Metro Mining Limited

The strategy is clear; it's time to deliver

29 October 2026

MMI's SepQ26 shipments and revised CY26 guidance was pre-announced. The key new information in the quarterly report was weak realised pricing and the potential for a partial rehab bond return in the next month. Looking beyond CY26, we believe the key debate is whether Metro can establish the operational consistency required to sustainably achieve +7Mtpa shipments. Reaching the 7Mt mark in CY27 is - we believe - contingent on building sufficient stockpile over DecQ26 to support ~500kt of shipments in MarQ27. We maintain our A$1.75/sh target price and Buy recommendation.

Weaker than expected pricing hurt the top line

- While SepQ CIF pricing of A$60.8/wmt and FOB revenue of A$43.4/wmt disappointed, the company continued to deleverage, reducing net debt by A$3.3mn QoQ to ~A$19mn. MMI expects a further US$2-4/dmt uplift in Q4 contract pricing, while screening trials demonstrate the potential to improve product quality, enhance wet-season performance and unlock additional reserves over time. A key takeaway from the management call is the potential return of part of the rehab bond, which may kickstart share buybacks.

The path to 7Mtpa starts this quarter

- For Metro to ship +7Mtpa, we believe it must achieve its aspiration of shipping 500kt in MarQ, using ore stockpiled at port before the wet season. For DecQ-26, we estimate MMI must mine 2.6Mt of bauxite to meet year-end shipment guidance and build the 500kt port inventory. Ore hauled had already reached 463kt by 17 Oct, implying the operation is operating at a run-rate capable of achieving this outcome.

Catalysts are operational

- Key catalyst will be delivery against DecQ mining and shipping targets boosting bank balances due to lower costs and higher received price. Evidence of improving prices and screening initiatives are upside.

Key Financials

Year-end December ($)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue ($m)	307.3	378.4	341.4	506.6	543.7
EBITDA ($m)	43.2	124.3	4.3	148.7	186.4
EBIT ($m)	15.9	129.4	(36.8)	103.6	141.3
Reported NPAT ($m)	(22.0)	142.3	(8.7)	83.2	110.1
Reported EPS (c)	(0.4)	2.2	(2.8)	27.0	35.8
Normalised NPAT ($m)	(22.0)	60.0	(8.7)	83.2	110.1
Normalised EPS (c)	(0.4)	2.2	(2.8)	27.0	35.8
EPS Growth (%)	-	-	-	-	32.4
Franking (%)	-	-	-	-	-
EV/EBITDA (X)	-	37.6	-	0.7	0.3
Normalised P/E (x)	-	34.6	-	2.8	2.1
Normalised ROE (%)	-	52.8	-	38.2	40.3

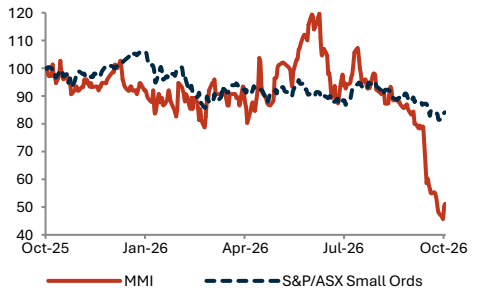
Source: OML, Iress, Metro Mining Limited

Last Price
A$0.77
Target Price
A$1.75
Recommendation
Buy
Risk
Higher

Aluminum

ASX Code	MMI
52 Week Range ($)	0.69 - 1.80
Market Cap ($m)	236.2
Shares Outstanding (m)	307.7
Av Daily Turnover ($m)	0.0
3 Month Total Return (%)	-46.0
12 Month Total Return (%)	-48.8
Benchmark 12 Mth Return (%)	-15.9
NTA FY26E (¢ per share)	78.0
Net Cash FY26E ($m)	8.0

Price performance



Source: FactSet

Consensus Earnings

	FY26E	FY27E
- (C) (c)	-	-
- (OM) (c)	-	-
- (C) (c)	-	-
- (OM) (c)	-	-

Source: OML, Iress, Metro Mining Limited

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Figure 1: MMI financial summary

All AUD unless noted

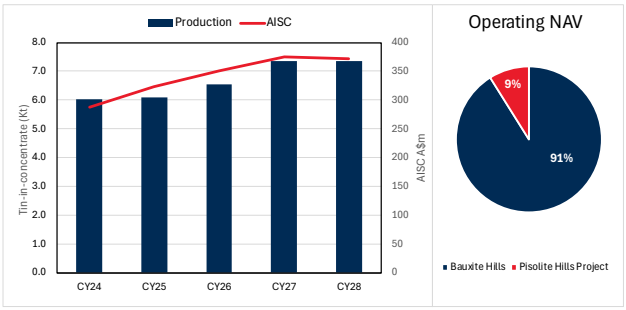
Key Details		
Target Price	Ac/sh	1.75
Recommendation		Buy
Risk Assessment		Higher
Share Price	A$/sh	$0.78
2025E Dividend	A$/sh	$0.00
NAV	A$/sh	$2.33
Implied Total Return	%	124%
P/NAV	x	0.34x
No Shares	m	308
Market Cap	A$m	$240
Enterprise Value	A$m	$232

