ShawandPartners
Financial Services

Metro Mining (MMI)

Rating: Buy | Risk: High | Price Target: $2.60

29 October 2026

Soft September Quarter – but priced, and positive catalysts ahead

Key Information	
Current Price ($ps)	0.77
12m Target Price ($ps)	2.60
52 Week Range ($ps)	0.69 - 1.80
Target Price Upside (%)	237.7%
TSR (%)	237.7%
Reporting Currency	AUD
Market Cap ($m)	237
Sector	Materials
Avg Daily Volume (m)	2.1
ASX 200 Weight (%)	0%

Fundamentals

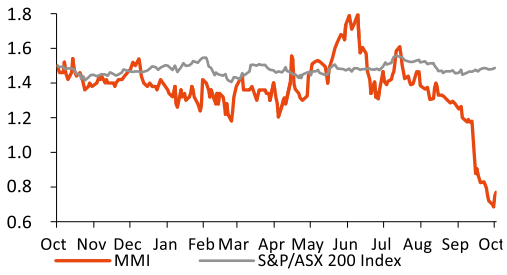
YE 31 Dec (AUD)	FY25A	FY26E	FY27E	FY28E
Sales ($m)	378	361	464	509
NPAT ($m)	56	(23)	99	105
EPS (cps)	0.9	(7.6)	32.5	34.5
EPS Growth (%)	nm	nm	528.8%	6.1%
DPS (cps) (AUD)	0.0	0.0	16.0	17.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 31 Dec	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(10.2)	2.4	2.2
EV/EBITDA (x)	4.1	20.8	2.2	1.9
Div Yield (%)	0.0%	0.0%	20.8%	22.1%
Payout Ratio (%)	0.0%	0.0%	49.3%	49.3%

Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(40.5%)	(41.5%)	(43.7%)	(47.8%)
Absolute (%)	(38.9%)	(44.2%)	(45.8%)	(48.7%)
Benchmark (%)	1.6%	(2.7%)	(2.1%)	(0.9%)



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

Metro's Sept quarter was below plan, with operational issues (Ikamba crane outages, absenteeism and barge channel erosion) leading to a reset of 2026 shipment guidance to 6.0–6.5Mwmt on 19-Oct. Unit margins improved from the June quarter, with site EBITDA lifting to A$7.0/wmt (Q2: A$4.4/wmt), but were below the A$16.1/wmt achieved in the pcp. The company is set-up for a much stronger Dec quarter and we model A$32m of cashflow to move Metro into a net cash position. Bauxite prices continue to rise, with Q4 pricing agreed US$2–4/dmt above Q3. Metro is in a much stronger operational and financial position than the last time the shares were this cheap. We maintain our BUY.

