

Metro Mining (MMI)

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

29 August 2025

1H25 Result – a watershed moment for MMI – derisked and confident

Key Information

Current Price (\$ps)	0.08
12m Target Price (\$ps)	0.17
52 Week Range (\$ps)	0.03 - 0.08
Target Price Upside (%)	115.7%
TSR (%)	141.7%
Reporting Currency	AUD
Market Cap (\$m)	470
Sector	Materials
Avg Daily Volume (m)	6.9
ASX 200 Weight (%)	0%

Fundamentals

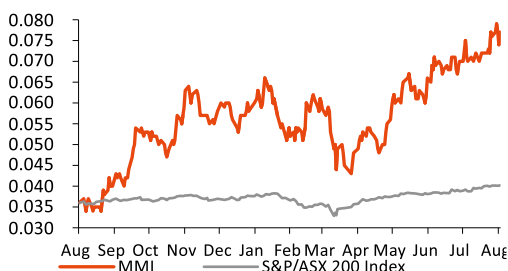
YE 31 Dec (AUD)	FY24A	FY25E	FY26E	FY27E
Sales (\$m)	307	445	551	550
NPAT (\$m)	1	105	192	197
EPS (cps)	(0.4)	3.7	3.2	3.2
EPS Growth (%)	(36.5%)	nm	(13.9%)	2.4%
DPS (cps) (AUD)	0.0	2.0	2.0	2.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 31 Dec	FY24A	FY25E	FY26E	FY27E
P/E (x)	(14.2)	2.1	2.4	2.4
EV/EBITDA (x)	12.2	2.7	2.4	2.4
Div Yield (%)	0.0%	26.0%	26.0%	26.0%
Payout Ratio (%)	0.0%	54.4%	63.2%	61.7%

Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	6.8%	11.2%	17.4%	102.3%
Absolute (%)	10.0%	16.7%	24.2%	113.9%
Benchmark (%)	3.2%	5.5%	6.8%	11.6%



Major Shareholders

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

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Event

Metro Mining has reported 1H25 results. The headline NPAT result of \$119.8m is a stunning reversal from a \$37.0m loss in the previous corresponding period. The headline result includes a number of large one-off positives including a reversal of previous impairment and the recognition of tax losses. These are non-cash accounting items but send a strong and positive message about the turn-around in MMI's operating performance, and the de-risking which has occurred. Metro Mining remains one of our top picks.

Highlights

- Statutory NPAT of \$119.8m includes three significant positive one-off items:
 - \$33.2m foreign exchange gain – MMI has locked in an AUD/USD exchange rate of 0.63 for CY25.
 - \$47.7m reversal of an impairment that was incurred in 2021 – this reflects the strong operating performance of the business.
 - \$37.3m for the recognition of a deferred tax asset – the strong outlook now means that MMI will be able to recognise \$201.5m in tax losses.
- Underlying EBITDA of \$23m is up from a \$15m loss in 1H24 and is in-line with expectations. We forecast an annual EBITDA of A\$143m with the second half always stronger than the first due to 1Q shutdown. At the site level, 1Q EBITDA was -\$12m and 2Q was +\$54m.
- It was a half of records for MMI – record 1H shipments (1.9Mt), record prices (A\$72/wmt FOB), record 1H revenue (A\$145m) and record EBITDA (A\$23m).
- The bauxite market is currently 'becalmed' with both the Guinea and Australia index price unchanged in the past week. A 30% pullback in Guinea export volumes in the past two months is now hitting the Chinese market – sellers are pushing for higher prices, but buyers are holding off. Prices could break higher in coming weeks as Chinese inventories deplete and alumina refineries are forced back into the spot market
- The reduction in shipments is partly seasonal and partly structural. The wet season in Guinea runs from May to October with monsoon rains in July and August usually exceeding 1,000mm each month. The rain interrupts mining and transport of bauxite. In May this year, the Government of Guinea announced a series of bauxite licence revocations which have removed about 40Mt in export capacity.
- We have not changed our operating forecasts, but we factor in the one-off items for CY25 and no tax payments for 2026 and 2027. This increases our underlying NPAT forecast by 35%/37%/35% in CY25/26/27.
- On our modelling, Metro Mining will generate about \$64m of free cash flow in the September quarter which will mean that the company will be in a net cash position at 30-Sept. Historical concerns about the company's balance sheet will be forgotten, and this should continue to rerate the stock which we view as trading at less than half its fundamental value based on our DCF valuation.