Prices & Exchange Rates		CY25	CY26	CY27	CY28	CY29
Bauxite price Aust Monohy CIF (USD$/dmt)	US$/t	82	69	80	83	77
Received bauxite price (A$/wmt CIF)	US$/t	75	66	76	81	76
Exchange rate	AUD:USD	0.64	0.70	0.70	0.70	0.71

Production		CY25	CY26	CY27	CY28	CY29
Buaxite Mined	mt	6.10	6.53	7.35	7.35	7.35
Bauxite Shipped	mt	6.17	6.34	7.35	7.35	7.35

AISC		CY25	CY26	CY27	CY28	CY29
Opex	AUD$m	$283.1	$318.6	$343.1	$340.1	$333.6
Sustaining Capex	AUD$m	$10.8	$13.8	$15.0	$15.0	$15.0
Other expenses	AUD$m	$29.1	$18.5	$17.2	$17.2	$17.2
Total costs	**AUD$m**	**$323.0**	**$350.9**	**$375.3**	**$372.2**	**$365.7**

Capex Breakdown		CY25	CY26	CY27	CY28	CY29
Sustaining Capex	AUD$m	$10.8	$13.8	$15.0	$15.0	$15.0
Capex	AUD$m	$0.0	$0.0	$0.0	$0.0	$0.0
Total	**AUD$m**	**$10.8**	**$13.8**	**$15.0**	**$15.0**	**$15.0**



Net Asset Value	USD Risked	USD Riske	A$/Sh	NAV (%)
Operating Value				
Bauxite Hills Project	$534	$760	$2.47	91.1%
Pisolite Hills Project	$52	$74	$0.24	8.9%
Sum of Operations	**$586**	**$834**	**$2.71**	**100.0%**
Net Cash / (Debt)	$6	$8	$0.03	
NPV Corporate Costs	($82)	($124)	($0.40)	
Rehabilitation / drydock provisions	$15	$23	$0.08	
Total net valuation	**$472**	**$716**	**$2.33**	
P/NAV			**0.34x**	

Year end Dec

Ratio Metrics		CY25	CY26	CY27	CY28	CY29
Earnings - Adjusted	cps	$2.2	($2.8)	$26.5	$35.8	$27.6
P/E Multiple	x	33.3	-27.5	2.9	2.2	2.8
CFPS (CFO)	$/sh	$0.21	$0.05	$0.46	$0.45	$0.37
FCFPS (CFO-capex-expl.)	$/sh	$0.19	$0.01	$0.41	$0.40	$0.32
P/CFO Multiple	x	3.6x	14.6x	1.7x	1.7x	2.1x
FCF Yield	%	25%	1%	52%	51%	41%
Dividends Per Share	cps	0.0	0.0	1.7	24.7	24.7
Dividend Yield	%	0.0%	0.0%	2.2%	31.6%	31.7%
Gearing (ND: ND+E)	%	NA	NA	NA	NA	NA
Return on Equity (ROE)	%	76%	-5%	32%	38%	28%
P / NAV (P/B) x	%	1.3	1.3	0.9	0.8	0.8
EV/EBITDA	x	1.9	53.9	0.8	0.4	0.3

P&L Statement		CY25	CY26	CY27	CY28	CY29
Revenue	AUD$m	$378.4	$341.4	$506.6	$543.7	$500.5
Operating Costs	AUD$m	($283.1)	($318.6)	($343.1)	($340.1)	($333.6)
EBITDA	**AUD$m**	**$124.3**	**$4.3**	**$146.3**	**$186.4**	**$149.7**
Other income / (expenses)	AUD$m	$29.1	($18.5)	($17.2)	($17.2)	($17.2)
D&A	AUD$m	($24.5)	($22.6)	($28.0)	($28.0)	($28.0)
EBIT	**AUD$m**	**$99.9**	**($18.3)**	**$118.3**	**$158.4**	**$121.7**
Net finance costs	AUD$m	$14.9	$5.6	($1.9)	($1.1)	($0.5)
EBT	**AUD$m**	**$114.8**	**($12.8)**	**$116.4**	**$157.3**	**$121.2**
Tax benefit / (deduction)	AUD$m	$27.5	$4.1	($34.9)	($47.2)	($36.4)
Net Income - Adjusted	**AUD$m**	**$142.3**	**($8.7)**	**$81.5**	**$110.1**	**$84.9**
Adjustments	AUD$m					
Net Income - Reported	**AUD$m**	**$142.3**	**($8.7)**	**$81.5**	**$110.1**	**$84.9**
Weighted average diluted shares	mm	307	308	308	308	308

