ShawandPartners
Financial Services

Metro Mining (MMI)

Rating: Buy | Risk: High | Price Target: $0.15

27 February 2026

Brimming with confidence – share buyback announced

Key Information

Current Price ($ps)	0.07
12m Target Price ($ps)	0.15
52 Week Range ($ps)	0.04 - 0.10
Target Price Upside (%)	108.1%
TSR (%)	135.9%
Reporting Currency	AUD
Market Cap ($m)	439
Sector	Materials
Avg Daily Volume (m)	4.7
ASX 200 Weight (%)	0%

Fundamentals

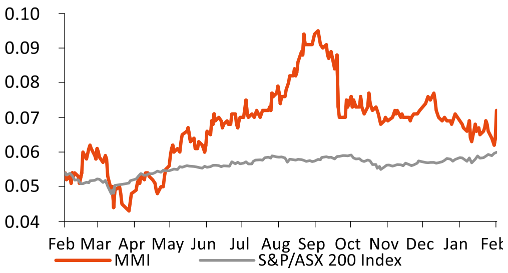
YE 31 Dec (AUD)	FY25A	FY26E	FY27E	FY28E
Sales ($m)	378	436	507	519
NPAT ($m)	56	73	147	131
EPS (cps)	0.9	1.2	2.4	2.1
EPS Growth (%)	nm	30.4%	101.8%	(10.8%)
DPS (cps) (AUD)	0.0	2.0	2.0	2.0
Franking (%)	0%	0%	0%	100%

Ratios

YE 31 Dec	FY25A	FY26E	FY27E	FY28E
P/E (x)	8.3	6.1	3.0	3.4
EV/EBITDA (x)	6.8	4.5	2.7	2.6
Div Yield (%)	0.0%	27.8%	27.8%	27.8%
Payout Ratio (%)	0.0%	168.1%	83.3%	93.4%

Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	1.7%	(4.7%)	(2.2%)	22.3%
Absolute (%)	4.3%	0.0%	4.3%	33.3%
Benchmark (%)	2.6%	4.7%	6.5%	11.0%



Price performance indexed to 100   *Source: FactSet*

Major Shareholders

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

Event

Metro Mining has reported its 2025 result. Underlying EBITDA of $73m is up 95% on CY24 and is in-line with our $76m forecast. EBITDA is expected to significantly increase again in 2026. Strong operating cash flow of $75m and a reduction in net debt to just $5m has given the Metro board the confidence to implement a share buyback. The headline result of a $142m profit includes $87m of one-off items that were disclosed in the 1H26 result. Production guidance for CY26 has been set at 6.6-7.1Mt (Shawf 6.8Mt).

Highlights

- Metro Mining has reported a strong CY25 result with underlying EBITDA up 95% to $73m and net debt close to zero. The result was delivered despite a weaker bauxite price in 2H25, delivery of bauxite into low price legacy contracts, and a number of operational issues which have now been addressed. Underlying NPAT of $56m is up from just A$1m in CY24. The Statutory NPAT of $142m includes two significant positive one-off items that were previously disclosed in the 1H25 result:
    - $35.4m foreign exchange gain.
    - $47.7m reversal of an impairment that was incurred in 2021 – this reflects the strong operating performance of the business.
- Metro Mining's financial position has significantly improved in 2025 (net debt down to just A$5m) and cash is expected to build once shipments recommence in March. This has given the board the confidence to announce a share buyback of up to 5% of its issued ordinary shares.
- The strong outlook has allowed Metro Mining to recognise previous tax losses. The carried forward tax losses at 31 December 2025 are $183.9m.
- Metro has released production guidance for CY26 of 6.6-7.1Mt (Shawf 6.8Mt). In CY25 the flow sheet proved itself capable of delivering in excess of 7Mt, and so we view the guidance as realistic but conservative. CY25 was impact by an unseasonal tropical low in April which caused the Skardon River channel to silt up, and restrict the amount of bauxite which could be loaded on barges. The operation also suffered from an unplanned barge loader outage in October and weather disruptions in late December.
- A surge in bauxite supply from Guinea has seen the GBIX and ABIX bauxite price indices decline from US$75/t and US$61/t at 1 July 2025, to US$61.5/t and US$54.5/t today. The good news is that prices appear to be stabilising at these levels, and Metro Mining remains highly profitable with the ABIX index at US$55/t. Metro is aiming to deliver bauxite to China at a landed cost of about US$30/t.
- CM Group is reporting that there has been a notable shift in the Chinese alumina market in the past two weeks with a large refinery being forced to curtail capacity. This could see some recovery in relatively weak alumina prices which would be supportive for bauxite pricing.
- Whilst strong bauxite export growth from Guinea is pressuring prices, it is also creating a price floor. Freight rates from Guinea are US$28/t, which, in combination with rising cost pressures in Guinea, is resulting in the bauxite cost curve shifting higher. Metro is at the bottom end of the cost curve. We also note that China is becoming ever more reliant on bauxite imports from Guinea. This leaves the market vulnerable to price spikes on potential disruptions to Guinea production.
- We have not made any changes to our forecasts.

