ShawandPartners Financial Services

Metro Mining (MMI)

Rating: Buy | Risk: High | Price Target: $3.00

25 June 2026

Bauxite Hills Site Visit – Tides and Barges

Key Information

Current Price ($ps)	1.65
12m Target Price ($ps)	3.00
52 Week Range ($ps)	1.18 - 1.90
Target Price Upside (%)	81.8%
TSR (%)	87.9%
Reporting Currency	AUD
Market Cap ($m)	508
Sector	Materials
Avg Daily Volume (m)	0.4
ASX 200 Weight (%)	0%

Fundamentals

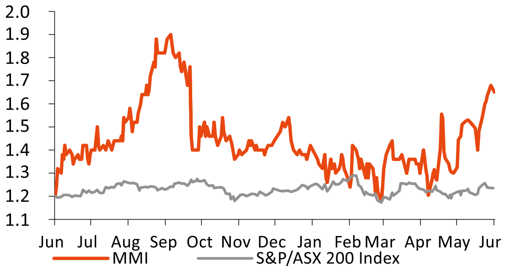
YE 31 Dec (AUD)	FY25A	FY26E	FY27E	FY28E
Sales ($m)	378	422	500	509
NPAT ($m)	56	39	137	120
EPS (cps)	0.9	12.7	44.8	39.3
EPS Growth (%)	nm	nm	252.3%	(12.1%)
DPS (cps) (AUD)	0.0	10.0	30.0	30.0
Franking (%)	0%	0%	0%	100%

Ratios

YE 31 Dec	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	13.0	3.7	4.2
EV/EBITDA (x)	7.8	7.3	3.3	3.2
Div Yield (%)	0.0%	6.1%	18.2%	18.2%
Payout Ratio (%)	0.0%	78.7%	67.0%	76.3%

Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	23.2%	26.7%	21.8%	34.6%
Absolute (%)	24.5%	26.9%	25.0%	37.5%
Benchmark (%)	1.3%	0.2%	3.2%	2.9%



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

We attended a site visit to Metro Mining's Bauxite Hills bauxite operation at Skardon River in Far North Queensland. The operational improvements that the team have implemented over the past two years were on full display, and the team were proud to report that they set a new daily shipment record last week of 37kt. If Metro can consistently ship ~30kt/d then our 800kt forecast for June will be exceeded. Metro remains a top pick.

Highlights

- It was pleasing to see the operation performing so well in the first half of the year, we normally don't see high shipping rates until the second half of the year when the bauxite is drier and easier to handle. The company is confident that it will meet its 6.6-7.1Mt shipping guidance for CY26 (Shawf 6.8Mt).
- Achieving consistent shipping rates is a logistical exercise to ensure that enough bauxite is being mined, trucked, screened, transferred onto barges, and then towed to the Ikamba transhipper in the right volumes and at the right time. The key bottleneck is ensuring enough loaded barges can move through the river channel through the tidal window. Loaded barges cannot be move at low tide. Management walked us through the improvements that have been made at each stage in the flowsheet to ensure that shipping rates can be optimised. A new integrated barge loading plan is resulting in more consistent results, and optimisation of the tidal windows.
- Another key area for potential improvement is product quality and mine life, and to that end we were pleased to see the early success that Metro is achieving with dry screening. This is allowing silica content (the key impurity) to be reduced which has positive implications for product pricing, reserve life and operational flexibility. A significant portion of the silica is in the fines material, so screening out the sub-1.5mm material is resulting in lower overall silica content in the product.
- The CM Group GBIX index (Guinea bauxite) is continuing to tick up and is now at US$71/dmt (up US$1/mt this week). The bauxite market is waiting for news from Guinea about export controls to potentially limit bauxite exports to ~150Mwt per annum. For context, Guinea shipped 183Mwt in 2025 with shipments annualising at over 200Mwt earlier in 2026. Guinea export shipments have already begun reducing from recent peaks of 6Mwt/week in late April. This is partly due to the onset of the Guinea wet season, partly due to the impending export controls but perhaps mainly because the Guinea FOB bauxite price has pulled back to US$34/dmt with freight from Guinea to China now ~US$37/dmt, down from highs in the mid-40s, but still elevated.