Cash Flow Statement		CY25	CY26	CY27	CY28	CY29
Cash Flows from Operating Activities						
Net Income	AUD$m	$142.3	($8.7)	$81.5	$110.1	$84.9
D&A	AUD$m	$24.5	$22.6	$28.0	$28.0	$28.0
Taxes	AUD$m	$27.5	$4.1	($34.9)	($47.2)	($36.4)
Non Recurring/Other	AUD$m	($177.9)	$122.2	$63.2	$22.1	$34.9
Net Operating Cash flow	**AUD$m**	**$65.8**	**$16.4**	**$140.2**	**$137.8**	**$113.1**
Cash Flows From Investing Activities						
Capital Expenditure	AUD$m	($10.8)	($13.8)	($15.0)	($15.0)	($15.0)
Other (Acqusitions / Exploration)	AUD$m	($12.3)	$9.0	$0.0	$0.0	$0.0
Net Investing Cash Flow	**AUD$m**	**($23.1)**	**($4.8)**	**($15.0)**	**($15.0)**	**($15.0)**
Cash Flows From Financing Activities						
Dividends	AUD$m	$0.0	$0.0	($5.4)	($76.0)	($76.0)
Borrowings and other costs	AUD$m	$8.0	$0.0	$0.0	$0.0	$0.0
Other	AUD$m	($32.5)	($32.2)	($0.0)	$0.0	$0.0
Net Financing Cash Flow	**AUD$m**	**($24.4)**	**($32.2)**	**($5.4)**	**($76.0)**	**($76.0)**
Increase (Decrease) in Cash	AUD$m	$18.3	($20.5)	$119.8	$46.8	$22.1
Cash at End of Year	**AUD$m**	**$86.2**	**$60.1**	**$175.6**	**$315.7**	**$371.1**
Operating Free Cash Flow	AUD$m	$55.0	$2.7	$125.2	$122.8	$98.1
Free Cash Flow	AUD$m	$55.0	$2.7	$125.2	$122.8	$98.1

Balance Sheet		CY25	CY26	CY27	CY28	CY29
Cash & Equivalents	AUD$m	$62.8	$37.4	$157.2	$204.0	$226.1
Inventory	AUD$m	$7.7	$5.9	$6.1	$6.1	$6.0
Property, Plant & Equipment	AUD$m	$149.6	$137.6	$124.6	$111.6	$98.6
Other Long Term Assets	AUD$m	$141.3	$133.7	$103.9	$104.3	$103.5
Total Assets	**AUD$m**	**$361.4**	**$314.6**	**$391.8**	**$425.9**	**$434.2**
Trade Payables	AUD$m	$30.8	$44.9	$36.8	$36.1	$35.5
Debt	AUD$m	$58.9	$29.4	$29.4	$29.4	$29.4
Other Long Term Liabilities	AUD$m	$84.8	$60.7	$69.9	$70.6	$70.5
Total Liabilities	**AUD$m**	**$174.5**	**$135.1**	**$136.1**	**$136.1**	**$135.4**
Shareholder Equity	AUD$m	$186.9	$179.6	$255.7	$289.9	$298.8
Total Liabilities & Shareholder Equity	**AUD$m**	**$361.4**	**$314.6**	**$391.8**	**$425.9**	**$434.2**

Sources: MMI, Ord Minnett estimates

SepQ-26 Review

Pricing disappoints against known volumes

SepQ26 bauxite shipments of 2.11Mt were in line with our expectations and had effectively been pre-released via monthly shipping disclosures. The key variance versus OMLe was realised pricing, with received CIF pricing of A$61/wmt and FOB revenue of A$43/wmt, both approximately 10-11% below our forecasts. As a result, implied quarterly revenue of A$128.5m was 11% below OMLe.

Despite the pricing miss, there were encouraging signs. Net debt declined by a further A$3.3mn QoQ to A$18.8mn, Q4 contracts have been agreed at a premium to Q3 pricing, and management signed new long-term offtake agreements covering 4.5Mtpa during CY27-29. We view these developments as supportive of medium-term earnings and cash flow generation.

Mining volumes were also softer than expected, with 2.0Mt mined during the quarter compared with our 2.6Mt forecast. Management attributed the shortfall to labour availability issues. The low shipments were also tied to channel constraints and reliability challenges associated with OFT Ikamba. While these issues have been well documented through the quarter, the lower mining rate highlights that operational consistency remains an area requiring further improvement.

Figure 2: MMI SepQ-26 result vs. OMLe

Bauxite Hills Summary		Actual Sep-25	Actual Dec-25	Actual Mar-26	Actual Jun-26	Actual Sep-26	OMLe Sep-26	OMLe %
Bauxite Mined	k wmt	2197	2188	0	1919	2013	2610	*-23%*
Bauxite Shipped	k wmt	2246	2058	100	1799	2114	2115	*0%*
Received CIF Pricing	A$/wmt	63	74	75	63	61	68	*-11%*
Received FOB revenue	A$/wmt	49	49	58	44	43	48	*-10%*
Implied Ocean Freight	A$/wmt	15	25	17	19	16	16	*0%*
MMI Revenue								
Implied Revenue	A$mn	129.0	131.4	6.8	99.8	113.8	127.7	*-11%*
MMI Corporate								
Net debt / (cash) end of quarter	A$mn	43.4	4.6	43.6	22.1	18.8	N/A	N/A

Sources: MMI, Ord Minnett estimates

The pricing puzzle

During the quarter, MMI rebased its reported pricing metrics, restating JunQ CIF pricing from A$63.2/wmt under the previous methodology to A$57.1/wmt on the new basis. On this revised basis, SepQ CIF pricing improved 6.5% QoQ to A$60.8/wmt, while realised FOB revenue declined to A$43.4/wmt from A$43.9/wmt in JunQ.