Revisions	2025			2026f			2027f		
	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %
Sales (kt)	6,500	6,500	0%	7,500	7,500	0%	7,500	7,500	0%
Revenue (A\$m)	445	445	0%	551	551	0%	550	550	0%
EBITDA (A\$m)	143	143	0%	218	218	0%	217	217	0%
NPAT (A\$m)	105	78	35%	192	139	39%	197	145	36%

Recommendation

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

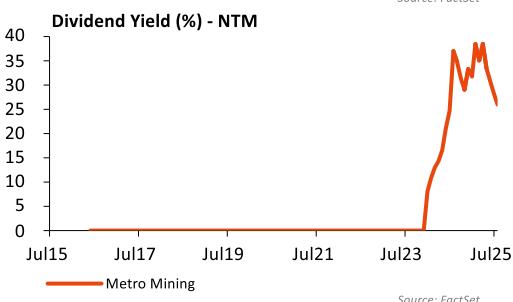
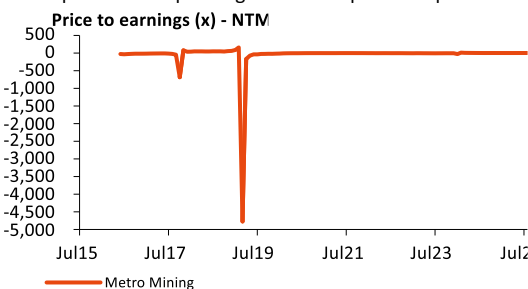
Metro Mining Materials

FactSet: MMI-AU / Bloomberg: MMI AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.08
Target Price (\$ps)	0.17
52 Week Range (\$ps)	0.03 - 0.08
Shares on Issue (m)	6,098
Market Cap (\$m)	470
Enterprise Value (\$m)	530
TSR (%)	141.7%
Valuation per share (cps) (AUD)	0.17
Valuation (\$m)	1,010.88

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	1.7	3.2	3.2
EPS (Underlying) (cps)	(0.3)	(0.4)	3.7	3.2	3.2
EPS (Underlying) Growth (%)	77.3%	(36.5%)	nm	(13.9%)	2.4%
PE (Underlying) (x)	(6.8)	(14.2)	2.1	2.4	2.4
EV / EBIT (x)	104.4	21.0	3.1	2.7	2.7
EV / EBITDA (x)	24.3	12.2	2.7	2.4	2.4
DPS (cps) (AUD)	0.0	0.0	2.0	2.0	2.0
Dividend Yield (%)	0.0%	0.0%	26.0%	26.0%	26.0%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	54.4%	63.2%	61.7%
Free Cash Flow Yield (%)	(0.2%)	9.3%	39.5%	47.7%	47.8%
Profit and Loss (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	236	307	445	551	550
Sales Growth (%)	32.6%	30.3%	44.7%	24.0%	(0.2%)
Other Operating Income	0	2	0	0	0
EBITDA	22	43	195	223	221
EBITDA Margin (%)	9.2%	14.1%	43.9%	40.4%	40.2%
Depreciation & Amortisation	(17)	(18)	(25)	(29)	(29)
EBIT	5.1	25.2	170.5	194.2	192.7
EBIT Margin (%)	2.2%	8.2%	38.3%	35.2%	35.0%
Net Interest	(19)	(47)	15	(2)	4
Pretax Profit	(13)	(22)	186	192	197
Tax	0	0	37	0	0
Tax Rate (%)	0.0%	0.0%	20.1%	0.0%	0.0%
NPAT Underlying	(13)	1	105	192	197
Significant Items	0	(23)	118	0	0
NPAT Reported	(13)	(22)	223	192	197
Cashflow (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
EBIT	5	25	170	194	193
Tax Paid	0	0	0	0	0
Net Interest	0	0	1	6	8
Change in Working Capital	0	0	(2)	(1)	0
Depreciation & Amortisation	17	18	25	29	29
Operating Cashflow	12	47	195	228	229
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	185	223	224
Equity Raised / Bought Back	0	51	0	0	0
Dividends Paid	0	0	0	(121)	(121)
Change in Debt	39	(12)	(24)	(51)	0
Other	(15)	(27)	14	(8)	(3)
Financing Cashflow	24	12	(9)	(181)	(125)
Net Change in Cash	12	33	175	42	99
Balance Sheet (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	17	36	212	254	353
Accounts Receivable	9	7	11	13	13
Inventory	3	5	7	9	9
Other Current Assets	6	8	8	8	8
PPE	87	100	84	60	35
Total Assets	157	220	424	447	522
Accounts Payable	24	32	36	40	40
Short Term Debt	33	24	51	0	0
Long Term Debt	46	51	0	0	0
Total Liabilities	156	202	182	134	134
Ratios	FY23A	FY24A	FY25E	FY26E	FY27E
ROE (%)	(93.3%)	4.0%	112.7%	106.2%	77.5%
Gearing (%)	86.2%	48.8%	1,086.8%	677.2%	580.2%
Net Debt / EBITDA (x)	2.8	0.9	(0.8)	(1.1)	(1.6)