Bauxite Shipments (Mwt) – CY26 forecast compared to CY25

CY26	MWT	Quarters	Daily rate (kt/d)
JAN	0		0.0
FEB	0		0.0
MAR	100	100	3.2
APR	416		13.9
MAY	604		19.5
JUN	800	1,820	26.7
JUL	850		27.4
AUG	850		27.4
SEP	830	2,530	27.7
OCT	850		27.4
NOV	850		28.3
DEC	650	2,350	21.0
TOTAL	**6,800**	**6,800**	

CY25	Actual	Quarters	Daily rate (kt/d)
JAN	100		3.2
FEB	0		0.0
MAR	84	184	2.7
APR	425		14.2
MAY	672		21.7
JUN	589	1,686	19.6
JUL	714		23.0
AUG	753		24.3
SEP	779	2,246	26.0
OCT	735		23.7
NOV	783		26.1
DEC	540	2,058	17.4
TOTAL	**6,174**	**6,174**	

Source: Company Reports, Shaw forecasts

Recommendation

We retain our BUY recommendation and A$3.00 PT which is based on a DCF valuation. Metro is one of Shaw's top picks for 2026 and we expect the stock to perform well as Guinea bauxite exports reduce, bauxite pricing lifts and Metro generates strong free cash flow. We have not made any changes to forecasts in this report.

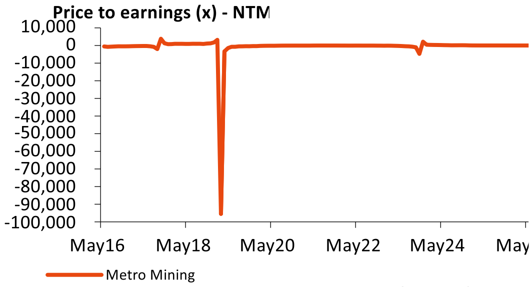
ShawandPartners
Financial Services

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

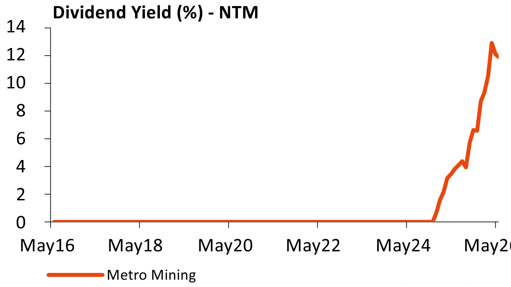
Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	1.65
Target Price ($ps)	3.00
52 Week Range ($ps)	1.18 - 1.90
Shares on Issue (m)	308
Market Cap ($m)	508
Enterprise Value ($m)	568
TSR (%)	87.9%
Valuation per share (cps) (AUD)	3.00
Valuation ($m)	1,036.32

Company Description

Metro Mining operates the Bauxite Hills operation in Far North Queensland and exports bauxite to customers in China. Metro Mining is lowest cost source of bauxite delivered to China (~US$30/t) due to its low cost transhipping model utilising cape size vessels. The operation ships ~7Mtpa of high-grade, high-silica bauxite.



Source: FactSet



Source: FactSet

Financial Year End: 31 December

Investment Summary (AUD)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported) (cps)	**(0.4)**	**2.3**	**12.7**	**44.8**	**39.3**
EPS (Underlying) (cps)	**0.0**	**0.9**	**12.7**	**44.8**	**39.3**
EPS (Underlying) Growth (%)	106.3%	nm	nm	252.3%	(12.1%)
PE (Underlying) (x)	**nm**	**nm**	**13.0**	**3.7**	**4.2**
EV / EBIT (x)	**27.5**	**11.7**	**11.2**	**3.9**	**3.8**
EV / EBITDA (x)	**14.7**	**7.8**	**7.3**	**3.3**	**3.2**
DPS (cps) (AUD)	0.0	0.0	10.0	30.0	30.0
Dividend Yield (%)	0.0%	0.0%	6.1%	18.2%	18.2%
Franking (%)	0%	0%	0%	0%	100%
Payout Ratio (%)	0.0%	0.0%	78.7%	67.0%	76.3%
Free Cash Flow Yield (%)	0.5%	0.7%	15.2%	33.9%	34.6%

Profit and Loss (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	307	378	422	500	509
Sales Growth (%)	*30.3%*	*23.1%*	*11.4%*	*18.6%*	*1.8%*
Other Operating Income	2	0	0	0	0
EBITDA	**39**	**73**	**78**	**172**	**176**
EBITDA Margin (%)	*12.6%*	*19.3%*	*18.5%*	*34.5%*	*34.5%*
Depreciation & Amortisation	(18)	(24)	(27)	(28)	(28)
EBIT	**20.7**	**48.5**	**50.9**	**144.5**	**147.9**
EBIT Margin (%)	*6.7%*	*12.8%*	*12.1%*	*28.9%*	*29.1%*
Net Interest	(47)	15	(16)	(11)	(10)
Pretax Profit	(27)	63	35	133	138
Tax	0	28	0	0	(21)
Tax Rate (%)	*0.0%*	*43.4%*	*0.0%*	*0.0%*	*(15.4%)*
NPAT Underlying	**1**	**56**	**39**	**137**	**120**
Significant Items	(23)	87	0	0	0
NPAT Reported	**(22)**	**142**	**39**	**137**	**120**