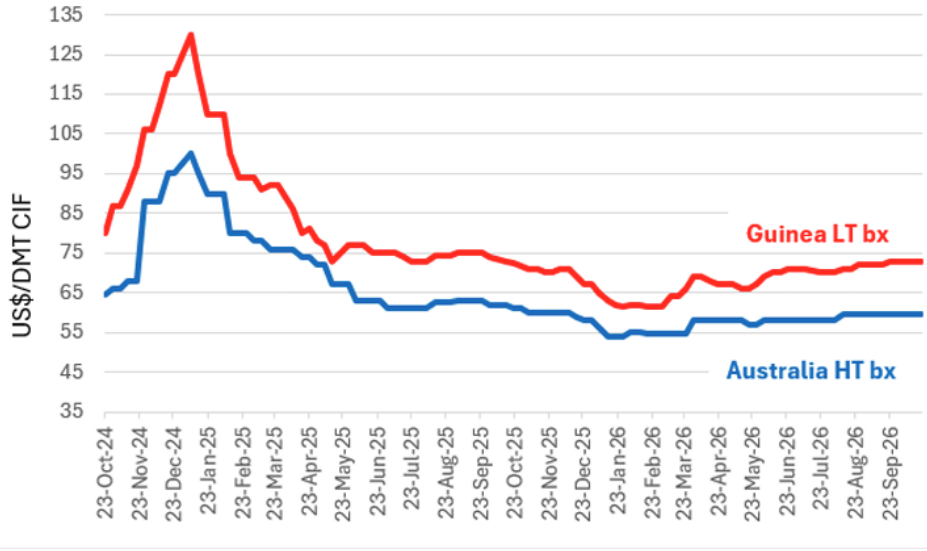
At face value, the pricing was difficult to reconcile with broader market trends. Guinea bauxite prices have been recovering since early 2026, yet MMI's realised FOB revenue has declined in each quarter of CY26, while realised CIF pricing remains well below levels achieved during 2025. Following the JunQ result, management highlighted the lag between spot market movements and realised contract pricing, suggesting SepQ pricing should begin reflecting the strengthening market environment. While CIF pricing improved on the rebased methodology, the realised outcome was again below our expectations, and the uplift was less pronounced than implied by movements in published Guinea benchmarks.

MMI noted that Q4 contracts have been settled at a further US$2-4/dmt premium to Q3 levels, supporting the view that pricing momentum remains positive heading into

year-end. With realised pricing likely reflecting a combination of contract lags, customer-specific arrangements, freight adjustments, moisture impacts, quality specifications, and demurrage, quarterly reported pricing is likely to remain volatile.

We continue to expect realised pricing to improve over the next two quarters as higher-priced contracts progressively flow through to reported results. While Australian bauxite benchmark pricing has traded largely flat since March (Figure 3), elevated freight rates out of Guinea continue to hamstring that supply and supports Metro's competitive positioning. We expect Guinea prices will need to rise to support supply and MMI will be in a position for stronger pricing discussions with customers. The key test for investors will be whether realised FOB revenue finally begins to respond to the sustained improvement in underlying market conditions. With shipment volumes expected to increase and site costs targeted to decline, even a modest uplift in realised pricing could have a meaningful impact on earnings and cash flow generation through CY27.

Figure 3: Traded bauxite prices (US$/DMT CIF Chinese Port)



Sources: MMI

We extend higher site costs into DecQ-26

Site costs for the SepQ came in A$5.3/wmt above our expected A$25/wmt level. Given the cost pressures from several angles and the SepQ outcome, we believe Metro is unlikely to achieve its targeted A$25/wmt site cost in the near term. We push our DecQ-26 cost to A$27/wmt (previously A$25.9/wmt) and leave it at A$26/wmt for the first three quarters of CY27. We model site costs at A$25/wmt from DecQ-27 onwards, once shipments reach the level required to dilute the large proportion of fixed costs.

The changes to key metrics as a result of the cost adjustment can be seen in Figure 4.

