	352.6	340.5	332.5
Exploration	$M	0.0	0.0	0.0	0.0	0.0
Other	$M	3.5	0.0	0.0	0.0	0.0
EBITDA	**$M**	**40.8**	**200.2**	**219.0**	**176.9**	**129.9**
Dep. & Amort.	$M	18.0	28.4	33.5	31.3	31.1
EBIT	**$M**	**22.8**	**171.8**	**185.5**	**145.6**	**98.7**
Net Interest	$M	22.7	3.8	(6.1)	(12.7)	(14.4)
Pre-Tax Profit	**$M**	**0.1**	**168.0**	**191.6**	**158.2**	**113.2**
Tax	$M	0.0	0.0	57.5	47.5	34.0
Minorities	$M	0.0	0.0	0.0	0.0	0.0
Net Profit	**$M**	**0.1**	**168.0**	**134.1**	**110.8**	**79.2**
Abnormal	$M	(22.1)	0.0	0.0	0.0	0.0
Reported Profit	**$M**	**0.1**	**168.0**	**134.1**	**110.8**	**79.2**
Dividends Paid	$M	0.0	0.0	67.1	88.6	63.4
Adjustments	$M	0.0	0.0	0.0	0.0	0.0
Retained Earnings	**$M**	**(254.5)**	**(86.5)**	**(19.4)**	**2.7**	**18.6**
CASH FLOW						
Revenue	$M	315.2	520.6	571.5	517.4	462.4
Costs	$M	(282.0)	(320.4)	(352.6)	(340.5)	(332.5)
Net Interest	$M	(13.0)	(3.8)	6.1	12.7	14.4
Tax Paid	$M	0.0	0.0	0.0	(57.5)	(47.5)
Gross Cash Flow	**$M**	**20.2**	**196.4**	**225.1**	**132.1**	**96.8**
Net Capex	$M	(29.1)	(16.0)	(9.0)	(9.0)	(9.0)
Exploration	$M	(0.2)	0.0	0.0	0.0	0.0
Dividends	$M	0.0	0.0	(67.1)	(88.6)	(63.4)
Other	$M	(8.7)	0.0	0.0	0.0	0.0
Free Cashflow	**$M**	**(17.7)**	**180.4**	**149.0**	**34.4**	**24.5**
Equity Issues	$M	51.0	0.0	0.0	0.0	0.0
Net Borrowings	$M	(11.9)	(15.8)	(47.5)	(11.9)	0.0
Net Investments	$M	0.0	0.0	0.0	0.0	0.0
Surplus Cash Flow	**$M**	**21.3**	**164.6**	**101.5**	**22.6**	**24.5**
BALANCE SHEET						
Cash	$M	31.2	195.8	297.3	319.9	344.3
Other Current	$M	25.2	78.1	85.7	77.6	69.4
Total Current	**$M**	**56.4**	**273.9**	**383.0**	**397.5**	**413.7**
Fixed Assets	$M	166.8	154.4	129.9	107.7	85.5
Exploration	$M	1.7	1.7	1.7	1.7	1.7
Intangibles	$M	0.0	0.0	0.0	0.0	0.0
Other	$M	18.3	18.3	18.3	18.3	18.3
Total NC Assets	**$M**	**186.8**	**174.4**	**149.9**	**127.6**	**105.5**
TOTAL ASSETS	**$M**	**243.2**	**448.3**	**532.9**	**525.1**	**519.2**
Total Debt	$M	75.2	59.4	11.9	0.0	0.0
Current Liab	$M	77.5	77.5	135.0	124.9	111.4
Non Current Liab	$M	50.0	102.8	110.5	102.3	94.1
TOTAL LIAB	**$M**	**202.6**	**239.7**	**257.3**	**227.3**	**205.5**
NET ASSETS	**$M**	**40.6**	**208.6**	**275.6**	**297.8**	**313.6**
SH/HLDRS FUNDS	**$M**	**40.6**	**208.6**	**275.6**	**297.8**	**313.6**
RATIO ANALYSIS						
EPS	¢	0.0	2.7	2.1	1.8	1.3
PER	x	5,520	1.9	2.4	3.0	4.1
EPS Growth	%	>100	>100	(20.1)	(17.4)	(28.5)
EBITDA per share	¢	0.7	3.2	3.5	2.8	2.1
EBITDA Multiple	x	8.9	1.6	1.5	1.9	2.5
EV/EBITDA	x	10.0	1.0	0.2	0.0	(0.1)
CFPS	¢	0.3	3.1	3.6	2.1	1.5
PCFR	x	18.0	1.7	1.5	2.5	3.4
DPS	¢	0.0	0.0	1.1	1.4	1.0
Yield	%	0.0	0.0	20.5	27.1	19.4
Franking	%	0.0	0.0	50.0	100.0	100.0
Payout Ratio	%	0.0	0.0	50.0%	80.0%	80.0%
Gearing ND/E	%	108	na	na	na	na
Interest Cover	x	1.0	0.0	na	na	na
EBITDA Margin	%	13.3	38.5	38.3	34.2	28.1
EBIT Margin	%	7.4	33.0	32.5	28.1	21.4
Return On Assets	%	9.4	38.3	34.8	27.7	19.0
Return On Equity	%	0.2	80.5	48.7	37.2	25.3
Eff Tax rate	%	0.0	0.0	30.0	30.0	30.0