1H25 Result

Metro Mining has reported 1H25 results. The headline NPAT result of \$119.8m is a stunning reversal from a \$37.0m loss in the previous corresponding period. The headline result includes a number of large one-off positives including a reversal of previous impairment and the recognition of tax losses. These are non-cash accounting items but send a strong and positive message about the turn-around in MMI's operating performance, and the de-risking which has occurred. Metro Mining remains one of our top picks

- Statutory NPAT of \$119.8m includes three significant positive one-off items:
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Figure 1: Metro 1H 2025 result

	30 June 2025 \$000	30 June 2024 \$000
Revenue from contracts with customers	144,979	81,373
Cost of sales	(123,284)	(96,539)
Gross profit/(loss)	21,695	(15,166)
Other income and operating expenses	71,460	(9,982)
Operating profit/(loss) before interest and income tax (unaudited, non-IFRS term)	93,155	(25,148)
Finance costs	(10,777)	(11,985)
Finance income	127	117
Profit/(loss) before income tax	82,505	(37,016)
Income tax benefit	37,288	-
Profit/(loss) after income tax	119,793	(37,016)

Source: Metro ASX release August 29th 2025

Figure 2: Reconciliation of statutory earnings to underlying EBITDA

	30 June 2025 \$000	30 June 2024 \$000
Profit/(loss) before income tax	82,505	(37,016)
Adjustments:		
Foreign exchange (gain)/loss	(33,174)	4,066
Write-off of capitalised borrowing costs	-	1,383
Lease accounting adjustments	-	(1,311)
Underlying profit/(loss) before tax (unaudited, non-IFRS term)	49,331	(32,878)
Impairment reversal	(47,738)	-
Net finance costs (excluding leasing expense)	8,686	9,305
Depreciation expense	12,729	8,078
Underlying EBITDA (Unaudited, non-IFRS term)	23,008	(15,495)

