ShawandPartners
Financial Services

Metro Mining (MMI)

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

16 October 2025

Operations performing well, but cash flow disappoints – outlook unchanged

Key Information

Current Price ($ps)	0.07
12m Target Price ($ps)	0.17
52 Week Range ($ps)	0.04 - 0.10
Target Price Upside (%)	129.5%
TSR (%)	136.4%
Reporting Currency	AUD
Market Cap ($m)	445
Sector	Materials
Avg Daily Volume (m)	18.3
ASX 200 Weight (%)	0%

Fundamentals

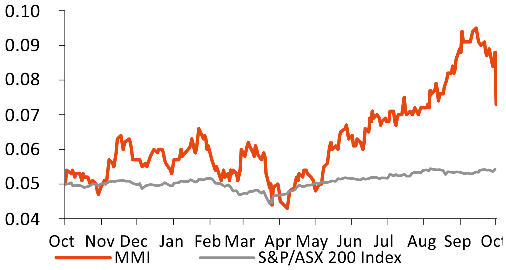
YE 31 Dec (AUD)	FY24A	FY25E	FY26E	FY27E
Sales ($m)	307	400	564	550
NPAT ($m)	1	64	191	196
EPS (cps)	(0.4)	3.0	3.1	3.2
EPS Growth (%)	(36.5%)	811.2%	4.7%	2.9%
DPS (cps) (AUD)	0.0	0.5	2.0	2.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 31 Dec	FY24A	FY25E	FY26E	FY27E
P/E (x)	(14.2)	2.4	2.3	2.3
EV/EBITDA (x)	11.7	3.3	2.3	2.3
Div Yield (%)	0.0%	6.8%	27.4%	27.4%
Payout Ratio (%)	0.0%	16.7%	63.7%	61.9%

Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(18.3%)	0.8%	2.4%	37.5%
Absolute (%)	(17.0%)	1.4%	7.4%	46.0%
Benchmark (%)	1.3%	0.6%	5.0%	8.5%



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 its SepQ operational update. Operationally it was a very good quarter with production records set as Metro stress tested various components of the flow sheet. However, cash flow was below our forecast as more tonnes were delivered into low priced legacy contracts, and shipment timing caused a working capital build.

Highlights

- Metro shipped 2,246kt of bauxite in the quarter which is a new shipping record. There were lots of positives in the quarter around production and operations – Metro has been stress testing the operations production and shipping capacity and has been setting daily and weekly production records. This gives us confidence that our 7.5Mt shipping forecast for CY26 is achievable. Key records during the quarter were a daily shipping record of 38,952wmt, and 3-day and 7-day shipping record of 33,498 wmt and 31.395 wmt respectively.

- The achieved price during the quarter was A$10/wmt lower than expected at A$48.6/wmt – this was 32% down on the A$71.9/wmt in the June quarter, despite spot bauxite prices remaining relatively stable through the quarter. The lower price is due to 35% (~780kt) of shipments in the quarter being made into the legacy contracts with Xinfa. These were set at a time of much lower bauxite prices. There is still about 700kt of legacy contract volumes to be made in the December quarter, but the good news is that these contracts will then be complete, and CY26 will be fully exposed to current prices.

- Operating cash flow was disappointing at just A$21m for the quarter. We note that this quarter included 336,000 of bauxite which has been shipped or loaded, but for which cash has not been received. This has resulted in a $27.2m customer receivable. This is a timing issue and the cash from these shipments will now have been received. Metro considers bauxite sold as it loads onto a ship, but payments are not received until a few days after a ship departs.

- Production guidance has been downgraded to 6.2-6.6wmt for CY25 (from 6.5-7.0wmt), but this is not a surprise and should have been well anticipated by the market. We had already downgraded our CY25 forecast to 6.3wmt post the weaker than expected shipments in June, July and August when the Skardon River channel was silted up and was limiting barge capacity. There is a chance that MMI could reach the lower end of previous guidance, but it will need a strong final quarter and need to ship right up to end of December. Our 6.3Mt forecast assumes 800kt shipped in October and November, and 600kt shipped in December. October did not get off to the best start, with a failure on the barge loader limiting production for 4 days.