OTHER DATA						
Share Price	$/sh.	0.060	0.052	0.052	0.052	0.052
Number of shares	M	6071.9	6297.0	6297.0	6297.0	6297.0
Market Capitalisation	$M	364.3	327.4	327.4	327.4	327.4
EV	$M	408.3	191.0	42.0	7.6	-16.9

Share Price	($)	0.052
Iss. Shares	(M)	6,091.9
Performance Rights	(M)	205.1
Mkt Cap.	($M)	316.8

RESERVES & RESOURCES		**CY24A**	**CY25F**	**CY26F**	**CY27F**	**CY28F**
Reserves						
Tonnes	Mt	77.7	71.1	64.1	57.1	50.1
Grade Al2O3	%	49.8	49.8	49.8	49.8	49.8
Grade SiO2	%	13.3	13.3	13.3	13.3	13.3
M & I Resources						
Tonnes	Mt	114.4	107.8	100.8	93.8	86.8
Grade Al2O3	%	48.8	48.8	48.8	48.8	48.8
Grade SiO2	%	14.2	14.2	14.2	14.2	14.2
PRODUCTION (100%)						
Bauxite Mined	Mt	5.66	6.63	7.00	7.00	7.00
Bauxite Sales (Shipped)	Mt	5.68	6.63	7.00	7.00	7.00
REVENUE (attributable)						
Bauxite Hills	$M	307.3	520.6	571.5	517.4	462.4
Other	$M	0.0	0.0	0.0	0.0	0.0
Total	$M	307.3	520.6	571.5	517.4	462.4
COSTS						
Site Costs	A$/WMT	27	24	23	23	23
Royalties	A$/WMT	6	11	10	9	8
Total Costs	A$/WMT	47	47	49	47	46
Total costs	$M	264.9	310.4	341.6	329.5	321.5
Corp / Other	$M	0.0	10.0	11.0	11.0	11.0
Total	$M	264.9	320.4	352.6	340.5	332.5
CAPEX						
Bauxite Hills	$M	29.1	16.0	9.0	9.0	9.0
Other	$M	0.0	0.0	0.0	0.0	0.0
Total	$M	29.1	16.0	9.0	9.0	9.0
DEPRECIATION						
Bauxite Hills	$M	18.0	28.4	33.5	31.3	31.1
Other	$M	0.0	0.0	0.0	0.0	0.0
Total	$M	18.0	28.4	33.5	31.3	31.1
EBITDA						
Bauxite Hills	$M	42.4	200.2	219.0	176.9	129.9
Other (incl. writedowns)	$M	-1.6	0.0	0.0	0.0	0.0
Total	$M	40.8	200.2	219.0	176.9	129.9



ASSUMPTIONS						
Exchange Rate	A$/US$	0.66	0.62	0.64	0.65	0.66
Benchmark Price CIF	US$/DMT	55	75	70	65	60
Bauxite Price CIF	US$/DMT	48	68	63	58	53
Bauxite Price CIF	US$/WMT	42	60	55	51	47
Bauxite Price CIF	A$/WMT	64	96	87	79	71
Bauxite Price FOB	A$/WMT	45	81	73	63	55
Av Price Received	A$/WMT	54	79	82	74	66
EBITDA Margin	A$/WMT	7	30	31	25	19