Source: Metro ASX release August 29th 2025

Figure 3: Metro Mining quarterly financials

Quarterly operations	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25f	Dec-25f	Mar-26f	Jun-26f	Sep-26f	Dec-26f
Bauxite mined (kt)	40	1,407	2,148	2,046	150	1,713	2,312	2,325	200	2,200	2,700	2,400
Bauxite shipped (kt)	80	1,418	2,130	2,056	184	1,685	2,306	2,325	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	81.3	68.7	76.0	77.9	77.9	77.9	77.9
Revenue (A\$m) - CIF	4.8	90.5	139.1	149.5	15.5	137.0	158.5	176.7	15.6	171.4	210.4	187.0
Revenue A\$/wmt - FOB	0.0	43.4	44.0	51.0	62.0	71.9	58.7	62.0	63.9	63.9	63.9	63.9
Revenue (A\$m) - FOB	0.0	61.5	93.7	104.9	9.0	121.2	135.4	144.2	12.8	140.6	172.6	153.4
Costs												
Site cost (A\$/wmt)	0.0	31.8	23.6	26.2	120.0	31.0	24.0	24.0	75.0	25.0	20.0	20.0
Freight (A\$/wmt)	0.0	20.4	21.3	21.7	22.0	9.4	10.0	14.0	14.0	14.0	14.0	14.0
Royalty (A\$/wmt)	0.0	6.3	6.6	7.2	8.7	9.0	9.0	9.0	8.7	8.9	8.9	8.9
Total cost (A\$/wmt)	0.0	58.5	51.5	55.1	150.7	49.4	43.0	47.0	97.7	47.9	42.9	42.9
Total cost (ex freight)	0.0	38.1	30.2	33.4	128.7	40.0	33.0	33.0	83.7	33.9	28.9	28.9
Site cost (A\$m)	15.0	45.1	50.3	53.9	22.1	52.2	55.3	55.8	15.0	55.0	54.0	48.0
EBITDA (A\$/wmt)	0.0	5.3	13.8	17.6	-66.7	31.9	25.7	29.0	-19.8	30.0	35.0	35.0
Site EBITDA (A\$m)	-15.0	7.5	29.4	36.2	-12.3	53.8	59.3	67.4	-4.0	65.9	94.4	83.9
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 deferre	0.0	-3.2	-6.0	-6.8	0.0	-9.0	0.0	0.0	0.0	0.0	0.0	0.0
Quarterly cash flows (A\$m)												
Operating cash flow	-17.9	1.3	29.3	33.7	-18.5	25.8	71.3	64.4	3.0	62.9	91.4	80.9
Investing cash flow	-9.6	-12.9	-6.7	-8.1	-3.3	-4.5	-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	-6.2	-17.0	-16.7	-13.4	-17.1	-15.8	-15.5
Cash balance	2.8	13.4	16.9	31.2	12.2	28.7	80.0	125.7	110.4	155.2	229.2	293.1
Debt position (A\$m)												
Nebari loan		52.2	50.7	83.0	90.4	86.5	74.6	62.8	50.9	39.1	27.2	15.4
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	86.5	74.6	62.8	50.9	39.1	27.2	15.4
Net debt (cash) (A\$m)		80.1	63.5	51.8	78.2	57.8	-5.4	-63.0	-59.5	-116.1	-202.0	-277.8
Debt repayments												
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

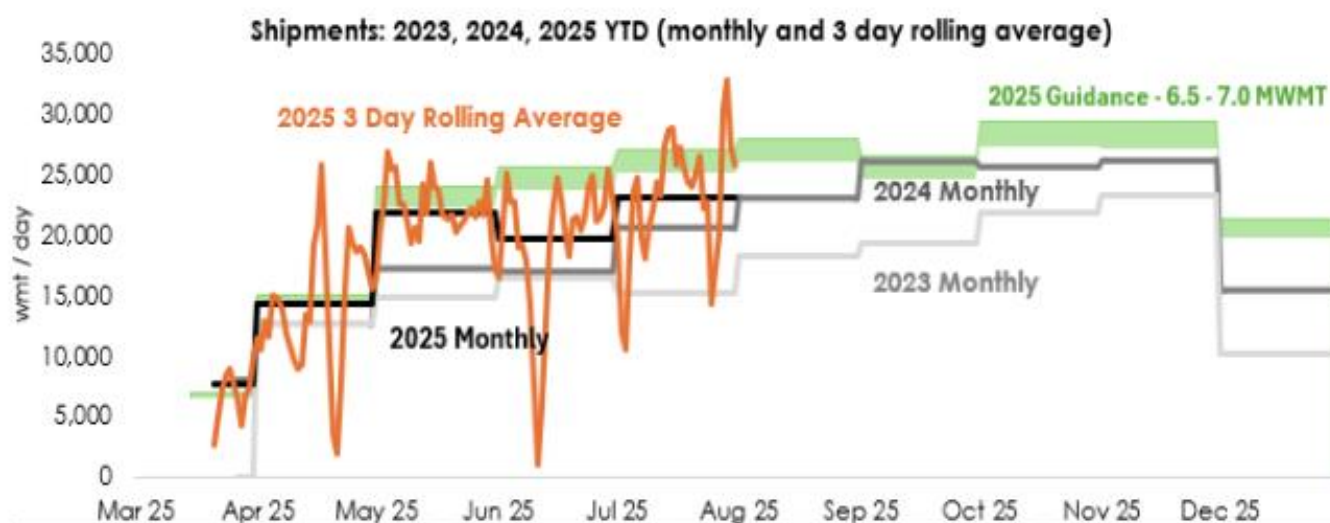
Source: Company Reports, Shaw and Partners forecasts