Recommendation

We retain our BUY recommendation and 15c price target. Metro Mining is one of Shaw and Partners top small cap ideas for CY26.

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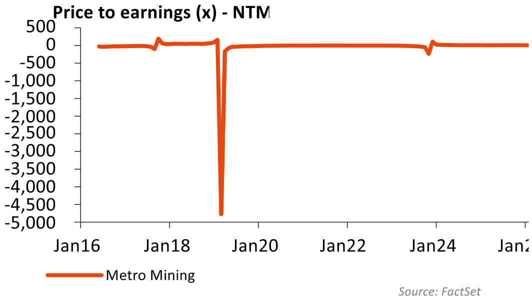
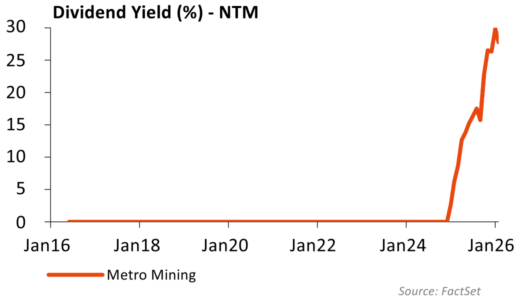
Metro Mining
Materials
Materials
FactSet: MMI-AU / Bloomberg: MMI AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.07
Target Price ($ps)	0.15
52 Week Range ($ps)	0.04 - 0.10
Shares on Issue (m)	6,098
Market Cap ($m)	439
Enterprise Value ($m)	499
TSR (%)	135.9%
Valuation per share (cps) (AUD)	0.15
Valuation ($m)	915.60

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)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported) (cps)	**(0.4)**	**2.3**	**1.2**	**2.4**	**2.1**
EPS (Underlying) (cps)	**0.0**	**0.9**	**1.2**	**2.4**	**2.1**
EPS (Underlying) Growth (%)	106.3%	nm	30.4%	101.8%	(10.8%)
PE (Underlying) (x)	**nm**	**8.3**	**6.1**	**3.0**	**3.4**
EV / EBIT (x)	**24.1**	**10.3**	**5.9**	**3.2**	**3.1**
EV / EBITDA (x)	**12.9**	**6.8**	**4.5**	**2.7**	**2.6**
DPS (cps) (AUD)	0.0	0.0	2.0	2.0	2.0
Dividend Yield (%)	0.0%	0.0%	27.8%	27.8%	27.8%
Franking (%)	0%	0%	0%	0%	100%
Payout Ratio (%)	0.0%	0.0%	168.1%	83.3%	93.4%
Free Cash Flow Yield (%)	9.3%	13.7%	25.2%	41.2%	42.6%