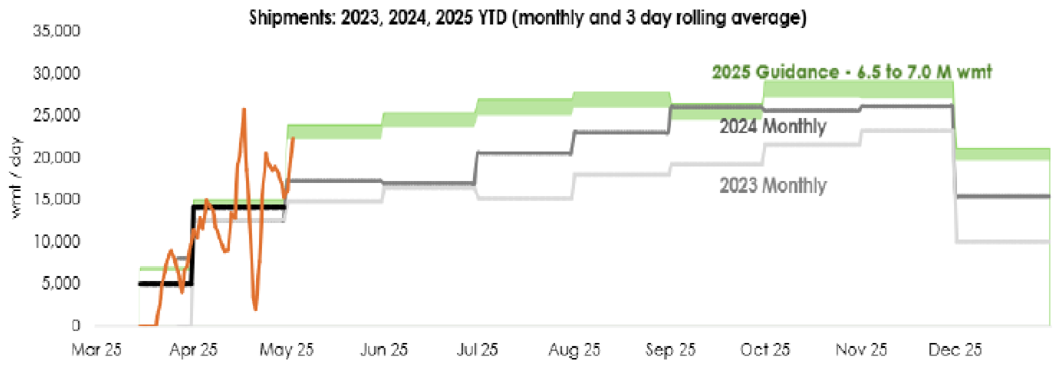
VALUATION (fully diluted)	**A$M**	**A$ps**
Bauxite Hills Mine (NPV10)	$ 772.9	$ 0.123
Exploration	$ -	$ -
Corporate / Other	$ (70.5)	$ (0.011)
Net Cash (Debt) CY25	$ 136.4	$ 0.022
Total	**$ 838.8**	**$ 0.133**

Source: Petra Capital

Bauxite shipments expected to rise

Shipments in CY24 were 5.7M WMT (+24% on CY23), with demonstrated expansion project run rates of over 7.0Mtpa achieved in the Sep. Q'24 (total of 2.13Mt shipped) and Dec. Q'24 (2.05Mt shipped). We forecast Jun. Q'25 shipments of 2.0Mt. Guidance for CY25 remains at 6.5-7.0Mt based on the production profile below (Figure 1). Current daily shipping rates are ~23kt per day and forecast to rise to 25ktpd in June.

Figure 1: MMI Bauxite shipments Plan for CY25F vs CY23-24 Actuals

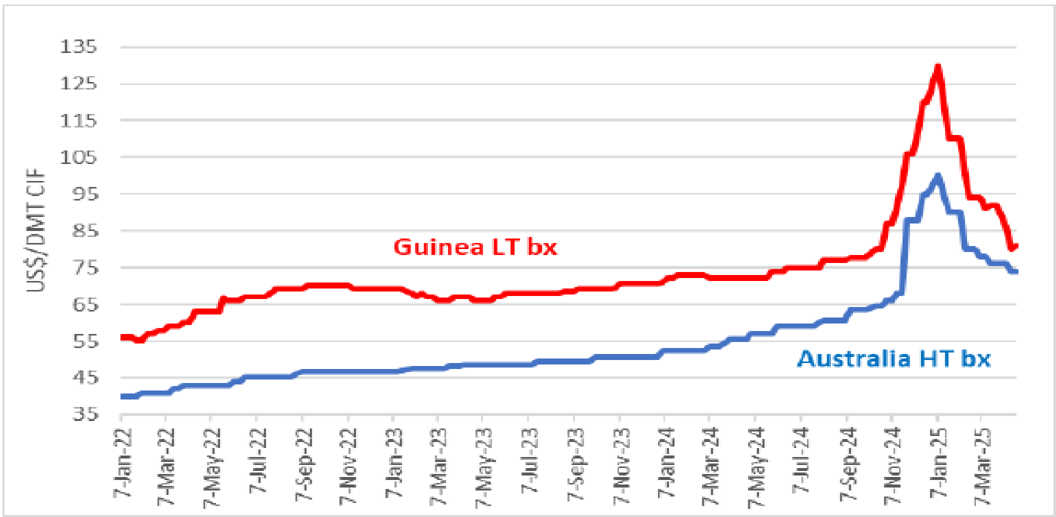


*Source: MMI. *Left hand axis is tonnes shipped per day. Green area is the targeted shipping rate.*

Bauxite Market

Spot Australian bauxite prices have corrected from record prices of US$100/t CIF at the end of 2024 to US$75/t CIF currently (Figure 2). This is in line with our CY25 forecast. Increased supply from Guinea in Mar. Q'25 was offset by reduced wet season supply from Australian producers. MMI reported last week that ~10Mt of Chinese alumina capacity (~20Mt of bauxite demand) has been curtailed due to lower alumina prices (down from US$790/t Dec. '24 to US$414/t currently). Despite this, the bauxite market remains relatively tight with signs that transhipping/river constraints are emerging in Guinea, as well as further government restrictions on three producers - including Emirates Global Aluminium's GAC mine (14Mtpa) which remains closed. Guinea supplies around 70% (115Mtpa) of Chinese bauxite imports.

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



Source: MMI, CM Group.

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