Figure 4: MMI table of changes

Key financial changes			CY2025A	CY2026	CY2027	CY2028	CY2029	CY2030
Bauxite Shipments	Mt	New	6.17	6.34	7.35	7.35	7.35	7.35
	Kt	Prev	6.17	6.34	7.35	7.35	7.35	7.35
	%	*Chg*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Revenue	A$mn	New	378	341	507	544	500	494
	A$mn	Prev	378	355	507	544	500	494
	%	*Chg*	*0.0%*	*-3.9%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Received Bauxite Price	A$/wmt	New	74.6	65.9	75.6	81.2	76.5	74.6
CIF	A$/wmt	Prev	74.6	67.8	75.6	81.2	76.5	74.6
	%	*Chg*	*0.0%*	*-2.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Op expenses	A$mn	New	283	319	341	340	334	329
	A$mn	Prev	283	320	338	340	334	329
	%	*Chg*	*0.0%*	*-0.5%*	*0.7%*	*0.0%*	*0.0%*	*0.0%*
Underlying EBITDA	A$mn	New	73	3	149	186	150	148
	A$mn	Prev	73	15	151	186	150	148
	%	*Chg*	*0.0%*	*-82.4%*	*-1.6%*	*0.0%*	*0.0%*	*0.0%*
Basic EPS	Acps	New	2.3	(2.8)	27.0	35.8	27.6	27.2
	Acps	Prev	2.3	(0.1)	27.6	35.8	27.6	27.2
	%	*Chg*	*0.0%*	*2946.3%*	*-2.1%*	*-0.1%*	*-0.1%*	*-0.1%*
FCF Per Share	Acps	New	19.4	0.9	41.2	39.9	31.9	31.3
	Acps	Prev	19.4	4.8	40.6	40.0	31.9	31.4
	%	*Chg*	*0.0%*	*-82.3%*	*1.6%*	*-0.4%*	*-0.1%*	*-0.1%*
Net Cash / (Debt)	A$mn	New	4	8	128	175	197	231
	A$mn	Prev	4	20	139	184	206	240
	%	*Chg*	*0.0%*	*-153.3%*	*-8.0%*	*-5.3%*	*-4.7%*	*-4.1%*
EV/EBITDA	x	New	53.5	0.7	0.3	0.3	1.5	1.9
PE	x	New	33.1	(27.3)	2.9	2.2	2.8	2.8
FCF yield	%	New	25.0%	1.1%	53.2%	51.5%	41.1%	40.4%

Sources: MMI, Ord Minnett estimates

Return of some rehabilitation bond may kickstart share buyback

A balance sheet catalyst discussed during the call was the potential release of a portion of Metro's A$25mn rehabilitation bond. Management noted that the emergence of insurance-backed bonding solutions has assisted discussions with the Queensland Government, while the ongoing de-risking of the business and strong rehabilitation performance have increased confidence that a meaningful proportion of the bond could be liberated in the near term.

Any release of rehabilitation bond cash would provide an immediate boost to liquidity without relying on improved commodity prices or higher shipment volumes. Importantly, management reiterated that the long-awaited share buyback remains a priority, having only been delayed by the operational challenges experienced throughout 2026. We believe a release of bond funds, combined strong DecQ shipments and cash generation, could strengthen Metro's ability to commence capital returns earlier than previously anticipated.

At current trading levels, we view a buyback as an attractive allocation of capital. With our risked NAV of A$2.35/sh materially above both the current share price and our A$1.75/sh target price, repurchasing shares would be immediately accretive to NAV per share while also signalling management's confidence in the operational outlook. While the timing remains uncertain, potential rehabilitation bond liberation represents a credible pathway towards finally activating the share buyback and could emerge as a meaningful catalyst over the coming months.

The path to 7Mtpa+ starts this quarter

Akey determinant of earnings and cashflow for metro is the shipping level which controls unit costs. 7-*Mtpa shipments is MMI's aspiration for this level. It marks the transition from modest cashflow to substantial.

A key determinant tin achieving shipments of +7Mt shipments in 2027 will be inventory build during the current quarter. To support meaningful March-quarter shipments (three capesize vessels is the target), Metro must carry sufficient stockpiles into the wet season when mining activity and haulage productivity are typically constrained. Our estimates suggest approximately 2.6Mt of mined bauxite is required during the DecQ to both support CY26 shipment guidance and establish sufficient inventory to enable around 500kt of shipments during MarQ27.

Encouragingly, management noted that mine productivity and equipment utilisation are improving following the implementation of labour retention initiatives, increased recruitment and temporary labour hires. Ore hauled had already reached 463kt by 17 October, implying the operation was tracking at an annualised run-rate capable of delivering the mining volumes required during the quarter. However, achieving our estimated 2.6Mt mining target would require a near-flawless finish to the year, with limited scope for further disruptions related to labour availability, equipment reliability, weather events or marine operations.

This is particularly important because achieving more than 7Mtpa on a sustainable basis requires strong utilisation of the shoulder and wet-season months, rather than relying solely on dry-season exports. Consequently, DecQ mining performance may prove more important than DecQ shipment performance as an indicator of Metro's ability to reach its longer-term volume aspirations.

The next quarter will therefore provide one of the clearest tests yet of whether the operational improvements implemented during 2026 are translating into sustainable mining rates, stockpile growth and ultimately a pathway toward consistent 7Mtpa-plus shipment capacity.

Screening moves from concept to implementation

Management has now commenced commissioning of the Phase 1 screening circuit and disclosed promising aggregate trial results. The work suggests screening can materially reduce silica levels while improving alumina grades, potentially increasing the proportion of saleable material and broadening the range of ore sources that can be economically mined.

