

# Metro Mining (MMI)

Rating: Buy | Risk: High | Price Target: \$0.17

4 July 2025

## Let the cash roll in

### Key Information

|                         |             |
|-------------------------|-------------|
| Current Price (\$ps)    | 0.07        |
| 12m Target Price (\$ps) | 0.17        |
| 52 Week Range (\$ps)    | 0.03 - 0.07 |
| Target Price Upside (%) | 139.8%      |
| TSR (%)                 | 153.9%      |
| Reporting Currency      | AUD         |
| Market Cap (\$m)        | 433         |
| Sector                  | Materials   |
| Avg Daily Volume (m)    | 11.6        |
| ASX 200 Weight (%)      | 0%          |

### Fundamentals

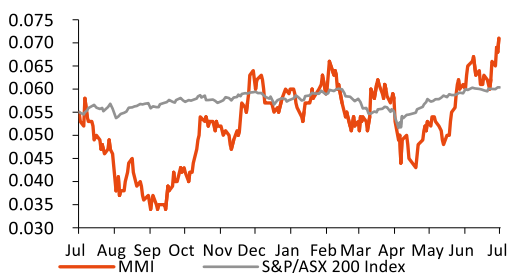
| YE 31 Dec (AUD) | FY24A   | FY25E  | FY26E | FY27E |
|-----------------|---------|--------|-------|-------|
| Sales (\$m)     | 307     | 461    | 554   | 553   |
| NPAT (\$m)      | 1       | 96     | 141   | 147   |
| EPS (cps)       | (0.4)   | 1.6    | 2.3   | 2.4   |
| EPS Growth (%)  | (36.5%) | 473.9% | 47.5% | 4.4%  |
| DPS (cps) (AUD) | 0.0     | 1.0    | 1.0   | 1.0   |
| Franking (%)    | 0%      | 0%     | 0%    | 0%    |

### Ratios

| YE 31 Dec        | FY24A  | FY25E | FY26E | FY27E |
|------------------|--------|-------|-------|-------|
| P/E (x)          | (14.2) | 4.5   | 3.1   | 2.9   |
| EV/EBITDA (x)    | 11.4   | 2.9   | 2.2   | 2.2   |
| Div Yield (%)    | 0.0%   | 14.1% | 14.1% | 14.1% |
| Payout Ratio (%) | 0.0%   | 63.4% | 43.0% | 41.2% |

### Price Performance

| YE 31 Dec     | 1 Mth | 2 Mth | 3 Mth | 1 Yr  |
|---------------|-------|-------|-------|-------|
| Relative (%)  | 17.7% | 29.7% | 21.9% | 19.3% |
| Absolute (%)  | 18.3% | 34.0% | 34.0% | 29.1% |
| Benchmark (%) | 0.6%  | 4.3%  | 12.1% | 9.8%  |



Price performance indexed to 100

Source: FactSet

### Major Shareholders

|                            |      |
|----------------------------|------|
| Virtue Investments         | 9.9% |
| Willims Group              | 8.3% |
| Balanced Property Pty Ltd. | 5.6% |

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### Event

Metro Mining has released a trading update for the month of June. As expected (post the recent site visit) production was down on May due to the ongoing constraints on barge loading. This constraint is expected to be eliminated in coming days and Metro remains on track to meet guidance of 6.5-7.0Mt for CY25. September quarter prices have been negotiated with Metro indicating that prices will be down on Q2, but in-line with Q4 from 2024. That is about A\$5/wmt lower than we had previously modelled. Metro will generate approximately A\$60m of free cash flow in the quarter and move to a net cash position by quarter end. That is not reflected in the current share price and we retain our BUY recommendation and 17cps price target.

### Highlights

- Metro has reported June production of 589kt, which is lower than expected due to the constraints on barge loading. Barges are currently limited to a 1.1m draft which means they cannot be loaded more than about 4,800t which is constraining daily production to 21-22kt. We have trimmed our CY25 forecast to 6.5Mt (from 6.6Mt) which is at the bottom end of guidance of 6.5-7.0Mt. Management has confirmed that it is on track to meet guidance.
- September quarter price negotiations have now been completed. Prices will be lower than the June quarter reflecting the pullback in ABIX index. Metro is indicating that the negotiated outcome is in-line with the prices from 4Q24. That is about A\$5/wmt lower than our previous forecast. We have not changed our assumptions for 4Q25 or CY26. Bauxite prices appear to have found a floor after pulling back from the recent price spike, and with further disruptions in Guinea supply, prices could spike higher again.
- The stock remains exceptionally cheap and we can easily see Metro carrying a A\$1bn enterprise value once the company demonstrates its ability to operate the assets at full production. We model Metro generating free cash flow of ~A\$50m in the June quarter, and ~A\$60m in the September quarter. Metro will be in a net cash position in the September quarter.

