METRO MINING

Annual Report 2023





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CORPORATE DIRECTORY

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DIRECTORS

Douglas Ritchie	Independent Non-Executive Director and Chair of the Board
Simon Wensley	Managing Director and Chief Executive Officer
Mark Sawyer	Non-Executive Director
Fiona Murdoch	Independent Non-Executive Director
Andrew Lloyd	Independent Non-Executive Director

COMPANY SECRETARY

Robin Bates from 1 March 2023
Mitchell Petrie until 28 February 2023

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Metro Mining Limited will be held at 11 am on 21 May 2024 at the office of KPMG, Level 11, Heritage Lanes, 80 Ann Street, Brisbane, Queensland 4000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 4, 135 Wickham Terrace, Brisbane, Queensland 4000

T +61 7 3009 8000

Email: info@metromining.com.au

SHARE REGISTER

Computershare Investor Services Pty Limited

Level 1, 200 Mary Street, Brisbane, Queensland 4000

AUDITORS

Ernst & Young

111 Eagle Street, Brisbane, Queensland 4000

STOCK EXCHANGE LISTING

Metro Mining Limited shares are listed on the Australian Securities Exchange (ASX code: MMI)

AUSTRALIAN BUSINESS NUMBER

45 117 763 443

WEBSITE ADDRESS

www.metromining.com.au

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Metro Mining Ltd (Metro) acknowledges the Ankamuthi People, the Traditional Custodians of the land and waters on which Metro is privileged to operate in Cape York, North Queensland. We also acknowledge the Jagera People and the Turrbal People as the Traditional Custodians of Brisbane, the lands on which our corporate head office is located.

We pay our respects to all Ankamuthi, Jagera and Turrbal Elders past, present and emerging.

We acknowledge and respect the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples on these lands.



ABOUT METRO MINING LTD

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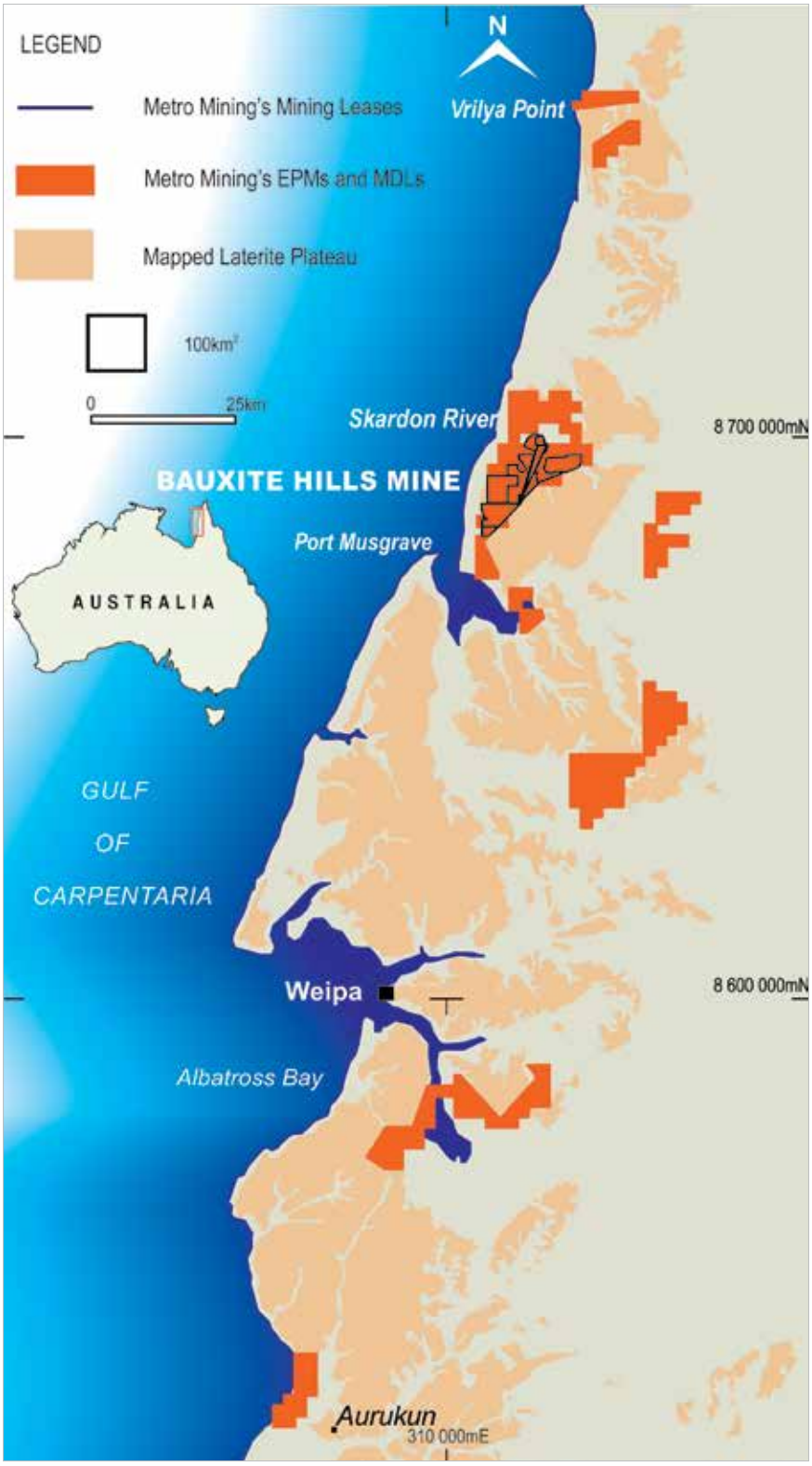
METRO MINING

Metro Mining Limited (Metro) is an Australian mining and exploration company based in Brisbane, Queensland.

Metro's flagship project is the Bauxite Hills Mine, which is a single operating mine located 95 kilometres (km) north of Weipa in Western Cape York in Far North Queensland, with a total tenement package covering approximately 1,500km^2. The Mine has an estimated Reserve of 83.2 million tonnes (Mt) and a total Resource of 118.7Mt and has been operating since April 2018. Ore from the Bauxite Hills Mine is shipped to meet China's growing bauxite market, where Cape York bauxite is well known and highly regarded.



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Our vision is "To be a safe and efficient, low cost, bauxite producer, providing long-term benefits to our stakeholders".



Our purpose is to provide low cost bauxite to market, operating with respect and integrity towards our host communities, and in partnership with our clients, employees and customers, strive to generate value to our stakeholders.



Underpinning our vision and purpose are **our values**:

Metro's Values	The Metro Way
One Team	We are one team, one community who support, encourage and respect each other. We celebrate our wins and encourage each other to grow. We are courageous and curious in our approach.
Safety Citizenship	We go above and beyond as a Metro Safety Citizen to ensure safe outcomes for each other, our team, family and community. Safety is the priority in everything we do, always complying and holding each other to account with legislation, policies, standards and the golden rules.
Respect the Environment and Community	We value and respect our sensitive ecological environment, the rich cultural history and landscape. We are all accountable to minimise environmental harm and to nurture mutually beneficial community relationships.
Be Ethical and Trust each other	We behave ethically and with integrity in everything we do. We value diversity and differences, equal opportunity and inclusiveness while ensuring we meet our obligations to comply with all legislation, agreements, policies and standards. We strive to be accountable, open, consistent and reliable. We commit to "Doing what we say we will do".
Improvement through Agility	Our ongoing cycle of positive change through employee ideas, involvement and rapid decisions creates a culture where an error or mistake is an opportunity to learn. We make the effort to improve our product, services and processes. We constantly risk assess, trial and modify ideas based on their sustainability, efficiency and effectiveness.

2023 PERFORMANCE HIGHLIGHTS

FINANCIAL

4.6 million
Total wet metric tonnes (WMT) of bauxite sold
(35% increase from 2022)

$235 million
Revenue received
(33% increase from 2022)

$45 million
Financing facility executed to fund expansion project

FINANCIAL BENEFITS TO THE QUEENSLAND GOVERNMENT

$18.2 million
Paid in royalties

$7.1 million
Paid to the Financial Provisioning Scheme

$0.9 million
Paid in payroll tax

FINANCIAL BENEFITS TO THE LOCAL COMMUNITY

$14.4 million
Spent with suppliers located in North Queensland and Cape York

$3.5 million
Paid to Indigenous landowners and Native Title parties

$0.6 million
Spent with Indigenous organisations

PEOPLE

158
Number of direct employees
(27% increase from 2022)

34%
Percentage of our employees that identify as Aboriginal or Torres Strait Islander

88%
Percentage of our employees that reside in North Queensland

SUSTAINABILITY

44%
Reduction in raw water usage

56
Hectares of disturbed land rehabilitated

166
Number of tyres recycled using pyrolysis technology

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INSIGHTS FROM THE CHAIRMAN AND THE MD/CEO

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Welcome to the 2023 Annual Report of the only, pure-play, bauxite producer on the ASX.



Doug Ritchie,
Chairman



Simon Wensley,
CEO and Managing Director

Metro's high-grade bauxite is an essential mineral in the global energy transition, underpinning aluminium's growing role in renewable energy generation, electric vehicles and electrification. We are privileged to operate the Bauxite Hills Mine on the Skardon River in Cape York and pay our respects to the Traditional Owners, the Ankamuthi people.

2023 was a pivotal year for the transformation of our company. We returned to cash positive operations and embarked upon our significant expansion project. This will be completed in 2024 and will bolster our margins, securing the long-term future of Metro Mining Ltd.

The year started with a very focused Q1 maintenance and upgrade program in parallel with a detailed due diligence process with Nebari Partners LLP. This resulted in a US$30 million debt facility to underpin establishment of the 7 million tonnes per annum (Mtpa) capacity flowsheet for our operations.

The traded bauxite market environment continued to be robust in 2023 with record imports into China; a 13% increase on 2022. Our two base-load customers, Xinfa Aluminium Group and Xiangsen Aluminium, underpinned off-take and an additional customer, Shandong Lubei Chemical Group, was contracted during the year after taking a number of spot cargos.

The effort and investment in resilience and productivity during 2021 and 2022 showed immediate results when 2023 production commenced, with the Q2 output achieving more than 49% more than the same period in 2022. The upward trend continued through Q3 and Q4, with record output in each quarter. This resulted in achieving rates above 6 Mtpa by October 2023 utilising geared



The commencement of operations in 2023

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TSA Skardon loading a capesize vessel

vessels and meeting market guidance of 4.6 Mt of total shipments for the year – a 34% increase on 2022.

Total revenue improved 33% over 2022 whilst costs increased by only 6%, demonstrating the economies of scale as output increased and the value of the long term capesize freight contracts put in place in 2022 were realised. This resulted in sustained positive margins from Q2 onwards and an improvement in underlying EBITDA of $43 million to $18 million for the year.

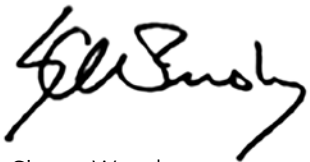
Elements of the expansion were incrementally introduced to site during the year such as additional prime movers, trailers and barges as well as the remaining major expansion components being progressed. Following the joint venture agreement with ALM Shipping, Metro's transhipping expansion asset, a large Offshore Floating Terminal, was mobilised from West Africa to Shenzhen, China and underwent a significant refurbishment docking. In November it was renamed "Ikamba" – the Ankamuthi word for saltwater crocodile. It then mobilised to Australia, underwent regulatory approvals and will be commissioned during Q2 2024. The new "wobbler" feeder screening circuit completed design, procurement and commenced construction in Q4 2023 and will also be commissioned during Q2 2024.

Metro already punches above its weight in its contributions to the Far North Queensland economy and in our Indigenous and neighbour communities. Metro also takes its responsibilities to the local Skardon River environment very seriously.

As we enter 2024, having met most of our targets in 2023 and with the exciting prospect of all the expansion elements in place to deliver a resilient and productive Metro Mining, we would like to thank all of our customers, community partners, employees, contractors and shareholders for their patience and continued support.



Doug Ritchie
(Chairman)



Simon Wensley
(CEO and Managing Director)



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SUSTAINABILITY REPORT

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Andy Lloyd,
Chair - ESG Board
Sub-committee

INSIGHTS FROM THE ESG COMMITTEE CHAIR

On behalf of the Board and the entire Metro Mining team, I am pleased to present our 2023 Sustainability Report which provides information on our progress towards delivering stakeholder value through the execution of our mining processes in a safe, environmentally and socially responsible manner.

In 2023, regrettably, Metro failed to achieve the target set for environmental incidents. Given the current expansion underway at Bauxite Hills Mine, Metro is at a critical time in terms of delivery of a safe, productive and environmentally effective operation, and our efforts in this regard have been redoubled with an increased emphasis and focus on our environmental and safety management systems.

At Metro we seek excellence in our overall operational and sustainability performance, to deliver value to our host communities, shareholders and customers. A strong sustainability proposition makes sound business sense and is beneficial to Metro to allow it to secure its social licence to operate, tap additional growth markets, secure investment, and develop a culture that attracts the best talent.

Metro has made sound progress in developing its plans for addressing the longer-term sustainability issues the company faces, and post-expansion, our efforts will increase to deliver Metro's significant ambitions for the future.

Building and maintaining strong relationships with our stakeholder communities is fundamental to maintaining our social licence to operate. Metro remains committed to collaborating with our stakeholder communities to increase economic benefits, improve community wellbeing and to advance our approaches to reconciliation through our Reconciliation Action Plan which was finalised and published in 2023. Our efforts towards ongoing consultation continue with further progress on Cultural Heritage awareness and protection, employment opportunities and business development and support.

We recognise the intrinsic and ongoing relationship between the Ankamuthi Peoples, the Traditional Custodians of the land where the Bauxite Hills Mine is located, and also other Aboriginal and Torres Strait Islanders and country across Cape York. Amongst other achievements, agreement was reached on the naming of our new Offshore Floating Terminal, Ikamba, which means saltwater crocodile in Ankamuthi language. The Ikamba will be welcomed to site in 2024.

There is an increasing expectation for businesses to provide greater transparency in respect to sustainability issues. Indeed, this will shortly be enshrined in legislation, having regard to the draft climate-related financial disclosure legislation currently before Parliament.

In 2023 Metro commenced a review of ESG-related industry reporting frameworks and initiatives with the intent to align or adhere to select frameworks in future sustainability reports. The voluntary adoption of these frameworks will assist Metro in demonstrating our commitment to high standards of environmental, social and governance policy and performance.

We have made sound progress on Metro's ESG Roadmap, which will measure our broader sustainability position and set evidence-based targets. Target setting requires a firm foundation on how those targets are to be achieved and agreement on where to focus our limited resources and work continues in this regard.

On behalf of the ESG Committee and the Board, I would like to thank and recognise the efforts of the Metro team over the past 12 months. Together, we have worked to create a safer and healthier workplace and a brighter future for our shareholders and other stakeholders.

I trust you find this report informative and reassuring, and we look forward to hearing your feedback.



Andy Lloyd
Chair - ESG Board Sub-committee

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METRO'S APPROACH TO SUSTAINABILITY

Our approach to sustainability

At Metro, we approach sustainability holistically in our organisation, where environmental, social and corporate governance considerations are integrated within our day-to-day operations. In 2023 we progressed our sustainability efforts through the development of an ESG Roadmap. The Roadmap, which will be finalised and approved by the Board in 2024, will outline a multi-year plan to advance our sustainability goals, including aligning our reporting with industry standards and setting targets based on relevant frameworks.

More broadly we recognise that bauxite, the primary ore used to produce aluminium, will play a significant role in the global transition to lower-carbon economy. Aluminium is a crucial component in the manufacture of renewable energy infrastructure such as wind turbines and solar panels. In addition, from a recycling perspective, aluminium's recyclability provides substantial energy savings when compared to primary production, reducing greenhouse gas emissions associated manufacturing processes. Our goal is to not only assist in the facilitation of this transition through our mining operations, but to also contribute to sustainability efforts by adopting environmentally responsible practices, investing in renewable energy and supporting initiatives to reduce our carbon emissions.

Our greenhouse gas emissions are predominantly Scope 1 emissions and emanate from our diesel consumption at the Bauxite Hills Mine. One of the activities contemplated within our ESG Roadmap, will be the establishment of targets to reduce both our Scope 1 and Scope 2 emissions. In the longer term, we recognise that reporting against and reducing Scope 3 emissions will present a challenge for us, given the complexity of our value chain.

Sustainability mission statement

At Metro, our mission is to sustainably produce and deliver bauxite required to support the transition to a low-carbon economy and positively impact our local community. We will realise this vision by prioritising best-practice waste, water and biodiversity management initiatives and improving our operating and supply chain practices to reduce our carbon emissions. We will maintain effective oversight and governance systems that ensure that we work together with our local and regional communities and other relevant stakeholders to create opportunities and grow shared value. As we progress through the ESG Roadmap, Metro will continue to mature our systems and prioritise continuous improvement, in-line with stakeholder and community expectations and evolving guidelines and standards.

Sustainability focus areas and key materiality topics

As part of the development of our ESG Roadmap, we have identified three key focus areas for our sustainability initiatives:

1	2	3
Futureproofing	**Sustainable mine and supply chain**	**Delivering regional alignment and positive impact**
pursuing longer term strategy and positioning activities to deliver sustainable impact	practical day-to-day activities required to mine and transport bauxite more sustainably	community and workforce aligned value adding activities

In 2023, we completed our first internal and external materiality review process, alongside peer benchmarking, to identify sustainability priorities aligned with our business and stakeholders' interests. This review process provided us with the opportunity to critically evaluate what our industry peers were focused on, identify performance gaps and potential risks as well as opportunities to showcase our strengths.

Key materiality topics that were identified during the materiality assessment and will now be progressed as part of our ESG Roadmap include:

- climate related risks and opportunities
- reducing our carbon emissions
- regulation and policy reforms
- workforce safety, health and wellbeing
- talent attraction and retention
- progressive rehabilitation of disturbed lands and closure planning
- water stewardship
- community engagement
- responsible supply chain and modern slavery.

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Our Stakeholders

Our stakeholders are an integral component of our operations, and we seek to engage proactively in a manner that is open, effective, honest and transparent. Areas of interest for our stakeholder groups are presented in the following table.

Stakeholder Group	Areas of Interest
Investors	Business strategy and growth; share price; financial returns; operational performance; governance and risk management; ethical business conduct; ESG performance
Employees	Health safety and wellbeing; job security; remuneration and working conditions; learning and development opportunities; diversity and inclusion
Traditional Custodians and Indigenous Land Owners	Cultural heritage identification and protection; land access and management; employment, education and procurement opportunities; local investment and economic development
Local communities	Environmental, social and cultural heritage impacts; local employment and procurement; community investment, including training and education; sustainable, local economic diversification and development
Financiers	Financial performance; business strategy and growth; operational performance, including compliance; corporate governance and risk management; ethical business conduct
Local, State and Federal Government	Legal and regulatory compliance; royalties and taxes; balancing economic, social and environmental objectives; local economic development; employment opportunities; mine closure planning
Customers	Product quality, reliability of supply, including future supply; price
Local and regional businesses	Ethical business conduct; procurement opportunities; local investment; transparency and communication; local economic development

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The culturally important Big Footprint Swamp located within the Bauxite Hills Mine

Looking ahead – 2024 and beyond

Finalising our ESG Roadmap will be one of the primary activities for the ESG Committee in 2024. From an operational perspective, Metro will continue to look for opportunities which will assist us in reducing our greenhouse gas emissions (on a per tonne of bauxite shipped basis). This will become a greater imperative as we complete the expansion project in 2024 and double our production output to 7 Mtpa. Despite our remote location and the unique challenges that this brings, we will not waver in our commitment to minimise the impact to the environment in which we operate to support our sustainability objectives whilst also creating long-term value for our shareholders.

With the introduction of mandatory climate-related financial disclosure legislation in the near term, another significant body of work we will commence this year is a gap analysis of our current systems and processes and to understand what steps we need to take to ensure we will be able to comply with reporting requirements when they become applicable to us.

ENVIRONMENT

Environmental Management

Metro's mining operations are governed by Commonwealth and State regulatory frameworks, including the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and the *Environmental Protection Act 1994* (EP Act), which outline the primary legal frameworks for environmental management at the Bauxite Hills Mine.

Our Environmental Policy establishes the company's commitment to implementing sustainable environmental management programs across all aspects of our business.

Our day-to-day operations are guided by a range of aspect-specific management plans, including those for marine management, offset strategy, species conservation, air quality and noise monitoring, waste management, integrated marine monitoring, water management, land use monitoring, erosion and sediment control, receiving environment monitoring, groundwater monitoring and revegetation management at Bauxite Hills Mine. Adherence to these plans is annually monitored by the Department of Environment, Science and Innovation (DESI) and independently audited at least every three years.

This section of the report outlines Metro's environmental performance highlights, achievements, and challenges in 2023.

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Environmental Compliance

The Bauxite Hills Mine operates under two separate environmental approval regimes. Metro holds two approvals from the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW) under sections 130(1) and 133 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and two Environmental Authorities issued by the State Department of Environment, Science and Innovation under Chapter 5 of the *Environmental Protection Act 1994* (EP Act).

Metro is committed to strong performance in this critical area. In circumstances where non-compliance with our approval conditions occurs, Metro seeks to work cooperatively with relevant regulators and implement steps to address all controllable factors that contributed to the non-compliance.

The following sections discuss compliance with Commonwealth and State approvals in 2023.

Compliance with Commonwealth Environmental Approvals

Metro reports compliance with its two Commonwealth environmental approvals in its annual EPBC compliance reports.

In 2023 Metro reported two non-compliances with its Commonwealth approvals. The non-compliances are in respect to Metro being unable to make available previous compliance reports and approved management plans on its website. Due to the circumstances surrounding the breach of conditions, DCCEEW took no compliance action regarding this matter.

Metro's compliance reports are available at https://metromining.com.au/sustainability/environment/.

Compliance with State Environmental Authorities

Metro was issued a Penalty Infringement Notice from the Department of Environment, Science and Innovation (DESI) on 29 November 2023 relating to a small bauxite spill on the barge loading pontoon. The bauxite spill was a result of the unexpected mechanical failure of the process logic controller resulting in an amount of bauxite spilling onto the pontoon and a small amount of bauxite into the Skardon River. The mechanical failure was promptly addressed, with the process logic controller being replaced.

Metro also received several Warning Notices from DESI during 2023. The circumstances relating to each Warning Notice is set out below:

- Releases of hydraulic oil at the barge loading facility on 6 and 17 April 2023. The releases were a result of the failure of several hydraulic hoses associated with the barge loading infrastructure. Following the releases, the hydraulic hoses were replaced and the hydraulic fluid changed to a biodegradable product.
- Release of approximately 1,000 litres of diesel fuel on a haul road on 2 May 2023, due to a faulty component of a refuelling truck. The contaminated soil was removed from the area. Metro also decommissioned the refuelling truck, replacing it with a more modern vehicle.
- A fuel spill at the onsite fuel farm on 19 September 2023. The spill occurred as a result of a malfunction with the fuel loading system. An audit of the fuel farm has been undertaken and recommendations will be implemented in 2024.

In 2023, Metro also self-reported a number of minor surface and groundwater quality trigger exceedances. The trigger values were based on nominal values and do not adequately resolve the range of natural background variability in several parameters and sites. In light of this, Metro undertook extensive investigations of surface water and groundwater data and was able to negotiate amendments to its trigger values with DESI. The outcome from these changes has resulted in a significant reduction in exceedances of both surface water and groundwater trigger values. In 2024 Metro will undertake a review of the performance against the new trigger values to determine if further amendments are required.

Audit of Environmental Authorities

In accordance with its State environmental approvals, Metro will engage an external, independent auditor in 2024 to undertake a compliance audit of its two Environmental Authorities.

The outcomes of the audit will be reported in the 2024 Sustainability Report.

Climate change risk

Climate change continues to present a risk with the potential to impact our operations and supply chain. Climate-related risks, particularly in respect to extreme weather events and rising sea levels, also have the potential to impact the wellbeing of our neighbouring western Cape York communities. Our contribution to managing climate change risk is to take steps to minimise our own operational impact on the environment, including reducing our carbon footprint per tonne of product.

In 2024 Metro will undertake a climate scenario analysis to evaluate the exposure of our mining operation to climate hazards the possible impacts of climate-related risks on our operations. Importantly, the scenarios will be developed with regard to the Task Force on Climate-Related Financial Disclosures (TCFD) requirements that scenario analysis be plausible, distinctive, consistent, relevant and challenging. Both physical and transitional risks will be considered. Having this understanding will enable Metro to consider the necessary actions to minimise risks to our operations and supply chain.

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Carbon emissions

Reducing our carbon emissions in the medium to long term is an area of focus to achieve our sustainability mission. Our ability to achieve this, however, is influenced by the remote proximity of our Bauxite Hills Mine and the associated absence of energy generation and distribution infrastructure.

In October 2023, Metro submitted its annual greenhouse gas emissions and energy production and consumption emissions report to the Australian Government's Clean Energy Regulator. Our reporting followed the requirements of the National Greenhouse and Energy Reporting (NGER) Scheme established under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). The NGER scheme is a single, national framework for reporting on energy production, consumption and emissions.

Metro's main sources of greenhouse gas emissions are fuel consumption (diesel) during mining operations (Scope 1 emissions) and indirect emissions resulting from our consumption and use of purchased electricity (Scope 2 emissions).

In the period from 1 July 2022 to 30 June 2023 the Bauxite Hills Mine consumed a total of 358,842 gigajoules (GJ). None of the energy consumed at the Bauxite Hills Mine was sourced from the grid. During the relevant period, our corporate offices consumed 82 GJ of energy, with 100% of that being sourced from the grid.