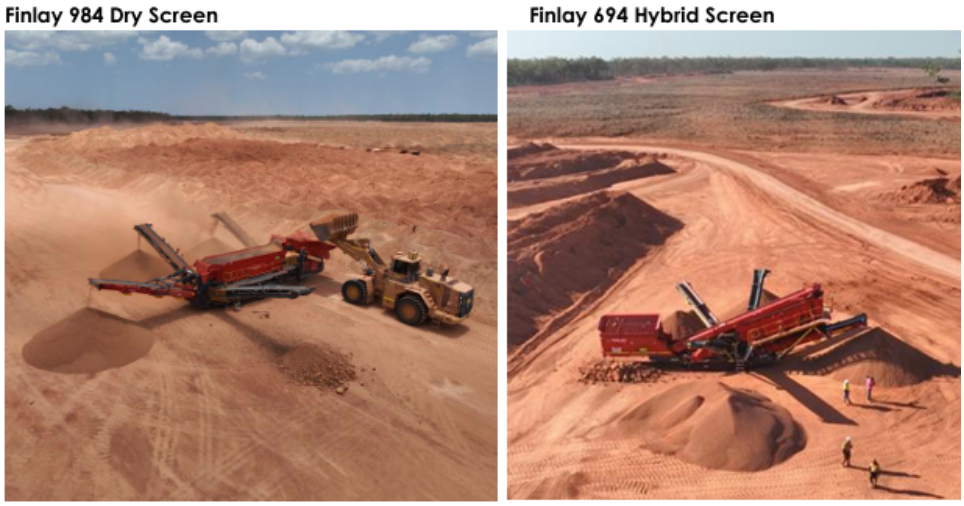
Importantly, the potential benefits extend well beyond immediate product quality improvements. Management believes screening may:

- Improve realised product specifications.
- Upgrade lower-quality ore sources.
- Increase reserve conversion opportunities.
- Extend mine life.
- Improve wet-season productivity through the removal of sticky clay fines.
- Increase mining flexibility across the broader resource base.

While still at an early stage, we view the screening initiative as one of the more significant value drivers currently under development at Bauxite Hills. Current trials demonstrate material containing up to 20% silica can be upgraded to approximately

11-12.5% silica. If these trial results continue to replicate at operating scale, it has the potential to reshape both the reserve base and long-term operating profile of the project.

Figure 5: Screens now commissioning at Bauxite Hills site



Sources: MMI

Building resilience ahead of the wet season

Beyond screening, management continues to invest in a range of initiatives designed to improve operational reliability and reduce wet-season disruption risk.

Key developments during the quarter included:

- Haul road upgrades and uplifts aimed at improving wet-weather access.
- Installation of conveyor covers to improve material handling during rain events.
- Workshop and washdown facility upgrades to support equipment reliability.
- Ongoing channel remediation works following the sandbank collapse.
- Continued optimisation of stockpile management and mine planning systems.
- Return of OFT Ikamba to full operating capacity following multiple maintenance events.

Collectively, these initiatives target many of the operational bottlenecks that have impacted performance over the past 12 months. However, implementation is only the first step. The next two quarters, encompassing both the transition into and peak of the wet season, will provide the first meaningful test of whether these investments can deliver the operational consistency required to support Metro's longer-term growth ambitions.

Valuation and Target Price

We maintain our A$1.75/sh target price and Buy recommendation. While the September quarter highlighted the operational challenges associated with scaling Bauxite Hills towards 7Mtpa-plus shipments, our core investment thesis remains unchanged. We continue to view the recent operational disruptions as execution-related rather than indicative of any structural limitation within the asset, although they reinforce our view that the pathway to higher volumes is unlikely to be linear.

Our risked net asset valuation is A$2.35/sh (previously A$2.40/sh), comprising A$2.47/sh for Bauxite Hills and A$0.24/sh for Pisolite Hills using a 50% risk weighting. Following continued debt reduction and improving cash generation, we now forecast

Metro to move into a modest net cash position, contributing A$0.03/sh to valuation. After allowing for corporate costs, rehabilitation liabilities and dry-dock provisions, our valuation continues to highlight substantial upside to both the current share price and our target price.

At our A$1.75/sh target price, MMI trades on 7.0x CY26 EV/EBITDA, falling to 2.4x CY27 EV/EBITDA and 1.9x CY28 EV/EBITDA as shipment growth and stronger earnings flow through the model. Even at our target price, FCF yields would be 24% in CY27 and 23% in CY28.

Given the potentially lucrative rewards (+50% FCF yield at current share price) we believe investors should remain invested. The focus for payout will be operational execution over the next six months, particularly DecQ mining performance, stockpile growth, wet-season reliability and progress on screening initiatives. Successful delivery against these milestones has the potential to rebuild confidence in management's pathway towards sustainable 7Mtpa-plus shipments and support a re-rating toward underlying asset value.