Cashflow (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
EBIT	21	48	51	145	148
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**	**82**	**176**	**180**
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**	**77**	**171**	**175**
Equity Raised / Bought Back	51	0	0	0	0
Dividends Paid	0	0	0	(76)	(92)
Change in Debt	(12)	(15)	(47)	(12)	0
Other	(27)	(18)	(16)	(12)	(11)
Financing Cashflow	**12**	**(34)**	**(63)**	**(100)**	**(102)**
Net Change in Cash	**33**	**19**	**14**	**71**	**72**

Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	36	63	77	148	220
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	80
Total Assets	**220**	**339**	**331**	**379**	**408**
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%	18.8%	53.4%	40.0%
Gearing (%)	48.8%	(2.1%)	(40.1%)	(106.6%)	(232.2%)
Net Debt / EBITDA (x)	1.0	(0.1)	(0.8)	(0.9)	(1.3)

Figure 1: Bauxite haulage from pit to port

Source: Shaw and Partners

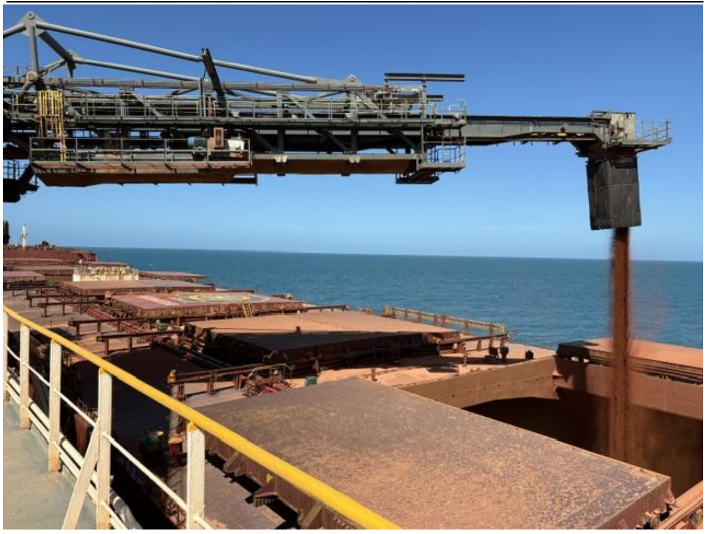
Figure 2: Wobbler screen to remove oversize material

Source: Shaw and Partners

Figure 3: Barge loaded at Skardon River

Source: Shaw and Partners

Figure 4: Capesize vessel being loaded



Source: Shaw and Partners

Figure 5: Two cranes on the Ikamba transhipper

Source: Shaw and Partners

Figure 6: The Ikamba alongside a capesize carrier

Source: Shaw and Partners

Figure 7: Quarterly operational and financial results.