The reported greenhouse gas emissions for Metro's operations for the relevant period are detailed below:

Greenhouse Gas Emissions (t CO_{2-e})	Trend[1]	2023	2022	2021
Scope 1 Emissions	Decrease on 2022	25,201 t CO_{2-e} Per tonne shipped basis = 0.005 t CO_{2-e}	20,323 t CO_{2-e} Per tonne shipped basis = 0.006 t CO_{2-e}	11,803 t CO_{2-e} Per tonne shipped basis = 0.004 t CO_{2-e}
Scope 2 Emissions	Decrease on 2022	19t CO_{2-e} Per tonne shipped basis = 0.000004 t CO_{2-e}	27t CO_{2-e} Per tonne shipped basis = 0.000008 t CO_{2-e}	5t CO_{2-e} Per tonne shipped basis = 0.000002t CO_{2-e}
Total of Scope 1 and 2 Emissions	Decrease on 2022	25,220 t CO_{2-e} Per tonne shipped basis = 0.005 t CO_{2-e}	20,350 t CO_{2-e} Per tonne shipped basis = 0.006 t CO_{2-e}	11,808 t CO_{2-e} Per tonne shipped basis = 0.004 t CO_{2-e}

1. Trend is based on a year-on-year per tonne of bauxite shipped basis.

Metro's Scope 1 emissions increased from 20,323 tonnes of carbon dioxide equivalence (t CO_2-e) in the 2022 financial year to 25,201 t CO_2-e in the 2023 financial year (a 24% increase). At the same time, however, Metro's annual production rate increased by approximately 35%, which is reflective of the expansion project currently underway. Overall, therefore, Metro observed a decrease in Scope 1 emissions in 2023 when compared to 2022 on a per tonne shipped basis.

Metro's Scope 2 emissions decreased from 27 t CO_2-e in the 2022 financial year to 19 t CO_2-e in the 2023 financial year. On a per tonne of bauxite shipped basis, Metro's Scope 2 emissions decreased from 0.000008t CO_2-e in the 2022 financial year to 0.000004 t CO_2-e in the 2023 financial year representing a 50% reduction on a per tonne of bauxite shipped basis. The reduction in Scope 2 emissions is attributable to the relocation of both of our corporate offices in Cairns and Brisbane to premises which are more energy efficient.

Metro's operation does not exceed 100,000 tonnes of CO_2-e emissions per year threshold for inclusion in the Australian Government's Safeguard Mechanism.

We will continue to look for opportunities to reduce our Scope 1 emissions by implementing initiatives at our Bauxite Hills Mine where suitable technology solutions are feasible and meet capital project investment criteria.

As examples, in 2023 Metro replaced its aging Scania prime mover fleet with six new Scania Euro 6 engine powered prime movers. The new Scania fleet Euro 6 engines reduce emissions of nitrogen oxides, hydrocarbons and particulates together with a commensurate reduction in fuel burn through increased engine efficiencies under high payloads. In 2023, Metro also approved the replacement of its aging fleet of generators, with new more efficient generators. Metro also commenced evaluation of solar and battery arrangements to support the operation and emissions reducing potential of the new generators. Additionally, Metro introduced new lighting towers equipped with solar panels.

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Waste

Metro continues to uphold responsible handling, storage and disposal practices for waste, product materials and effluents resulting from our mining activities.

Operational waste streams are generally classified as mineral and non-mineral. Given the type of mining operation and Metro's approach to progressive rehabilitation, very little mineral waste (i.e. the overburden material above the bauxite) is produced. Overburden and topsoil is progressively stripped, exposing the target bauxite, and then returned to the mined out area generally within the same mining year. As such, no permanent mineral waste dumps or piles are generated.

Throughout 2023, all non-mineral waste generated continued to be either recycled or disposed of in full compliance with waste regulations and the Bauxite Hills Mine's Waste Management Plan. Waste segregation remains a standard practice on-site, with recyclable materials transported by barge to licensed facilities for proper recycling or disposal. Regulated wastes, including waste hydrocarbons such as contaminated diesel, oils, greases, and degreasers, are collected separately from general waste and stored in designated hydrocarbon storage containers. Licensed contractors continue to be responsible for removing regulated wastes from the site and transporting them to appropriately licensed facilities for recycling or disposal.

Water stewardship

Metro recognises its responsibility to have effective management protocols in place to manage water security risks. Importantly, Metro's Bauxite Hills Mine is not located in an area with high or extremely high baseline water stress as defined by the World Resources Institute.



Sensitive mangrove tidal habitat within Namaleta Creek

Responsible water management is achieved through our environmental authorities and Water Management Plan which is approved by the Regulator.

The Bauxite Hills Mine holds approvals to extract 55 megalitres (ML) of groundwater annually as a potable water supply. Our water management network collects clean water from undisturbed areas and diverts the water around the mining operations into existing water courses. Rainfall run-off from disturbed areas of our mining operations is collected within open pits, sediment ponds and dams and is used on site for dust suppression, fire water and rehabilitation irrigation.

Mining operations in 2023 materially increased from the 2022 operations. In 2023 the increase in mining operations resulted in $1.45 million of revenue per ML of water used compared to $0.66 million of revenue per ML of water used in 2022. This represents an increase of $0.79 million in revenue per ML of water used, or nearly a 120% increase on 2022.

Groundwater used for potable water consumption for the site on a per tonne of bauxite shipped basis during 2023 equates to 5.01 litres (L) per tonne of shipped bauxite. Whereas, in 2022 groundwater used for potable water consumption for the site equated to 5.25 L per tonne of bauxite shipped. This represents a small decrease of 0.24 L per tonne of bauxite shipped across the two operating years. Potable water usage at the accommodation camp slightly increased in 2023 by 0.32 L per tonne of bauxite shipped. Potable water usage at the port and remote working areas decreased by 0.34 L per tonne of bauxite shipped when compared to 2022.

Approximately 139.5 ML of raw water (rainwater captured on site) was used for dust suppression from mining and haulage activities during 2023 which resulted in a decrease in consumption of approximately 44% (110 ML) when compared to the 2022 operating period. However, on a per tonne of bauxite shipped basis, raw water usage decreased from 73 L in 2022 to 30 L in 2023. No groundwater was extracted for non-potable operational purposes during 2023.

Extraction and usage data for the period 2020-2023 are presented in the following table.

Usage	2023 Trend[1]	2023 ML	2022 ML	2021 ML	2020 ML
Groundwater Bore total	Decrease	23.1	17.9	11.1	17.2
Accommodation Camp	Increase	20.1	13.8	9.3	12.1
Remote Areas	Decrease	3.0	3.4	1.8	5.1
Raw Water – Kaolin Pits	Decrease	139.5	249.5	224.2	192.8

1. The trend represents a year-on-year increase or decrease in water consumption based on the volume of bauxite shipped for 2023 (4.607 million wet metric tonnes) compared to 2022 (3.412 million wet metric tonnes).

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Biodiversity

Metro is committed to the protection and management of the land currently being mined, adjoining buffer areas ultimately, the development of a post-mine landscape which incorporates a range of desired biodiversity values. We take a precautionary approach to environmental management, with an emphasis on compliance with all relevant environmental laws and obligations. The management of biodiversity, including listed flora and fauna, and more broadly the natural landscape, is embedded within a number of our site based environmental management plans and procedures. Our operating licenses authorise the extent of disturbance which can occur and our specific management plans outline our strategies to minimise environmental harm.

Central to Metro's biodiversity preservation efforts is a commitment to minimising environmental disturbances and impacts wherever feasible. Recognising the potential implications of our activities on biodiversity values, we continue to undertake progressive rehabilitation of disturbed land, adhering to the latest industry better practices and regulatory requirements.

During 2023, Metro's environmental team implemented a range of proactive management measures to minimise impacts to biodiversity, including:

- minimisation of vegetation clearing, coupled with the maintenance of significant buffers around water bodies and wetlands, and the integration of ecological corridors whenever feasible
- conducting comprehensive surveys by fauna spotter-catchers before clearing activities to identify areas of high biodiversity value, with ongoing presence during clearing to ensure the safe relocation of fauna species
- prioritising progressive rehabilitation efforts aimed at fostering post-mining ecosystems that mirror pre-mining conditions
- engaging specialised contractors to execute feral animal control programs across Metro's tenements, further contributing to biodiversity conservation efforts.

Through these proactive measures and collaborative endeavours, Metro continues to uphold its commitment to land stewardship while effectively managing its operations into the future.

Noise management

Metro continued to manage compliance with respect to noise in 2023 through the implementation of the Bauxite Hills Mine Noise Monitoring Plan. The Noise Management Plan outlines the noise monitoring approach that is undertaken by Metro as part of its commitment to manage its potential impacts on sensitive receptors.

Metro did not receive any noise complaints during its 2023 operations.

Air quality

There were no exceedances of regulatory air quality criteria associated with Metro's operations during 2023.

Metro continued to manage compliance with respect to air quality during 2023 through the implementation of the Bauxite Hills Mine Air Quality Monitoring Plan. The Air Quality Management Plan outlines the air quality monitoring approach that is undertaken by Metro as part of its commitment to manage its potential impacts on sensitive receptors.

A range of methods were implemented during 2023 to reduce impacts on air quality including:

- the use of water carts on light vehicle and haul roads
- minimising drop heights and using water sprays during barge loading operations
- installing tarpaulins over bauxite stockpiles to avoid dust lift-off
- dust suppressants on stockpiles associated with historical kaolin mining
- progressively rehabilitate land to minimise areas exposed to the generation of dust.

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During 2023 Metro engaged specialised engineers to undertake an assessment of our dust control measures at the bauxite stockpile area and the barge loading facility. A number of recommendations relating to the barge loading facility, including optimisation of loading sequences, installation of shoots, additional water sprays and enclosing areas of dust generation, have been accepted and will be implemented in 2024.

Rehabilitation

Undertaking progressive rehabilitation of the areas disturbed from mining remains a focus of our operations. Progressive rehabilitation is not only beneficial to the environment but can also reduce the cost of rehabilitation towards the end of mining.

During 2023 Metro was able to prepare and seed 56 hectares of mine disturbed areas. Whilst this fell short of our target of 180 hectares, our primary focus during the year was to complete the rehabilitation of the fluvial pit and fluvial and claystone overburden waste piles. These areas are legacy disturbance areas located in the riparian system adjacent to Namaleta Creek and are associated with the historic kaolin mining operations that took place prior to Metro's presence at the site. Since mining operations commenced in 2018, however, a total of 372 hectares of disturbed land has been progressively rehabilitated, which represents approximately 55% of our total footprint.

Our practical approach to rehabilitation is to backfill and spread topsoil progressively as areas become available as close as possible to active mining areas. This approach allows the immediate replacement of topsoil which preserves the viability of the soil seed bed. Metro uses native seeds endemic to the Cape York region, sourced as much as possible by our local Indigenous communities under our Seed Collection Program.



Endemic native seed used for rehabilitation



Metro Mining community seed pickers Beatrice Gordon and her daughter Monica harvesting grass seed in Napranum

Pleasingly, Metro experienced an increase in the number of community seed collectors in 2023, resulting in approximately $118,000 of seed being purchased. The application of seed and fertilizer is undertaken by a local Ankamuthi contractor.

Metro trialled the use of drone technology to distribute seed and fertiliser during 2023. This technology was particularly useful in over-sowing previously seeded areas to infill areas where seeding had not achieved desired vegetation coverage. Metro will continue to develop the application of this technology during 2024.

During 2023 Metro continued to progress the development of its Progressive Rehabilitation and Closure Plans (PRCPs) for the Bauxite Hills Mine. Metro submitted its draft PRCPs to the Queensland Government for consideration in May 2023. Following receipt of feedback, Metro is updating the draft PRCPs and will resubmit the drafts for finalisation following requested post-wet season floristic surveys.

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GOVERNANCE AND RISK MANAGEMENT

Governance framework

Metro's corporate governance framework is designed to promote transparency, accountability and integrity in the way in which we operate. Our corporate governance framework aligns with the ASX Corporate Governance Principles and Recommendations (4th edition) and includes the following Company Charters and Policies:

- Metro Mining Board Charter
- Audit and Risk Committee Charter
- Remuneration and Nominations Committee Charter
- Environment, Social and Governance Committee Charter
- Securities Trading Policy
- OH&S Policy
- Environmental Policy
- People Policy
- Diversity Policy
- Anti-bribery and Corruption Policy
- Mental Health and Wellbeing Policy
- Continuous Disclosure Standard
- Whistle-blower Standard.

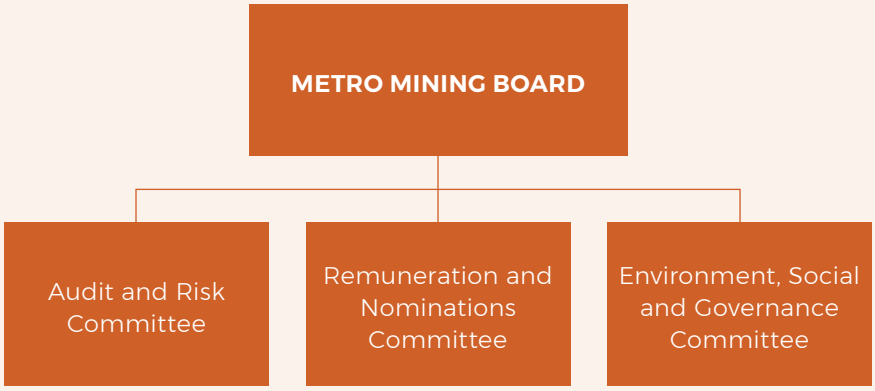
Our governance structure is designed to support the company in achieving its vision and provide assurance to our stakeholders that we are appropriately managing key aspects of our business with increased focus and oversight through our Board Committees.

Further information about our corporate governance framework and alignment with the ASX Corporate Governance Principles and Recommendations is available at: https://metromining.com.au/company/corporate-governance/.

Our Corporate Charters and Policies are also available on our website: https://www.metromining.com.au/.

Governance structure

Our Board and Committee governance structure is shown below.



Anti-bribery and corruption

Metro has zero tolerance for and strictly prohibits bribery and corruption in all business dealings, in every country it operates or procures business or supplies from. Metro has implemented a comprehensive set of guidelines to support its Anti-bribery and Corruption Policy which:

- details the roles and responsibilities associated with observing and upholding our standards on bribery and corruption
- provides information and guidance to those working for and on behalf of Metro in how to recognise and deal with bribery and corruption issues
- details the standards of behaviour expected of personnel
- ensures transparency in our transactions and dealings with Associates.

Modern slavery and human rights

Metro recognises that modern slavery is a widespread global issue and although we consider our overall risk and exposure to modern slavery is relatively low, we are committed to taking steps to assess and address modern slavery risks in our supply chain.

In June 2023 we submitted our second Modern Slavery Statement in accordance with the *Modern Slavery Act 2018* (Cth). It is available to read on the Modern Slavery Statements Register or on our website: https://metromining.com.au/company/corporate-governance/.

Risk management

Metro is committed to reducing exposure to operational and strategic risks and identifying opportunities to enable the successful achievement of its objectives through an effective risk management framework. We recognise the importance of building a risk-aware culture to support informed decision-making and continuously seek to improve our risk management policies and practices in accordance with contemporary practice and issued guidance. Details of our material business risks and the ways in which we seek to mitigate these risks is included in the Directors' Report on page 32.

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HEALTH, SAFETY AND WELLBEING

Metro is committed to ensuring the health and safety of those who work at or visit our site or offices. With one of our core values being safety citizenship, we strive to instill a strong safety culture where every worker believes they are a safety citizen and recognise that physical and psychological safety is a core aspect of their job and a shared responsibility across the organisation.

Health and Safety Management System

Our Health and Safety Management System provides a comprehensive framework to support the safe operations at Bauxite Hills Mine. It includes:

- a Safety Health and Management Plan (SHMP) which provides the overarching structure for our system
- Operating Procedures and Standards
- SHMP Site Safety Elements (metrics and targets)
- training and induction requirements
- Verification of Competency requirements
- fitness for work requirements
- hazard and risk management identification, assessment and control processes
- permit system for high risk activities
- critical risk controls
- emergency preparedness and response processes
- workplace inspections
- work environment monitoring schemes (eg: to test for atmospheric contaminants, air quality, noise, etc)
- incident investigation processes
- audit and review requirements.



CEO and MD Simon Wensley with Lab Technician Melissa Murdoch and Technical Services Superintendent Eric Mensah

With the recent arrival of our offshore floating terminal, Ikamba, we have had to create a Safety Management System (SMS) specific to this vessel and its unique operating environment. This SMS has been audited and approved by an independent and external auditor, in compliance with the International Safety Management (ISM) Code.

Our focus in 2023

In 2023, we focused on improving our safety culture with the commencement of safety leadership training as well as introducing site safety elements to enhance our SHMS. Monthly health and safety topics were created to focus on a particular issue or topic (eg: fatigue, mental health and wellbeing, etc). Teams participated in the Push Up Challenge in June, raising $21,000 to support mental health and promote physical activity.

Health and safety statistics

The 2023 health and safety statistics for the Bauxite Hills Mine is set out in the table below.

Statistic	2023	2022
Serious Accident	0	0
High Potential Incident	7	9
Lost Time Injuries	2	2
Diseases	0	0
Total Reportable Injury Frequency Rate (TRIFR)	7.3	7.2
Lost Time Injury Frequency Rate (LTIFR)	7.3	7.2
Medical Treatment Injuries	0	0
First Aid Injuries	42	59
Total Work Hours	273,992	278,724

2024 initiatives

In 2024, we will continue our activities to mature our safety systems for our mining and marine operations with a specific focus on our critical risks, safety leadership and managing the psychological health of our workers.

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PEOPLE AND CULTURE

As a small junior mining company, Metro is committed to providing a workplace that works together as a community, where every individual feels valued and can contribute to the overall success of the company. Our leaders are committed to living and demonstrating our values to support a high-performing but positive and safe culture where teams are empowered to aim high and give their best.

Diversity, inclusion and equal opportunity

Metro recognises that an inclusive and diverse workforce creates value for our organisation, shareholders and local communities. We are committed to ensuring equal opportunity for prospective and current employees and promoting cultural and demographic diversity as well as diversity of thought. We have no tolerance for discrimination of any kind or victimisation.

In 2023 we were pleased to maintain our 2022 Indigenous employment diversity statistic, with 34% of our workforce at Bauxite Hills Mine identifying as either Aboriginal or Torres Strait Islander. Increasing the level of female participation in our operations remains a focus. As at 31 December 2023, 15% of our workforce was female. In 2024 Metro will continue to work with all groups across our workforce to identify opportunities to further enhance our cultural, gender and demographic diversity.

Talent attraction and retention

Metro is an equal opportunity employer where differences are valued and respected. All candidates are reviewed on their merits according to their skills, knowledge and demonstrated abilities relevant to the position in a fair, equitable and transparent process. Metro will not tolerate any form of unlawful discrimination within the recruitment and selection process.

In 2023, some of our key initiatives to attract and retain high-quality individuals included a review of our site bonus program and the introduction of salary packaging through Maxxia. We also offer an employee assistance program, flexible working arrangements where possible, a relaxed camp environment and fly-in fly-out options from a number of different localities in North Queensland.

Our turnover rate for Bauxite Hills Mine remained steady at 25%, as compared to 24% in 2022. Pleasingly, the average length of service for our employees increased to 2 years (up from 1.4 years in 2022) and we also had 12 employees who had previously left the company, choose to return to employment with us during the year.

Training and development

Metro is committed to investing in our people, as we want to develop and retain talented employees. This was one of the key areas of focus for the people and culture team in 2023, who executed the following initiatives:

- commencement of Sentis Safety Leadership Training for all leaders
- increased health and safety support in the workplace with the employment of additional work, health and safety team members
- increased formal training opportunities and more than doubling our 2022 investment per employee to $1,586 per employee
- increased the number of traineeships at Bauxite Hills Mine.



Ankamuthi Elders Dale Salee, Anna Tamwoy, Charles Woosup with Jamie Davey, Community Engagement and Development Superintendent

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We welcomed three trainees during the year and we also had two employees complete their traineeships. These trainees have remained in employment with Metro and continue their career progression. For 2024, we have placed an additional focus on our employee trainee program and intend to increase the number of trainees that we employ.

Local employment

At Metro, supporting and encouraging employment within our local communities is a fundamental component of our employee value proposition, recognising that we offer stable, fulfilling, and enduring employment opportunities. This is evidenced by our residential demographic statistics, with 88% of our Bauxite Hills Mines employees residing in North Queensland. During 2023, our Community Liaison Officers travelled across the Northern Peninsula Area to provide information on current and future positions. We also attended the NPA State College Careers Fair, talking to hundreds of students about career opportunities in the mining and marine industry.

Key initiatives to be progressed in 2024

During 2024, our primary focus will be on supporting the expansion of our marine team with the commissioning of the offshore floating terminal, Ikamba. We will also continue to enhance our employee value proposition as well as training and development opportunities.

People and culture statistics

Statistic	2023	2022
No. of employees	158	125
Total workforce (including contractors)	370	300
Average age	49	49
Average length of service	2.0 years	1.4 years
Recruitment retention	86%	85%
Turnover rate	25%	24%



Yarning circle ceremony



Jaeme Davey and Cherie Everett at the NPA State College Careers Fair

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COMMUNITY

Contribution to the community

We believe that our presence should primarily benefit the local stakeholder communities where we have the privilege to operate and those communities that service our operations.

Our focus is on fostering local prosperity, enhancing community capabilities and supporting the sustainable growth of local and regional communities. Our commitment is to establish a lasting economic and social legacy beyond the lifespan of our operation and to provide benefits in education, skills development and employment.

We support our local communities through various means, including:

- creating job opportunities and prioritising the hiring of local residents whenever feasible
- partnering with local suppliers to offer them new opportunities, thereby enhancing economic resilience
- making direct investments in local communities and organisations
- collaborating with local community groups to address shared challenges and opportunities.

By providing employment, fostering development and facilitating procurement opportunities, we contribute to building a more diverse and skilled local economy, complementing other industries across Cape York and more broadly in far north Queensland.

Additionally, we are dedicated to responsible environmental management and actively engage with the community to ensure transparency and collaboration regarding our activities and future plans.



Injinoo Dancers with Dale Salee, Ankamuthi Elder and Jaeme Davey, Community Engagement and Development Superintendent

Some of the key statistics for 2023 relating to our contribution to local communities are as follows:

- **$14.4 million** spent with North Queensland and Cape York regional suppliers
- **$18.2 million** in state royalties lodged with the Queensland Government
- **$3.5 million** in benefits paid to Indigenous land owners and Native Title parties
- **$570,000** spent with Indigenous businesses
- **$53,000** in supporting community initiatives
- **$18.3 million** paid in salaries, wages and superannuation.

Community engagement

At Metro we seek open, meaningful and respectful engagement with our community stakeholders and work to build positive long-term relationships.

Community stakeholders include our neighbours, local Indigenous and Torres Strait Islander communities, community groups and local residents, businesses, together with council and government representatives.

Our approach to community engagement is modelled on the better practice framework established by the International Association for Public Participation. We engage with communities to provide updates on our activities and intentions, address grievances and complaints, consult on planning applications and material operational modifications.

We conduct regular stakeholder engagement activities, including through one-on-one meetings, meetings with community organisations and we aim to have a presence at community events. We regularly provide operational and development updates to local councils and, through other local forums, we continue to work to improve community understanding of our operations.

We seek to address all concerns, complaints and grievances we receive through our community engagement networks. Complaint and grievance mechanisms are in place for our operations at the Bauxite Hills Mine. Pleasingly, Metro did not receive any community complaints about our Bauxite Hills Mine operations in 2023.

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Simon Wensley, MD / CEO with Metro employees Paula Ludwick and Jaeme Davey and Injinoo Dancers

Empowering Indigenous communities

Our activities along the western coast of Cape York occur within Ankamuthi Country. Metro acknowledges Aboriginal and Torres Strait Islander peoples as Australia's First People. We respect the enduring bond between the Ankamuthi People, the Traditional Custodians of the land and water hosting the Bauxite Hills Mine, as well as other Indigenous communities across Cape York. This recognition encompasses cultural, spiritual, and educational practices, as well as customs and traditions.

Understanding the challenges faced by many Indigenous communities, we endeavour to support First Nations communities and organisations where we can contribute meaningfully and sustainably to forge a stronger future together.

In collaboration with Aboriginal and Torres Strait Islander communities, we strive to enhance employment and career opportunities for Indigenous and Torres Strait Islander people within our operations. Additionally, we champion and assist Indigenous businesses through our Indigenous Procurement Strategy. Through our community investment and support initiatives, we invest in fostering the skills of local Indigenous and Torres Strait Islander communities to help shape positive futures.

Our Agreements

Metro has two agreements in place with the Traditional Custodians of the land in which we are privileged to operate.

An Ancillary Agreement was signed in May 2017 between Metro (and its related entities) and Ankamuthi Registered Native Title Claimants, Ipima Ikaya Registered Native Title Body Corporate and the Old Mapoon Aboriginal Corporation (OMAC) as trustee of the Land. The Ancillary Agreement provides for the provision of employment and training opportunities for Traditional Custodians, business development and contracting opportunities for Indigenous businesses, and payment of mining benefits to both the Ankamuthi People and OMAC for the life of the project.

A Cultural Heritage Management Agreement was also signed in May 2017 between Metro (and its related entities) and Ankamuthi Registered Native Title Claimants and Ipima Ikaya Registered Native Title Body Corporate. The purpose of the Cultural Heritage Management Agreement is to ensure Metro complies with the established Cultural Heritage protection provisions. The Cultural Heritage Management Agreement covers the protection and management of all Aboriginal Cultural Heritage at site during mining operations undertaken by Metro, its employees and contractors.

The Cultural Heritage Management Agreement was formally approved by the Queensland Government on 15 May 2023 pursuant to section 107 of the *Aboriginal Cultural Heritage Act 2003*.