| Quarterly operations | Dec-24 | Mar-25 | Jun-25f | Sep-25f | Dec-25f | CY25f | CY26f |
|----------------------|--------|--------|---------|---------|---------|-------|-------|
| Bauxite shipped (kt) | 2,056  | 184    | 1,685   | 2,381   | 2,250   | 6,500 | 7,500 |
| Price A\$/wmt - FOB  | 51.0   | 62.0   | 74.0    | 61.0    | 62.0    | 64.7  | 64.2  |
| Revenue (A\$m) - FOB | 104.9  | 9.0    | 124.7   | 145.2   | 139.5   | 418.4 | 481.7 |
| Costs (A\$m)         | 68.7   | 21.3   | 64.1    | 73.9    | 72.1    | 231.5 | 221.6 |
| Site EBITDA (A\$m)   | 36.2   | -12.3  | 60.6    | 71.3    | 67.4    | 186.9 | 260.2 |
| Operating cash flow  | 33.7   | -18.5  | 57.6    | 68.3    | 64.4    | 171.8 | 248.2 |
| Investing cash flow  | -8.1   | -3.3   | -5.0    | -3.0    | -2.0    | -13.3 | -9.0  |
| Financing cash flow  | -11.1  | 3.1    | -6.3    | -17.1   | -16.8   | -37.1 | -62.3 |
| Cash balance         | 31.2   | 12.2   | 58.5    | 106.7   | 152.3   | 152.3 | 329.2 |

| Revisions      | 2025f |       |       | 2026f |       |       | 2027f |       |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | New   | Old   | Chg % | New   | Old   | Chg % | New   | Old   | Chg % |
| Sales (kt)     | 6,500 | 6,600 | -2%   | 7,500 | 7,500 | 0%    | 7,500 | 7,500 | 0%    |
| Revenue (A\$m) | 461   | 477   | -3%   | 554   | 554   | 0%    | 553   | 553   | 0%    |
| EBITDA (A\$m)  | 167   | 178   | -6%   | 220   | 220   | 0%    | 219   | 219   | 0%    |
| NPAT (A\$m)    | 96    | 103   | -7%   | 141   | 142   | 0%    | 147   | 148   | 0%    |
| EPS (Acps)     | 1.6   | 1.7   | -7%   | 2.3   | 2.3   | 0%    | 2.4   | 2.4   | 0%    |

### Recommendation

We retain our BUY recommendation and 17cps price target. Metro Mining is one of Shaw and Partners top emerging company picks for 2025.

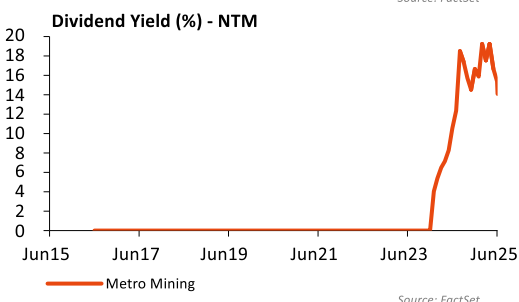
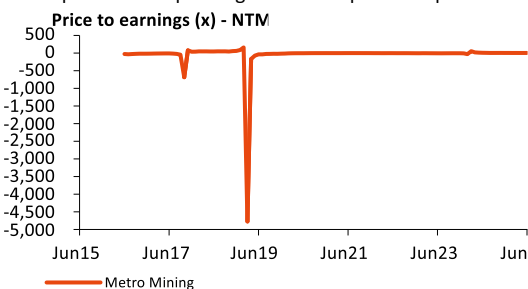
## Metro Mining Materials

FactSet: MMI-AU / Bloomberg: MMI AU

| Key Items                       | Data        |
|---------------------------------|-------------|
| Recommendation                  | BUY         |
| Risk                            | HIGH        |
| Price (\$ps)                    | 0.07        |
| Target Price (\$ps)             | 0.17        |
| 52 Week Range (\$ps)            | 0.03 - 0.07 |
| Shares on Issue (m)             | 6,098       |
| Market Cap (\$m)                | 433         |
| Enterprise Value (\$m)          | 493         |
| TSR (%)                         | 153.9%      |
| Valuation per share (cps) (AUD) | 0.17        |
| Valuation (\$m)                 | 1,035.90    |

### Company Description

Metro Mining operates the Bauxite Hills operation in Far North Queensland and exports bauxite to customers in China. The company commenced operations in 2018 and is in the process of expanding from 3.5Mtpa to 7Mtpa.