- We have reduced our CY25 forecasts to account for the lower achieved bauxite price. We have not changed our CY26+ forecasts and our valuation is unchanged.

Revisions	2025f			2026f			2027f		
	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %
Sales (kt)	6,329	6,329	0%	7,500	7,500	0%	7,500	7,500	0%
Revenue (A$m)	400	433	-8%	564	551	2%	550	550	0%
EBITDA (A$m)	101	139	-27%	219	218	0%	217	217	0%
NPAT (A$m)	64	101	-37%	191	192	-1%	194	197	-1%

Recommendation

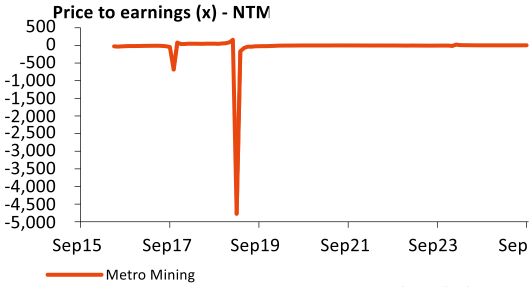
Metro has been one of our top picks for CY25 and is up 22%ytd. Today's quarterly is disappointing in that the operation is still yet to show us its cash generating capacity, although we remain confident this will come. If Metro can ship 7.5wmt in CY26 at a cash margin of A$25-30/t then it will generate ~A$200m in cash flow. For those investors willing to look through a poor quarter, today's 17% share price pull-back should be a good buying opportunity.

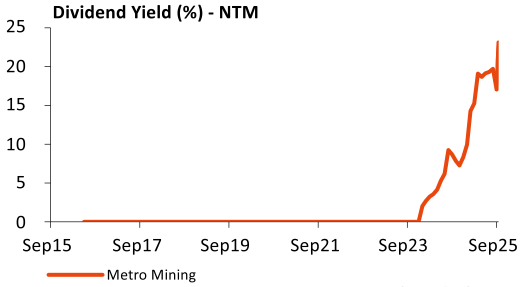
Metro Mining
Materials
Materials
FactSet: MMI-AU / Bloomberg: MMI AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.07
Target Price ($ps)	0.17
52 Week Range ($ps)	0.04 - 0.10
Shares on Issue (m)	6,098
Market Cap ($m)	445
Enterprise Value ($m)	505
TSR (%)	136.4%
Valuation per share (cps) (AUD)	0.17
Valuation ($m)	1,019.59

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 production to 7Mtpa.





Financial Year End: 31 December

Investment Summary (AUD)	FY23A	FY24A	FY25E	FY26E	FY27E
EPS (Reported) (cps)	**(0.3)**	**0.0**	**1.1**	**3.1**	**3.2**
EPS (Underlying) (cps)	**(0.3)**	**(0.4)**	**3.0**	**3.1**	**3.2**
EPS (Underlying) Growth (%)	77.3%	(36.5%)	811.2%	4.7%	2.9%
PE (Underlying) (x)	**(6.8)**	**(14.2)**	**2.4**	**2.3**	**2.3**
EV / EBIT (x)	**99.6**	**20.0**	**3.9**	**2.6**	**2.6**
EV / EBITDA (x)	**23.2**	**11.7**	**3.3**	**2.3**	**2.3**
DPS (cps) (AUD)	0.0	0.0	0.5	2.0	2.0
Dividend Yield (%)	0.0%	0.0%	6.8%	27.4%	27.4%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	16.7%	63.7%	61.9%
Free Cash Flow Yield (%)	(0.2%)	9.3%	32.6%	50.2%	50.1%