Metro production - on track for 6.5Mt in CY25

Metro Mining shipped 714kt of bauxite in July 2025, which is about 100kt below the original target for July. The lower production was due to barging constraints. Skardon River experienced a near-cyclone event in early April which caused silting of the river channel. Barges were limited to a 1.1m draft which means they cannot be loaded more than about 4,800t which constrained daily production to 21-22kt. That constraint has now been lifted.

In the chart below, Metro is showing the required shipment rates to meet its guidance of 6.5-7.0Mt in the green bands. June and July were below target due to the constraints on barges. The constraint was lifted on July 12th, and if we assume that Metro now meets the mid-point of the green band for the rest of the year, then it is on-track to meet our production forecast of 6.5Mt which is at the low end of the guidance range.

Figure 4: Metro Bauxite Shipments



Source: Metro ASX release August 5th 2025

Figure 5: Metro Bauxite Shipments 2025 – target v actual

CY25 targets	Target	Actual	Quarters	Daily rate (kt/d)
JAN	100	100		3.2
FEB	0	0		0.0
MAR	84	84	184	2.7
APR	420	425		14.2
MAY	713	672		21.7
JUN	720	589	1,686	19.6
JUL	806	714		23.0
AUG	837			27.0
SEP	750		2,301	25.0
OCT	868			28.0
NOV	840			28.0
DEC	620		2,328	20.0
TOTAL	6,758		6,499	

Source: Company Reports, Shaw and Partners forecasts

Guinea Bauxite exports

Guinea's **Ministry of Mines and Geology** regularly publishes a report known as "**Flash Hebdo**", which includes weekly export statistics for bauxite. This bulletin is the official source for weekly volumes, segmenting by operator and export ports. However, access to these bulletins is sporadic and they do not appear to be published regularly on the government's webpage. We have sourced most of them via the Ministry's LinkedIn account. Leading consultant to the bauxite and alumina industry CM Group also sources the data from the Guinean Government and publishes the information in a weekly newsletter.

The chart below shows Guinea exports on a weekly basis and a 6 week rolling average (which roughly correlates with the shipping time from Guinea to China).