### Financial Year End: 31 December

| Investment Summary (AUD)             | FY23A   | FY24A   | FY25E    | FY26E   | FY27E   |
|--------------------------------------|---------|---------|----------|---------|---------|
| EPS (Reported) (cps)                 | (0.3)   | 0.0     | 1.6      | 2.3     | 2.4     |
| EPS (Underlying) (cps)               | (0.3)   | (0.4)   | 1.6      | 2.3     | 2.4     |
| EPS (Underlying) Growth (%)          | 77.3%   | (36.5%) | 473.9%   | 47.5%   | 4.4%    |
| PE (Underlying) (x)                  | (6.8)   | (14.2)  | 4.5      | 3.1     | 2.9     |
| EV / EBIT (x)                        | 97.2    | 19.6    | 3.3      | 2.5     | 2.5     |
| EV / EBITDA (x)                      | 22.6    | 11.4    | 2.9      | 2.2     | 2.2     |
| DPS (cps) (AUD)                      | 0.0     | 0.0     | 1.0      | 1.0     | 1.0     |
| Dividend Yield (%)                   | 0.0%    | 0.0%    | 14.1%    | 14.1%   | 14.1%   |
| Franking (%)                         | 0%      | 0%      | 0%       | 0%      | 0%      |
| Payout Ratio (%)                     | 0.0%    | 0.0%    | 63.4%    | 43.0%   | 41.2%   |
| Free Cash Flow Yield (%)             | (0.2%)  | 9.3%    | 37.0%    | 52.2%   | 40.9%   |
| Profit and Loss (AUD) (m)            | FY23A   | FY24A   | FY25E    | FY26E   | FY27E   |
| Sales                                | 236     | 307     | 461      | 554     | 553     |
| Sales Growth (%)                     | 32.6%   | 30.3%   | 50.0%    | 20.1%   | (0.2%)  |
| Other Operating Income               | 0       | 2       | 0        | 0       | 0       |
| EBITDA                               | 22      | 43      | 172      | 225     | 223     |
| EBITDA Margin (%)                    | 9.2%    | 14.1%   | 37.3%    | 40.6%   | 40.4%   |
| Depreciation & Amortisation          | (17)    | (18)    | (25)     | (29)    | (29)    |
| EBIT                                 | 5.1     | 25.2    | 147.2    | 196.2   | 194.8   |
| EBIT Margin (%)                      | 2.2%    | 8.2%    | 31.9%    | 35.4%   | 35.3%   |
| Net Interest                         | (19)    | (47)    | (18)     | (5)     | 4       |
| Pretax Profit                        | (13)    | (22)    | 129      | 191     | 199     |
| Tax                                  | 0       | 0       | (34)     | (50)    | (52)    |
| Tax Rate (%)                         | 0.0%    | 0.0%    | (26.0%)  | (26.0%) | (26.0%) |
| NPAT Underlying                      | (13)    | 1       | 96       | 141     | 147     |
| Significant Items                    | 0       | (23)    | 0        | 0       | 0       |
| NPAT Reported                        | (13)    | (22)    | 96       | 141     | 147     |
| Cashflow (AUD) (m)                   | FY23A   | FY24A   | FY25E    | FY26E   | FY27E   |
| EBIT                                 | 5       | 25      | 147      | 196     | 195     |
| Tax Paid                             | 0       | 0       | 0        | 0       | (50)    |
| Net Interest                         | 0       | 0       | 1        | 5       | 8       |
| Change in Working Capital            | 0       | 0       | (3)      | 1       | 0       |
| Depreciation & Amortisation          | 17      | 18      | 25       | 29      | 29      |
| Operating Cashflow                   | 12      | 47      | 170      | 230     | 181     |
| Capex                                | (12)    | (17)    | (9)      | (4)     | (4)     |
| Acquisitions and Investments         | 0       | 0       | 0        | 0       | 0       |
| Disposal of Fixed Assets/Investments | 0       | 0       | 0        | 0       | 0       |
| Other                                | (13)    | (8)     | (1)      | (1)     | (1)     |
| Investing Cashflow                   | (25)    | (26)    | (10)     | (5)     | (5)     |
| Free Cashflow                        | (0)     | 29      | 160      | 225     | 176     |
| Equity Raised / Bought Back          | 0       | 51      | 0        | 0       | 0       |
| Dividends Paid                       | 0       | 0       | 0        | (61)    | (61)    |
| Change in Debt                       | 39      | (12)    | (24)     | (51)    | 0       |
| Other                                | (15)    | (27)    | (19)     | (10)    | (3)     |
| Financing Cashflow                   | 24      | 12      | (43)     | (122)   | (64)    |
| Net Change in Cash                   | 12      | 33      | 117      | 103     | 112     |
| Balance Sheet (AUD) (m)              | FY23A   | FY24A   | FY25E    | FY26E   | FY27E   |
| Cash                                 | 17      | 36      | 154      | 257     | 369     |
| Accounts Receivable                  | 9       | 7       | 11       | 13      | 13      |
| Inventory                            | 3       | 5       | 8        | 9       | 9       |
| Other Current Assets                 | 6       | 8       | 8        | 8       | 8       |
| PPE                                  | 87      | 100     | 84       | 60      | 35      |
| Total Assets                         | 157     | 220     | 329      | 412     | 501     |
| Accounts Payable                     | 24      | 32      | 35       | 40      | 40      |
| Short Term Debt                      | 33      | 24      | 51       | 0       | 0       |
| Long Term Debt                       | 46      | 51      | 0        | 0       | 0       |
| Total Liabilities                    | 156     | 202     | 181      | 134     | 134     |
| Ratios                               | FY23A   | FY24A   | FY25E    | FY26E   | FY27E   |
| ROE (%)                              | (93.3%) | 4.0%    | 108.2%   | 80.0%   | 56.7%   |
| Gearing (%)                          | 86.2%   | 48.8%   | (298.4%) | 645.5%  | 565.3%  |
| Net Debt / EBITDA (x)                | 2.8     | 0.9     | (0.6)    | (1.1)   | (1.7)   |