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Reconciliation Action Plan

Reconciliation entails strengthening bonds between Indigenous and non-Indigenous peoples, built on relationships, respect, and opportunities, as outlined by Reconciliation Australia.

Our Reconciliation Action Plan serves as a structured framework for advancing reconciliation, with tangible outcomes that support Indigenous peoples and communities. Metro Mining embarked on this journey with the approval of our Reflect Reconciliation Action Plan in September 2023. The Reflect Reconciliation Action Plan marks the initial stage, spanning a 12-month period. Its purpose is to prompt both Metro as an organisation and its employees as individuals to contemplate our current position and aspirations.

Implementation of the Reflect Reconciliation Plan has commenced and will progress throughout 2024.

Indigenous Procurement

In our commitment to prioritise procurement from Indigenous and Torres Strait Islander businesses, we spent approximately $570,000 with such enterprises in 2023. This marks a 25% increase from the $448,378 spent in the previous year and demonstrates our team's consistent endeavours in actively engaging with Indigenous and Torres Strait Islander businesses to provide opportunities that benefit the local community.

Supporting community initiatives

We continue to invest in initiatives that bolster and uplift communities through collaborative partnerships spanning education, training, healthcare and sponsorship of sporting activities. In 2023, our contributions to Aboriginal and Torres Strait Islander and other community-based organisations amounted to approximately $53,000. In addition, we also provided in-kind support to a range of initiatives.

Several examples of our community sponsorship program are set out in the table below:

Cape York Indigenous Art Award – Metro continued its sponsorship of the Cape York Indigenous Art Award. The program provides a platform for school aged children to enter their short story, poem or artwork and have it assessed by a panel of experts. The program provides more than 400 workshops each year at schools across Australia, including at Cape York.

Tangaroa Blue Mapoon Beach Clean-up – Tangaroa Blue is a not-for-profit organisation dedicated to the removal and prevention of marine debris. Over seven days, volunteers collected 3.5 tonnes of marine debris, which was audited and entered into the Australia Marine Debris Initiative Database. Metro provided volunteers to assist with the collection and sorting, with much appreciation and publicity from Tangaroa Blue for doing so.

Weipa Career Expo – Metro 's community team members attended the Weipa Career Expo held at the West Cape College. Information on Metro career opportunities was provided to school leavers and the general public.

Preserving Cultural Heritage

Aboriginal and Torres Strait Islander peoples serve as custodians of an enduring cultural heritage spanning millennia. The vibrant narratives of their people, culture, and connection to Country render Australia distinctive. Indigenous heritage encapsulates the narrative of the past, present, and future. It encompasses artefacts, landmarks, and sites imbued with diverse values such as symbolic, historic, artistic, aesthetic, ethnological or anthropological, scientific, and social significance. This heritage encompasses tangible elements (e.g. movable, immovable, and underwater) as well as intangible cultural aspects embedded within cultural and natural artefacts, sites, or monuments.

The obligation to safeguard Country remains intrinsic to the Traditional Custodian communities and Indigenous lore, identity, culture, and social and emotional well-being at large. Metro acknowledges the Ankamuthi Peoples' unique knowledge and rights concerning land and its resources, acknowledging their significant role in managing the Cultural Heritage of the land in which we are privileged to operate.

Practices guided by respect for culture and knowledge underpin the recognition of culturally significant heritage and responsible mineral development.

Throughout 2023, we undertook various initiatives to conserve and manage Cultural Heritage, including rigorous due diligence assessments before and during land disturbances, as well as the ongoing maintenance of our Cultural Heritage register.



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DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors present their report, on the consolidated entity (referred to hereafter as the 'Group') consisting of Metro Mining Limited ('Metro Mining' or 'Company') and its controlled entities for the Financial Year (FY) ended 31 December 2023.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001*.

BOARD OF DIRECTORS

The Directors of Metro Mining Limited during the period and up to the date of this report were:

Name	Position
Douglas Ritchie	Independent Non-Executive Director and Chair of the Board
Simon Wensley	Managing Director and Chief Executive Officer
Mark Sawyer	Non-Executive Director
Fiona Murdoch	Independent Non-Executive Director
Andrew Lloyd	Independent Non-Executive Director

PRINCIPAL ACTIVITIES

Metro Mining is an Australian exploration and mining company based in Brisbane, Queensland. Its flagship project, the Bauxite Hills Mine, located 95km north of Weipa is one of the largest independent bauxite mines within the internationally acclaimed Weipa Bauxite Region.

The principal activities of the Group during the period were the exploration, mining and sale of bauxite, and the brownfield expansion of the Bauxite Hills Mine.

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Metro Mining Limited and Controlled Entities
Directors' report
31 December 2023

REVIEW AND RESULTS OF OPERATIONS

FY23 KEY HIGHLIGHTS

In FY23 the Group continued to see the benefits of the operational efficiency and risk mitigation strategies that commenced in mid FY21. As a result, the Group met market guidance for 2023 with 4.6 million wet metric tonnes ("WMT") of high-grade bauxite mined and shipped to customers in calendar year 2023.

During the year, the Group successfully executed a two-tranche Financing Facility of US$30 million with Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively Nebari). The first placement tranche of US$20 million was received in March 2023 with the second placement tranche of US$10 million executed on 2 June 2023. Proceeds from the Financing Facility provided funding for the Stage 2 expansion of production capacity at the Bauxite Hills Mine to 7.0 million WMT annually. Specifically, the funding has been used for the acquisition of the Offshore Floating Terminal ("OFT") and design, manufacture and installation of a new screening solution.

On 17 May 2023, the Group entered into a binding joint venture with ALM Shipping Management Ltd (ALM Shipping) for a 50% interest in an OFT for US$15 million. The OFT will provide substantial upside including lower cost risk, capacity upside, flexibility and greater operating window / weather resilience than an additional single floating crane barge. The OFT, 'Ikamba', was re-named in November 2023 and departed Shenzhen, China at the end of the financial year with its arrival in Australia in early February 2024. The OFT has successfully received Australian Maritime Safety Authority (AMSA) and other regulatory approvals, the vessel is currently in Weipa preparing for the FY24 production season.

Chinese demand for bauxite remained firm and a number of new customer off-take commitments for FY23 to FY26 were achieved. Australian benchmark pricing rose slowly within the period, the Group's prices were further constrained during the period by previous contract positions. The Group recorded an average sales price per tonne delivered China basis of A$51.6 compared to A$52.2 for FY22. The decrease is attributable to the increase in FOB basis sales in FY23 which represented approximately 40% of total FY23 sales.

The Group was on track towards the top end of its guidance of 4.5 million to 5.0 million wet metric tonnes (WMT) of sales for FY23, however in the second half of December the severe weather from Tropical Cyclone Jasper caused a significant disruption to site operations with the suspension of transhipping activities for 10 days. Upon resumption, ongoing adverse weather limited shipping operations until season end on 4 January 2024. Despite the significant disruption the Group was still able to achieve its market guidance with total shipments for FY23 of 4.6 million WMT.

OPERATIONAL PERFORMANCE

The Group's flagship project, the Bauxite Hills Mine, located on western Cape York in Queensland, commenced operations for the year in early April 2023. The Group finished FY23 with a total of 4.6 million WMT of bauxite sold, a 35% improvement on FY22 sales (FY22: 3.4 million WMT).

The Group sold its FY23 production through binding offtake agreements with Shandong Xinfa Import and Export Co., Ltd (Xinfa), Xiamen Xiangsen Aluminium Limited and Shandong Lubei Enterprise Group General Company. The offtake pricing for all customers was a mix of previously agreed fixed price contracts and pricing negotiated during the year.

All production during FY23 was sold to Chinese refineries and deliveries were within contractual specifications. All deliveries were shipped on a Cost Insurance Freight (CIF) basis or Free on Board (FOB) basis on Capesize and Geared vessels.

The Group has focused significant efforts on improving both the volume of production and shipping as well as the consistency of operational performance. The Group continues to work with major contractors to investigate and implement improvements to processes, with a view to improving reliability, efficiency and cost effectiveness.

	2023 WMT '000	2022 WMT '000
Bauxite mined	4,613	3,193
Bauxite shipped	4,567	3,412

With 75% of the Group's FY24 production season contracted, the Group's marketing strategy is currently focused on executing further spot and long-term offtake agreements to support the pathway to expansion of production to a long-term annualised rate of 7.0 million WMT per annum.

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Transhipping expansion

In May 2023, the Group decided that it would no longer pursue the build of a second single floating crane barge for its transhipping operation. Instead, the Group procured an Offshore Floating Terminal (OFT) that will provide a transhipping solution in-line with the Group's original feasibility study conducted in 2019.

Binding joint venture terms for ownership of the OFT have concluded with the current owner ALM Shipping. The terms allowed the Group to purchase a 50% interest in the Ikamba Joint Venture for US$15 million which includes mobilisation to Australia and a significant dry-docking refurbishment (OFT JV). ALM Shipping is led by Louis Dreyfus Ports and Logistics (LDPL), a global logistics solutions provider and subsidiary of Louis Dreyfus Armateurs SAS.

For the last four years, the OFT has been loading raw bauxite off the coast of Guinea which has a similar density and handling characteristic to the bauxite mined at the Group's Bauxite Hills Mine. The vessel has a rated capacity up to 2,000 WMT / hr with potential to target 3,000 WMT / hr of bauxite. The OFT arrived in Cape York in Q1 2024, has received regulatory approval, and will be bareboat chartered by the OFT JV to the Groups Bauxite Hills Mine under a 10-year contract, which includes an extension option for 5 years as well as an option to buy-out the asset.

Barge loading facility upgrades

The upgrade to the Barge Loading Facility was completed during the 2023 wet season shutdown. The upgrade works have provided a steady-state throughput capability of 1,900 tonnes per hour (tph), with peak, short-term capacity of 2,000 tph. This is equivalent to an 80% improvement relative to the average rates achieved in Q4 2022. Since commencement of operations in early April 2023, barge loading rates and reliability have shown a significant improvement over Q4 2022 performance.

A fourth 90m barge was supplied by Metro's transhipping contractor, Transhipment Services Australia (TSA), at the end of September 2023. Two further 90m barges are scheduled to arrive in March 2024 taking the full fleet to six.

Truck and trailer upgrades

In partnership with our major equipment contractor Blake Machinery Group, the six new high-efficiency Scania trucks and additional supporting trailers began mobilising to site from March 2023 with the final units arriving in August 2023.

In conjunction with the new Scania prime movers, the Group initiated quad trailer configuration trials, with the initial improvements in cycle times from Pit to Port proving better than envisaged. The quad trailer configurations were rolled out through Q3 2023 as the new purpose designed trailers arrived onsite delivering 230 WMT per quad configuration vs. 175 WMT for triples. Unfortunately, one of the new prime movers was written off as part of an on-site fire incident. There were no injuries related to the incident and the vehicle was fully insured and will be replaced during 2024 along with an additional two prime movers. There was sufficient operational capacity from existing prime movers to meet the expanded production.

Product screening upgrade

The concept for the expansion of screening capacity has been amended since the Definitive Feasibility Study conducted in June 2022. The Group has elected to install a new screening plant with a capacity of 1,500 tph, comprising an Apron and a Wobbler Feeder. This will replace one of the existing vibrating screen plants, with the second being retained for backup and product blending. It is expected that adopting this alternate screening technology will increase the throughput rate and provide greater resilience in handling wet product.

Based on the procurement activities completed to date, the Group expects to commission the new screening plant in April 2024 in conjunction with the commencement of the 2024 production season. In the interim, the existing two screening plants provided sufficient throughput capacity to meet the improved rates at the Barge Loading Facility. These plants underwent a major maintenance overhaul during the year and then showed much higher levels of availability over Q4 2023.

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31 December 2023

FINANCIAL RESULTS

For the year ended 31 December 2023, the Group reported a net loss after tax of $13.5 million (31 December 2022: $50.1 million).

	2023 $'000	2022 $'000
Revenue from contracts with customers	235,840	177,895
Cost of sales	(222,461)	(209,056)
Gross profit / (loss)	13,379	(31,161)
Other income and operating expenses	(15,319)	(5,659)
Operating (loss) before interest and income tax (*unaudited, non-IFRS term*)	(1,940)	(36,820)
Finance costs	(16,008)	(13,393)
Finance income	4,466	91
Loss before income tax	(13,482)	(50,122)
Income tax benefit / (expense)	-	-
Loss after income tax	(13,482)	(50,122)

Revenue
The Group generated revenue of $235.8 million, a 32.6% increase compared to the prior period (FY22: $177.9 million).

Cost of sales
The Group's cost of sales increased as a result of additional equipment and labour committed to support the FY23 increased production capacity and due to inflationary pressures. The cost of sales increased by 6.41% to $222.4 million (FY22: $209.1 million).

Other income and operating expenses
(A) Other income
Other income of $0.4 million was generated from recharges to third parties.

(B) Administrative expenses
The Group recorded administrative expenses of $8.7 million compared with the prior period (FY22: $6.3 million). Employee benefit expenses were the largest cost contributing to $3.4 million of total administrative costs (FY22: $2.5 million).

(C) Other operating expenses
The Group recorded other operating expenses of $6.4 million relating to realised foreign exchange losses on sales, and expenses of $0.6 million on modification of existing shareholder loans.

Finance costs and finance income
Finance costs and income primarily relate to interest expense incurred on borrowings, leases and gains / (losses) on foreign exchange derivatives. Total interest expenses for FY23 were $14.5 million (FY22: $8.7 million) and total gains on derivatives for FY23 were $4.4 million (FY22: loss of $4.6 million).

Tax position
There was no Income tax benefit / (expenses) for the period. The Group has revenue losses of $13.5 million and capital losses carried forward of $2.26 million.

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UNDERLYING EARNING BEFORE INTEREST TAX DEPRECIATION and AMORTISATION (EBITDA)

Underlying EBITDA is used by the Group to define the underlying results, adjusted for abnormal and non-recurring costs which are determined as not in the ordinary course of business.

Non-IFRS measures, including Underlying EBITDA, are financial measures used by management and the Directors as the primary measures of assessing the financial performance of the Group. The Directors also believe that these non-IFRS measures assist in providing additional meaningful information for stakeholders and provide them with the ability to compare against prior periods in a consistent manner.

The table below provides a reconciliation to Underlying EBITDA for the Group and is unaudited, non-IFRS financial information.

	2023 $'000	2022 $'000
Loss before income tax	(13,482)	(50,122)
Adjustments:		
Foreign exchange loss	6,439	214
Amortisation of deferred borrowing costs	-	124
Loss on loan modification	572	-
Underlying loss before tax (*unaudited, non-IFRS term*)	(6,471)	(49,784)
Net finance costs (excluding leasing expense)	8,321	10,869
Depreciation and amortisation expenses	16,714	14,091
Underlying EBITDA (*unaudited, non-IFRS term*)	18,564	(24,824)

CAPITAL MANAGEMENT

Cash flow summary

	2023 $'000	2022 $'000
Cash and cash equivalents at the beginning of the financial year	11,746	13,883
Net cash inflows / (outflows) used in operating activities	12,316	(1,187)
Net cash outflows used in investing activities	(36,307)	(6,694)
Net cash inflows provided by financing activities	23,963	7,624
Net increase / (decrease) in cash and cash equivalents	(28)	(257)
Effects of exchange changes on the balances held in foreign currencies	352	(1,880)
Cash and cash equivalents at the end of the financial year	12,070	11,746

Debt facilities

(i) Nebari Financing Facility

On 13 March 2023, the Group announced that it had entered into a facility agreement with Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively Nebari), for a two tranche Financing Facility (Financing Facility) of $45 million (US$30 million).

At 31 December 2023 the Financing Facility had been fully drawn. The first placement tranche of $30 million was received in March 2023 with the second placement tranche totalling $15 million receipted on 31 May 2023. Under the Financing Facility, there are no principal repayments for the first 24 months and the Group has capitalised interest payments to 31 December 2023. The loan facility is for a period of up to 4 years from the initial draw on 12 March 2023. Further details on the terms of the financing facility can be found in Note 26(A).

As part of the debt funding arrangement signed with the Nebari group, 421 million detachable warrants were issued to Nebari upon the drawdown of tranche 1 and 103 million detachable warrants were issued upon the drawdown of tranche 2, for a total warrant value at issue of $3.1 million.

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(ii) Ingatatus and Lambhill

On 13 March 2023, the Group announced that amended loan repayment terms had been agreed with Ingatatus AG Pty Ltd (Ingatatus) and Lambhill Pty Ltd Lambhill). The amended terms and conditions of the loan agreement are as follows:

	Ingatatus Facility #1	Ingatatus Facility #2	Lambhill Facility #1
Principal	$20 million	$7.5 million	$7.5 million
Maturity date	1 December 2024	1 December 2024	1 August 2025
Repayments	$6.67 million	$2.5 million	$2.5 million
Due dates	1 June 2024 1 September 2024 1 December 2024	1 June 2024 1 September 2024 1 December 2024	1 July 2024 1 October 2024 1 August 2025
Interest rate	12%	12%	12%

As part of the amended loan agreement, warrants were issued to compensate for the change in subordination of the Ingatatus and Lambhill shareholder loans. The warrants were issued in two tranches of 55 million and 13.4 million warrants for a total warrant value at issue of $0.4 million.

REHABILITATION

Progressive rehabilitation remained a key focus during FY23. The Group continued to apply a staged approach as areas became available with backfilling and top-soiling progressively occurring as close as possible to active mining areas and thereby reducing costly double handling. Over 77 hectares of mined area was prepared for seeding in 2023. This approach allows for the immediate replacement of topsoil and thereby preserving the viability of the soil seed bed. Native seed used for rehabilitation are endemic to the Cape York region and are sourced from the local Indigenous communities working under the Group's Seed Collection Program and when necessary, third-party contract seed collectors. The application of seed and fertiliser is undertaken by a local Ankamuthi contractor. The Group also successfully trialled the use of drone technology to disperse seed during 2023.

The Group continued the development of its Progressive Rehabilitation and Closure Plans (PRCP) for the Bauxite Hills Mine. The Group submitted its PRCPs to the administering authority on 29 May 2023. The administering authority has requested additional information be provided through updated PRCPs which are due to be submitted by 16 August 2024 (Gulf Alumina Pty Ltd) and 20 September 2024 (Aldoga Minerals Pty Ltd and Cape Alumina Pty Ltd). The PRCPs are underpinned by the Group's approach to implementing its progressive rehabilitation program, which commenced in 2019. The PRCPs, when completed, will set out the stages and proposed program of actions required to rehabilitate disturbed land and includes annual rehabilitation schedules, rehabilitation design drawings incorporating landform and anticipated design contours for the site and operational budgets for rehabilitation activities. As the rehabilitation activities progress, the PRCPs will be updated to include drawings showing rehabilitation progress, planned future rehabilitation schedules and updated operational budgets. Progressive certification will be sought as the rehabilitated areas reach the desired criteria described in the PRCPs.

Rehabilitation works were also focused on completing the infill of the fluvial kaolin pit and the depletion of two historic waste overburden stockpiles inherited by the Group. These works were completed in December 2023.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

The Group recognises that developing and implementing a long-term commitment to sustainability is integral to the ongoing success of the Company.

The Group is committed to managing its operational activities and services in a safe and environmentally and socially responsible manner to meet legal, social and moral obligations. In order to deliver on these commitments, the Group seeks to comply with applicable laws and regulations through its environmental and safety management systems.

The Group was issued a Penalty Infringement Notice on 29 November 2023 for non-compliances with its Environmental Authority EPML00967013 (Gulf Alumina Pty Ltd) relating to a bauxite spill on the barge loading pontoon which occurred on 10 August 2023. The spill was a result of the unexpected mechanical failure during the loading process resulting in bauxite spilling onto the pontoon and a small amount of bauxite was assumed to have entered the Skardon River. The mechanical failure was promptly addressed, with further optimisation of the loading infrastructure to occur during the 2024 wet season shut down period. The Group was issued a penalty of $15,480 for the non-compliance.

The Group held three ESG Committee meetings during 2023, which were predominately focused on assessing its sustainability risks and opportunities with a view to moving towards developing a comprehensive and resilient sustainability roadmap capable of delivery ahead of the arrival of mandatory sustainability reporting in Australia. As part of this process, the ESG Committee undertook an external stakeholder materiality survey and completed a Landscape Review during 2023. Both documents have been used to progress the development of the Group's ESG Roadmap for 2024-2026.

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SAFETY PERFORMANCE

"Safety Citizenship" is a core value of the Group, and we are committed to providing a safe working environment for our employees and contract partners. Safety is the priority in everything we do, with a focus on complying with legislation, policies, standards and the Group's golden rules through our Safety and Health Management System (SHMS). During the year, a key focus of the Group was on the enhancement of our safety culture with the recruitment of additional health and safety advisors, including additional targets in our SHMS specifically focused on safety culture and building the capability of our leaders through safety leadership training.

During the 2023 production season, the Group recorded 7 High Potential Incidents and 2 Lost Time Injuries

INDIGENOUS ENGAGEMENT AND DEVELOPMENT

The Group's Indigenous engagement activities are undertaken with reference to the Ancillary Agreement (AA) and the Cultural Heritage Management Agreement (CHMA). In implementing its obligations pursuant to the AA and CHMA, the Group has three key stakeholder organisations. These being, the Old Mapoon Aboriginal Corporation (OMAC), Seven Rivers Aboriginal Corporation (SRAC) and Ipima Ikaya Aboriginal Corporation (IIAC).

2023 Indigenous and stakeholder engagement involved meetings with SRAC, OMAC, Ankamuthi Decision Making Committee, Cape York Land Council, Mapoon Land and Sea Rangers, Shire Councils, and employment agencies My Pathways and KuKu Nathi Services. The Group's Indigenous employment rate increased to 34% during the year, exceeding the 32% target.

Indigenous business procurement supports Indigenous entrepreneurship and community economic development. The Group supported Gawun Supplies for Indigenous art uniforms, Artist Teho Ropeyarn for site projects, Impact Digi for graphic design and Ephraim Holdings, Cultural Heritage contractor employing Ankamuthi Cultural Heritage monitors. Indigenous business development and procurement will remain a key focus for 2024.

The Seed Collection Program commenced with community sign up days and continued consistently with monthly collections from Napranum, Mapoon and Northern Peninsula Area communities. This provides the opportunity for community members to be on country collecting seed for the site rehabilitation program and earn income.

Through the Group's Community Partnership Program, sponsorship of community events and in-kind support was provided to the following:

- Mapoon Shire Council Barra Bash fishing competition
- Northern Peninsula Area Regional Council "Keep the Flame of Culture Burning" Festival
- Dan Ropeyarn Cup, sponsorship of Injinoo Crocs and Cape Sisters rugby teams Indigenous Literacy Foundation and Children's Charity Network school-based art and literacy workshops and Young Australian Art and Writers Awards
- Tangaroa Blue Mapoon Beach Clean-up supply of volunteers
- Northern Peninsular Area College Career Expo

A highlight of the 2023 year was on 21 November 2023, with the official naming ceremony for the OFT, Ikamba, that was held in Shenzhen, China. The vessel's name, Ikamba, which means saltwater crocodile in the Ankamuthi language, is representative of the Group's commitment to foster a meaningful relationship with the Ankamuthi people, the Traditional Owners of the land on which the Bauxite Hills Mine is privileged to operate. In furtherance of this, the naming ceremony was attended by three Ankamuthi Elders, Mr Dale Salee, Mr Charles Woosup and Ms Anna Tamwoy, with Ms Tamwoy being the vessel's "godmother".

A further highlight was the development of the partnership with the Jonathon Thurston Academy to deliver for the first time, the *JTLeadLikeAGirl* program at the Northern Peninsular Area College. Scheduled for delivery in 2024 the program targets female Year 11 and Year 12 students and is designed to boost, inspire, and empower young women's courage and self-belief.

DIVIDENDS

No dividends have been paid or declared since the start of the financial period.

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RISK MANAGEMENT

The Group recognises that risk is characterised by both threat and opportunity and manages risk to enhance opportunities and reduce threats to sustain shareholder value. The Group fosters a risk-aware culture through the application of high-quality, integrated risk assessments to support informed decision making.

The Audit and Risk Committee monitors management's performance against the Group's risk framework and is responsible for providing oversight of the risk management framework and assurance on the management of significant risks to the Managing Director and CEO and the Board. The Board is ultimately responsible for risk management, which considers a wide range of risks within strategic planning.

MATERIAL BUSINESS RISKS

The Group is exposed to a range of economic, financial, operational and strategic related risks which are inherent when operating in a mining business. The Board and its Committees understand the importance of effectively managing these risks for the success of the business, and regularly evaluate and assess such business risks. The material business risks faced by the Group that may have a material impact include the following:

Sovereign Risk and Concentration of Customers

The Group currently ships all of its bauxite production to China and is therefore exposed to the sovereign risks of China. There could be changes to Chinese government policy outside of the Group's control which would materially affect the operations and profitability of the business. The Group maintains local agents who advise on any material changes to the operating environment in China.

The Group has a small number of long-term offtake partners and is exposed to the counter-party risk and credit risk of these organisations.

The Group seeks to manage this risk by increasing customer diversification through its marketing strategy, dealing with credit worthy customers, and making sales through irrevocable letters of credit. Additional contracted offtake volumes will support the Group's expansion strategies and increase diversity in our customer base.

Fluctuation in Commodity Prices and the Australian Dollar

The Group's revenue is entirely derived from bauxite sales. Currently there are no bauxite derivative products available in the market and accordingly the Group is not able to manage commodity price exposures directly.

In order to manage its United States dollar (USD) exposure, which includes bauxite sales, ocean freight expense, fuel, and anticipated USD denominated capital commitments, the Group's risk management framework incorporates a currency hedging program to manage the risks to sales revenue associated with a strengthening of the Australia dollar against the United States dollar.