Figure 6: Metrics at A$1.75/sh target price

A$1.75/sh		CY2025A	CY2026	CY2027	CY2028	CY2029	CY2030
EV/EBITDA	x	7.3	203.2	2.8	1.9	2.3	2.1
EV/EBITDA Fwd 24m avg	x	14.2	7.0	2.4	2.2	2.3	2.1
PE	x	78.8	-61.6	6.5	4.9	6.3	6.4
FCF yield	%	11.1%	0.5%	23.6%	22.8%	18.2%	17.9%
Dividend yield	%	0.0%	0.0%	1.2%	14.1%	14.1%	11.7%
underlying EBITDA	A$mn	72.9	2.6	148.7	186.4	149.7	147.7
EV / EBITDA 24m forward Avg	A$mn	37.8	75.7	167.6	168.1	148.7	147.4

Sources: MMI

Figure 7: MMI net asset valuation

Assets	Gross A$mn	Risk Weight	Risked A$mn	A$/sh
Bauxite Hills Project	761	100%	761	2.47
Pisolite Hills Project	149	50%	74	0.24
Sum of Operations	**910**		**836**	**2.72**
Net Cash / (Debt)	8.0	100%	8.0	0.03
NPV Corporate Costs	-124.5	100%	-124.5	-0.40
Rehab balance held by QLD Govt	23.4	100%	23.4	0.08
Rehabilitation / drydock provisions	-25.2	100%	-25.2	-0.08
Net valuation	**792**		**717**	**2.35**
Share count (mn)				308

Sources: MMI

Takeaways from management call

- Management acknowledged Q3 production and shipment performance was disappointing and well below expectations, with the focus now firmly on demonstrating operational improvement rather than revisiting the causes of the September weakness.
- The reduction in channel draft following the barge grounding event had a material impact on operations during the quarter. Management noted remediation works are progressing, and channel conditions are improving.
- Operational performance improved materially through October. Ore hauled had already reached 463kt by 17 October, with the second half of the month running at more than 30kt/day, which management believes better reflects the underlying capability of the operation.
- Management reiterated confidence in the ability of Bauxite Hills to sustainably support 7-8Mtpa shipments, noting there are no concerns regarding the inherent capacity of the existing flowsheet.
- Freight rates out of Guinea remain elevated, reinforcing Metro's freight advantage relative to competing West African suppliers. Management also noted Guinea shipments are currently running 15-20% below prior-quarter levels.
- Management continues to target site costs of ~A$25/wmt during Q4.
- Screening continues to emerge as one of the most important strategic initiatives at Bauxite Hills. Current trials demonstrate material containing up to 20% silica can be upgraded to approximately 11-12.5% silica, converting previously uneconomic material into saleable product.
- Management believes screening has the potential to increase mining flexibility, improve grade control, support reserve conversion, expand mineable inventory and extend mine life. The units are inexpensive, easy to deploy and operate directly in-pit, minimising transport costs.
- Screening also removes clay fines from the ore stream, which management expects will improve ore handling and productivity during the wet season.
- Wet-season preparation initiatives remain on track, including screening deployment, haul-road improvements, labour retention programs and operational optimisation initiatives. The next two quarters will provide the first meaningful test of their effectiveness.
- September's operational underperformance was attributed primarily to absenteeism rather than structural labour shortages. Site absenteeism increased from a normal ~10% to 30-35% as flu and COVID affected the workforce.
- Retention initiatives now include increased recruitment, temporary labour hires, camp upgrades and a staff share savings program.
- The proposed share buyback remains a priority but was delayed by weaker operating performance. Management indicated it will proceed once production performance and cash generation improve sufficiently to support capital returns.
- Management expects a meaningful portion of the A$25mn rehabilitation bond to be released in the near term, supported by improved rehabilitation performance and increasing acceptance of insurance-backed bonding arrangements.

Metro Mining Limited

Buy

PROFIT & LOSS (A$m)	2024A	2025A	2026E	2027E	2028E
Revenue	307.3	378.4	341.4	506.6	543.7
Operating costs	(253.0)	(283.1)	(318.6)	(340.7)	(340.1)
Operating EBITDA	**43.2**	**124.3**	**4.3**	**148.7**	**186.4**
D&A	(18.0)	(24.5)	(22.6)	(28.0)	(28.0)
Non-operating items	(9.3)	29.5	(18.4)	(17.2)	(17.2)
EBIT	**15.9**	**129.4**	**(36.8)**	**103.6**	**141.3**
Net interest	3.9	49.0	0.2	(2.5)	(6.3)
Pre-tax profit	**(22.0)**	**114.8**	**(12.8)**	**118.8**	**157.3**
Net tax (expense) / benefit	-	27.5	4.1	(35.6)	(47.2)
Associate NPAT	(22.0)	142.3	(8.7)	83.2	110.1
Normalised NPAT	**(22.0)**	**60.0**	**(8.7)**	**83.2**	**110.1**
Reported NPAT	**(22.0)**	**142.3**	**(8.7)**	**83.2**	**110.1**
Normalised dil. EPS (cps)	(0.4)	2.2	(2.8)	27.0	35.8
Reported EPS (cps)	(0.4)	2.2	(2.8)	27.0	35.8
Effective tax rate (%)	-	(24.0)	32.0	30.0	30.0
Franking (%)	-	-	-	-	-