Figure 1: Metro Mining quarterly financials

| Quarterly operations               | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25f | Sep-25f | Dec-25f | Mar-26f | Jun-26f | Sep-26f | Dec-26f |
|------------------------------------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| Bauxite mined (kt)                 | 40     | 1,407  | 2,148  | 2,046  | 150    | 1,685   | 2,415   | 2,250   | 200     | 2,200   | 2,700   | 2,400   |
| Bauxite shipped (kt)               | 80     | 1,418  | 2,130  | 2,056  | 184    | 1,685   | 2,381   | 2,250   | 200     | 2,200   | 2,700   | 2,400   |
| ABIX Index (US\$/dmt)              | 53     | 57     | 60     | 75     | 83     | 69      | 65      | 65      | 65      | 65      | 65      | 65      |
| Revenue A\$/wmt - CIF              | 60.2   | 63.8   | 65.3   | 72.7   | 84.0   | 88.0    | 75.0    | 76.0    | 78.2    | 78.2    | 78.2    | 78.2    |
| Revenue (A\$m) - CIF               | 4.8    | 90.5   | 139.1  | 149.5  | 15.5   | 148.3   | 178.6   | 171.0   | 15.6    | 172.1   | 211.2   | 187.8   |
| Revenue A\$/wmt - FOB              | 0.0    | 43.4   | 44.0   | 51.0   | 62.0   | 74.0    | 61.0    | 62.0    | 64.2    | 64.2    | 64.2    | 64.2    |
| Revenue (A\$m) - FOB               | 0.0    | 61.5   | 93.7   | 104.9  | 9.0    | 124.7   | 145.2   | 139.5   | 12.8    | 141.3   | 173.4   | 154.2   |
| <b>Costs</b>                       |        |        |        |        |        |         |         |         |         |         |         |         |
| Site cost (A\$/wmt)                | 0.0    | 31.8   | 23.6   | 26.2   | 120.0  | 29.0    | 22.0    | 23.0    | 75.0    | 21.5    | 18.0    | 18.0    |
| Freight (A\$/wmt)                  | 0.0    | 20.4   | 21.3   | 21.7   | 22.0   | 14.0    | 14.0    | 14.0    | 14.0    | 14.0    | 14.0    | 14.0    |
| Royalty (A\$/wmt)                  | 0.0    | 6.3    | 6.6    | 7.2    | 9.0    | 9.0     | 9.0     | 9.0     | 9.0     | 9.0     | 9.0     | 9.0     |
| Total cost (A\$/wmt)               | 0.0    | 58.5   | 51.5   | 55.1   | 151.0  | 52.0    | 45.0    | 46.0    | 98.0    | 44.5    | 41.0    | 41.0    |
| Total cost (ex freight)            | 0.0    | 38.1   | 30.2   | 33.4   | 129.0  | 38.0    | 31.0    | 32.0    | 84.0    | 30.5    | 27.0    | 27.0    |
| Site cost (A\$m)                   | 15.0   | 45.1   | 50.3   | 53.9   | 22.1   | 48.9    | 52.4    | 51.8    | 15.0    | 47.3    | 48.6    | 43.2    |
| EBITDA (A\$/wmt)                   | 0.0    | 5.3    | 13.8   | 17.6   | -67.0  | 36.0    | 30.0    | 30.0    | -19.8   | 33.7    | 37.2    | 37.2    |
| Site EBITDA (A\$m)                 | -15.0  | 7.5    | 29.4   | 36.2   | -12.3  | 60.6    | 71.3    | 67.4    | -4.0    | 74.2    | 100.5   | 89.4    |
| Other costs (A\$m)                 | -2.9   | -3.0   | 5.9    | 4.4    | -6.2   | -3.0    | -3.0    | -3.0    | -3.0    | -3.0    | -3.0    | -3.0    |
| Queensland royalty deferred pay    | 0.0    | -3.2   | -6.0   | -6.8   | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| <b>Quarterly cash flows (A\$m)</b> |        |        |        |        |        |         |         |         |         |         |         |         |