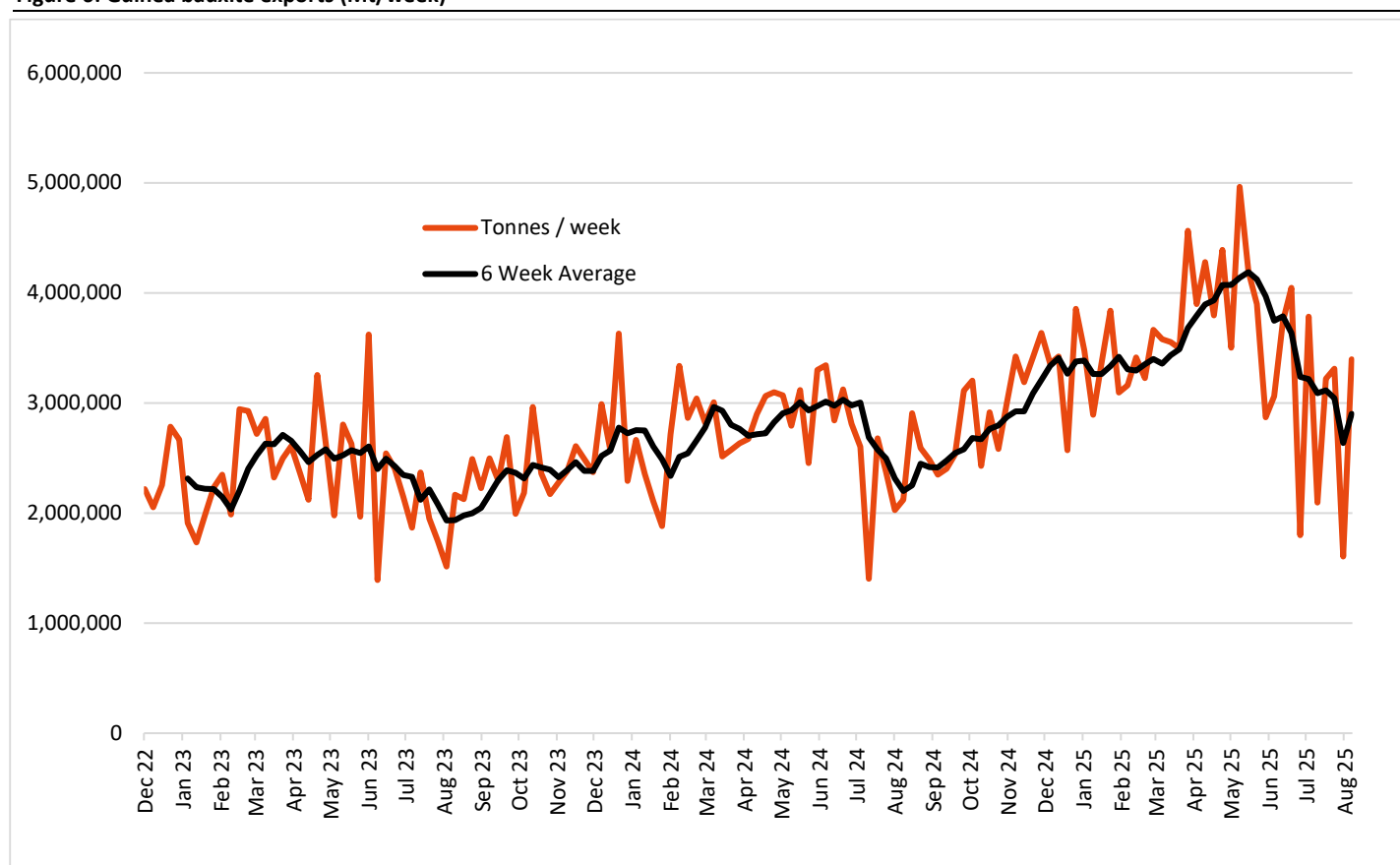
There are four clear trends in the data:

1. Exports have been rising year-on-year,
2. There is a wet season lull each year from June to October,
3. There was a surge in exports earlier this year in April and May,
4. Exports have been declining now for the past two months which is the impact of licence restrictions and the onset of the wet season.

It takes about 6 weeks for bauxite to reach China from Guinea by sea – so the surge in exports from April May was hitting China in the past few weeks, bauxite prices have hung in well. That's because the traders know the reduction in exports will hit the market in September.

China relies on Guinea for about 80% of its bauxite imports – so the impact of the slowdown will be material.