Fluctuation in Ocean Freight Rates

The Group's customers are currently based in China. The Group sells to these customers on a delivered basis of INCO terms CIF and FOB basis, and is therefore exposed on a portion of sales to fluctuations in ocean freight rates. Ocean freight exposure has been reduced with the execution of Contracts of Affreightment, resulting in freight coverage on a large proportion of the CIF contracted sales to 2024.

Mineral Resources and Ore Reserves

The Bauxite Hills mineral resources and reserves are estimates, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual geological conditions may differ from those predicted. No assurance can be given that any part, or all, of the Group's mineral resources constitute, or will be converted into, ore reserves.

Market price fluctuations of bauxite, demand for the Group's bauxite products, as well as increased operating and capital costs may render the Group's ore reserves unprofitable for periods of time or may render ore reserves containing relatively lower grade material uneconomic. Estimated reserves may have to be re-estimated based on actual production experience. Any of these factors may require the Group to reduce its mineral resources and ore reserves, which could have a negative impact on the Group's financial results.

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Replacement of Depleted Reserves

The Group looks to continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is speculative in nature. The Group's exploration projects involve many risks and are sometimes unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

There is no assurance that future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by new mining approaches, discoveries or acquisitions. The mineral base of the Group may decline if reserves are mined without adequate replacement and the Group may not be able to sustain production beyond current mine life, based on current production rates.

Mining Risks and Insurance

The Group, as is common in the mining industry, is subject to significant risks and hazards, including environmental hazards, industrial accidents, availability of material and equipment and weather conditions (including flooding, cyclones and bushfires), most of which are beyond our control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on our financial performance, liquidity and results of operation, particularly as the Group currently produces only from one mine site.

The Group has a policy to maintain insurance where available to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered appropriate depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Production and Cost Estimates

The Group prepares estimates of future production, site costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates, or material increases in costs, could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial position.

The Group's actual production and costs may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, and unexpected labour shortages.

The Group's mining operations and exploration activities are in a region which occasionally experiences severe weather events such as cyclones, floods, and higher than average wave conditions. The region also experiences an annual wet season. Production and shipment cannot occur in the wet season nor during periods of severe weather events. While the Group includes allowances in its forecasts for interruptions to production and shipment during the wet season and periods of severe weather events, there is a risk that such periods have a greater impact than anticipated.

Climate Change

The Group acknowledges that the effects of climate change have the potential to impact its business. These impacts may include transition and regulatory risks associated with changes to the domestic and international regulatory environment and product demand as the global community transitions towards a decarbonised environment. In addition, the location of the Bauxite Hills Mine means that we need to manage the physical risk associated with weather and climate volatility which could cause a disruption to our operations or damage to our infrastructure.

Through the ESG Committee, the Group is considering its approach to manage climate change risk, including the activities that will be required to comply with mandatory climate-related financial disclosure requirements when they commence. An update on the Group's ESG direction and initiatives will be provided in the sustainability report as part of the Group's Annual Report to be released in May 2024.

Cybersecurity

The Group is continually improving its cybersecurity posture, recently onboarding AI-based email filtration software that has drastically lowered the chance of business email compromise. With more emphasis on cloud technologies, the Group has implemented malware scanning across its Microsoft 365 environment. The Group is also exploring the application of the Essential Eight framework, a mitigation strategy designed by the Australian Signals Directorate (ASD).

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Going Concern

Going concern remains a material risk for the Group. Note 1 of the Financial Statements details the measures that have been taken and those that will be taken in the future to support the assessment that the Group can continue as a going concern.

OUTLOOK

The Group's expansion to 7.0 million WMT per annum capacity remains the core strategy.

Re-commencement of operations and transhipping is expected in the second half of March 2024, weather permitting. Other than the upgrades to the screen system expansion, the remaining element of the Group's expansion to 7 million WMT per annum is the refurbished transhipper "Ikamba" which left the Shenzhen shipyard in China on 6 January 2024 under tow to Darwin arriving in early February 2024, where it has received statutory and regulatory clearances. Subsequently, it has been towed to Weipa and is currently preparing for the FY24 production season.

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DIRECTORS AND OFFICERS



Name:	Douglas Ritchie
Qualifications:	LLB (Qld), FAIMM, FAICD
Title:	Independent Non-Executive Director and Chairman since 5 July 2021
Experience and expertise:	Doug has over 40 years' experience in the resources industry. During his 27 year career with Rio Tinto, he held positions as a member of Rio Tinto's Executive Committee and the Group Executive responsible for China, Managing Director of Rio's Dampier Salt Ltd, Rio's Head of Business Evaluation, Managing Director of Rio Tinto Diamonds, Chief Executive of Rio Tinto Coal Australia, Rio's Managing Director of Strategy and Chief Executive of the Energy Product Group. Doug retired in 2013. He is also formerly a Director of the Queensland Resources Council. He is a Fellow of the Australian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.
Board committees:	Member of Audit and Risk Committee Member of Remuneration and Nominations Committee Member of Environment Sustainability & Governance Committee
Other directorships (current and recent):	Doug is currently a Director of Neometals Limited.



Name:	Simon Wensley
Qualifications:	BA, MA (Chemistry, Oxon), MBA (INSEAD), GAICD
Title:	Managing Director and CEO since 5 July 2021
Experience and expertise:	Simon is a proven leader with 30 years' experience in the metals and minerals industry, including Research and Development, strategy formulation, finance, sales, marketing and trading, large scale capital projects, radical asset turnaround/business improvement, Mergers and Acquisition and divestments. Simon began his career at Kobe Steel (Japan) in coal chemistry Research and Development and major projects and spent 20 years with Rio Tinto in operational, project and leadership roles. Simon is an Oxford University honours graduate in Chemistry and holds an MBA from INSEAD.

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Name:	Fiona Murdoch
Qualifications:	LLB (Hons), MBA, GAICD
Title:	Independent Non-Executive Director since 11 March 2019
Experience and expertise:	Fiona has 30+ years' experience in the resources and infrastructure sectors in Australia and internationally with senior operational roles with AMCI Investments, MIM Holdings and Xstrata Queensland. Currently, Fiona serves as a Non-Executive Director for NRW Holdings Limited and Ramelius Resources Limited. In addition, Fiona serves on the Joint Venture Committee for Australian Premium Iron Ore Project. She is also Chair of The Pyjama Foundation, a not-for-profit organisation providing learning-based activities for children in foster care. Fiona has an MBA and Honours Degree in Law.
Board committees:	Chair of Audit and Risk Committee Chair of Remuneration and Nominations Committee Member of Environment Sustainability & Governance Committee
Other directorships (current and recent):	Fiona is currently a Director of Ramelius Resources Limited and NRW Holdings Limited. Fiona previously served as Director of KGL Resources Limited (resigned 14 October 2021).



Name:	Mark Sawyer
Qualifications:	LLB (Hons)
Title:	Non-Executive Director since 28 July 2016
Experience and expertise:	Mark has 28 years' experience in the natural resources sector and co-founded Greenstone Resources, a private equity fund specialising in international mining and metals sector. Formerly, Mark was General Manager and co-head of Group Business Development at Xstrata plc responsible for originating, evaluating and negotiating new business development opportunities. Mark also held senior roles at Cutfield Freeman & Co, a boutique corporate advisory firm in the mining industry, and at Rio Tinto plc.
Board committees:	Member of Audit and Risk Committee Member of Remuneration and Nominations Committee Member of Environment Sustainability & Governance Committee
Other directorships (current and recent):	Mark is currently a Director of Serabi Gold plc. Mark previously served as Director of Rockcliff Metals Corp. (resigned 14 September 2023) and Kalium Lakes Limited (resigned 3 June 2023).

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Name:	Andrew Lloyd
Qualifications:	B Nat Res (Hons), Dip Bus Ad, MBA, FAICD
Title:	Independent Non-Executive Director since 28 February 2022
Experience and expertise:	Andrew has over 30 years' experience in the resources industry, having retired from Rio Tinto in July 2013. He has held a number of senior commercial, project development and board positions with the Rio Tinto group in PNG, Namibia, USA, Australia, and the UK. Andrew has degrees in science and commerce, and extensive experience in adding value to mining projects, corporate governance and in dealing with governments.
Board committees:	Member of Audit and Risk Committee Member of Remuneration and Nominations Committee Chair of Environment Sustainability & Governance Committee
Other directorships (current and recent):	Andrew previously served as a Director of Jabiru Kabolkmakman Ltd until October 2022.

Company Secretary

Name:	Robin Bates
Title:	Company Secretary and General Counsel since 1 March 2023
Experience and expertise:	Robin was appointed as Company Secretary and General Counsel on 1 March 2023. Robin has extensive experience as a senior executive, legal practitioner and governance professional across diverse sectors including listed companies, not-for-profits, statutory authorities, tertiary education and private practice. Robin holds an Honours Degree in Law and a Graduate Diploma in Applied Corporate Governance. She is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

Name:	Mitchell Petrie
Title:	Company Secretary resigned 28 February 2023
Experience and expertise:	Mitchell resigned as Company Secretary of Metro Mining Group Ltd on 28 February 2023. He had served as company secretary since 17 June 2022

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DIRECTORS' INTERESTS

Directors' interest in ordinary shares and vested convertible securities of Metro Mining Limited as at the date of this report are set out in the table below.

	Number of securities			
Name	Ordinary shares	Options	Performance rights	Total Securities
Douglas Ritchie	4,469,697	-	7,025,500	11,495,197
Simon Wensley	-	-	29,845,563	29,845,563
Fiona Murdoch	1,572,874	-	-	1,572,874
Mark Sawyer	-	-	-	-
Andy Lloyd	1,500,000	-	1,623,113	3,123,113

Upon his appointment as a Director, Mr Doug Ritchie elected to receive his director fees as Performance Rights. 4,469,697 Performance Rights were issued, following approval by shareholders at the 2022 Annual General Meeting for the period from 5 July 2021 to 30 June 2022) with an estimated fair value of $67,046. In 2023, 7,025,500 Performance Rights were issued, following approval by shareholders at the 2023 Annual General Meeting for the period from 1 July 2022 to 30 June 2023 with an estimated fair value of $133,485. The grant of Performance Rights for the period 1 July 2023 to 31 December 2023 remains subject to shareholder approval at the 2024 Annual General Meeting.

Upon his appointment as a Director, Mr Andy Lloyd elected to receive 50% of his director fees as Performance Rights. 1,425,546 Performance Rights were issued, following approval by shareholders at the 2022 Annual General Meeting for the period from 1 June 2022 to 31 May 2023) 2022 with an estimated fair value of $39,773. In 2023, following approval by shareholders at the Annual General Meeting, 197,567 Performance Rights were issued for the period from 1 June 2023 to 30 June 2023 with an estimated fair value of $3,754. The grant of Performance Rights for the period 1 July 2023 to 31 December 2023 remains subject to shareholder approval at the 2024 Annual General Meeting.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the period ended 31 December 2023, and the number of meetings attended by each director are set out below:

	Full Board	Full Board	Audit and Risk Committee		Remuneration and Nominations Committee		Environment, Social and Governance (ESG)	
	A[1]	B	A	B	A	B	A	B
Douglas Ritchie	19	18	4	4	4	4	3	2
Simon Wensley	19	19	-	-	-	-	3	3
Fiona Murdoch	19	18	4	4	4	3	3	3
Mark Sawyer	19	17	4	4	4	4	3	3
Andy Lloyd	19	19	4	4	4	4	3	3

A Number of meetings held while appointed as a Director or Member of a Committee.
B Number of meetings attended by the Director while appointed as a Director or Member of a Committee.
[1] There were 12 ordinary board meetings and 7 special board meetings held during 2023.

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OTHER ITEMS

CORPORATE GOVERNANCE STATEMENT

The Board believes that genuine commitment to good corporate governance is essential to the performance and sustainability of the Company's business. The Board has given due consideration to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations (4th edition)', which sets out recommended corporate governance practices for entities listed on the ASX.

The Board has approved the Corporate Governance Statement for the year ended 31 December 2023 which can be viewed on the Company's website at https://metromining.com.au/about-us/corporate-governance.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

INSURANCE OF OFFICERS AND INDEMNITIES

(A) Insurance of officers

During the financial period, the Company paid a premium in respect of a contract ensuring the Directors, the Company Secretaries, and all Executive Officers of the company and any related body corporate against a liability incurred by a Director, Company Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001* (Cth). Details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability, costs and charges is not disclosed as such disclosure is prohibited under the terms of the contract.

(B) Indemnity of auditors

The Company has not during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the Auditor of the Company or of any related body corporate against a liability incurred by the Auditor.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 32.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest dollar.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Douglas Ritchie
Chair of the Board

28 February 2024

LETTER FROM THE CHAIR OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to provide you with Metro Mining's 2023 Remuneration Report.

The Group had a year in which progress was achieved on many fronts, with the Group delivering on market guidance for 2023.

Chinese demand for bauxite remained strong with 4.6 million WMT of bauxite shipped during FY23. The Group delivered on its guidance despite Tropical Cyclone Jasper causing cessation of transhipping operations for 10 days in December with the subsequent heavy rain and flooding continuing to affect the site until the end of the production season on 4 January 2024.

The Group's expansion strategy continues to be the delivery of reduced unit costs by expanding annual production capacity. During the year the Group successfully executed a Financing Facility to provide the funding for the Stage 2 expansion of production capacity to 7.0 million WMT annually. This funding has been used for the acquisition of the Offshore Floating Terminal, Ikamba, and procurement of a new screening solution at the Barge Loading Facility.

Remuneration Principles

The Board is committed to securing and retaining high quality, talented individuals who work in a culture that is performance-driven, motivating and which supports the Group's strategic objectives. Our people are our most important asset, particularly in times of resource constraints and growth in the mining sector such as is being currently experienced across Australia.

The key principles of the Group's remuneration framework are:

- Remuneration which is comparable and market-competitive.
- An appropriate balance between fixed and variable (at-risk) components.
- Performance based.
- Alignment to shareholder experience and the medium to long-term interests of shareholders.
- Fairness, equity and transparency.

The Remuneration & Nominations Committee regularly monitors market conditions and practices when considering whether to change any aspects of the remuneration framework.

Remuneration Outcomes in 2023

- Remuneration structures were consistent with advice received from an independent remuneration consultant with any changes based on position changes and/or performance.
- Director remuneration also remained unchanged compared with the prior year. There also will be no increase in Director remuneration for 2024.
- Whilst the financial and operating results for 2023 were below budget, a lot of progress was achieved in the Group's journey to an expanded operating capacity and these achievements were acknowledged in the assessed Short-Term Incentive Plan (STIP) outcomes.

The Board and Management of Metro remain committed to successfully delivering the expansion of the Bauxite Hills Mine and in turn ensuring a resilient, profitable and sustainable Group for our shareholders.

Thank you for your support of Metro Mining.



Fiona Murdoch
Chair
Remuneration & Nominations Committee
28 February 2024

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REMUNERATION REPORT

INTRODUCTION

This Remuneration Report provides shareholders with an understanding of our remuneration strategy and outcomes for our Key Management Personnel (KMP) for the year ended 31 December 2023.

This Remuneration Report, which has been audited, has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations.

The report is set out under the following headings:

A. Key management personnel
B. Key remuneration structure for FY23
C. Remuneration framework
D. Performance and remuneration outcomes for FY23
E. Executive remuneration disclosures
F. Remuneration of Non-Executive Directors

The Group's remuneration governance framework is overseen by the Board.

The Board is supported by the Remuneration and Nominations Committee, Audit and Risk Committee and Environment, Social and Governance Committee. Each committee has its own Charter setting out its role and responsibilities, composition and how it operates. Further information on these Committees is available of the Company's website: www.metromining.com.au/about-us/corporate-governance/corporate-charters/

The table below provides an overview of the remuneration governance framework that has been established by the Group.

Group	Role
Board	The Board maintains overall accountability for oversights of remuneration policies. The Board reviews, challenges, applies judgement and, as appropriate, approves the recommendations made by the Remuneration and Nominations Committee. The Board approves remuneration of Executive KMP and Non-executive Directors and the policies and frameworks that govern both.
Remuneration and Nominations Committee	The Remuneration and Nominations Committee is the main governing body for key people and remuneration strategies across the Group. The role of the Remuneration and Nominations Committee is to provide advice and assistance to the Board in relation to people management and remuneration policies, so that remuneration outcomes for the Executives are appropriate and aligned to Company performance and shareholder expectations.
Management	Provides recommendations on remuneration design and outcomes to the Remuneration and Nominations Committee. Management implements remuneration policies.
Independent external remuneration advisors	The Remuneration and Nominations Committee may seek advice from independent remuneration consultants in determining appropriate remuneration policies for the Group.

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A. KEY MANAGEMENT PERSONNEL

The KMP of the Group comprise all Directors (Executive and Non-Executive) and other members of Metro Mining's Executive Management who have authority and responsibility for planning, directing and controlling the activities of the Group, are as follows:

Name	Position	Dates
Non-Executive Directors		
Douglas Ritchie	Independent Non-Executive Director and Chairman	Full financial year
Mark Sawyer	Non-Executive Director	Full financial year
Fiona Murdoch	Independent Non-Executive Director	Full financial year
Andrew Lloyd	Independent Non-Executive Director	Full financial year
Executive KMP		
Simon Wensley	Managing Director and Chief Executive Officer	Full financial year
Nathan Quinlin	Chief Financial Officer	Full financial year
Gary Battensby	Site Senior Executive	Full financial year

B. KEY REMUNERATION STUCTURE FOR FY23

Component	Remuneration Structure
Short Term Incentive Plan (STIP) outcomes	For the 2023 Performance Year (1 January 2023 to 31 December 2023) the maximum annual STIP grants approved by the Board were: Managing Director 70% of Base Salary Chief Financial Officer 40% of Base Salary Site Senior Executive 35% of Base Salary Base Salary is fixed remuneration exclusive of statutory superannuation entitlements, pro-rata to reflect service periods.
Long-Term Incentive Plan (LTIP) outcomes	The Board approved the 2023-25 LTIP with the maximum annual LTIP grants being: Managing Director: 2023 100% of Base Salary; 2022 70% of Base Salary Other Executive KMP: 2023 35%-40% of Base Salary; 2022 35%-40% of Base Salary Base Salary is fixed remuneration exclusive of statutory superannuation entitlements, pro-rata to reflect service periods.
Executive KMP Remuneration	The Remuneration and Nominations Committee reviews on an annual basis the remuneration arrangements for all KMP.
Non-Executive Director (NED) Remuneration	No changes were made to the maximum approved fees payable to Non-Executive Directors in 2022 and in 2023.

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C. REMUNERATION FRAMEWORK

Remuneration principles

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of the strategic objectives of the Group and the creation of value for shareholders, and substantially conforms to better market practice.

The key principles of the framework are:

- Remuneration which is comparable and market-competitive.
- An appropriate balance between fixed and variable (at-risk) components.
- Performance based.
- Alignment to shareholder experience and the medium to long-term interests of shareholders.
- Fairness and transparency.

The philosophy is to attract, motivate and retain high performance and high-quality personnel, as well as focus on sustained growth in shareholder wealth, including growth in share price relative to peer group companies and deliver constant, or increasing, return on assets.

The framework has 4 components:

1. Fixed remuneration, compromising a base salary, employer superannuation contributions and non-monetary benefits,
2. Share-based payments (Performance Rights) and / or cash bonuses as part of a Short-Term Incentive Plan (STIP),
3. Long-Term Incentives (LTIP) (Performance Rights), and
4. Other remuneration such as long service leave.

The combination of these comprises the executive's total remuneration.

Performance Rights granted under the STIP and the LTIP are granted for no consideration. Performance Rights carry no dividend or voting rights. One ordinary share in the Company is allocated on vesting and exercise of a Performance Right.

The Group's remuneration framework is reviewed annually by the Board and is based on recommendations received from the Remuneration and Nominations Committee. The annual review includes consideration of the Group's remuneration policy and practice, relevant market benchmarks, the skills and experience required for each role, and the overall performance of the Group.

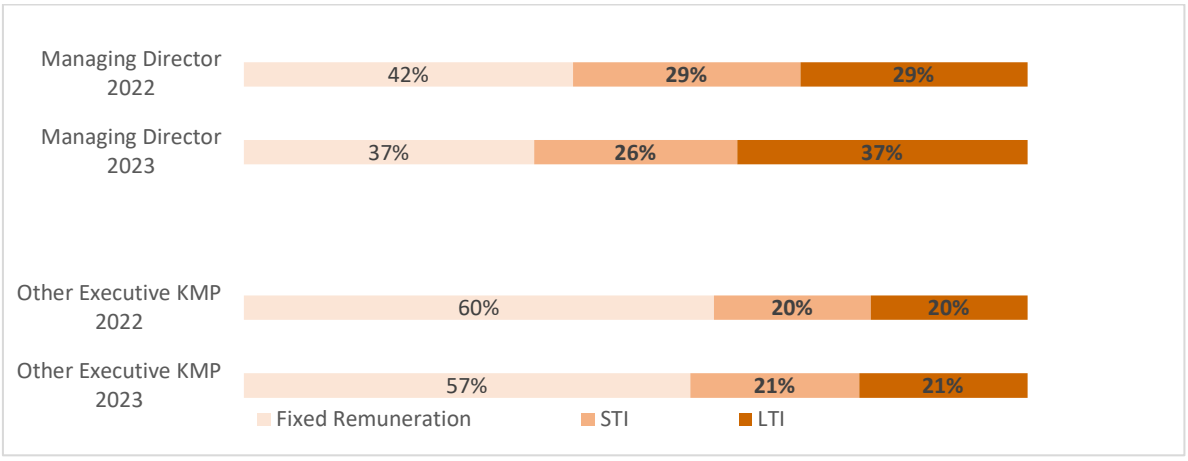
Remuneration components

	Total Fixed Remuneration (TFR)	Short Term Incentive Plan (STIP)	Long-term incentive Plan (LTIP)
Purpose	Attract and retain executives with the capability and experience to deliver the Group's strategic objectives and contribute to the Group's financial and operational performance.	Reward executives for performance against agreed annual objectives aimed at achieving the financial and strategic objectives of the Group.	Align performance with the long-term business strategy to drive sustained earnings and long-term shareholder returns.
Link to performance	Appropriately compensate executives for driving a performance and governance culture and delivering on the business strategy.	Strategic annual objectives are embedded in the executive STIP.	Performance hurdles are set by the Board and tested at the end of the three-year period.

	Total Fixed Remuneration (TFR)	Short Term Incentive Plan (STIP)	Long-term incentive Plan (LTIP)
Performance measures	Considerations ▪ Skills and experience ▪ Accountability ▪ Role complexity ▪ Market competitive	Shared KPIs ▪ Safety & environment ▪ Expansion plan ▪ Financial management STIP at risk MD and CEO: 70% Other Executives: 35% - 40%	▪ Relative Total Shareholder Return (TSR) measured against ASX Materials Indices (XMM); ▪ Return (Group EBIT) on Capital Employed (ROCE) measured against the Group's Weighted Average Cost of Capital (WACC); and ▪ Return (Group EBIT less corporate costs) on Sales (ROS) measured against Budgeted Return on Sales. LTIP at risk MD and CEO: 100% Other Executives: 35% - 40%
Alignment	Attract and retain the best people based upon the competitive landscape and among relevant peers.	Reward year-on-year performance in a balanced and sustainable manner.	Encourage sustainable, long-term value creation.
Delivery	Base Salary, statutory superannuation, non-monetary benefits and any additional benefits such as minor fringe benefits	Performance Rights or Cash (up to 25%). Paid at the option of the relevant participant.	Performance Rights.

Executive remuneration mix

The remuneration mix of fixed and at-risk is specific to each Executive KMP. If maximum at-risk remuneration is earned, the ratio percentage of fixed to at-risk remuneration would be as follows:



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Executive employment agreements

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements and are summarised in the table below.

Executive KMP	TFR [1] $	Term of agreement	Notice period	Review period [2]	Maximum[3] STIP (%)	Maximum LTIP (%)
Simon Wensley [4]	610,000	Ongoing	6 months	Annually	70%	100%
Nathan Quinlin [5]	390,000	Ongoing	3 months	Annually	40%	40%
Gary Battensby [6]	329,000	Ongoing	3 months	Annually	35%	35%

[1] Total Fixed Remuneration (TFR) includes statutory superannuation of 11% (10.5% up to 30 June 2023).
[2] The review will have regard to such matters as the responsibilities, performance, and remuneration of the employee.
[3] Anticipated incentive as a proportion of Base Salary depending on corporate and individual performance. Paid at the option of the relevant participant, by way of up to 25% cash / 75% performance rights or up to 100% performance rights.
[4] TFR for Simon Wensley was revised from $567,000 to $610,000 effective 1 July 2023.
[5] TFR for Nathan Quinlin was revised from $331,500 to $390,000 effective 1 July 2023.
[6] TFR for Gary Battensby was revised from $309,400 to $329,000 effective 1 July 2023.

Total Fixed Remuneration

Total Fixed Remuneration considers the complexity and expertise required of individual roles. To assess the competitiveness of fixed remuneration, the Remuneration and Nominations Committee considers market data by reference to appropriate independent and externally sourced comparable benchmark information, as required.

Employee Incentive Plan

The Group has established the Metro Mining Employee Incentive Plan (EIP) to enable the issue of shares, Performance Rights or share options in Metro Mining Limited to assist in the retention and motivation of employees. The EIP is for the benefit of all employees of the Group, or their nominee, and who have been approved as participants by the Board. The EIP acts as the Group's main incentive scheme to reward eligible participants through variable remuneration.

The EIP is administered through the Short-Term Incentive Plan and Long-Term Incentive Plan, the details of which are set out below. Any grant made under the EIP is at the discretion of the Board and if Performance Rights are converted into shares within 12 months of them vesting (12 month post-vesting period), the resulting shares that are issued cannot be sold for the balance of the 12 month post-vesting period.