| Operating cash flow                | -17.9  | 1.3    | 29.3   | 33.7   | -18.5  | 57.6    | 68.3    | 64.4    | -7.0    | 71.2    | 97.5    | 86.4    |
| Investing cash flow                | -9.6   | -12.9  | -6.7   | -8.1   | -3.3   | -5.0    | -3.0    | -2.0    | -5.0    | -1.0    | -1.5    | -1.5    |
| Financing cash flow                | 18.4   | 23.4   | -18.4  | -11.1  | 3.1    | -6.3    | -17.1   | -16.8   | -13.5   | -17.2   | -15.9   | -15.6   |
| Cash balance                       | 2.8    | 13.4   | 16.9   | 31.2   | 12.2   | 58.5    | 106.7   | 152.3   | 126.8   | 179.8   | 259.9   | 329.2   |
| <b>Debt position (A\$m)</b>        |        |        |        |        |        |         |         |         |         |         |         |         |
| Nebari loan                        |        | 52.2   | 50.7   | 83.0   | 90.4   | 90.4    | 78.6    | 66.7    | 54.9    | 43.0    | 31.2    | 19.3    |
| Nebari royalty                     |        | 17.9   | 17.9   | 0.0    | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Junior debt                        |        | 23.3   | 11.7   | 0.0    | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Total (A\$m)                       |        | 93.5   | 80.3   | 83.0   | 90.4   | 90.4    | 78.6    | 66.7    | 54.9    | 43.0    | 31.2    | 19.3    |
| Net debt (cash) (A\$m)             |        | 80.1   | 63.5   | 51.8   | 78.2   | 31.9    | -28.1   | -85.6   | -71.9   | -136.8  | -228.7  | -309.8  |
| <b>Debt repayments</b>             |        |        |        |        |        |         |         |         |         |         |         |         |
| Nebari loan                        |        | 0.0    | 0.0    | -25.5  | -8.0   | 0.0     | 11.9    | 11.9    | 11.9    | 11.9    | 11.9    | 11.9    |
| Nebari royalty                     |        | 0.0    | 0.0    | 17.9   | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Junior debt                        |        | 0.0    | 0.0    | 11.7   | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| Total (A\$m)                       |        | 0.0    | 0.0    | 4.1    | -8.0   | 0.0     | 11.9    | 11.9    | 11.9    | 11.9    | 11.9    | 11.9    |

Source: Company Reports, Shaw and Partners forecasts

### Key risks

- The Chinese bauxite market is supplied by production from Guinea which is backed by Chinese investment. There is a risk that if Guinea continues to expand then MMI will not be able to sell its expanded production or be forced to discount the price.
- Metro Mining is expanding its operation to 7.0Mtpa. All elements of the new flowsheet are now in place, but Metro has not yet demonstrated that the operation is capable of sustaining production rates to achieve the 6.5-7.0Mt CY25 guidance.
- Metro operates in Far North Queensland and transshipping operations are weather dependent. Cyclonic activity or adverse wind conditions can prevent the barges from operating.