CASH FLOW (A$m)	2024A	2025A	2026E	2027E	2028E
Net Interest (paid)/received	(13.0)	(9.3)	(2.7)	-	-
Income tax paid	-	-	-	-	-
Other operating items	(4.5)	(44.3)	6.8	(5.2)	(48.3)
Operating Cash Flow	**33.5**	**65.8**	**16.4**	**141.9**	**137.8**
Term Deposits	-	-	-	-	-
Other investing items	(20.4)	(12.3)	9.0	-	-
Investing Cash Flow	**(37.5)**	**(23.1)**	**(4.8)**	**(15.0)**	**(15.0)**
Inc/(Dec) in equity	(2.6)	-	-	-	-
Inc/(Dec) in borrowings	(11.9)	(15.2)	(29.0)	(0.0)	-
Dividends paid	-	-	-	(6.6)	(76.0)
Shares issue proceeds	53.6	-	-	-	-
Other financing items	(13.7)	(9.2)	(3.2)	-	-
Financing Cash Flow	**25.4**	**(24.4)**	**(32.2)**	**(6.7)**	**(76.0)**
FX adjustment	(2.2)	8.0	(0.6)	-	-
Net Inc/(Dec) in Cash	21.3	18.3	(20.5)	120.2	46.8

BALANCE SHEET (A$m)	2024A	2025A	2026E	2027E	2028E
Cash	31.2	62.8	37.4	157.6	204.4
Receivables	7.3	6.1	6.6	9.2	9.6
Inventory	5.1	7.7	5.9	6.1	6.1
Other current assets	12.8	13.1	7.8	7.8	7.8
PP&E	99.6	149.6	137.6	124.6	111.6
Other non-current assets	43.0	81.9	80.5	48.1	48.1
Total Assets	**243.2**	**361.4**	**314.6**	**392.2**	**426.4**
Short term debt	23.7	45.6	14.7	-	-
Payables	32.1	28.5	35.4	36.5	36.4
Other current liabilities	42.8	25.4	19.8	19.8	19.8
Long term debt	51.5	13.3	14.7	29.4	29.4
Other non-current liabilities	26.6	26.5	20.6	20.6	20.6
Total Liabilities	**202.6**	**174.5**	**135.1**	**136.1**	**136.1**
Total Equity	**40.6**	**186.9**	**179.6**	**256.1**	**290.3**
Net debt (cash)	44.0	(3.9)	(8.0)	(128.3)	(175.1)

DIVISIONS	2024A	2025A	2026E	2027E	2028E

KEY METRICS (%)	2024A	2025A	2026E	2027E	2028E
Revenue growth	30.3	23.1	(9.8)	48.4	7.3
EBITDA growth	43.7	187.6	(96.5)	3,355.3	25.3
EBIT growth	193.2	712.4	-	-	36.4
Normalised EPS growth	-	-	-	-	32.4
EBITDA margin	14.1	32.9	1.3	29.4	34.3
EBIT margin	5.2	34.2	-	20.4	26.0
Return on assets	7.7	53.1	-	20.5	24.2
Return on equity	-	52.8	-	38.2	40.3

VALUATION RATIOS (x)	2024A	2025A	2026E	2027E	2028E
Reported P/E	-	34.6	-	2.8	2.1
Normalised P/E	-	34.6	-	2.8	2.1
Price To Free Cash Flow	408.7	4.0	89.5	1.9	1.9
Price To NTA	32.8	18.4	1.0	0.7	0.6
EV / EBITDA	-	37.6	-	0.7	0.3
EV / EBIT	295.1	36.1	-	1.0	0.4

LEVERAGE	2024A	2025A	2026E	2027E	2028E
ND / (ND + Equity) (%)	52.0	(2.1)	(4.7)	(100.4)	(152.0)
Net Debt / EBITDA (%)	101.7	(3.1)	(185.9)	(86.3)	(93.9)
EBIT Interest Cover (x)	-	-	159.1	40.9	22.4
EBITDA Interest Cover (x)	-	-	-	58.7	29.6

SUBSTANTIAL HOLDERS	m	%
FIL Ltd	28.0	9.1%
WILLIMS Group	25.0	8.1%
Pinnacle Investment Management Group Ltd	15.4	5.0%

VALUATION	
Cost of Equity (%)	12.8
Cost of debt (after tax) (%)	10.7
WACC (%)	**12.8**
Equity NPV ($m)	**717.3**
Equity NPV Per Share ($)	**2.35**
Target Price Method	Forward PE
Target Price ($)	1.75
Valuation disc. / (prem.) to share price (%)	128.0

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SPECULATIVE BUY	We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have a strong capital appreciation but also has high degree of risk and there is a significant risk of capital loss.
BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
RISK ASSESSMENT	Classified as Lower, Medium or Higher, the risk assessment denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, historical volatility of its share price, nature of its operations and other relevant quantitative and qualitative criteria. Risk is assessed by comparison with other Australian stocks, not across other asset classes such as Cash or Fixed Interest.

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