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(i) Short-term Incentive Plan (STIP)

The below table summarises the objectives of the Group's STIP and identifies the performance measures and relevant weightings for FY23.

Purpose	The STIP is performance based and designed to reward high performance against challenging, clearly defined and measurable objectives.
Participation	Each Executive KMP may, at the discretion of the Board, be offered to participate in the Group's STIP.
Performance period	The performance period is for the 12 months ended 31 December or from the period from the offer of commencement of participation in the STIP to 31 December.
Opportunity	For FY23, the maximum STIP opportunity for the Managing Director is 70% of Base Salary and 35% - 40% of Base Salary for other Executive KMP.
Instrument	For FY23, the Board resolved that any STIP award entitlements would be settled with the issuance of vested Performance Rights or at the option of the relevant participant, by way of the issuance of 75% vested Performance Rights and a 25% cash payment. Performance Rights granted under the STIP are granted for nil consideration. The grant of Performance Rights is conditional upon the terms and conditions set out in the Offer Document to the participant, including a requirement that specific performance hurdles are met.
Performance hurdles	The STIP is linked to performance hurdles which are reviewed by the Remuneration and Nominations Committee at the commencement of each year and approved by the Board. Shared performance hurdles in FY23 accounted for 100% of the STIP award and are set out below, together with the weightings that were applied.
Determination of STIP outcome	Following the completion of each performance period, the Chairman of the Board with the assistance of the Chair of the Remuneration and Nominations Committee reviews the performance of the Managing Director. The Managing Director reviews the performance of each of the Executive KMP. The Remuneration and Nominations Committee reviews the proposed STIP outcomes for each participant and makes a recommendation to the Board for its approval. If a participant receives vested Performance Rights, this entitles the participant to convert each Performance Right into one fully paid Metro share. Those Performance Rights that are deemed not capable of conversion lapse and a participant will not be entitled to convert those Performance Rights into shares.

	% Weighting
Safety and environment	20
Expansion plan	40
Financial management	40

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(ii) Long-term Incentive Plan (LTIP)

The below table summarises the objectives of the Group's LTIP and identifies the performance measures and relevant weights for the FY23 – 25 LTIP.

<table>
<tr><td>Purpose</td><td>Attract, motivate and retain talent which is aligned to the Group's long-term strategy and drive shareholder value.</td></tr>
<tr><td>Eligibility</td><td>Each Executive KMP may, at the discretion of the Board, be offered to participate in the Group's LTIP.</td></tr>
<tr><td>Instrument</td><td>Performance based incentives settled in Performance Rights and/or cash bonuses at the discretion of the Board.

For the FY23-25 LTIP, the Board resolved that any LTIP award entitlements would be settled with the issuance of Performance Rights.

Performance Rights granted under the LTIP are granted for nil consideration. The grant of Performance Rights is conditional upon the terms and conditions set out in the Offer Document to the participant, including a requirement that specific performance hurdles are met.</td></tr>
<tr><td>Allocation methodology</td><td>The number of Performance Rights allocated to each participant is set by the Board. Accounting standards require the estimated valuation of the grants to be recognised over the vesting period. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.</td></tr>
<tr><td>Opportunity</td><td>For the FY23-25 LTIP, the maximum LTIP opportunity for the Managing Director is 100% of Base Salary and 35% - 40% of Base Salary for other Executive KMP.</td></tr>
<tr><td>Performance period</td><td>The performance period commences on 1 January of the relevant year (i.e: 2023), with the outcome of the performance hurdles being measured at the end of the three-year period.</td></tr>
<tr><td>Performance hurdles</td><td>The Board reviews the performance hurdles annually to determine appropriate hurdles based on the Group's strategy, size of the Group and prevailing market practice. The following performance hurdles apply to the FY23-25LTIP:

▪ Relative Total Shareholder Return (TSR) measured against ASX Materials Indices (XMM);
▪ Return (Group EBIT) on Capital Employed (ROCE) measured against the Group's Weighted Average Cost of Capital (WACC); and
▪ Return (Group EBIT less corporate costs) on Sales (ROS) measured against Budgeted Return on Sales.

<table>
<tr><th></th><th>TSR
40% Weighting</th><th>ROCE
30% Weighting</th><th>ROS
30% Weighting</th></tr>
<tr><td>Performance Rights not vested</td><td>TSR/XMM < or = 1.2</td><td>ROCE/WACC < 1.2</td><td>Actual ROS / Budgeted ROS < 1.1</td></tr>
<tr><td>Performance Rights vest on a pro rata basis (70% to 100% vesting)</td><td>TSR/XMM between 1.2 and 1.4</td><td>ROCE/WACC between 1.2 and 1.4</td><td>Actual ROS / Budgeted ROS between 1.1 and1.3</td></tr>
<tr><td>Board discretion to award additional Performance Rights</td><td>TSR/XMM > 1.4</td><td>ROCE/WACC > 1.4</td><td>Actual ROS / Budgeted ROS > 1.3</td></tr>
</table>
</td></tr>
<tr><td>Determination of LTIP outcome</td><td>At the end of the performance period (the FY23-25LTIP performance hurdles will be measured at the end of the 3-year period ending 31 December 2025), the Remuneration and Nominations Committee will review the proposed LTIP outcome for each participant and make a recommendation to the Board for its approval. If a participant receives vested Performance Rights, this entitles the participant to convert each Performance Right into one fully paid Metro share. Those Performance Rights that are deemed not capable of conversion lapse and a participant will not be entitled to convert those Performance Rights into shares.</td></tr>
<tr><td>Termination and forfeiture</td><td>If an Executive's employment is terminated for cause, all unvested Performance Rights lapse unless the Board determines otherwise. In all other circumstances, milestones achieved before the individual's employment contract has ended will be awarded, with Board discretion applied to any awarding of partly achieved objectives.

Any Performance Rights issued which have become exercisable prior to the cessation of an Executive's employment will remain exercisable by that Executive for the remainder of the period that those Performance Rights can be exercised.</td></tr>
<tr><td>Clawback policy and discretion</td><td>The Board has an ability to clawback LTIP awards in the event of fraud, dishonesty, gross misconduct or material misstatement of the financial statements. The Board has the ability in such circumstances to make a determination that could include the lapsing of unvested Performance Rights, the forfeiture of shares allocated on vesting of Performance Rights,</td></tr>
</table>

	and/or repayment of any cash payment or dividends to ensure that no unfair benefit was obtained.
Change of control	In the event of a takeover or other transaction that in the Board's opinion should be treated as a change of control event, the Board has a discretion to determine that vesting of some or all of the performance-based incentives be accelerated and that dealing restrictions on restricted shares be released.

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D. PERFORMANCE AND REMUNERATION OUTCOMES FOR FY23

Key financial and operational highlights for FY23

Key financial and operational highlights used in assessing and determining the allocation of vested Performance Rights awarded to Executive KMP under the STIP included:

- Sales volume achieved 4.6 million WMT. This was a significant improvement on the prior year and was in line with guidance. The average sales price achieved was A$51.6 per WMT which exceeded budget.
- A$45m financing facility for expansion of Bauxite Hills executed with Nebari.
- Additional sales offtakes secured for 2024 and beyond.
- Expansion planning on track.

Short-term incentive plan outcomes

On 23 January 2024, the Remuneration and Nominations Committee and the Board assessed the performance of Executives against the STIP performance hurdles for the 2023 performance period:

Measure	KPI	FY23 Performance	Outcome
Safety and environment	Total recordable injury frequency rate (TRIFR): <3 Number of reportable environmental incidents from 1 April to 31 December: <3	Total recordable injury frequency rate (TRIFR) for 2023 was 7.34. This exceeded target. The number of reportable environmental incidents exceeded the target.	Not achieved
Expansion plan	1. Funding secured and approved 2. Board final investment decision approved 3. Sustained achievement of production ramp-up rate 4. Project on track for delivery of outstanding elements for 2024 production and in compliance with the control budget	1. Nebari facility secured and approved 2. Board final investment decision achieved in May 2023 3. Sustained achievement of production ramp-up rate equivalent to 21,800 tpd was demonstrated over 44 days in Q4 2023 4. Project on track for delivery of outstanding elements for 2024 production, however, control budget has been exceeded.	Partially achieved (Discretion applied)
Financial management	Manage 2023 production season volume to sales whilst minimising cash costs and preserving margin to generate positive cash flow and return to profitability.	Metro achieved annual production/sales guidance for the first time in its history of 4.6 M WMT and was on track towards the top end of its guidance of 5.0 M WMT prior to TC Jasper. The cost/margin however were not met The factors influencing the Board's exercise of discretion include the quantified impacts of fuel inflation and TC Jasper, both of which were uncontrollable impacts to the cost/margin outcomes in 2023 which, absent these, would have equated to the threshold/target performance measure.	Partially achieved (Discretion applied)

The following table outlines the FY23 STIP outcomes, as a percentage of the maximum entitlement for each Executive KMP.

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Executive KMP	Overall performance outcome (as a % of the max entitlement)
Simon Wensley	60%
Nathan Quinlin	60%
Gary Battensby	60%

Long-term incentive plan outcomes

On 26 February 2024, the Remuneration and Nominations Committee and the Board assessed the performance hurdles for the FY21-23 LTIP as follows:

Measure	Performance hurdles	FY21-23 assessment of performance hurdles	Outcome
TSR	Relative Total Shareholder Return (TSR) measured against ASX Materials Indices (XMM)	MMI decreased across the period vs an increase in XMM.	Not achieved
ROCE	Return (Group EBIT) on Capital Employed (ROCE) measured against the Group's Weighted Average Cost of Capital (WACC)	Average WACC of 12% over the assessment period exceeded average ROCE.	Not achieved
ROS	Return (Group EBIT less corporate costs) on Sales (ROS) measured against Budgeted Return on Sales	Average ROS Budget over the assessment period exceeded average actual ROS.	Not achieved

The following table details the FY21-23 LTIP outcome, as a percentage of the maximum entitlement for Executive KMP.

Executive KMP	Overall performance outcome (as a % of the max entitlement)
Simon Wensley	0%

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E. EXECUTIVE REMUNERATION DISCLOSURES

Key management personnel remuneration

The table below sets out the KMP remuneration. Amounts represent remuneration relating to the period during which the individuals were KMP.

Name		Salary and fees [1] $	Non-monetary benefits [2] $	Post-employment benefits [3] $	Share-based payments [4] $	Total remuneration $	Performance related %
Simon Wensley	FY23	547,559	-	27,500	441,712	1,016,771	43%
	FY22	474,072	-	25,534	234,184	733,790	32%
Nathan Quinlin	FY23	333,235	-	27,500	154,171	514,906	30%
	FY22	255,288	-	24,250	40,486	320,024	13%
Gary Battensby	FY23	288,400	-	38,524	88,173	415,097	21%
	FY22	46,667	-	4,900	4,420	55,987	8%
Garry Smith [5]	FY23	-	-	-	-	-	-
	FY22	289,437	33,646	29,691	-	352,774	-
Peter Harding-Smith [6]	FY23	-	-	-	-	-	-
	FY22	137,310	6,540	13,731	-	157,581	-
Consolidated remuneration	FY23	1,169,194	-	93,524	684,056	1,946,774	35%
	FY22	1,202,774	40,186	98,106	279,090	1,620,156	17%

[1] Salary includes short-term absences and the movement in the provision for annual leave.
[2] Non-monetary benefits represent the effective net cost to the Group, consisting of the taxable value of fringe benefits aggregated with the associated fringe benefit tax payable on those benefits.
[3] Post-employment benefits represents superannuation.
[4] Share-based payments can be cash settled up to 25% on STIPs, paid at the option of the relevant participant. The Equity settled benefits represents the non-cash accounting charge to share-based payments expense in relation to Performance Rights on issue during the year. For details on the valuation of performance shares and rights including models and assumptions used, refer to note 28 in the Consolidated Financial Statements. These values may not represent the future value that the KMP will receive, as the vesting of the performance shares and rights are subject to the achievement of certain hurdles.
[5] Garry Smith resigned as General Manager – Operations on 23 October 2022.
[6] Peter Harding-Smith resigned as Chief Financial Officer on 13 June 2022.

Managing Director's fees equity settled

Upon his appointment as the Chief Executive Officer and Managing Director, Mr Simon Wensley elected to receive 20% of his 2022 remuneration as Performance Rights. In 2022, 3,227,719 Performance Rights were issued (for the period 1 January 2022 to 30 June 2022) with an estimated fair value of $51,644.

No other members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

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Key management personnel Performance Rights

(i) Short-term incentives

The terms and conditions relating to short-term incentive Performance Rights offered as remuneration during the year to KMP are set out in the below table.

Executive KMP	Grant date	Grant value $	Vested %	Forfeited %	Unvested %	Expiry date	Range for future payments
Simon Wensley	1/1/23	283,238	60%	40%	-	31/12/23	n/a
Nathan Quinlin	1/1/23	121,600	60%	40%	-	31/12/23	n/a
Gary Battensby	1/1/23	98,000	60%	40%	-	31/12/23	n/a

The short-term incentives were offered for the period from the commencement of the calendar year or on commencement of employment in accordance with the terms of the Group's Employee Incentive Plan. The grant value was determined using a Black Scholes-Merton valuation model.

The awarding of short-term incentives is at the discretion of the Board.

Long-term incentives

The terms and conditions relating to long-term incentive Performance Rights granted as remuneration during the year to KMP are set out in the below table.

Executive KMP	Grant date	Grant value $	Vested %	Forfeited %	Unvested %	Expiry date	Range for future payments
Simon Wensley	1/1/23	485,550	-	-	100%	31/12/25	n/a
Nathan Quinlin	1/1/23	109,440	-	-	100%	31/12/25	n/a
Gary Battensby	1/1/23	88,200	-	-	100%	31/12/25	n/a

The long-term incentives were granted in accordance with the terms of the Group's Employee Incentive Plan. The vesting criteria for each performance hurdle will be tested on 31 December 2025. The grant value was determined using a Black Scholes-Merton valuation model.

Details of the LTIP Performance Rights granted as remuneration to Executive KMP during the year are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price	Value per performance right at grant date	Amount paid / payable by recipient
01/01/2023	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2026	-	0.012	nil

The table below summarises the movements during the reporting period in the number of Performance Rights held by each Executive KMP.

Executive KMP	Opening balance	Granted during the year	Exercised during the year	Lapsed / forfeited during the year	Closing balance
Simon Wensley	40,978,218	68,561,458	-	(15,741,250)	93,798,426
Nathan Quinlin	8,459,219	20,266,666	-	(4,053,333)	24,672,552
Gary Battensby	245,556	16,333,334	-	(3,266,667)	13,312,223

Executive KMP at the end of the year			
Executive KMP	Closing balance	Exercisable	Unvested Un-exercisable
Simon Wensley	93,798,426	29,845,563	63,952,863
Nathan Quinlin	24,672,552	8,694,369	15,978,183
Gary Battensby	13,312,223	5,145,556	8,166,667

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F. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Policy and approach to setting fees

The remuneration policy for Non-Executive Directors (NEDs) aims to ensure the Group can attract and retain suitably skilled, experienced, and committed individuals to serve on the Board and remunerate them appropriately for their time and expertise.

Fees and payments to NEDs reflect the demands which are made on, and the responsibilities of, the directors. NED fees and payments are reviewed annually by the Remuneration and Nominations Committee, which makes recommendations to the Board. The Remuneration and Nominations Committee has also agreed where necessary to seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX Listing Rules require that the aggregate maximum non-executive directors' remuneration pool be determined periodically by a general meeting of shareholders. The most recent determination was at the extraordinary general meeting held on 21 August 2017, where the shareholders approved an aggregate maximum non-executive directors' remuneration pool of up to $500,000 per annum.

The Remuneration and Nominations Committee regularly review the value of the aggregate maximum non-executive directors' remuneration pool and for 2023 concluded that an increase to the value of the pool would not be proposed to shareholders.

Non-Executive Director remuneration arrangements

NEDs do not receive variable remuneration including any form of equity incentive entitlement, bonuses, options, other incentive payments or retirement benefits. All directors are entitled to superannuation contributions up to the statutory capped rates. The table below sets out the remuneration of NEDs of the Group.

Name		Board fees and cash benefits $	Committee fees[3] $	Post-employment benefits[4] $	Share-based payments - Equity settled $	Total remuneration $
Douglas	FY23	-	-	14,901	133,485	148,386
Ritchie	FY22	-	-	13,712	67,046	80,758
Mark	FY23	-	-	-	-	-
Sawyer	FY22	-	-	-	-	-
Fiona	FY23	71,008	31,364	6,692	-	109,064
Murdoch	FY22	71,282	19,172	9,272	-	99,726
Andrew	FY23	33,029	13,636	9,395	3,754	56,814
Lloyd [1]	FY22	34,584	10,733	7,074	-	52,391
Stephen	FY23	-	-	-	-	-
Everett [2]	FY22	11,909	1,348	1,326	-	14,583
Consolidated	FY23	87,400	58,637	30,988	137,239	314,264
remuneration	FY22	117,775	31,253	31,384	67,046	247,458

[1] Andrew Lloyd was appointed Non-Executive Director on 28 February 2022.
[2] Stephen Everett resigned as Non-Executive Director on 28 February 2022.
[3] During the year the ESG committee was established and as a result there has been an increase in committee fees compared to the prior period.
[4] Post employment benefits represents superannuation.

Non-Executive Director Fees equity settled

Upon his appointment as a Director, Mr Doug Ritchie elected to receive his director fees as Performance Rights. 4,469,697 Performance Rights were issued on 27 June 2022 for the period from 5 July 2021 to 30 June 2022, following approval by shareholders at the 2022 Annual General Meeting, with an estimated fair value of $67,046. These Performance Rights have subsequently been converted into shares. On 31 July 2023, 7,025,500 Performance Rights were issued for the period from 1 July 2022 to 30 June 2023, following approval by shareholders at the 2023 Annual General Meeting, with an estimated fair value of $133,485. The grant of Performance Rights for the period 1 July 2023 to 31 December 2023 remains subject to shareholder approval at the 2024 Annual General Meeting.

Upon his appointment as a Director, Mr Andy Lloyd elected to receive 50% of his director fees as Performance Rights. 1,425,546 Performance Rights were issued on 27 June 2022 for the period from 1 June 2022 to 31 May 2023, following approval by shareholders at the 2022 Annual General Meeting, with an estimated fair value of $39,773. On 31 July 2023, following approval by shareholders at the Annual General Meeting, 197,567 Performance Rights were issued for the period from 1 June 2023 to 30 June 2023 with an estimated fair value of $3,754. The grant of Performance Rights for the period 1 July 2023 to 31 December 2023 remains subject to shareholder approval at the 2024 Annual General Meeting.

Non-Executive Directors' shareholdings

The table below summarises the movements of interests in securities of Metro Mining Limited relating to the period during which individuals were KMP.

Name	Opening balance	Performance Rights granted as remuneration during the year	Issued on exercise of Performance Rights	Other changes (net) [1]	Closing balance
Douglas Ritchie	4,469,697	7,025,500	-	-	11,495,197
Fiona Murdoch	972,874	-	-	600,000	1,572,874
Andrew Lloyd	2,925,546	197,567	-	-	3,123,113
Total securities	8,368,117	7,223,067	-	600,000	16,191,184

[1] Other changes (net) represent shares that were purchased or sold during the year or removal of balances for former Non-Executive Directors.

End of audited Remuneration Report.

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Auditor's independence declaration to the directors of Metro Mining Limited

As lead auditor for the audit of the financial report of Metro Mining Limited for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metro Mining Limited and the entities it controlled during the financial year.

Ernst & Young

Matthew Taylor
Partner
28 February 2024

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FOR THE YEAR ENDED 31 DECEMBER 2023

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These Financial Statements are Consolidated Financial Statements of the Group consisting of Metro Mining Limited and its controlled entities. A list of controlled entities is included in note 28.

The Financial Statements are presented in Australian currency.

Metro Mining Limited is a Company limited by shares, incorporated, and domiciled in Australia. Its registered office is Level 4, 135 Wickham Terrace, Brisbane QLD 4000.

The Financial Statements were authorised for issue by the Directors on 28 February 2024.

The Directors have the power to amend and reissue the Financial Statements.

All press releases, financial reports and other information are available at our Investor Centre on our website:
www.metromining.com.au/investor-media-centre/

Metro Mining Limited and Controlled Entities
Consolidated Statement of Comprehensive Income
For the period ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Revenue from contracts with customers	3	235,840	177,895
Cost of sales	4	(222,461)	(209,056)
Gross profit / (loss)		13,379	(31,161)
Other income		360	1,101
Exploration expenses		-	(212)
Administrative expenses	5	(8,668)	(6,334)
Operating profit / (loss) before interest and income tax		5,071	(36,606)
Finance costs	6	(16,008)	(13,393)
Finance income	7	4,466	91
Other (losses)	8	(572)	-
Foreign exchange (loss)		(6,439)	(214)
Loss before income tax expense		(13,482)	(50,122)
Income tax benefit / (expense)	10	-	-
Loss after income tax expense for the period attributable to the owners of Metro Mining Limited		(13,482)	(50,122)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		79	(36)
Other comprehensive income / (loss) for the period, net of tax		79	(36)
Total comprehensive loss for the period		(13,403)	(50,158)

Loss per share	Notes	2023 Cents	2022 Cents
Basic loss per share	9	(0.31)	(1.44)
Diluted loss per share	9	(0.31)	(1.44)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

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Metro Mining Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 31 December 2023

	Notes	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	24	12,070	11,746
Restricted cash	24	5,351	274
Inventories	12	3,257	2,533
Trade and other receivables	11	8,925	4,406
Other financial assets	13	1,310	93
Other assets	14	4,397	3,780
Total current assets		35,310	22,832
Non-current assets			
Property, plant and equipment	15	86,792	79,423
Right-of-use assets	16	22,782	22,083
Investments accounted for using the equity method	21	11,718	-
Exploration and evaluation assets	17	1,480	1,342
Other financial assets	20	10,915	3,847
Total non-current assets		133,687	106,695
Total assets		168,997	129,527
Liabilities			
Current liabilities			
Trade and other payables	18	24,119	23,241
Lease liabilities	16	12,495	7,912
Borrowings	26	33,322	35,585
Other financial liabilities	19	18,197	5,921
Provisions	20	1,353	875
Total current liabilities		89,486	73,534
Non-current liabilities			
Lease liabilities	16	9,246	13,581
Borrowings	26	46,075	2,536
Other financial liabilities	19	3,282	11,098
Provisions	20	10,955	9,839
Total non-current liabilities		69,558	37,054
Total liabilities		159,044	110,588
Net assets		9,953	18,939
Equity			
Contributed equity	22	227,287	227,287
Other reserves	23	15,135	10,639
Accumulated losses		(232,469)	(218,987)
Total equity		9,953	18,939

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

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Metro Mining Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the period ended 31 December 2023

	Contributed equity $'000	Translation reserve $'000	Option reserve $'000	Employee share acquisition reserve $'000	Warrant reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2022	200,959	1	9,906	(8)	-	(168,865)	41,993
Loss after income tax expense for the period	-	-	-	-	-	(50,122)	(50,122)
Other comprehensive loss	-	(36)	-	-	-	-	(36)
Total comprehensive loss for the period	-	(36)	-	-	-	(50,122)	(50,158)
Transactions with owners in their capacity as owners:							
Shares issued	27,574	-	-	-	-	-	27,574
Transaction costs related to shares issued	(1,246)	-	-	-	-	-	(1,246)
Share-based payments - employees	-	-	776	-	-	-	776
Balance at 31 December 2022	227,287	(35)	10,682	(8)	-	(218,987)	18,939

	Contributed equity $'000	Translation reserve $'000	Option reserve $'000	Employee share acquisition reserve $'000	Warrant reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2023	227,287	(35)	10,682	(8)	-	(218,987)	18,939
Loss after income tax expense for the period	-	-	-	-	-	(13,482)	(13,482)
Other comprehensive income	-	79	-	-	-	-	79
Total comprehensive income / (loss) for the period	-	79	-	-	-	(13,482)	(13,403)
Transactions with owners in their capacity as owners:							
Share-based payments - employees	-	-	950	-	-	-	950
Warrants issued - shareholder loans	-	-	-	-	400	-	400
Warrants issued - Nebari	-	-	-	-	3,067	-	3,067
Balance at 31 December 2023	227,287	44	11,632	(8)	3,467	(232,469)	9,953

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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Metro Mining Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the period ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		226,872	190,245
Payments to suppliers and employees (inclusive of GST)		(214,618)	(192,624)
		12,254	(2,379)
Receipts from interest income		62	91
Receipts from other income		-	1,101
Net cash inflows / (outflows) used in operating activities	25	12,316	(1,187)
Cash flows from investing activities			
Payments for property, plant and equipment		(11,564)	(2,691)
Payments for exploration and evaluation assets		(894)	(156)
Payments for financial assurance and other security bonds		(12,131)	(3,847)
Payments for equity accounted investments		(11,718)	-
Net cash outflows used in investing activities		(36,307)	(6,694)
Cash flows from financing activities			
Proceeds from borrowings		41,814	9,500
Repayment of borrowings		(2,500)	(515)
Interest paid		(3,998)	(7,075)
Principal elements of lease payments		(13,211)	(14,005)
Proceeds from other financial liabilities		1,858	-
Proceeds from issuance of shares		-	21,081
Payments for transaction costs related to issuance of securities		-	(1,246)
Payment of other finance costs		-	(116)
Net cash inflows provided by financing activities		23,963	7,624
Net decrease in cash and cash equivalents		(28)	(257)
Cash and cash equivalents at the beginning of the financial period		11,746	13,883
Effects of exchange changes on the balances held in foreign currencies		352	(1,880)
Cash and cash equivalents at the end of the financial period	24	12,070	11,746

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Metro Mining Limited and Controlled Entities
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31 December 2023

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 1. BASIS OF PREPARATION

A1 BASIS OF PREPARATION

Metro Mining Limited is a listed for-profit public Company incorporated and domiciled in Australia. This Consolidated Financial Report for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 29 February 2024.