Figure 6: Guinea bauxite exports (Mt/week)



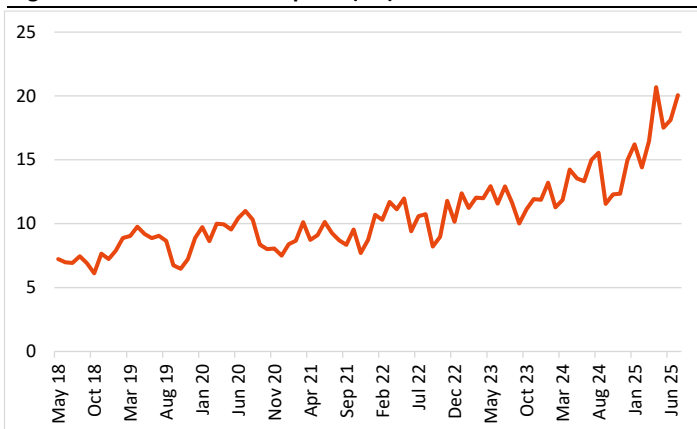
Source: Government of Guinea, CM Group, Shaw and Partners

Chinese Bauxite Imports Surging Higher

Chinese July customs data has shown that Chinese imports of bauxite bounced back after a small pull back in June after the surge higher in April/May. Imports in July were 20.1Mt, only marginally below the peak of 20.7Mt in April. Year to date imports of 123.5Mt are up 34% on 2024 and our current projection for China to import 180Mt of bauxite in 2025 (up 13% on 159Mt in 2024) looks conservative.

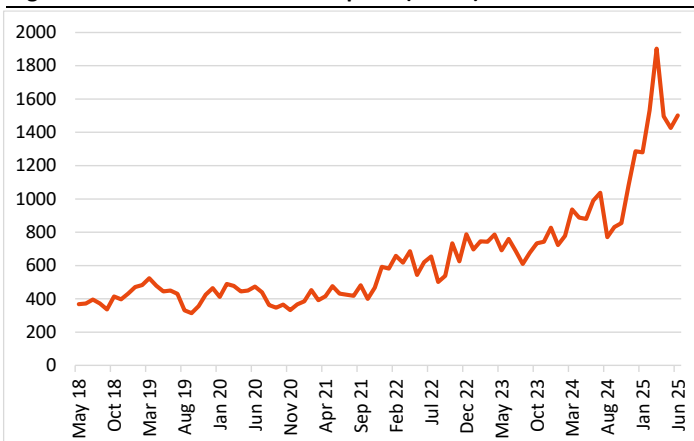
In our view the bauxite market is going through the same structural change which impacted iron ore and coal in the 2000s. Growth in Chinese alumina refining has overwhelmed its domestic bauxite supply and China is now increasingly reliant on imports, particularly from Guinea.

Figure 7: Chinese Bauxite Imports (Mt)