Highlights

- Q3 bauxite shipments of 2.11Mwmt were up 17% qoq but down 6% yoy (Q3 25: 2.25Mwmt). Mining was 2.01Mwmt. Ikamba lost one crane for much of July (cylinder change-out) and a further 9 days in August, partly offset by self-loading geared vessels. A barge grounding cut the channel depth to 1.3m late in the quarter; bed-levelling began early October and has restored 1.6m which will allow Metro to resume a +30ktpd shipping run rate.
- 2026 shipment guidance was reset to 6.0–6.5Mwmt. Management expects a strong December quarter and will load into January if weather windows allow.
- Achieved CIF price of A$60.8/wmt was up 6.5% qoq (up 9% in US$/dmt terms), with the weaker USD and the final 2022 fixed-price legacy cargo holding the FOB margin flat at A$43.4/wmt. Q4 pricing has been agreed at US$2–4/dmt above Q3.
- Site costs of A$30.3/wmt improved A$3.4/wmt qoq but were A$4.6/wmt above the pcp (diesel +A$1.2/wmt; equipment and labour for accelerated clearing/stripping +A$3.0/wmt; 733k bcm stripped). Site EBITDA was A$7.0/wmt (Q2: A$4.4/wmt; Q3 25: A$16.1/wmt), or ~A$15m for the quarter. We expect the site EBITDA margin to improve to A$15.7/wmt in the Dec quarter.
- Operating cash flow was A$10.6m. Cash fell to A$16.8m (30-Jun: A$23.8m) after A$9.4m of scheduled debt repayments, A$3.2m of capex and A$3.1m of interest and leases. Nebari debt is down to US$24.8m (A$35.6m). We model a cash balance of A$35m at 31-Dec, which could be boosted by a return of cash from the Qld Govt bond, and/or 1-2 shipments in January.
- Metro announced two new offtake contracts with existing customers totalling 4.5Mwmt pa for 2027–29. Freight has been contracted to cover remaining 2026 exposure and extended out to 2028.
- Screening trials upgraded 16–20% silica feed to 11–12.5% silica product at ~60% recovery. Phase 1 has been approved, with two Finlay screens commissioning in October targeting 5–10ktpd. This allows the ore cut-off grade to lift to 20% silica, supporting resource-to-reserve conversion.
- We have slightly trimmed price assumptions for the December quarter (-A$3/t) and increased costs by A$2/t, which sees us trim CY26 from A$29m to A$14m. Despite the disappointing CY26, we see nothing to undermine our positive view on CY27.

Revisions	2026f			2027f			2028f		
	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %
Sales (kt)	6,243	6,244	0%	6,500	6,500	0%	7,000	7,000	0%
Revenue (A$m)	361	372	-3%	464	464	0%	509	509	0%
EBITDA (A$m)	14	29	-50%	134	134	0%	158	158	0%
NPAT (A$m)	-23	-9	n/a	99	99	0%	105	105	0%

Recommendation

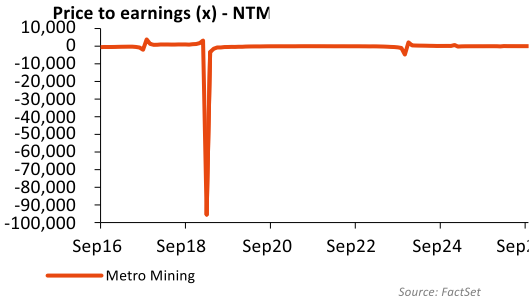
We retain our BUY recommendation and A$2.60 price target.

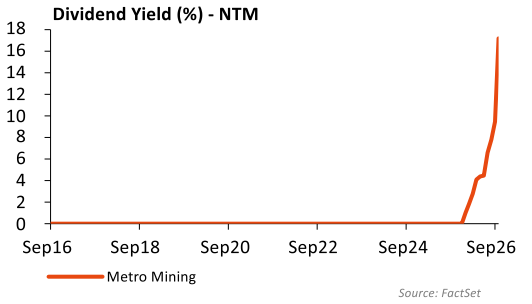
Metro Mining
Materials
Materials
FactSet: MMI-AU / Bloomberg: MMI AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.77
Target Price ($ps)	2.60
52 Week Range ($ps)	0.69 - 1.80
Shares on Issue (m)	308
Market Cap ($m)	237
Enterprise Value ($m)	297
TSR (%)	237.7%
Valuation per share (cps) (AUD)	2.60
Valuation ($m)	821.43

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.





Financial Year End: 31 December

Investment Summary (AUD)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported) (cps)	**(0.4)**	**2.3**	**(7.6)**	**32.5**	**34.5**
EPS (Underlying) (cps)	**0.0**	**0.9**	**(7.6)**	**32.5**	**34.5**
EPS (Underlying) Growth (%)	106.3%	nm	nm	528.8%	6.1%
PE (Underlying) (x)	**nm**	**nm**	**(10.2)**	**2.4**	**2.2**
EV / EBIT (x)	**14.4**	**6.1**	**(28.4)**	**2.7**	**2.3**
EV / EBITDA (x)	**7.7**	**4.1**	**20.8**	**2.2**	**1.9**
DPS (cps) (AUD)	0.0	0.0	0.0	16.0	17.0
Dividend Yield (%)	0.0%	0.0%	0.0%	20.8%	22.1%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	0.0%	49.3%	49.3%
Free Cash Flow Yield (%)	0.5%	0.7%	5.6%	56.3%	66.8%