Profit and Loss (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	236	307	400	564	550
Sales Growth (%)	*32.6%*	*30.3%*	*30.0%*	*41.0%*	*(2.4%)*
Other Operating Income	0	2	0	0	0
EBITDA	**22**	**43**	**153**	**223**	**221**
EBITDA Margin (%)	*9.2%*	*14.1%*	*38.4%*	*39.6%*	*40.2%*
Depreciation & Amortisation	(17)	(18)	(24)	(29)	(29)
EBIT	**5.1**	**25.2**	**129.4**	**194.9**	**192.7**
EBIT Margin (%)	*2.2%*	*8.2%*	*32.4%*	*34.6%*	*35.0%*
Net Interest	(19)	(47)	15	(4)	4
Pretax Profit	(13)	(22)	145	191	196
Tax	0	0	37	0	0
Tax Rate (%)	*0.0%*	*0.0%*	*25.8%*	*0.0%*	*0.0%*
NPAT Underlying	**(13)**	**1**	**64**	**191**	**196**
Significant Items	0	(23)	118	0	0
NPAT Reported	**(13)**	**(22)**	**182**	**191**	**196**

Cashflow (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
EBIT	5	25	129	195	193
Tax Paid	0	0	0	0	0
Net Interest	0	0	1	5	7
Change in Working Capital	0	0	(0)	(1)	(1)
Depreciation & Amortisation	17	18	24	29	29
Operating Cashflow	**12**	**47**	**154**	**227**	**228**
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**	**144**	**222**	**222**
Equity Raised / Bought Back	0	51	0	0	0
Dividends Paid	0	0	0	(91)	(121)
Change in Debt	39	(12)	(24)	(51)	0
Other	(15)	(27)	14	(10)	(4)
Financing Cashflow	**24**	**12**	**(9)**	**(152)**	**(125)**
Net Change in Cash	**12**	**33**	**135**	**70**	**97**

Balance Sheet (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	17	36	171	242	339
Accounts Receivable	9	7	10	13	13
Inventory	3	5	7	9	9
Other Current Assets	6	8	8	8	8
PPE	87	100	85	60	36
Total Assets	**157**	**220**	**382**	**436**	**509**
Accounts Payable	24	32	36	41	40
Short Term Debt	33	24	51	0	0
Long Term Debt	46	51	0	0	0
Total Liabilities	**156**	**202**	**182**	**136**	**134**

Ratios	FY23A	FY24A	FY25E	FY26E	FY27E
ROE (%)	(93.3%)	4.0%	88.0%	123.6%	81.3%
Gearing (%)	86.2%	48.8%	773.1%	639.8%	563.6%
Net Debt / EBITDA (x)	2.8	0.9	(0.8)	(1.1)	(1.5)