The Consolidated Financial Report is a general-purpose financial report which has been prepared in accordance with the Corporations Act 2001, and Australian Accounting Standards and Interpretations. Compliance with Australian Accounting Standards ensures that the Consolidated Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies and methods of computation adopted are consistent with those of the previous financial year. The Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments which have been measured at fair value.

The Consolidated Financial Statements are presented in Australian currency and amounts have been rounded to the nearest thousand dollar unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

(A) Going concern

As at 31 December 2023, the Group had $12.1 million (31 December 2022: $11.7 million) in cash on hand, net current liabilities of $54.2 million (31 December 2022: $49.0 million) and has recorded a net loss of $13.5 million (31 December 2022: $50.1 million) for the financial year. The Group's net cash operating inflows for the year were $12.3 million (31 December 2022: outflow $1.19 million).

The Group was on track towards the top end of its guidance of 4.5 million to 5.0 million wet metric tonnes (WMT) of sales for FY23, however in the second half of December severe weather from Tropical Cyclone Jasper caused a significant disruption to site operations with the suspension of transhipping activities for 10 days and ongoing adverse weather limiting shipping operations until season end on 4 January 2024. Despite the significant disruption the Group was still able to achieve its market guidance with total shipments for FY23 of 4.6 million WMT.

The Group continues to manage cash flow uncertainty and exposure to pricing and operational volatility as demonstrated through the following measures:

- Bauxite sales supported by binding offtake agreements covering at least 75% of the total 2024 sales outlook;
- Ocean freight exposure has been reduced with the execution of Contracts of Affreightment, resulting in freight coverage on a large proportion of CIF contracted sales to 2024;
- Foreign currency exposure managed through foreign exchange hedging instruments; and
- Successful completion of the new US$30 million Nebari facility and refinancing with existing lenders during the year.

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the financial statements, have prepared a cash flow forecast through to at least 12 months from approving these financial statements, which includes the following key assumptions that in their assessment are necessary for the Group to have sufficient cash to continue as a going concern:

- Successful commissioning of the Offshore Floating Terminal and Product Screening Update from April 2024;
- Expanded production capacity and continued improvement in costs of production in 2024 with target production of between 6.3 million and 6.8 million WMT; and
- Continued support from lenders, creditors and regulatory bodies. The Directors note that in early 2024 the Group secured a further $20 million funding package to support the Group through the wet season and enable the completion of the expansion project. This funding package came in the form of a mineral royalty deed with Nebari and short term working capital facility with Lambhill.

Based on the measures outlined above, ongoing cash management and a history of flexibility shown by lenders and creditors, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

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Note 1. BASIS OF PREPARATION (continued)

Should the Group be unsuccessful in the commissioning of the Offshore Floating Terminal and Product Screening Upgrade as necessary to achieve the expanded production capacity, a material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern and therefore realise its assets and settle its liabilities in the ordinary course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

A2 SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies adopted in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Where a significant accounting policy is specific to a note to the Consolidated Financial Statements, the policy is described within that note.

Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

(A) Basis of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all interests in subsidiaries of the Company as at 31 December 2023 and the results of all interests in subsidiaries for the period then ended. A list of the interests in subsidiaries is provided in note 28. Metro Mining Limited and its interests in subsidiaries together are referred to in this Consolidated Financial Report as the Group.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(B) Goods and Services Tax

Intercompany transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(C) New and amended standards adopted by the Group

The Group has adopted all new or amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. There is no material impact of the new and revised Australian Accounting Standards and Interpretations on the Group.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 1. BASIS OF PREPARATION (continued)

(D) New and amended standards not yet adopted by the Group

Certain new or amended Australian Accounting Standards and Interpretations have been published that are not mandatory for reporting periods commencing 1 January 2023 and have not been early adopted by the Group. These standards are not expected to have a material financial impact on the Group in the current or future reporting periods.

A3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Group's policies, the Directors are required to make estimates, judgements, and assumptions that affect the amounts reported in this Consolidated Financial Report. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are set out in the following notes:

- Note 10(D) – Recoverability of deferred tax assets
- Note 15(A) - Estimation of recoverable amounts of assets and cash generating units

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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Note 2. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM). The Board, identified as the CODM, assess the performance of the Group and determine the allocation of resources.

The Group's operating segments have been determined with reference to the monthly management accounts used by the CODM to make decisions regarding the Group's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8 Operating Segments, there is only one reportable segment, being the production and sale of bauxite from the Groups Bauxite Hills mine in Queensland.

The Group's customers are located in one geographic area, China, with 100% of revenue from the sales of bauxite derived from that area during the year. The Group had three customers who accounted for 100% of its revenue from contracts with customers during the year ended 31 December 2023.

The revenues and results of this segment are those of the Group as a whole and are set out in the Consolidated Statement of Comprehensive Income. The assets and liabilities of the Group as a whole are set out in the Consolidated Statement of Financial Position.

Note 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31 December 2023, revenue from contracts with customers is derived from the sale of bauxite from the Group's Bauxite Hills mine. The Group recognises revenue from the sale of bauxite at a point in time.

	2023 $'000	2022 $'000
At a point in time		
Revenue from sale of bauxite	235,840	177,895
Total revenue from contracts with customers	235,840	177,895

The Group sold its FY23 production through binding offtake agreement's with Xinfa Group, Xiamen Xiangsen Aluminum Co., Ltd and Shandong Lubei Enterprise Group General Company, delivering a total of 4.6 million WMT by 31 December 2023 (3.4 million WMT by 31 December 2022). Operations for the financial year commenced in April 2023 with twenty one ocean-going cape vessels and fifteen geared vessels loaded in the period up to 31 December 2023.

The Group's bauxite is sold on the INCO terms Cost, Insurance and Freight (CIF) or Free on Board (FOB) basis from the Port of Skardon River, Queensland to main ports in China. The binding offtake pricing for Xiamen Xiangsen is based on a formula linked to the published Chinese Alumina Index. If spot sales can be negotiated, prices are based on the bauxite spot market price at the time of signing the spot sale contracts. Both the binding offtake and any spot sales contracts contain agreed product specification ranges and have usual provisions for bonuses and penalties for variances therefrom.

Payment is received for each shipment via irrevocable Letter of Credit's for 90% of the unadjusted cargo value, with the balancing receipt (including bonus or penalty) drawn down after the product has been discharged and analysed by the customer in China.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 3. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Significant accounting policy

Revenue from contracts with customers is recognised when the Group transfers control of products or provides services to a customer at the amount to which the Group expects to be entitled.

Revenue is recognised in accordance with the following five-step process:
1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Sale of bauxite

The Group has determined that revenue from the sale of bauxite is to be recognised when the mined bauxite is loaded into the ocean-going vessel. At this point, the Group has satisfied all contractual service obligations under the sales agreement with the customer. The revenue is recognised at 100% of the sale value, calculated based on the ship's draft survey at the loading port (to determine loaded volume) and a quality estimate (to determine moisture and specification) from samples taken at the loading port, issued by an independent laboratory. This represents the best estimate of the fair value of the cargo at the time of issuing the provisional invoices. Once the vessel is discharged in China, a reconciliation is performed between the customer's draft survey and the customer's quality analysis and the final price is adjusted for accordingly.

Interest income

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 4. COST OF SALES

	2023 $'000	2022 $'000
Production expenses	126,070	108,542
Depreciation expense – property, plant and equipment	5,939	4,991
Depreciation expense – right-of-use assets	10,775	8,990
Ocean freight	51,337	67,921
Royalties expense	26,353	16,928
Marketing expense [1]	1,987	1,684
Total cost of sales	222,461	209,056

[1] Marketing expenses consist of commission paid to overseas marketing representatives together with the office and travel expenses of those representatives.

Note 5. ADMINISTRATIVE EXPENSES

	2023 $'000	2022 $'000
Employee benefits expense	3,443	2,474
Share-based payments	950	776
Depreciation expense – property, plant and equipment	-	111
Professional fees	2,684	1,575
Bank fees	212	71
Other expenses	1,379	1,327
Total administrative expenses	8,668	6,334

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Note 6. FINANCE COSTS

	2023 $'000	2022 $'000
Interest expense - borrowings	11,240	5,561
Interest expense - leases	3,221	2,433
Loss on foreign exchange derivatives	-	4,648
Amortisation of deferred borrowing costs	-	124
Rehabilitation provision – unwinding of discount	425	50
Loan – unwinding of discount	169	327
Other finance costs	953	250
Total finance costs	16,008	13,393

Significant accounting policy

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs comprise; interest on borrowings calculated using the effective interest method, interest expense on lease liabilities, and amortised capitalised borrowing costs over the term of the borrowings.

Borrowing costs directly attributable to the acquisition, construction, or production of assets that necessarily take a substantial period of time to prepare for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Note 7. FINANCE INCOME

	2023 $'000	2022 $'000
Interest income	(62)	(91)
Gain on foreign exchange derivatives	(4,404)	-
Total finance income	(4,466)	(91)

Note 8. OTHER GAINS AND LOSSES

	2023 $'000	2022 $'000
Loss on loan modification	(572)	-

During the period, the Group renegotiated the terms of its existing loan facility with Ingatatus and Lambhill by extending the loan repayment dates for each facility. The renegotiation resulted in the recognition of a non-recurring modification loss of $0.6m. Further information on the loan repayment terms can be found in Note 26.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 9. LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to the owners of Metro Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

	2023 $'000	2022 $'000
Loss for the period	(13,482)	(50,122)

	2023 Shares ('000)	2022 Shares ('000)
Weighted average number of shares used as denominator in calculating basic loss per share	4,365,894	3,483,137
Weighted average number of shares used as denominator in calculating diluted loss per share	4,365,894	3,483,137

	2023 Cents	2022 Cents
Basic loss per share	(0.31)	(1.44)
Diluted loss per share	(0.31)	(1.44)

Diluted loss per share adjusts the basic loss per share for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group is loss making, there is no dilutive effect of the potential ordinary shares.

Note 10. TAXES

(A) Income tax benefit

	2023 $'000	2022 $'000
Current tax		
Current tax benefit	-	-
Total current tax benefit	-	-
Deferred tax		
Decrease / (increase) in deferred tax assets (DTA)	15,302	14,335
Increase / (decrease) in deferred tax liabilities (DTL)	(15,302)	(14,335)
Total deferred tax benefit	-	-
Income tax benefit	-	-

(B) Numerical reconciliation of income tax benefit to prima facie tax payable

	2023 $'000	2022 $'000
Loss before income tax expense	(13,482)	(50,122)
Tax at the statutory tax rate of 30%	(4,045)	(15,037)
Tax effect of amounts which are not (assessable) / deductible in calculating taxable income:		
Share-based payments expenses	285	233
Other permanent differences	176	2
Current tax loss not brought to account	3,584	14,802
Under / (over) adjustment	-	-
Income tax (benefit) / expense	-	-

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Note 10. TAXES (continued)

(C) Deferred tax assets and liabilities

	Recognised deferred tax assets		Unrecognised deferred tax assets		Deferred tax liabilities	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Other provisions and accruals	824	663	-	-	-	-
Lease liabilities	6,522	6,448	-	-	-	-
Property, plant and equipment's (including other mineral assets)	3,799	5,691	-	-	-	-
Other deductible temporary differences	4,157	1,534	356	3,709	-	-
Tax losses carried forward	-	-	73,273	65,393	-	-
Capital losses carried forward	-	-	2,256	2,256	-	-
Exploration and evaluation expenditure	-	-	-	-	(238)	(138)
Inventory	-	-	-	-	(977)	(760)
Leased assets	-	-	-	-	(6,661)	(6,452)
Other temporary differences	-	-	-	-	(7,426)	(6,986)
Deferred tax assets / (liabilities)	15,302	14,336	75,885	71,358	(15,302)	(14,336)

(D) Critical accounting judgement and estimate

Recoverability of deferred tax asset

The Group recognises deferred tax assets when it becomes probable that sufficient taxable income will be derived in future periods against which to offset these assets. The Group has carried forward tax losses at 31 December 2023 of $244.2 million ($218.0 million at 31 December 2022).

At each reporting date, the Group assesses the level of expected future cash flows from the business, and the probability associated with realising these cash flows, and determines whether the deferred tax assets of the Group should be recognised.

At 31 December 2023, the Group's evaluation of the recoverability of its deferred tax assets is based on cash flows and cash flow sensitivities consistent with those used in the Group's impairment assessment. The Group has assessed that it can no longer be considered probable that the portion of the Group's carry-forward tax losses and temporary differences previously recognised will be used to offset future taxable profits. Therefore, the Group's deferred tax asset were derecognised in full with no carrying value recognised at 31 December 2023, other than that to offset the deferred tax liability.

At 31 December 2023, the deferred tax asset remains derecognised.

(F) Tax consolidation

Metro Mining Limited and its Australian wholly-owned controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity, Metro Mining Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

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Note 10. TAXES (continued)

Significant accounting policy

Income tax

Income tax expense in the Consolidated Statement of Comprehensive Income for the period presented comprises current and deferred tax. The income tax expense or benefit for the year is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by changes in deferred assets and liabilities attributable to temporary differences and unused tax losses, and under and over provisions in prior years where applicable.

Income tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax is also recognised in other comprehensive income, or directly in equity, respectively.

Current tax

Current tax expense or benefit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets or liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance date.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

- transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of an ROU Asset and a lease liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amounts of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority or either the same taxable entity, or different taxable entities which intend to settle simultaneously.

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Note 11. TRADE AND OTHER RECEIVABLES

	2023 $'000	2022 $'000
Trade debtors	7,199	3,180
Other receivables [1]	1,726	1,226
Total trade and other receivables	8,925	4,406

[1] Other receivables represents GST and fuel tax credit receivable of $1.7 million (31 December 2022: $1.2 million).

(A) Allowance for expected credit losses

As at 31 December 2023, there were no trade receivables which were past due but not impaired. As a result, there was no allowance for expected credit loss recognised (31 December 2022: $nil) due to the materiality of loss estimated at less than 0.5% (31 December 2022 less than 0.5%). Trade debtors includes income for invoices not yet invoiced which includes penalties.

(B) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other receivables is considered to approximate their fair value.

Significant accounting policy

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. Trade receivables are generally due for settlement within periods up to 30 days.

Allowance for expected credit losses

The Group assesses the expected credit losses associated with its trade and other receivables on a forward-looking basis. The Group applies the simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables that share similar credit risk characteristics and days past due are grouped and then assessed for collectability as a whole.

(C) Risk exposure

Information concerning the credit risk of receivables is set out in note 27(B(ii)).

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Note 12. INVENTORIES

	2023 $'000	2022 $'000
Bauxite inventories	1,391	-
Stores inventories	1,866	2,533
Total inventories	3,257	2,533

Significant accounting policy

Stores inventories

Bulk inventories (fuel, oils, etc) are carried at and consumed at a weighted average cost price. The carrying value of critical spares and other consumables is determined on a first in, first-out basis.

Bauxite inventories

Bauxite inventories are carried at the weighted average cost of extraction to the stage of processing the material has reached, or net realisable value, whichever is the lower. All direct costs of extraction plus site overheads are apportioned to determine the cost of extraction. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Note 13. OTHER CURRENT FINANCIAL ASSETS

	2023 $'000	2022 $'000
Foreign exchange derivative	1,231	-
Term deposits held as security	79	93
Total current other financial assets	1,310	93

The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes. As at 31 December 2023, the Group had foreign exchange forward contracts to fix the United States dollar (US$) rate to 0.6795 on US$71 million of sales. The foreign exchange forward contracts mature in June 2024 and can be extended. The Group has elected not to apply hedge accounting.

(A) Fair value disclosure

The fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. It is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

Significant accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Note 14. OTHER ASSETS

	2023 $'000	2022 $'000
Prepayments	4,397	3,366
Other assets	-	414
Total other assets	4,397	3,780

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Note 15. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment $'000	Infrastructure $'000	Ancillary assets $'000	Other mineral assets [1] $'000	Assets under construction [2] $'000	Total $'000
1 January 2022						
Cost	6,085	40,242	2,836	98,332	1,872	149,367
Accumulated depreciation	(544)	(3,725)	(1,873)	-	-	(6,142)
Accumulated amortisation	-	-	-	(9,565)	-	(9,565)
Accumulated impairment [3]	-	(15,689)	-	(38,586)	-	(54,275)
Net book amount	5,541	20,828	963	50,181	1,872	79,385
Movement:						
Additions	-	-	-	-	2,446	2,446
Assets under construction transfer	509	-	542	-	(1,051)	-
Change in rehabilitation provision	-	-	-	2,696	-	2,696
Disposals	-	-	(3)	-	-	(3)
Depreciation expense	(385)	(691)	(637)	(3,388)	-	(5,101)
31 December 2022 closing net book amount	5,665	20,137	865	49,489	3,267	79,423
31 December 2022						
Cost	6,594	40,242	3,219	101,028	3,267	154,350
Accumulated depreciation	(929)	(4,416)	(2,354)	-	-	(7,699)
Accumulated amortisation	-	-	-	(12,953)	-	(12,953)
Accumulated impairment [3]	-	(15,689)	-	(38,586)	-	(54,275)
Net book amount	5,665	20,137	865	49,489	3,267	79,423
Movement:						
Additions	-	-	-	-	12,899	12,899
Reclassification right-of-use assets	-	-	-	-	-	-
Assets under construction transfer	3,993	-	854	-	(4,847)	-
Change in rehabilitation provision	-	-	-	691	-	691
Disposals	-	-	-	-	(282)	(282)
Depreciation expense	(978)	(1,033)	(750)	(3,178)	-	(5,939)
31 December 2023 closing net book amount	8,680	19,104	969	47,002	11,037	86,792
31 December 2023						
Cost	10,587	40,242	3,985	101,719	11,037	167,570
Accumulated depreciation	(1,907)	(5,449)	(3,016)	-	-	(10,372)
Accumulated amortisation	-	-	-	(16,131)	-	(16,131)
Accumulated impairment [3]	-	(15,689)	-	(38,586)	-	(54,275)
Net book amount	8,680	19,104	969	47,002	11,037	86,792

[1] Amortisation of other mineral assets commenced at the formal commissioning of the mine. These assets will be amortised over the mine life on a units of production basis.
[2] Assets under construction includes mine related infrastructure and plant and equipment under development but not commissioned at 31 December 2023. Assets under construction are not depreciated until the assets are available for their intended use.
[3] During a prior period an impairment charge of $54.3 million was recognised against the Bauxite Hills generating unit. The carrying value of the CGU has been reduced to the recoverable amount. Refer to note 15(A) for further details.

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Note 15. PROPERTY, PLANT AND EQUIPMENT (continued)

(A) Critical accounting estimates and judgements

Impairment of assets

AASB 136 Impairment of Assets requires the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an entity shall estimate the recoverable amount of the asset or cash generating unit to which it relates.

Determining whether an asset or CGU is impaired requires an estimation of the value in use or fair value less cost of disposal. The Group's impairment testing estimates the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value of those cash flows.

In a prior period, an impairment of $55.3 million was recognised by the Group following an assessment of the recoverable amount of its Bauxite Hills cash generating unit (CGU). As part of this assessment, the Group's Infrastructure Assets and Other Mineral Assets were identified as carried at values exceeding their recoverable amounts. Accordingly, $54.3 million of the total $55.3 million impairment was allocated to these CGU asset categories. The remainder of the impairment charge ($1.0 million) was allocated to the Group's capitalised Exploration and Evaluation expenditure.

At 31 December 2023, the Group performed an impairment indicator assessment, and considered whether any indicators of impairment or reversal of the previously recorded impairment were present. The Group has identified no further indicators were present with conditions in line with previous expectations.

(B) Other mineral assets

Other mineral assets include the following types of assets:

- capitalised expenditure from 'Exploration and evaluation assets' which is transferred to 'Other mineral assets' once the work completed to date supports the future development of the property and such development receives appropriate approvals
- the cost of rehabilitation recognised as a rehabilitation asset which is amortised to the profit or loss over the period of rehabilitation, usually being the mine life; and
- the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

(C) Assets under construction

All expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Assets under construction', a sub-category of 'Property, Plant and Equipment', until such time as the asset is completed and capable of its intended use. At this time, these assets will be transferred to the relevant category of Property, Plant and Equipment to be depreciated over their assessed useful lives.

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Note 15. PROPERTY, PLANT AND EQUIPMENT (continued)

Significant accounting policy

Plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation

Depreciation is calculated on either a straight-line basis or on a units of production basis to write off the net cost of each item of property, plant and equipment over its expected useful life as follows (no change from prior year):

- Plant and equipment: Units of production
- Infrastructure: Units of production

Ancillary assets:
- Software: 20% per annum
- Office equipment: 33% per annum
- Field equipment: 20% per annum
- Motor vehicles: 33% per annum
- Heavy equipment: 33% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

An item of property, plant and equipment is derecognised when it is disposed of or no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit or loss.

Impairment

The carrying amounts of the Group's property, plant and equipment are reviewed for impairment where there is an indication that the asset may be impaired (assessed at least at each reporting date) or when there is an indication that a previously recognised impairment may need to be reversed. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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Note 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(A) Amounts recognised in the Consolidated Statement of Financial Position

	2023 $'000	2022 $'000
Right-of-use assets		
Properties	257	13
Infrastructure	306	322
Equipment	22,213	21,736
Motor vehicles	6	12
Total right-of-use assets	22,782	22,083
Lease liabilities		
Current	12,495	7,912
Non-current	9,246	13,581
Total lease liabilities	21,741	21,493

(B) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2023 $'000	2022 $'000
Depreciation on right-of-use assets		
Properties	89	136
Infrastructure	17	11
Equipment	10,653	8,721
Motor vehicles	16	122
Total	10,775	8,990
Interest expense on lease liabilities	3,221	2,433
Expenses relating to short-term leases (included in administrative expenses)	44	27
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)	27	11
Total	14,067	11,461

(C) Amounts recognised in the Consolidated Statement of Cash Flows

The total cash outflow for leases for the year ended 31 December 2023 was $13.2 million (31 December 2022: $14 million).

(D) The Group's leasing activities

The Group leases various properties, infrastructure, equipment, and vehicles. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

During the period, the Group accounted for lease additions of $14.5 million under IFRS 16 (31 December 2022 $nil), in relation to its equipment fleet, property lease and modifications of existing leases as a result of CPI events.

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Note 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Significant accounting policy

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of useful life and the lease term.

Right-of-use assets are tested for impairment which replaces the previous requirement to recognise a provision of onerous lease contracts. Any identified impairment loss is accounted for in line with the Group's accounting policy for property, plant and equipment which is set out in note 15.

Lease liabilities

At commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the recognition exemptions to its short-term and low-value leases. Short-term leases are leases with a lease term of 12 months or less. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In determining the lease term, the Group applies judgement and considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

At the end of each lease term, the Group assumes the lease arrangements will be automatically renewed regardless of whether the lease is no longer enforceable. The lease will remain in effect until one of the parties gives notice to terminate with no more than an insignificant penalty. The initial lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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Note 17. EXPLORATION AND EVALUATION ASSETS

	2023 $'000	2022 $'000
Exploration and evaluation - at cost	1,480	1,342
Total exploration and evaluation assets	1,480	1,342

Exploration and evaluation costs are only capitalised to the extent they are expected to be recovered either through successful development or sale of the relevant mineral interest.

As required by Australian Accounting Standards, at 31 December 2023 the Group reviewed its various areas of interest for the existence of impairment indicators. All remaining areas of interest continue to be under consideration for further exploration and potential development.

(A) Reconciliation of the movement in the value of exploration and evaluation assets

	2023 $'000	2022 $'000
Balance at 1 January	1,342	1,186
Expenditure during the year	138	156
Balance at 31 December	1,480	1,342

Significant accounting policy

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

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Note 18. TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
Current		
Trade payables	13,216	15,487
Accrued expenses	10,903	7,754
Total current trade and other payables	24,119	23,241

(A) Fair value disclosure

Due to the short-term nature, the carrying amount of trade and other payables is considered to approximate their fair value.

Significant accounting policy

These amounts represent liabilities for goods and services provided to Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

Note 19. FINANCIAL LIABILITIES

	2023 $'000	2022 $'000
Current		
Current financial liabilities	18,197	4,944
Foreign exchange derivative	-	977
Total current financial liability	18,197	5,921
Non-current		
Non-current financial liabilities	3,282	11,098
Total non-current financial liability	3,282	11,098
Total financial liability	21,479	17,019

The current and non-current liabilities relate to royalties incurred on the sale of bauxite and are owed to the Queensland Office of State Revenues (OSR).

Note 20. PROVISIONS

	2023 $'000	2022 $'000
Current		
Employee benefits	1,353	875
Total current provisions	1,353	875
Non-current		
Mine restoration	10,955	9,839
Total non-current provisions	10,955	9,839
Total provisions	12,308	10,714

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Note 20. PROVISIONS (continued)

(A) Carrying amounts and movements in provisions

Movements in each class of provision during the financial year are set out below.

	Mine restoration $'000	Employee benefits $'000	Total $'000
Balance at 1 January	9,839	875	10,714
Additional provisions recognised	691	971	1,662
Unused amounts reversed	-	-	-
Unwind of discount	425	-	425
Amounts used during the year	-	(493)	(493)
Balance at 31 December	10,955	1,353	12,308

(B) Provision for mine restoration

A provision has been recognised for costs to be incurred to restore the Bauxite Hills mining tenements in accordance with the requirements of the site's environmental authorities. The estimates have been prepared using the Queensland State Government's rehabilitation calculator and are based on the current disturbance under the approved plan of operations for the Bauxite Hills mine. It is anticipated that the mine site will require restoration within 14 years. A government bond rate has been applied to discount the provision to present value.