Profit and Loss (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	307	378	361	464	509
Sales Growth (%)	*30.3%*	*23.1%*	*(4.6%)*	*28.6%*	*9.6%*
Other Operating Income	2	0	0	0	0
EBITDA	**39**	**73**	**14**	**134**	**158**
EBITDA Margin (%)	*12.6%*	*19.3%*	*4.0%*	*28.8%*	*31.1%*
Depreciation & Amortisation	(18)	(24)	(25)	(26)	(28)
EBIT	**20.7**	**48.5**	**(10.4)**	**108.0**	**130.7**
EBIT Margin (%)	*6.7%*	*12.8%*	*(2.9%)*	*23.3%*	*25.7%*
Net Interest	(47)	15	(16)	(12)	(10)
Pretax Profit	(27)	63	(27)	96	120
Tax	0	28	0	0	(19)
Tax Rate (%)	*0.0%*	*43.4%*	*0.0%*	*0.0%*	*(15.5%)*
NPAT Underlying	**1**	**56**	**(23)**	**99**	**105**
Significant Items	(23)	87	0	0	0
NPAT Reported	**(22)**	**142**	**(23)**	**99**	**105**

Cashflow (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
EBIT	21	48	(10)	108	131
Tax Paid	0	0	0	0	0
Net Interest	0	0	0	0	0
Depreciation & Amortisation	18	24	25	26	28
Operating Cashflow	**47**	**75**	**18**	**137**	**162**
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**	**13**	**132**	**157**
Equity Raised / Bought Back	51	0	0	0	0
Dividends Paid	0	0	0	(18)	(52)
Change in Debt	(12)	(15)	(38)	(21)	0
Other	(27)	(18)	(17)	(12)	(11)
Financing Cashflow	**12**	**(34)**	**(54)**	**(52)**	**(63)**
Net Change in Cash	**33**	**19**	**(41)**	**80**	**95**

Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	36	63	22	102	197
Accounts Receivable	7	6	6	6	6
Inventory	5	8	8	8	8
Other Current Assets	8	13	13	13	13
PPE	100	150	129	108	84
Total Assets	**220**	**339**	**278**	**338**	**391**
Accounts Payable	32	29	29	29	29
Short Term Debt	24	46	21	0	0
Long Term Debt	51	13	0	0	0
Total Liabilities	**202**	**175**	**137**	**116**	**116**

Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	4.0%	48.8%	(13.2%)	48.6%	38.8%
Gearing (%)	48.8%	(2.1%)	(0.3%)	(71.5%)	(193.6%)
Net Debt / EBITDA (x)	1.0	(0.1)	(0.0)	(0.8)	(1.2)