Source: China Customs Data

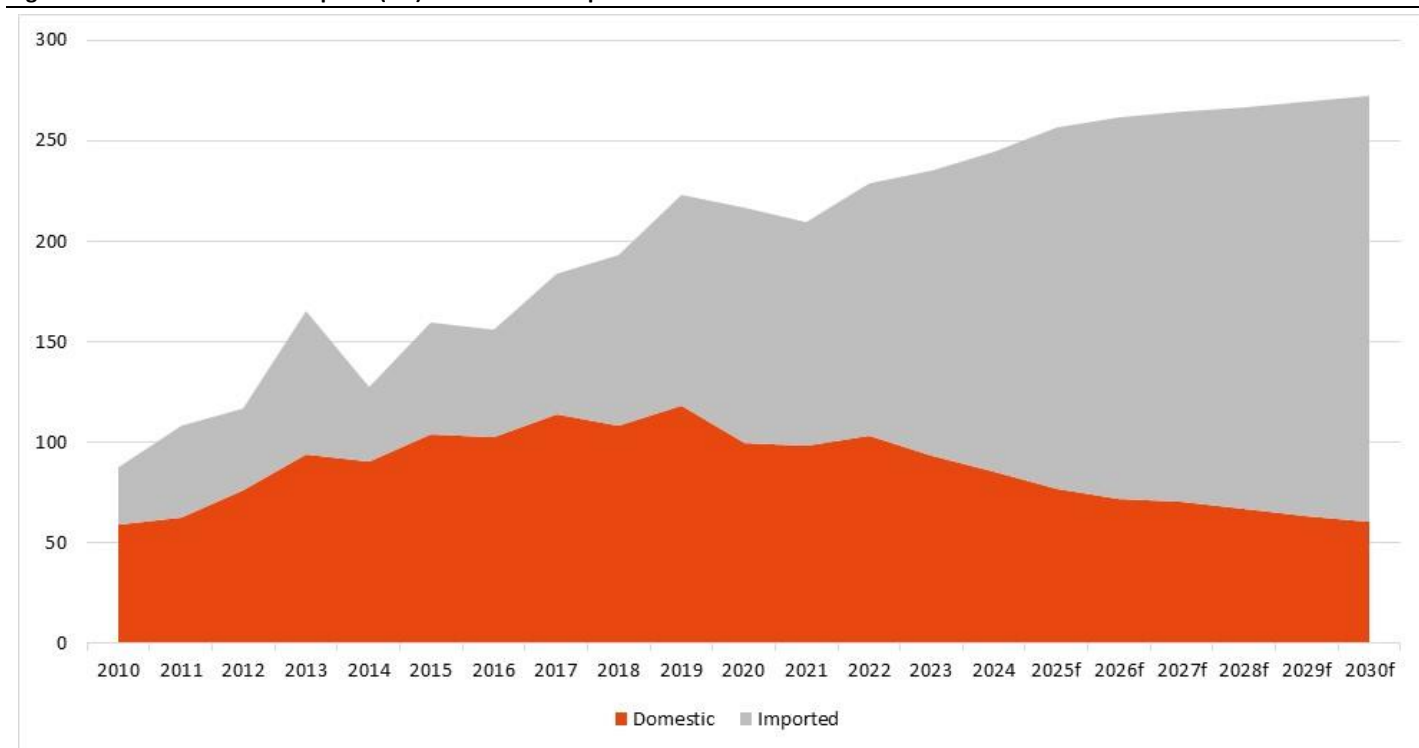
Figure 8: 2023 Chinese Bauxite Imports (USDm)



Source: China Customs Data

We expect to see a flattening out in China's overall alumina demand as it reaches its self-imposed 45Mt ceiling on aluminium production. However, domestic supply of bauxite is expected to continue declining due to declining grades, environmental constraints and location of bauxite resources. Imports are expected to keep rising, although we are surprised at the pace of import growth in 2025.

Figure 9: China bauxite consumption (Mt) – Domestic v Imports



Source: Alumina Ltd Mar 2023 presentation, CM Group, 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

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

Risk Rating

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

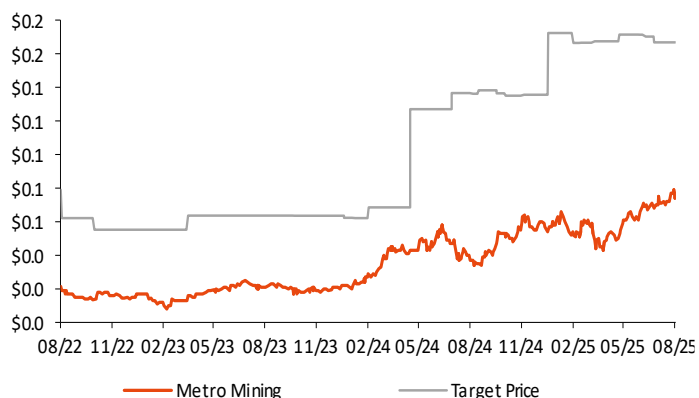
RISK STATEMENT: Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its 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	86%
Hold	13	14%
Sell	0	0%

History of Investment Rating and Target Price - Metro Mining

Date	Closing Price (\$)	Target Price (\$)	Rating
29-Aug-25	0.08	0.17	Buy
22-Jul-25	0.07	0.17	Buy
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



Buy

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