A Financial Provisioning Scheme (the Scheme) was established by the Queensland State Government in 2019 to assist in the management of the financial risk exposure to mining and energy resource projects failing to comply with their environmental management and rehabilitation obligations. The Scheme manager makes an annual re-assessment of risk for each Environmental Authority (EA) holder by considering the financial soundness of the EA holder and other criteria set out in the Scheme Manager's guidelines.

In April 2021, as part of the annual assessment, the Scheme Manager re-assessed the Group as not meeting the prerequisite risk profile for provisioning by way of contribution to Scheme Fund and, as a result, the Group was notified of the requirement to lodge financial surety. Having regard to the nature of the change in the provisioning requirement and consistent with the relevant powers of the Scheme Manager under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*, a Surety Provisioning Arrangement with the Scheme was entered into in September 2021. The Arrangement is subject to an ongoing information provision to the Scheme Manager.

Under the Arrangement the Group made payments of $7.1 million during the period ended 31 December 2023 completing the amount owing. The current estimate of the cost to rehabilitate the Bauxite Hills mine site has been provided for at 31 December 2023. As the payments under the arrangement are complete the financial surety balance of $10.9 million is recorded as an other financial asset in the Consolidated Statement of Financial Position and will be repaid to the Group on completion of the rehabilitation.

(C) Provision for employee benefits

The provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion of this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, this amount must be classified as a current liability since the Group does not have an unconditional right to defer the settlement of this amount in the event employees wish to use their leave entitlements.

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Note 20. PROVISIONS (continued)

Significant accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable the Group will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material provisions are discounted using a rate that reflects the risk. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Restoration, rehabilitation and environmental provision

Costs of site restoration for development activities are provided for over the life of the area of interest. When development commences, site restoration costs would include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

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Note 21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2023 $'000	2022 $'000
Investments accounted for using the equity method	11,718	-
Total Investments accounted for using the equity method	11,718	-

On 17 May 2023, the Group, along with its joint venture partner ALM Shipping Management Ltd ("ALM Shipping"), incorporated Ikamba Pte Ltd in Singapore. The Group and ALM each own 50% of the ordinary shares on issue of Ikamba Pte Ltd. The Group acquired its shares in Ikamba Pte Ltd for $25,000 and during the period ended 31 December 2023 made further contributions of $11.7 million to Ikamba Pte Ltd to fund the mobilisation, drydocking and transportation of the Ikamba OFT. These contributions have been added to the value of the Group's investment in Ikamba Pte Ltd.

The Group's interest in Ikamba Pte Ltd is accounted for using the equity method in these consolidated financial statements.

Details of each of the Group's material joint ventures at the end of the reporting period are as follows:

Joint Venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group 31 December 2023	Proportion of ownership interest and voting rights held by the Group 31 December 2022
Ikamba Pte Ltd	Owning and leasing the ALM Tinka (Ikamba OFT) to the Group.	Singapore, incorporated on 17 May 2023.	50%	-

Summarised financial information of the joint venture, comprises assets that relate to the Offshore Floating Terminal vessel. The joint venture had no other contingent liabilities or commitments as at 31 December 2023 (31 December 2022 $nil). The joint venture had no revenue or expenses for the period ended 31 December 2023 (31 December 2022 $nil).

At 31 December 2023, the Group's estimated future committed cash outflow for the Ikamba bareboat charter is US$28.94 million. This lease has been committed to however had not yet commenced as at 31 December 2023.

Significant accounting policy

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in

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accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies AASB 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee.

Furthermore, in applying AASB 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by AASB 128 *Investments in Associates and Joint Ventures* (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

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Note 22. CONTRIBUTED EQUITY

	2023 Shares '000	2023 $'000	2022 Shares '000	2022 $'000
Ordinary shares - fully paid	4,365,894	227,287	4,363,829	227,287
Total contributed equity	4,365,894	227,287	4,363,829	227,287

(A) Movements in ordinary shares

	2023 Shares '000	2023 $'000	2022 Shares '000	2022 $'000
Ordinary shares – fully paid at 1 January	4,363,829	227,287	2,988,770	200,959
Movement:				
Share placement	-	-	1,375,059	27,574
Share transfer from performance rights	2,065	-	-	-
Transaction costs related to shares issued	-	-	-	(1,246)
Ordinary shares – fully paid at 31 December	4,365,894	227,287	4,363,829	227,287

In the prior period, the Company completed a $27.5 million capital raise by private placement and Share Purchase Plan, at an issue price of $0.02 per share. The private placement amounted to $25.4 million and was comprised of $18.9m in additional funds and a $6.5m loan conversion of a portion of the short-term working capital facilities. Mr Andrew Lloyd, a Director of Metro Mining Limited, participated in the equity raise and acquired 1,500,000 shares.

(B) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

(C) Capital risk management

The Group's objectives when managing capital are:
- To safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and
- To maintain an optimum capital structure to reduce the cost of capital.

In common with many other mine production companies, the Parent Entity raises finance for the Group's activities through reinvestment of operating cash flows, equity raisings or debt financing, whichever is available and maximises returns for shareholders.

The directors consider the current capital structure in relation to the operation of the Bauxite Hills Mine appropriate for the Company's stage of growth.

	2023 $'000	2022 $'000
Financial liabilities – drawn loan facilities	79,397	38,121
Cash and cash equivalents	(12,070)	(11,746)
Net debt	67,327	26,375
Fully Paid ordinary shares		
Quoted (at market price)[1]	91,684	65,457
Total contributed equity	227,287	227,287

[1] Fully Paid Ordinary Shares Quoted value has been calculated using the closing share prices as at 31 December each year.

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Note 22. CONTRIBUTED EQUITY (continued)

(D) Dividends

No dividends have been paid or declared in the current or previous year. As at 31 December 2023, the franking account balance was nil (31 December 2022: nil).

Significant accounting policy

Dividends are recognised when they are declared during the financial year and are no longer at the discretion of the Company.

Note 23. OTHER RESERVES

	2023 $'000	2022 $'000
Foreign currency translation reserve	44	(35)
Options reserve	11,632	10,682
Employee share acquisition reserve	(8)	(8)
Warrants reserve	3,467	-
Total other reserves	15,135	10,639

(A) Movements in other reserves

	Translation reserve $'000	Options reserve $'000	Employee share acquisition reserve $'000	Warrant reserve $'000	Total other reserves $'000
Balance at 1 January 2023	(35)	10,682	(8)	-	10,639
Movement:					
Share-based payments expense	-	950	-	-	950
Warrants issued - shareholder	-	-	-	400	400
Warrants issued - Nebari	-	-	-	3,067	3,067
Other comprehensive income	79	-	-	-	79
Ordinary shares – fully paid at 31 December	44	11,632	(8)	3,467	15,135

(B) Nature and purpose of other reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 27(A)(i) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Options reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration and the value of other options issued.

(iii) Employee share acquisition reserve

In 2020, the Company transferred funds to the Metro Mining Limited Employee Share Trust (the Trust) to enable the Trust to make an on-market acquisition of the Company's shares in satisfaction of obligations under the Group's Employee Incentive Plan (refer to note 29). The reserve recognises surplus funds remaining in the Trust following the acquisition.

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Note 23. OTHER RESERVES (continued)

(iv) Warrants reserve

Under the terms of the financing facility agreement with Nebari (refer Note 26), 524 million warrants were issued in 2 tranches in consideration of each draw down. In addition, a further 68.4 million warrants were issued to Ingatatus and Lambhill on the same terms as those issued to Nebari. The warrants issued to Ingatatus and Lambhill are only exercisable subject to Nebari exercising some or all of its warrants. Key inputs into the valuation of the warrants as follows:

Parameter	Tranche 1	Tranche 2
Grant Date	12 March 2023	31 May 2023
Share Price	$0.01	$0.019
Exercise Price	$0.0120	$0.0250
Risk Free Rate	3.21%	3.37%
Volatility	92.69%	93.01%
Dividend Yield	0%	0%
Value per Warrant	$0.005	$0.009

The warrants reserve is used to recognise the fair value of the equity instruments issued.

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Note 24. CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Cash at bank	12,070	11,746
Total cash and cash equivalents	12,070	11,746

Significant accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2023 $'000	2022 $'000
Restricted cash	5,351	274
Total restricted cash	5,351	274

The Group has restricted cash in relation to cash back securities associated with suppliers.

Note 25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOWS / (OUTFLOWS) USED IN OPERATING ACTIVITIES

	2023 $'000	2022 $'000
Loss after income tax expense for the period	(13,482)	(50,122)
Adjustments for:		
Cash flows excluded from profit/(loss) attributable to operating activities		
Interest expense	13,168	7,994
Other finance costs	953	250
Exploration costs	138	156
Non-cash flows in profit/(loss)		
Depreciation of property, plant and equipment	5,939	5,101
Depreciation of right-of-use assets	10,775	8,990
Amortisation of deferred borrowing costs	-	124
Rehabilitation provision – unwinding of discount	425	50
Loan – unwinding of discount	169	327
Loss on loan modification	572	-
Share-based payments	950	776
(Gain)/loss on disposal of fixed assets	(91)	-
(Gain)/loss on foreign exchange derivative	(2,208)	4,757
Unrealised foreign exchange	(2,196)	247
(Increase) / decrease in assets and liabilities:		
Trade and other receivables	(4,533)	12,399
Prepayments	(617)	(339)
Inventories	(724)	3,867
Trade and other payables	(4,371)	4,236
Other financial liabilities	7,449	-
Net cash inflows / (outflows) used in operating activities	12,316	(1,187)

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Note 26. BORROWINGS

	2023 $'000	2022 $'000
Current		
Loans – senior secured lenders	33,322	35,585
Total current borrowings	33,322	35,585
Non-current		
Loans – senior secured lenders	46,075	2,536
Total non-current borrowings	46,075	2,536
Total borrowings	79,397	38,121

(A) Loans – Nebari senior secured loan

In March 2023, the Group entered into a new long-term debt funding arrangement with Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively Nebari).

The key terms of the facility are set out in the table below:

Facility amount	US$30 million – amount fully drawn down in two tranches. Tranche 1 was drawn down on 12 March 2023 in the amount of US$20 million. Tranche 2 was drawn down on 31 May 2023 in the amount of US$10 million.
Interest rate	Secured overnight financing rate (SOFR) + 9% margin p.a., capitalised for the first 6 interest payments then payable monthly thereafter.
Capital repayment	4.0% of the Facility Amount, i.e., each instalment will be US$1.25 million beginning March 2025.
Maturity date	12 March 2027
Warrants	Upon drawdown of Tranche 1, 421 million detachable warrants were issued to the loan provider at an exercise price of $0.012, with an expiry date of 3 years from issue. Upon drawdown of Tranche 2, an additional 103 million detachable warrants were issued to the loan provider at an exercise price of $0.025, with an expiry date of 3 years from issue.
Prepayment options	Prepayment at the Group's control is as follows: - Prepay at a point in time during the term of the loan as long as the minimum repayment amount is at least US$5 million. - Prepay upon the occurrence of certain events within the Group's control. At any prepayment date, the Group must compensate the lender such that the lender realises in aggregate at least a 20% absolute return on the amount prepaid.
Interest rate floor	If the SOFR rate during the term of the loan is less than 3%, then SOFR shall be presumed to be 3% under the agreement.

The loan was initially recognised at fair value of US$27.6 million ($41.8m) and is being carried in the balance sheet at amortised cost using the effective interest rate method, net of transactions costs.

The prepayment options are not deemed closely related to the debt host (loan) and are separated and accounted for as stand-alone derivatives. Based on the probabilities of exercising the options under different scenarios, the options were deemed to have no material value at inception. This will be reassessed at each reporting date until maturity of the loan, and any changes in fair value of the options will be recognised in profit or loss.

The interest rate floor is considered closely related to the host debt (loan) contract and is therefore accounted for as part of the loan.

The warrants are separate derivative instruments and are classified as equity (presented in a separate warrants reserve) as they do not meet the definition of a financial liability and can be converted into a fixed number of ordinary shares at a fixed exercise price. Refer to Note 23 for a reconciliation of the movements of the warrant reserve.

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Note 26. BORROWINGS (continued)

(B) Loans – shareholder loans

In March 2023, the lenders approved modifications to the existing debt facilities. The key terms of the modified loans are outlined below:

(i) Ingatatus loan facility #1 – principal $20 million

Maturity date	Extended by 12 months to 1 December 2024.
Capital repayment	Extended each repayment date by 12 months. Repayable in three equal instalments of $6.67 million on 1 June 2024, 1 September 2024 and 1 December 2024.
Interest rate	Unchanged at 12% p.a., paid quarterly.
Fees	A fee of $75,000 was incurred for amending the loan terms and was paid in cash.
Change in subordination	The loan will be subordinate to the Nebari loan facility.

(ii) Ingatatus Loan Facility #2 – Principal $7.5 million

Maturity date	Extended by 12 months to 1 December 2024.
Capital repayment	Extended each repayment date by 12 months. Repayable in three equal instalments of $2.5 million on 1 June 2024, 1 September 2024 and 1 December 2024.
Interest rate	9% p.a. until June 2023 then increased to 12% p.a. for the remaining term, repaid quarterly.
Fees	A fee of $75,000 was incurred for amending the loan terms and was paid in cash.
Change in subordination	The loan will be subordinate to the Nebari loan facility.

(iii) Lambhill Loan Facility # 1 – Principal $7.5 million

Maturity date	Extended by 12 months to 1 August 2025.
Capital repayment	Extended each repayment date by 12 months. Repayable in three equal instalments of $2.5 million on 1 July 2024, 1 October 2024 and 1 August 2025.
Interest rate	9% until July 2023 then increased to 12% for the remaining term, repaid quarterly.
Fees	A fee of $75,000 was incurred for amending the loan terms and was paid in cash.
Change in subordination	The loan will be subordinate to the Nebari loan facility.

In addition to the above loan modification terms, the Group issued warrants to Ingatatus and Lambhill. The issue of warrants were in substance compensation to Ingatatus and Lambhill for the change in subordination of their shareholder loans. The issue of the warrants and the change in subordination of loans were considered qualitatively substantial modifications and resulted in the derecognition of the original liabilities and recognition of new liabilities. Gains and losses on derecognition of loans are recognised in other gains and losses in the Statement of Comprehensive Income. Any costs or fees incurred were recognised as part of the gain or loss on the extinguishment, which included the cost of the warrants as the warrants were akin to a transaction cost between the Group and Lambhill and Ingatatus.

The warrants issued to Ingatatus and Lambhill are on the same terms as the warrants issued to Nebari under the Nebari loan facility and were issued as an anti-dilutive mechanism to Lambhill and Ingatatus. The warrants were issued in two tranches of 55 million warrants and 13.4 million warrants at an exercise price of $0.012 and $0.025, respectively. The issue date of each respective tranche coincided with the drawdown of each tranche of the Nebari senior secured loan described in Note 26 (A).

The warrants are separate derivative instruments and are classified as equity (presented in a separate warrant reserve) as they do not meet the definition of a financial liability and can be converted into a fixed number of ordinary shares at a fixed exercise price. The issuance of the warrants are treated as a distribution as the warrants were issued for free. Refer to Note 23 for a reconciliation of the warrant reserve.

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Note 26. BORROWINGS (continued)

Significant accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current trade and other payables.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another part and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Comprehensive Income as net finance costs.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers a modification to be substantial based on: (1) qualitative factors which result in a significant change in the terms and conditions of the financial liability, and/or, (2) if the present value of the cash flows under the new terms, including any fees paid net of any fees received, discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as a modification gain or loss within other gains and losses.

Significant accounting policy

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of AASB 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

The loan from Nebari entered into during the current period, contains embedded prepayment option derivatives which have been separated from the host loan contract. The prepayment options were determined not to have any material value on initial recognition. The value of the prepayment options will be reassessed at each reporting date until maturity of the loan, and any changes in fair value of the options will be recognised in profit or loss. The separated prepayment options are presented as non-current assets or non-current liabilities if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

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Note 27. FINANCIAL RISK MANAGEMENT

This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

Exposure to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk arises in the normal course of the Group's business.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies set by the Board and overseen by the Audit and Risk Committee. The Board provides principles for overall risk management, as well as policies covering specific areas. The Board monitors the financial risk relating to the operations of the Group. The Group does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes.

The Group holds the following financial instruments:

	Notes	2023 $'000	2022 $'000
Financial assets at amortised cost			
Cash and cash equivalents	24	12,070	11,746
Trade and other receivables	11	8,925	4,406
Financial assets at fair value			
Foreign exchange derivative	13	1,231	-
Total financial assets		22,226	16,152
Financial liabilities at amortised cost			
Trade and other payables	18	24,119	23,241
Lease liabilities	16	21,741	21,493
Borrowings	26	79,397	38,121
Financial liabilities at fair value			
Foreign exchange derivative	19	-	977
Other financial liabilities	19	21,479	16,042
Total financial liabilities		146,736	99,874

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Note 27. FINANCIAL RISK MANAGEMENT (continued)

(A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and price risk.

The Group's exposure to market risk arises from adverse movements in foreign exchange which affect the Group's financial performance. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group is not exposed to any significant interest rate risk or price risk.

(i) Foreign exchange risk

Foreign exchange risk is the risk that a change in foreign exchange rates may negatively impact the Group's cash flow or profitability because the Group has an exposure to a foreign currency or has foreign currency denominated obligations.

The Group's exposure to foreign exchange risk arises from its future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group's sales transactions are denominated in United States dollars (USD). The Group is party to derivatives in the normal course of business in order to hedge exposure to fluctuation in foreign exchange rates. The risk management framework for revenue includes a short-term currency hedging program. In accordance with the Group's financial risk management policies, the Group does not hold or issue derivatives for trading purposes.

Except for ocean freight, marketing costs and certain future capital costs, which are denominated in US dollars, the Group's purchases are denominated in Australian dollars. The Group's hedging strategy incorporates managing foreign currency risk with respect to any non-Australian dollar purchases.

As at 31 December 2023, the Group had foreign exchange forward contracts to fix the USD rate to 0.6795 on US$71 million of sales. The foreign exchange forward contracts mature in June 2024.

The Group has US dollar bank accounts, US dollar payables and US dollar borrowings at 31 December 2023, with a net US dollar denominated liability of $23.61 million. The impact of a 10% movement in exchange rates has a US$2.4m increase / decrease on net loss after tax.

The aggregate net foreign exchange gains / losses recognised in profit or loss were:

	2023 $'000	2022 $'000
(Loss) / gain on unrealised and realised foreign exchange	(2,035)	(4,862)

(ii) Interest rate risk

The Group holds both interest bearing assets and interest-bearing liabilities, and therefore the Group's income and cash flows are subject to changes in market interest rates.

The Group's main interest rate risk arises from long-term borrowings and cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value risk. At 31 December 2023, 55% of Group debt is at a floating interest rate, the remaining 45% is at a fixed rate (31 December 2022: 100% at stepped-fixed or fixed rate).

Interest rate sensitivity

For the purpose of this disclosure, the sensitivity analysis relating to cash and cash equivalents, on net loss before tax, is isolated to a 25 basis points increase / decrease in interest rates assuming all other variables remain constant.

At 31 December 2023, if interest rates had changes by -/+ 25 basis points, with all other variables held constant, cash and cash equivalents would be impacted by an increase / decrease of $30,000 (31 December 2022: $39,000).

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Note 27. FINANCIAL RISK MANAGEMENT (continued)

(A) Market risk

Significant accounting policy

Functional presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars ($), which is Metro Mining Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other gains and losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

(B) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables), foreign exchange transactions and other financial instruments.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount, net of any provisions for impairment for each class of the following financial assets.

(i) Cash and cash equivalents

Credit risk from cash arises from balances held with counterparty financial institutions. Credit risk is managed by the Group's finance department which restrict the Group's exposure to financial institutions by credit rating band.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 27. FINANCIAL RISK MANAGEMENT (continued)

(ii) Trade and other receivables

Credit risk arising on trade and other receivables is monitored on an ongoing basis, mitigating exposure to impairment of receivables and contract assets.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include failure to make contractual payments for a period of greater than 60 days past due. The Group does not hold any collateral in relation to these receivables.

The Group is exposed to material concentrations of credit risk due to its relatively small customer base. The Group has a strict code of credit risk management which includes selling all bauxite under binding contracts with irrevocable Letters of Credit required.

For the year ended 31 December 2023, the Group has not recognised an expected credit loss on all receivable balances as it deemed to be immaterial (31 December 2022: nil).

(C) Liquidity Risk

Liquidity risk is the risk the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and cash balances. The parent entity raises equity for the Group's exploration and development activities in discrete tranches.

Maturities of financial instruments

The tables below provide an analysis of the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

For the year ended 31 December 2023, the cash flows in the maturity analysis below were not expected to occur significantly earlier than expected.

	Within 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
2023				
Financial assets realisable cash flows				
Cash and cash equivalents	12,070	-	-	12,070
Trade and other receivables	8,925	-	-	8,925
Total inflow on financial assets	20,995	-	-	20,995
Financial liabilities due for payment				
Trade payables	(13,216)	-	-	(13,216)
Other payables	(10,903)	-	-	(10,903)
Lease liabilities	(12,495)	(9,246)	-	(21,741)
Borrowings	(33,322)	(46,075)	-	(79,397)
Other financial liabilities	(18,197)	(3,282)	-	(21,479)
Total outflow on financial liabilities	(88,133)	(58,603)	-	(146,736)
Derivatives				
Foreign exchange derivative asset	1,231	-	-	1,231
Total inflow on derivative liability	1,231	-	-	1,231
Total inflow / (outflow) on financial instruments	(65,907)	(58,603)	-	(124,510)

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Note 27. FINANCIAL RISK MANAGEMENT (continued)

	Within 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
2022				
Financial assets realisable cash flows				
Cash and cash equivalents	11,746	-	-	11,746
Trade and other receivables	4,406	-	-	4,406
Total inflow on financial assets	16,152	-	-	16,152
Financial liabilities due for payment				
Trade and other payables	(15,487)	-	-	(15,487)
Other payables	(7,754)	-	-	(7,754)
Lease liabilities	(7,912)	(13,581)	-	(21,493)
Borrowings	(35,585)	(2,536)	-	(38,121)
Other financial liabilities	(4,944)	(11,098)	-	(16,042)
Total outflow on financial liabilities	(71,682)	(27,215)	-	(98,897)
Derivatives	-	-	-	-
Foreign exchange derivative liability	(977)	-	-	(977)
Total outflow on derivative liability	(977)			(977)
Total inflow / (outflow) on financial instruments	(56,507)	(27,215)	-	(83,722)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group measures certain financial instruments at fair value at each reporting date using a hierarchy based on the lowest level of input that is significant to the fair value measurement.

The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset / liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset / liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between levels during the financial year.

(i) Carrying amount of approximate fair values

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

The carrying amount of the Group's borrowings approximates their fair values, as commercial rates of interest are paid, and the impact of discounting is not significant.

(ii) Fair value of derivative financial instruments

The fair value of the foreign exchange forward contracts is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current foreign exchange rates. The fair value of the foreign exchange forward contracts is calculated as the present value of the estimated future cash flows and is classified as Level 2 under the fair value hierarchy.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 28. PARENT ENTITY INFORMATION

	2023 $'000	2022 $'000
ASSETS		
Current assets	18,406	6,097
Non-current assets	974,695	730,900
Total assets	993,101	736,997
LIABILITIES		
Current liabilities	(35,034)	(37,310)
Non-current liabilities	(911,347)	(636,916)
Total liabilities	(946,381)	(674,226)
Net assets	46,720	62,771
EQUITY		
Contributed equity	227,283	227,283
Other reserves	14,078	10,639
Accumulated losses	(194,641)	(175,151)
Total equity	46,720	62,771
Loss for the period	(19,490)	(16,497)
Total comprehensive loss for the period	(19,490)	(16,497)

Significant accounting policies

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries which are carried at cost less accumulated impairment losses.

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Note 28. PARENT ENTITY INFORMATION (continued)

	Country of incorporation	Class of shares	Equity holding 2023 %	Equity holding 2022 %
Aldoga Minerals Pty Ltd	Australia	Ordinary	100	100
Cape Alumina Pty Ltd	Australia	Ordinary	100	100
Coal International Pty Ltd	Australia	Ordinary	100	100
Gulf Alumina Pty Ltd	Australia	Ordinary	100	100
Metro Bauxite Hills Holding Pty Ltd	Australia	Ordinary	100	100
Metro Bauxite Hills Operations Pty Ltd	Australia	Ordinary	100	100
Metro Bauxite Hills Sales Pty Ltd	Australia	Ordinary	100	100
Metro International Holding Pty Ltd	Australia	Ordinary	100	100
Metrostructure Pty Ltd	Australia	Ordinary	100	100
Metro OFTCo Pty Ltd	Australia	Ordinary	100	100
Metro Mining Singapore Pte. Limited	Singapore	Ordinary	-	100
Metro Resources and Exploration Co. Ltd	Myanmar	Ordinary	100	100
Metro Mining Ltd Employee Share Trust	Australia	Ordinary	100	100
Ikamba Pte Ltd	Singapore	Ordinary	50	-

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 29. SHARE-BASED PAYMENTS

The Group has established the Metro Mining Employee Incentive Plan (EIP) to enable the issue of shares, performance rights or share options in Metro Mining Limited to assist in the retention and motivation of employees. Under the EIP, the Group may offer shares or options over unissued shares in the Company. The EIP is for the benefit of all employees of the Group, or their nominee, who have been selected by the Board to participate. The EIP acts as the Group's main incentive scheme to reward eligible participants through variable remuneration.

(A) Performance rights granted under the EIP

Under the EIP eligible participants are invited to receive performance rights in the Company. Each performance right enables the participant to acquire a share in the Company, at a future date, subject to agreed vesting conditions. The number of performance rights allocated to each participant is set by the Board and is based on individual circumstances and performance. Detailed information regarding the features of the Employee Incentive Scheme is provided in the Remuneration Report.