Profit and Loss (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	307	378	436	507	519
Sales Growth (%)	*30.3%*	*23.1%*	*15.1%*	*16.3%*	*2.4%*
Other Operating Income	2	0	0	0	0
EBITDA	**39**	**73**	**112**	**183**	**189**
EBITDA Margin (%)	*12.6%*	*19.3%*	*25.7%*	*36.1%*	*36.4%*
Depreciation & Amortisation	(18)	(24)	(27)	(28)	(28)
EBIT	**20.7**	**48.5**	**84.7**	**154.7**	**160.8**
EBIT Margin (%)	*6.7%*	*12.8%*	*19.5%*	*30.5%*	*31.0%*
Net Interest	(47)	15	(16)	(12)	(11)
Pretax Profit	(27)	63	69	143	150
Tax	0	28	0	0	(23)
Tax Rate (%)	*0.0%*	*43.4%*	*0.0%*	*0.0%*	*(15.4%)*
NPAT Underlying	**1**	**56**	**73**	**147**	**131**
Significant Items	(23)	87	0	0	0
NPAT Reported	**(22)**	**142**	**73**	**147**	**131**

Cashflow (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
EBIT	21	48	85	155	161
Tax Paid	0	0	0	0	0
Net Interest	0	0	0	0	0
Depreciation & Amortisation	18	24	27	28	28
Operating Cashflow	**47**	**75**	**116**	**186**	**193**
Capex	(17)	(11)	(4)	(4)	(4)
Acquisitions and Investments	0	0	0	0	0
Disposal of Fixed Assets/Investments	0	0	0	0	0
Other	(8)	(11)	(1)	(1)	(1)
Investing Cashflow	**(26)**	**(22)**	**(5)**	**(5)**	**(5)**
Free Cashflow	**29**	**63**	**111**	**181**	**188**
Equity Raised / Bought Back	51	0	0	0	0
Dividends Paid	0	0	(61)	(122)	(122)
Change in Debt	(12)	(15)	(47)	(12)	0
Other	(27)	(18)	(16)	(12)	(11)
Financing Cashflow	**12**	**(34)**	**(124)**	**(146)**	**(133)**
Net Change in Cash	**33**	**19**	**(13)**	**35**	**55**

Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	36	63	50	85	140
Accounts Receivable	7	6	6	6	6
Inventory	5	8	8	8	8
Other Current Assets	8	13	13	13	13
PPE	100	150	127	103	79
Total Assets	**220**	**339**	**304**	**316**	**325**
Accounts Payable	32	29	29	29	29
Short Term Debt	24	46	12	0	0
Long Term Debt	51	13	0	0	0
Total Liabilities	**202**	**175**	**128**	**116**	**116**

Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	4.0%	48.8%	37.7%	69.6%	57.6%
Gearing (%)	48.8%	(2.1%)	(23.4%)	(61.6%)	(151.6%)
Net Debt / EBITDA (x)	1.0	(0.1)	(0.3)	(0.5)	(0.7)

Figure 1: Metro Mining 2025 result (A$m)

Profit & Loss (A$m)	2025a	Shaw f'cast	Difference	2024a	YoY Chg (%)
Sales (kt)	6,174	6,174		5,684	9%
Revenue	**378**	**388**	**-10**	**307**	23%
Other income	0	0	**0**	2	
Operating expenses	-232	-242		-215	
Royalties	-51	-47		-38	
Admin & other expenses	-19	-19		-13	
Impairment reversal	48	48		0	
Total costs	**-254**	**-260**	**6**	**-264**	-4%
EBITDA	**124**	**128**	**-4**	**43**	188%
finance leases	-4	-5		-5	
Underlying EBITDA	**73**	76	**-3**	**39**	88%
Depreciation & Amortisation	-24	-25	**0**	-18	
EBIT	**100**	**103**	**-3**	**25**	296%
Net Finance Expense	15	16	**-1**	-47	
Profit before tax	**115**	**119**	**-4**	**-22**	-622%
Income tax (expense)/benefi	28	37		0	
Reported NPAT	**142**	**156**	**-14**	**-22**	
Exceptional items	87	**118**	**-31**	-23	
Underlying NPAT	**56**	**38**	**18**	**1**	5401%

Source: Company reports, Shaw and Partners forecasts

Figure 2: Quarterly operational and financial results.