Figure 1: Metro Mining quarterly financials

Quarterly operations	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25f	Mar-26f	Jun-26f	Sep-26f	Dec-26f
Bauxite mined (kt)	40	1,407	2,148	2,046	150	1,713	2,197	2,213	200	2,200	2,700	2,400
Bauxite shipped (kt)	80	1,418	2,130	2,056	184	1,686	2,246	2,213	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	63.3	76.0	79.5	79.5	79.5	79.5
Revenue (A$m) - CIF	4.8	90.5	139.1	149.5	15.5	137.0	142.2	168.2	15.9	175.0	214.7	190.9
Revenue A$/wmt - FOB	0.0	43.4	44.0	51.0	62.0	71.9	48.6	49.0	65.5	65.5	65.5	65.5
Revenue (A$m) - FOB	0.0	61.5	93.7	104.9	9.0	121.2	109.2	108.4	13.1	144.2	176.9	157.3
Costs												
Site cost (A$/wmt)	0.0	31.8	23.6	26.2	120.0	31.0	25.7	26.0	75.0	25.0	22.0	22.0
Freight (A$/wmt)	0.0	20.4	21.3	21.7	22.0	9.4	14.7	14.7	14.0	14.0	14.0	14.0
Royalty (A$/wmt)	0.0	6.3	6.6	7.2	8.0	9.0	6.8	6.8	8.0	9.2	9.2	9.2
Total cost (A$/wmt)	0.0	58.5	51.5	55.1	150.0	49.4	47.2	47.5	97.0	48.2	45.2	45.2
Total cost (ex freight)	0.0	38.1	30.2	33.4	128.0	40.0	32.5	32.8	83.0	34.2	31.2	31.2
Site cost (A$m)	15.0	45.1	50.3	53.9	22.1	52.3	57.7	57.5	15.0	55.0	59.4	52.8
EBITDA (A$/wmt)	0.0	5.3	13.8	17.6	-66.0	31.9	16.1	16.2	-17.4	31.4	34.4	34.4
Site EBITDA (A$m)	-15.0	7.5	29.4	36.2	-12.1	53.8	36.2	35.8	-3.5	69.0	92.8	82.5
Other costs (A$m)	-2.9	-3.0	5.9	4.4	-6.4	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Queensland royalty deferre	0.0	-3.2	-6.0	-6.8	0.0	-9.0	0.0	0.0	0.0	0.0	0.0	0.0
Quarterly cash flows (A$m)												
Operating cash flow	-17.9	1.3	29.3	33.7	-18.5	25.8	21.0	47.8	3.5	66.0	89.8	79.5
Investing cash flow	-9.6	-12.9	-6.7	-8.1	-3.3	-4.5	-5.8	-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	-15.6	-16.6	-13.3	-17.0	-15.7	-15.4
Cash balance	2.8	13.4	16.9	31.2	12.2	28.7	31.0	60.3	45.5	93.6	166.2	228.7
Debt position (A$m)												
Nebari loan		52.2	50.7	83.0	90.4	86.5	74.5	62.8	51.1	39.4	27.7	16.0
Nebari royalty		17.9	17.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Junior debt		23.3	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (A$m)		93.5	80.3	83.0	90.4	86.5	74.5	62.8	51.1	39.4	27.7	16.0
Net debt (cash) (A$m)		80.1	63.5	51.8	78.2	57.8	43.4	2.5	5.5	-54.2	-138.5	-212.8
Debt repayments												
Nebari loan		0.0	0.0	-25.5	-8.0	0.0	-11.7	-11.7	-11.7	-11.7	-11.7	-11.7
Nebari royalty		0.0	0.0	17.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Junior debt		0.0	0.0	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (A$m)		0.0	0.0	4.1	-8.0	0.0	-11.7	-11.7	-11.7	-11.7	-11.7	-11.7

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 transhipping 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

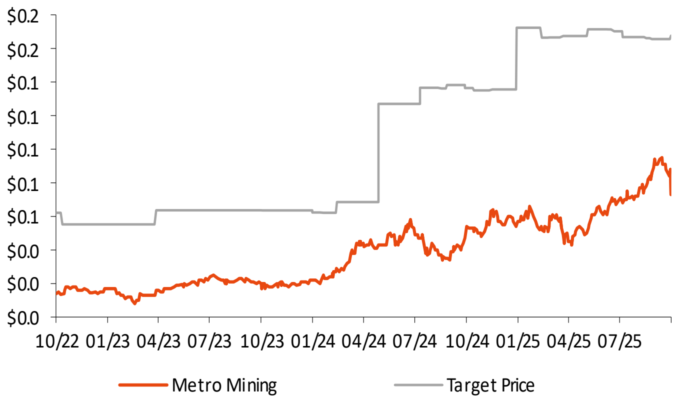
RISK STATEMENT: Where a company is designated as 'High' risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its 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	81	87%
Hold	12	13%
Sell	0	0%

History of Investment Rating and Target Price - Metro Mining

Date	Closing Price ($)	Target Price ($)	Rating
16-Oct-25	0.07	0.17	Buy
8-Sep-25	0.08	0.17	Buy
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



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