### Core drivers and catalyst

- The bauxite market is well supported by strong demand growth from China as Chinese alumina refineries increasingly rely on imported bauxite as domestic production declines. Chinese production of bauxite peaked in 2018.
- Metro Mining's Bauxite Hills project is well placed to supply the growing Chinese market due to the proximity to markets. As a low value product, freight costs make up almost half the cost of delivering bauxite to China.
- Metro Mining is expanding production to 6.5 - 7.0 Mtpa in CY25. This will result in a significant step-up in free cash flow generation due to higher production and the associated economies of scale reduction in unit costs.

## Rating Classification

|                  |  |
|------------------|--|
| <b>Buy</b>       | Expected to outperform the overall market  |
| <b>Hold</b>      | Expected to perform in line with the overall market                              |
| <b>Sell</b>      | Expected to underperform the overall market                                      |
| <b>Not Rated</b> | Shaw has issued a factual note on the company but does not have a recommendation |

## Risk Rating

|               |   |
|---------------|---|
| <b>High</b>   | Higher risk than the overall market – investors should be aware this stock may be speculative |
| <b>Medium</b> | Risk broadly in line with the overall market  |
| <b>Low</b>    | Lower risk than the overall market  |

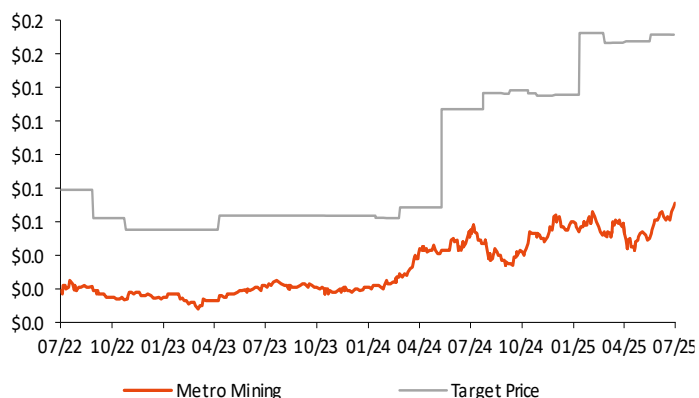
**RISK STATEMENT:** Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

### Distribution of Investment Ratings

| Rating | Count | Recommendation Universe |
|--------|-------|-------------------------|
| Buy    | 79    | 89%                     |
| Hold   | 10    | 11%                     |
| Sell   | 0     | 0%                      |

### History of Investment Rating and Target Price - Metro Mining

| Date      | Closing Price (\$) | Target Price (\$) | Rating |
|-----------|--------------------|-------------------|--------|
| 4-Jul-25  | 0.07               | 0.17              | Buy    |
| 26-Jun-25 | 0.06               | 0.17              | Buy    |
| 21-May-25 | 0.05               | 0.17              | Buy    |
| 2-Apr-25  | 0.06               | 0.17              | Buy    |
| 13-Mar-25 | 0.05               | 0.17              | Buy    |
| 28-Feb-25 | 0.05               | 0.17              | Buy    |
| 14-Jan-25 | 0.05               | 0.17              | Buy    |
| 27-Nov-24 | 0.06               | 0.14              | Buy    |
| 30-Oct-24 | 0.05               | 0.14              | Buy    |
| 14-Oct-24 | 0.05               | 0.14              | Buy    |
| 12-Sep-24 | 0.04               | 0.14              | Buy    |
| 29-Aug-24 | 0.04               | 0.14              | Buy    |
| 26-Jul-24 | 0.05               | 0.14              | Buy    |
| 13-May-24 | 0.04               | 0.13              | Buy    |
| 29-Feb-24 | 0.03               | 0.07              | Buy    |
| 30-Jan-24 | 0.02               | 0.06              | Buy    |
| 16-Jan-24 | 0.02               | 0.06              | Buy    |
| 19-Oct-23 | 0.02               | 0.06              | Buy    |
| 13-Apr-23 | 0.02               | 0.06              | Buy    |
| 28-Oct-22 | 0.01               | 0.06              | Buy    |
| 31-Aug-22 | 0.02               | 0.06              | Buy    |



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