Quarterly operations	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26f	Sep-26f	Dec-26f
Bauxite mined (kt)	40	1,407	2,148	2,046	150	1,713	2,197	2,188	100	1,820	2,530	2,350
Bauxite shipped (kt)	80	1,418	2,130	2,056	184	1,686	2,246	2,058	100	1,820	2,530	2,350
ABIX Index (US$/dmt)	53	57	60	75	83	69	63	60	55	56	60	62
Revenue A$/wmt - CIF	60.2	63.8	65.3	72.7	84.0	81.3	63.3	73.7	62.1	62.0	66.0	71.2
Revenue (A$m) - CIF	4.8	90.5	139.1	149.5	15.5	137.0	142.2	151.7	6.2	112.8	167.0	167.3
Revenue A$/wmt - FOB	0.0	43.4	44.0	51.0	62.0	71.9	48.6	49.1	48.1	45.0	52.0	57.2
Revenue (A$m) - FOB	0.0	61.5	93.7	104.9	9.0	121.2	109.2	101.0	4.8	81.9	131.6	134.4
Costs												
Site cost (A$/wmt)	0.0	31.8	23.6	26.2	120.0	31.0	25.7	28.5	300.0	27.0	24.0	25.0
Freight (A$/wmt)	0.0	20.4	21.3	21.7	22.0	9.4	14.7	24.6	14.0	17.0	14.0	14.0
Royalty (A$/wmt)	0.0	6.3	6.6	7.2	8.2	9.0	6.8	8.6	7.7	6.0	7.7	7.7
Total cost (A$/wmt)	0.0	58.5	51.5	55.1	150.2	49.4	47.2	61.7	321.7	50.0	45.7	46.7
Total cost (ex freight)	0.0	38.1	30.2	33.4	128.2	40.0	32.5	37.1	307.7	33.0	31.7	32.7
Site cost (A$m)	15.0	45.1	50.3	53.9	22.1	52.3	57.7	58.7	30.0	49.1	60.7	58.8
EBITDA (A$/wmt)	0.0	5.3	13.8	17.6	-66.2	31.9	16.1	12.0	-259.6	12.0	20.3	24.5
Site EBITDA (A$m)	-15.0	7.5	29.4	36.2	-12.2	53.8	36.2	24.7	-26.0	21.8	51.4	57.6
Other costs (A$m)	-2.9	-3.0	5.9	4.4	-6.3	-4.0	-5.2	12.7	-5.2	-3.0	-3.0	-3.0
Working Capital changes (A	0.0	0.0	0.0	0.0	0.0	-15.0	-10.0	9.0	-3.0	0.0	-10.0	10.0
Quarterly cash flows (A$m)												
Operating cash flow	-17.9	1.3	29.3	33.7	-18.5	25.8	21.0	46.4	-34.2	18.8	38.4	64.6
Investing cash flow	-9.6	-12.9	-6.7	-8.1	-3.3	-4.5	-5.8	-9.5	-2.6	-1.0	-1.5	-1.5
Financing cash flow	18.4	23.4	-18.4	-11.1	3.1	-6.2	-15.6	-15.0	-10.3	-16.0	-15.7	-15.4
Cash balance	2.8	13.4	16.9	31.2	12.2	28.7	31.0	57.5	9.6	11.4	32.6	80.2

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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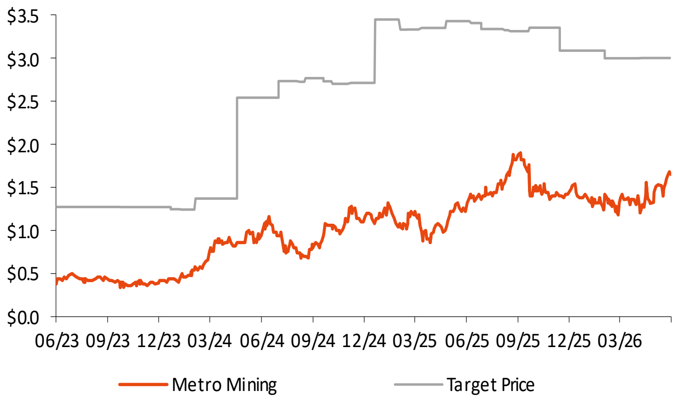
Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	80	90%
Hold	8	9%
Sell	1	1%

History of Investment Rating and Target Price - Metro Mining

Date	Closing Price ($)	Target Price ($)	Rating
28-Apr-26	1.36	3.00	Buy
27-Feb-26	1.42	3.00	Buy
9-Dec-25	1.42	3.09	Buy
16-Oct-25	1.46	3.35	Buy
8-Sep-25	1.64	3.31	Buy
29-Aug-25	1.52	3.32	Buy
22-Jul-25	1.36	3.34	Buy
4-Jul-25	1.38	3.40	Buy
26-Jun-25	1.24	3.43	Buy
21-May-25	1.00	3.43	Buy
2-Apr-25	1.18	3.35	Buy
13-Mar-25	1.08	3.33	Buy
28-Feb-25	1.04	3.33	Buy
14-Jan-25	1.06	3.45	Buy
27-Nov-24	1.14	2.71	Buy
30-Oct-24	1.02	2.70	Buy
14-Oct-24	0.94	2.73	Buy
12-Sep-24	0.70	2.77	Buy
29-Aug-24	0.72	2.72	Buy
26-Jul-24	0.92	2.73	Buy
13-May-24	0.86	2.54	Buy
29-Feb-24	0.60	1.37	Buy
30-Jan-24	0.40	1.24	Buy
16-Jan-24	0.44	1.25	Buy
19-Oct-23	0.40	1.27	Buy



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