(i) Movements during the year

Set out in the table below is a summary of movements in the number of performance rights under the EIP at the end of the financial year.

Grant date	Balance at the start of the year 000's	Granted during the year 000's	Exercised during the year 000's	Forfeited during the year 000's	Balance at the end of the year 000's	Unvested at the end of the year 000's
Short Term Incentive Plan						
05 July 2021	5,998	-	-	-	5,998	-
01 January 2022	8,485	-	-	-	8,485	-
01 January 2023	-	71,538	-	(28,615)	42,923	-
Long Term Incentive Plan						
05 July 2021	6,300	-	-	(6,300)	-	-
01 January 2022	27,255	-	-	-	27,255	27,255
01 January 2023	-	71,050	-	-	71,050	71,050
Issued in lieu of remuneration						
05 July 2021	6,455	-	-	-	6,455	-
28 February 2022	1,188	-	-	-	1,188	-
01 July 2022	3,513	-	-	-	3,513	-
01 July 2023	-	7,223	-	-	7,223	-
Total Units	**59,194**	**149,811**	**-**	**(34,915)**	**174,090**	**98,305**

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Note 29. SHARE-BASED PAYMENTS (continued)

(ii) Rights granted under the long-term incentive plan

For the year ended 31 December 2023, there were no performance rights issued under the LTIP. As at 31 December 2023, 27,255,000 performance rights (FY22 LTIP) and 71,050,000 performance rights (FY23 LTIP), with expiry date of 31 December 2024 and 31 December 2025 respectively, remain unvested.

The fair value of the rights has been determined based on a Black Scholes-Merton valuation model. The fair value of the unvested 27,255,000 performance rights is and average of $0.04 per right. The fair value of the unvested 71.050,000 performance rights is and average of $0.03 per right.

In accordance with the terms of the EIP, performance rights granted under the LTIP are issued under 3 tranches and are subject to the vesting conditions outlined in the below table.

Tranche	Vesting period	Vesting criteria
Tranche 1 – 40% of award	3 year period from date of issue (i.e. FY22 LTI - 1 January 2022 – 31 Dec 2024, FY 23 LTI - 1 January 2023 - 31 December 2025)	Sliding scale based on Total Shareholder Return (TSR) relative to a peer group index.
Tranche 2 – 30% of award	3 year period from date of issue (i.e. FY22 LTI - 1 January 2022 – 31 Dec 2024, FY 23 LTI - 1 January 2023 - 31 December 2025)	Sliding scale based on Return on Capital Employed (ROCE)
Tranche 3 – 30% of award	3 year period from date of issue (i.e. FY22 LTI - 1 January 2022 – 31 Dec 2024, FY 23 LTI - 1 January 2023 - 31 December 2025)	Sliding Scale based on Return on Sales (ROS)

During the year ended 31 December 2023, the FY21 LTIP vested, with no performance hurdle being met. As a result 6,300,000 performance rights were forfeited during the period.

(ii) Performance rights issued in lieu of remuneration.

Upon his appointment as a Director, Mr Doug Ritchie elected to receive his director fees as performance rights. In 2023, 7,025,500 performance rights were issued with an estimated fair value of $133,485.

Upon his appointment as a Director, Mr Andy Lloyd elected to receive 50% of his director fees as performance rights. In 2023, 197,567 performance rights were issued with an estimated fair value of $3,754.

(iii) Weighted average remaining contractual life

As at 31 December 2023, the weighted average remaining contractual life of the unvested performance rights is 8.5 years (31 December 2022: 6.1 years)

(B) Expenses arising from share-based payments

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows.

	Notes	2023 $'000	2022 $'000
Share-based payments (write-back)/ expense	5	950	776

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
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Note 29. SHARE-BASED PAYMENTS (continued)

Significant accounting policy

The cost of share-based payments are determined on the basis of the fair value of the equity instrument at grant date. The grant date for valuation purposes is generally the relevant approval date, such as shareholder or Board approval date.

Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. The input into the valuation model includes relevant judgments such as the estimated probability of vesting and the volatility of the underlying share.
The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions is calculated at the date of grant using relevant models such as a barrier up and in trinomial option pricing model or Monte Carlo simulation model. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions and service conditions are calculated using a Black-Scholes option pricing model.

At each Statement of Financial Position date, the entity revises its estimate of the number of convertible securities that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

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Note 30. RELATED PARTY DISCLOSURES

(A) Parent entity and subsidiaries

The ultimate holding entity is Metro Mining Limited. Information about the Group's structure, including details of the interests in subsidiaries are set out in note 28.

(B) Key management personnel remuneration

The total remuneration for KMP of the Group is set out below:

	2023 $'000	2022 $'000
Short-term employee benefits	1,169	1,486
Post-employment benefits	94	106
Share-based payments [1]	684	164
Total key management personnel remuneration	1,947	1,756

[1] The performance share and rights benefits for the year ended 31 December 2023 is a net expense. The probability of the performance conditions being satisfied is assessed at the end of each reporting period to reflect the most current expectation of vesting. The amount recorded for the year ended 31 December 2023 includes a write-back of the accounting expense recognised in prior periods. This is as a result of either the service condition not being met or a re-assessment that the relevant hurdle will not be achieved.

Detailed remuneration disclosures and information regarding compensation of individual KMP are provided in the Remuneration Report.

(C) Other related party transactions

There are transactions between the Group and entities with which KMP have an association. During the financial reporting period, the Group provisioned services from entities that were controlled or are significantly influenced by members of the Group's KMP. The goods and services received or provided were on commercial arms-length terms. Details of these transactions is summarised in the below table.

	2023 $'000	2022 $'000
Provision of consulting services	188	15
Total other related party transactions	188	15

(D) Rights granted to a related party in a prior financial period

On 12 July 2016, the Company announced that it had executed binding documentation (Agreements) with Greenstone whereby Greenstone would take up 105 million shares in the Company and potentially provide the Company with further ongoing strategic and financial support for the development of the Bauxite Hills Mine. Greenstone is an entity in which Mark Sawyer, a director of the Company, holds a beneficial interest.

The Agreements also provided Greenstone with the following rights:

Anti-dilution rights

The Agreements contain anti-dilution provisions which enable Greenstone to maintain its equity interest in the Company on issue of further shares. On execution of the Agreements, Greenstone held a 19.94% interest in the Company. Having participated in subsequent equity raisings and exercised its anti-dilution rights, at 31 December 2023, Greenstone held 833,616,790 shares in the Company; a 19.09% interest.

Customer nomination rights

The Agreements provide Greenstone with the right to nominate customers to purchase bauxite production, pro-rata to Greenstone's shareholding in the Company, on an arm's length basis and on no less favourable terms than could be achieved elsewhere. The customer nomination rights are only exercisable after the mine has been in production for four years.

Both the anti-dilution rights and, subject to certain exemptions, the customer nomination rights, are contingent upon Greenstone retaining at least a 10% interest in the Company.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 30. RELATED PARTY DISCLOSURES (continued)

(E) Transactions with equity accounted investments

The Group has a 50% interest in Ikamba Pte Ltd, which is classified as a joint venture for accounting purposes and is accounted for under the equity method. The Group has entered into a charter agreement for the lease of an Offshore Floating Terminal from Ikamba Pte Ltd, which commences in March 2024 and has an initial term of 10 years, with an option to extend for 5 years. Charter payments are materially fixed. Since the lease has not commenced as at 31 December 2023, no right-of-use assets, lease liabilities, interest expenses, amortisation, or any other lease related balances or transactions have been recognised by the Group.

Note 31. AUDITORS' REMUNERATION

During the period the following fees were paid or payable for services provided by Ernst & Young:

	2023 $	2022 $
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	194,480	204,327
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	11,440	7,100
Fees for other services	-	-
Total auditor's remuneration	205,920	211,427

Note 32. COMMITMENTS AND CONTINGENCIES

(A) Commitments

Significant capital expenditure and other expenditure contracted for at the end of the reporting period but not recognised as liabilities are set out below.

	2023 $'000	2022 $'000
Capital expenditure commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,586	4,255
Total capital expenditure commitments	4,586	4,255
Other expenditure commitments		
Committed at the end of the reporting period but not recognised as liabilities, payable:		
Within one year	3,238	3,036
Later than one year but not later than five years	-	236
Later than five years	-	-
Total other expenditure commitments	3,238	3,272
Minimum expenditure commitments on exploration tenements		
Within one year	1,456	1,663
Later than one year but not later than five years	4,662	6,000
More than five years	9,306	9,440
Total minimum expenditure commitments on exploration tenements	15,424	17,103
Total commitments	23,248	24,630

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Note 32. COMMITMENTS AND CONTINGENCIES (continued)

(i) Other expenditure commitments

Other expenditure commitments are contractual payments due to contractors for the provision of mining equipment, transhipping services, flight services and offsets payable under Commonwealth mining licence conditions for the Bauxite Hills Mine. The payments above are the minimum contractual payments to be made under these agreements for the term of these agreements. The contractual terms are for between one and five years.

(ii) Expenditure commitments on exploration tenements

Commitments for exploration tenement expenditure include minimum amounts to be spent on these tenures. Where exploration expenditure commitments are not met, the Group can apply for variations of those commitments, and / or relinquish sub-blocks and /or tenements at the Group's discretion.

(B) Contingent liabilities

The Group has no contingent liabilities as at 31 December 2023 (31 December 2022: nil).

(C) Contingent assets

The Group has no contingent assets as at 31 December 2023 (31 December 2022: nil).

Note 33. EVENTS AFTER THE REPORTING DATE

Subsequent to 31 December 2023, the Group negotiated a funding package to support operations during the wet season and enable completion of the expansion project following production disruptions caused by Tropical Cyclone Jasper in December 2023.

The funding package consists of a royalty and a short-term working capital facility, the material terms of which are as follows:

Mineral Royalty Deed

Buyer	Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II ('Nebari')
Purchase Price	US$10,200,000 (A$15,515,000)
Royalty	Means the royalty payable to the Buyer under the Deed which, for a quarter, is calculated as the applicable Royalty Percentage multiplied by the FOB Revenue for that quarter.
Royalty Percentage	1.0% from the Effective Date until (and including) 31 March 2025. 2.2% from 1 April 2025 (if the Call Option or the Put Option has not been exercised).
Call Option	Metro Mining may call back the Royalty from the Buyer at any time prior to 31 March 2025 by issuing a Call Option Notice and paying the Option Exercise Consideration.
Put Option	The Buyer may, but is not obliged to, put the Royalty back to the Grantors and, at Metro Mining's election, reduce the Royalty Percentage to nil during the month of March 2025 by issuing a Put Option Notice. Within 10 days of the Buying giving a Put Option Notice, Metro Mining must pay the Option Exercise Consideration to the Buyer.
Option Exercise Consideration	Means US$12,750,000 payable by Metro Mining to the Buyer in cash, less the amount of Royalty payments received or to be received by the Buyer for sales or other disposals of Product which occur during the period from the Effective Date to the date on which the Buyer receives the Option Exercise Consideration.
Continuing Obligation	The obligation to pay the Royalty continues, with respect to each Tenement, for the full term of the Tenement and throughout the period that any Products can be lawfully extracted and recovered, unless the Call Option or Put Option is exercised in accordance with this Deed.

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Metro Mining Limited and Controlled Entities
Notes to the Consolidated Financial Statements
31 December 2023

Note 32. COMMITMENTS AND CONTINGENCIES (continued)

Short-term Working Capital Facility

Lender	Lambhill Pty Ltd ('Lambhill')
Total Commitment	A$4,000,000 (exclusive of capitalised interest, fees and costs) available in a First Tranche of A$2,000,000 and a Second Tranche of A$2,000,000.
First Tranche	A$2,000,000 (exclusive of capitalised interest, fees and costs) available 30 January 2024.
Second Tranche	A$2,000,00 (exclusive of capitalised interest, fees and costs) available 15 February 2024.
Purpose	The Borrower (Metro Mining) must only use the Facility for funding working capital requirements.
Interest Rate	18% per annum, accruing daily and capitalised on a monthly basis.
Repayment Date	The date that is 6 months from the date that each Tranche is paid to the Borrower by the Lender.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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Metro Mining Limited and Controlled Entities
Directors' Declaration
31 December 2023

In the opinion of the Directors of Metro Mining Limited (the Company):

(a) the attached Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  (ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) note A1 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Douglas Ritchie
Chair of the Board

28 February 2024

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Building a better working world

Independent Auditor's Report to the Members of Metro Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Metro Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including independence standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Borrowings

Why significant	How our audit addressed the key audit matter

As at 31 December 2023 Borrowings totals $79,4 million and represents the largest liability on the statement of financial position as disclosed in Note 26.
 	
During the year the Group entered into a new long term debt funding agreement with Nebari Natural Resources Credit Fund I, LP and Nebari Natural Resources Credit Fund II, LP (collectively Nebari) and modified existing loans from Ingatatus and Lambhill. The modification of historical borrowings included the financiers subordinating to Nebari, an increase in interest rates payable and principal extensions.
 	
Warrants have also been issued to Nebari and to Ingatatus and Lambhill during the financial year. These warrants are separate derivative instruments and are classified as equity.
 	
There is significant judgement in determining whether the modifications are accounted for as a debt modification or as an extinguishment of the old debt. In addition, accounting for the warrants as either debt or equity requires judgment.
 	
Given the size of the borrowings liability, the complexity and change of the borrowing agreements in place and the importance of the funding structure for the Groups ability to continue as a going concern, the accounting for borrowings was considered a key audit matter.
	Our audit procedures included the following:
	
	• Obtained external confirmations from financiers to confirm the following as at 31 December 2023:
	  ○ The unpaid principal balance
	  ○ The amount of interest owing
	  ○ The applicable interest rates
	  ○ The terms for principal repayments and tenure
	• Inspected the signed new Nebari and the amended Ingatatus and Lambhill loan agreements and evaluated the accounting treatment of key terms, including covenants.
	• Involved our valuation specialists to independently reperform and determine a valuation range for the warrants and compared the results to management's results.
	• Assessed the accounting treatment of the transaction costs arising from new arrangements and historical and new transaction costs related to the modified facilities.
	• Evaluated the current and non-current classification of the borrowings is consistent with the debt agreements, modifications and external confirmations.
	• Assessed the adequacy of the disclosures included in the Notes to the financial report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

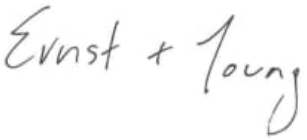
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Metro Mining Limited for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Matthew Taylor
Partner
Brisbane
28 February 2024

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SHAREHOLDER INFORMATION

In accordance with the ASX Listing Rules, the following information as at 31 March 2024, is provided:

SUBSTANTIAL HOLDERS

Set out below are all substantial holders who have a holding of more than 5% of a Company's voting rights.

	Number of shares held	% of total shares held
GREENSTONE MANAGEMENT (DELAWARE) II LLC	833,616,790	18.30
WILLIMS GROUP	373,502,415	9.11
CITICORP NOMINEES PTY LIMITED	265,633,438	5.55
BALANCED PROPERTY PTY LTD	243,301,124	5.57

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number of holders	Number of shares held	% of total shares held
1 to 1,000	166	29,282	-
1,001 to 5,000	218	786,800	0.02
5,001 to 10,000	277	2,209,290	0.05
10,001 to 100,000	1,558	70,627,489	1.55
100,001 and over	1,458	4,482,743,170	98.38
Total equitable securities	3,684	4,365,894,322	100.00

There were 743 shareholders with less than a marketable parcel totalling 3,972,055 shares.

UNQUOTED EQUITY SECURITIES

There are 64,293,958 performance rights (with the potential to take up ordinary shares) issued to 9 eligible participants under Metro Mining Limited's Employee Securities Incentive Plan (none holding more than 20% of this class of security).

There are no voting rights attached to the unquoted equity securities.

QUOTED EQUITY SECURITIES

The voting rights attaching to the ordinary shares are:
(a) On a show of hands every shareholder present at a meeting in person or by proxy shall have one vote; and
(b) Upon a poll, each share shall have one vote.

For details of registered office and share registry details refer to the Corporate Directory at the beginning of the Annual Report.

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Metro Mining Limited and Controlled Entities
Shareholder information
31 December 2023

TOP 20 SHAREHOLDERS

The names of the twenty largest security holders of quoted equity securities as at 31 March 2024 are listed below:

Rank	Name	Units	% Units
1	GREENSTONE MANAGEMENT (DELAWARE) II LLC	833,616,790	18.30
2	WILLIMS GROUP	415,117,765	9.11
3	BALANCED PROPERTY PTY LTD <THE BALANCED PROPERTY A/C>	253,958,865	5.57
4	CITICORP NOMINEES PTY LIMITED	252,689,031	5.55
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	189,206,060	4.15
6	BNP PARIBAS NOMS PTY LTD	169,113,899	3.71
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	141,618,257	3.11
8	NEBARI NATURAL RESOURCES AIV I + LP	84,200,000	1.85
8	NEBARI NATURAL RESOURCES AIV II LP	84,200,000	1.85
10	DADI (AUSTRALIA) ENGINEERING CO PTY LTD	78,168,678	1.72
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	62,197,796	1.37
12	BOND STREET CUSTODIANS LIMITED <BENQLD - D79772 A/C>	55,619,205	1.22
13	MR CLAYTON WILLIAM HOLLINGSWORTH	50,000,000	1.10
14	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	44,893,314	0.99
15	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	40,545,939	0.89
16	CMA & AA PRATT PTY LTD <CMA & AA PRATT FAMILY A/C>	39,730,988	0.87
17	RIADIS HOLDINGS PTY LTD <THE C&K RIADIS A/C>	36,000,000	0.79
18	AURORA PROSPECTS PTY LTD <AURORA FAMILY A/C>	33,500,000	0.74
19	SNOWBALL ASSET MANAGEMENT PTY LTD <SNOWBALL ASSET MGMT A/C>	26,824,355	0.59
20	MRS SUSANNE WILLIMS	25,433,707	0.56
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**2,916,634,649**	**64.01**
Total Remaining Holders Balance		**1,639,761,382**	**35.99**

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OUR RESOURCES AND RESERVES

The information set out below regarding our Resources and Reserves is based on, and fairly represents, information and supporting documentation prepared by Competent Persons, as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves' and has been approved by each of the Competent Persons.

RESOURCES

The Bauxite Hills Mine Mineral Resource at 31 December 2023 is set out in the tables below.

The variation between the current Resource estimate and the 31 December 2022 estimate is entirely due to mining activity. No additional Resources were added as no bauxite exploration was undertaken during 2023. There were no additional conversions from Indicated to Measured categories or Inferred to Indicated categories undertaken for this update.

Table 1: Mineral Resources by Classification

Resources	Dry Tonnes (Mt)	Al_2O_3%	SiO_2%
Measured	59.6	50.4	13.1
Indicated	39.9	49.1	14.5
Inferred	19.2	45.4	16.6
Total	**118.7**	**49.2**	**14.1**

Table 2: Mineral Resources by Deposit and Classification

BH1 Resources

Resources	Dry Tonnes (Mt)	Al_2O_3%	SiO_2%
Measured	9.2	50.0	10.3
Indicated	0.6	48.1	10.9
Inferred	2.3	48.7	11.8
Total	**12.1**	**49.7**	**10.6**

BH6 Resources

Resources	Dry Tonnes (Mt)	Al_2O_3%	SiO_2%
Measured	50.4	49.8	13.4
Indicated	28.0	48.5	15.2
Inferred	16.9	44.9	17.2
Total	**95.3**	**48.6**	**14.6**

BH2 Resources

Resources	Dry Tonnes (Mt)	Al_2O_3%	SiO_2%
Indicated	11.3	50.8	13.1
Total	**11.3**	**50.8**	**13.1**

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RESERVES

Total Reserve for the Bauxite Hills Mine as at 31 December 2023 is set out in the table below.

Table 3: Bauxite Hills Mine Project – Total Reserve

Resource Type	Wet Tonnes (Mt)	Al_2O_3%	SiO_2%
Proved	54.7	49.9	12.8
Probable	28.5	49.6	13.7
Total	**83.2**	**49.8**	**13.1**

COMPRISING

BH1 Reserve

Resource Type	Wet Tonnes (Mt)	Al_2O_3%	SiO_2%
Proved	8.1	50.0	10.2
Probable	0.4	47.8	11.1
Total	**8.5**	**49.9**	**10.2**

BH6 Reserve

Resource Type	Wet Tonnes (Mt)	Al_2O_3%	SiO_2%
Proved	46.6	49.9	13.2
Probable	18.1	49.1	14.1
Total	**64.7**	**49.7**	**13.5**

BH2 Reserve

Resource Type	Wet Tonnes (Mt)	Al_2O_3%	SiO_2%
Proved	0.0	0.0	0.0
Probable	10.0	50.7	13.1
Total	**10.0**	**50.7**	**13.1**

Governance arrangements and internal controls

The Company Secretary reviews all public documents and market announcements to ensure correct and accurate public reporting in accordance with the ASX Listing Rules and the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

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DISCLAIMER AND COMPETENT PERSON STATEMENTS

Forward looking statements

This document may contain 'forward looking statements' concerning the financial conditions, results of operations and business of the Company. All statements other than statements of fact are or may be deemed to be 'forward looking statements'. Often, but not always, 'forward looking statements' can be identified by the use of forward looking words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'continue', 'outlook', and 'guidance' or other similar words, and may include, without limitation, statements regarding plans, strategies and objectives of management, future or anticipated production or construction commencement date and expected costs, resources and reserves, exploration results or production outputs. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions, but known and unknown risks and uncertainties could cause the actual results, performance or events to differ materially from those expressed or implied in these statements. These risks include, but are not limited to, price fluctuations, actual demand, currency fluctuations, drilling and production results, resource and reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Disclaimer

To the maximum extent permitted by law, Metro and their respective affiliates, related bodies corporate, officers, employees, partners, agents and advisers make no representation or warranty (express or implied) as to the currency, accuracy, fairness, sufficiency or completeness of the information contained in this announcement and expressly disclaim all responsibility and liability for any loss or damage arising in respect of any reliance of the accuracy, fairness, sufficiency or completeness of the information contained in this announcement, or any opinions or beliefs contained in this document. The Company is under no obligation to update or keep the information contained in this announcement current, or to correct any inaccuracy or omission which may become apparent, or to furnish any person with any further information.

Competent Person's Statement

Any information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement

Any information in this report that relates to the Metro Mining Bauxite Hills Mine Mineral Resource is based on information compiled by Mr Jeff Randell who is a consultant of Geos Mining and a Member of the Australian Institute of Geoscientists. Mr Randell has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Randell consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

Competent Person's Statement

Any information in this report that relates to the Metro Mining Bauxite Hills Reserves is based on information compiled by MEC Mining and reviewed by Grant Malcolm, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Malcolm is a consultant to MEC Mining Pty Ltd. Mr Malcom has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Malcolm consents to the inclusion in the report of the matter based on his information in the form and context in which it appears.

OUR EXPLORATION AND MINING TENEMENT SCHEDULE

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Tenement	Project Name	Holder/ Applicant	Status (Expiry date)	Area Ha (MLs and MDLs) No Sub Block (EPM)	Commodity Targeted
ML 6025	Skardon River No 1	Gulf Alumina P/L	Granted (29/02/2036)	1,867	Bauxite-Kaolin
ML 40069	Skardon Pipeline	Gulf Alumina P/L	Granted (29/02/2036)	234.2	Bauxite-Kaolin
ML 40082	Skardon Buffer	Gulf Alumina P/L	Granted (29/02/2036)	1,300	Bauxite-Kaolin
ML 20676	Bauxite Hills 1	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (31/08/2042)	1,629	Bauxite
ML 20689	Bauxite Hills 6 West	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (31/08/2042)	1,838	Bauxite
ML 20688	Bauxite Hills 6 East	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (31/08/2042)	4,61.8	Bauxite
ML 100130	BH1 Haul Road	Aldoga Minerals P/L (99%) Cape Alumina P/L (1%)	Granted (30/11/2042)	130.73	Infrastructure
MDL 423	Skardon North	Gulf Alumina P/L	Granted (30/09/2026)	2,162.5	Bauxite
MDL 425	Skardon South	Gulf Alumina P/L	Granted (30/09/2026)	363.3	Bauxite
EPM 15278	Pisolite Hills North	Cape Alumina P/L	Granted (29/09/2026)	49	Bauxite
EPM 15376	Ducie River	Cape Alumina P/L	Granted (29/09/2024)	27	Bauxite
EPM 15984	Port Musgrave	Cape Alumina P/L	Granted (23/02/2024)	4	Bauxite
EPM 16755	Skardon River North	Gulf Alumina P/L	Granted (16/09/2023)	12	Bauxite
EPM 16899	Skardon River	Cape Alumina P/L	Granted (16/12/2024)	8	Bauxite
EPM 17499	Eucid	Cape Alumina P/L	Granted (30/10/2025)	3	Bauxite
EPM 18242	Skardon River Gap	Gulf Alumina P/L	Granted (16/12/2023)	2	Bauxite
EPM 18384	Skardon Channel	Gulf Alumina P/L	Granted (16/12/2024)	8	Bauxite
EPM 25878	Northern Cape York	Cape Alumina P/L	Granted (12/07/2026)	27	Bauxite
EPM 25879	Southern Cape York	Cape Alumina P/L	Granted (12/07/2026)	64	Bauxite
EPM 26144	Skardon West	Cape Alumina P/L	Granted (29/01/2027)	8	Bauxite
EPM 26198	Skardon Gap West	Gulf Alumina P/L	Granted (5/12/2026)	1	Bauxite
EPM 27611	Skardon North West	Cape Alumina P/L	Granted (28/02/2026)	8	Bauxite

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