Quarterly operations	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26f	Jun-26f	Sep-26f	Dec-26f
Bauxite mined (kt)	40	1,407	2,148	2,046	150	1,713	2,197	2,188	200	2,000	2,400	2,200
Bauxite shipped (kt)	80	1,418	2,130	2,056	184	1,686	2,246	2,058	200	2,000	2,400	2,200
ABIX Index (US$/dmt)	53	57	60	75	83	69	63	60	55	58	58	58
Revenue A$/wmt - CIF	60.2	63.8	65.3	72.7	84.0	81.3	63.3	73.7	64.3	68.6	68.6	68.6
Revenue (A$m) - CIF	4.8	90.5	139.1	149.5	15.5	137.0	142.2	151.7	12.9	137.1	164.6	150.9
Revenue A$/wmt - FOB	0.0	43.4	44.0	51.0	62.0	71.9	48.6	49.1	50.3	54.6	54.6	54.6
Revenue (A$m) - FOB	0.0	61.5	93.7	104.9	9.0	121.2	109.2	101.0	10.1	109.1	131.0	120.1
Costs												
Site cost (A$/wmt)	0.0	31.8	23.6	26.2	120.0	31.0	25.7	28.5	100.0	25.0	24.0	24.0
Freight (A$/wmt)	0.0	20.4	21.3	21.7	22.0	9.4	14.7	24.6	14.0	14.0	14.0	14.0
Royalty (A$/wmt)	0.0	6.3	6.6	7.2	7.7	9.0	6.8	8.6	7.6	7.6	7.6	7.6
Total cost (A$/wmt)	0.0	58.5	51.5	55.1	149.7	49.4	47.2	61.7	121.6	46.6	45.6	45.6
Total cost (ex freight)	0.0	38.1	30.2	33.4	127.7	40.0	32.5	37.1	107.6	32.6	31.6	31.6
Site cost (A$m)	15.0	45.1	50.3	53.9	22.1	52.3	57.7	58.7	20.0	50.0	57.6	52.8
EBITDA (A$/wmt)	0.0	5.3	13.8	17.6	-65.7	31.9	16.1	12.0	-57.3	21.9	22.9	22.9
Site EBITDA (A$m)	-15.0	7.5	29.4	36.2	-12.1	53.8	36.2	24.7	-11.5	43.9	55.1	50.5

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 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 has expanded production to ~7.0 Mtpa. This is resulting 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

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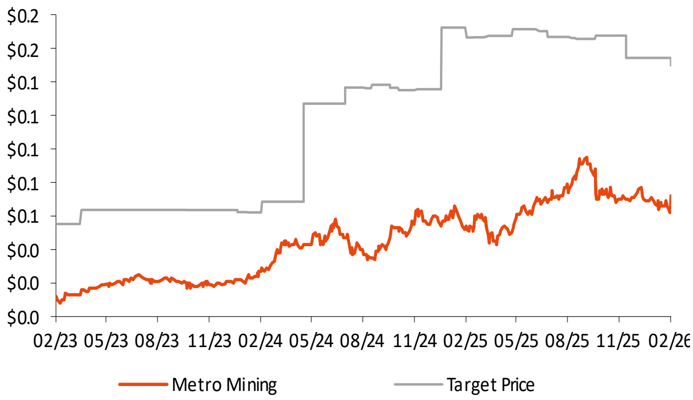
Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	71	87%
Hold	10	12%
Sell	1	1%

History of Investment Rating and Target Price - Metro Mining

Date	Closing Price ($)	Target Price ($)	Rating
27-Feb-26	0.07	0.15	Buy
9-Dec-25	0.07	0.15	Buy
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



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