Figure 1: 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-26	Sep-26	Dec-26f
Bauxite mined (kt)	40	1,407	2,148	2,046	150	1,713	2,197	2,188	100	1,919	2,013	2,250
Bauxite shipped (kt)	80	1,418	2,130	2,056	184	1,686	2,246	2,058	100	1,779	2,114	2,250
ABIX Index (US$/dmt)	53	57	60	75	83	69	63	60	55	58	59	60
Revenue A$/wmt - CIF	60.2	63.8	65.3	72.7	84.0	81.3	63.3	73.7	61.9	63.2	60.8	65.8
Revenue (A$m) - CIF	4.8	90.5	139.1	149.5	15.5	137.0	142.2	151.7	6.2	112.4	128.5	148.1
Revenue A$/wmt - FOB	0.0	43.4	44.0	51.0	62.0	71.9	48.6	49.1	47.9	43.9	43.4	49.8
Revenue (A$m) - FOB	0.0	61.5	93.7	104.9	9.0	121.2	109.2	101.0	4.8	78.1	91.7	112.1
Costs												
Site cost (A$/wmt)	0.0	31.8	23.6	26.2	120.0	31.0	25.7	28.5	300.0	33.7	30.3	28.0
Freight (A$/wmt)	0.0	20.4	21.3	21.7	22.0	9.4	14.7	24.6	14.0	19.3	17.4	16.0
Royalty (A$/wmt)	0.0	6.3	6.6	7.2	8.2	9.0	6.8	8.6	7.1	5.8	6.1	6.1
Total cost (A$/wmt)	0.0	58.5	51.5	55.1	150.2	49.4	47.2	61.7	321.1	58.8	53.8	50.1
Total cost (ex freight)	0.0	38.1	30.2	33.4	128.2	40.0	32.5	37.1	307.1	39.5	36.4	34.1
Site cost (A$m)	15.0	45.1	50.3	53.9	22.1	52.3	57.7	58.7	30.0	60.0	64.1	63.0
EBITDA (A$/wmt)	0.0	5.3	13.8	17.6	-66.2	31.9	16.1	12.0	-259.2	4.4	7.0	15.7
Site EBITDA (A$m)	-15.0	7.5	29.4	36.2	-12.2	53.8	36.2	24.7	-25.9	7.8	14.8	35.3
Quarterly cash flows (A$m)												
Operating cash flow	-17.9	1.3	29.3	33.7	-18.5	25.8	21.0	46.4	-34.2	24.2	10.6	32.3
Investing cash flow	-9.6	-12.9	-6.7	-8.1	-3.3	-4.5	-5.8	-9.5	-2.6	-0.2	-4.7	-2.0
Financing cash flow	18.4	23.4	-18.4	-11.1	3.1	-6.2	-15.6	-15.0	-10.3	-10.0	-12.5	-12.2
Cash balance	2.8	13.4	16.9	31.2	12.2	28.7	31.0	57.5	9.6	23.8	16.8	35.0
Debt position (A$m)												
Nebari loan		52.2	50.7	83.0	90.4	86.5	74.5	62.0	53.2	45.8	35.6	26.2
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$m)		93.5	80.3	83.0	90.4	86.5	74.5	62.0	53.2	45.8	35.6	26.2
Net debt (cash) (A$m)		80.1	63.5	51.8	78.2	57.8	43.4	4.6	43.6	22.1	18.8	-8.8

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

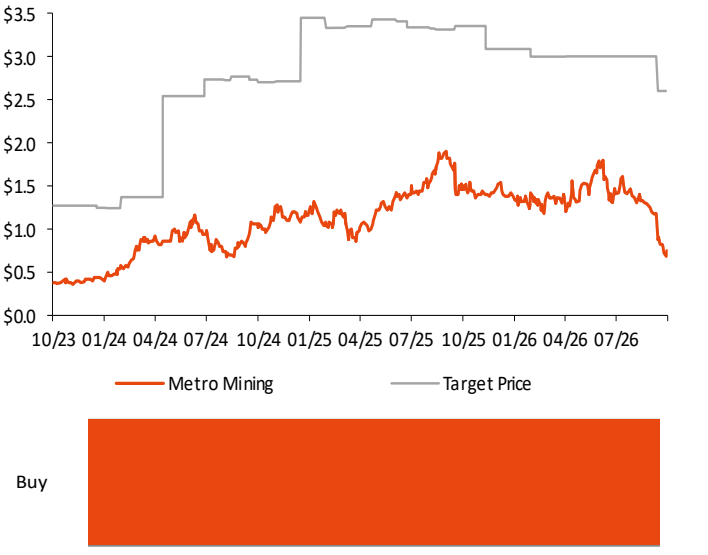
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Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	84	91%
Hold	7	8%
Sell	1	1%

History of Investment Rating and Target Price - Metro Mining

Date	Closing Price ($)	Target Price ($)	Rating
12-Oct-26	0.88	2.60	Buy
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



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