

11 July 2016

Strategic Financing with Greenstone

-  Greenstone to make strategic cornerstone investment of A\$8.9 million for a 19.98% interest in Metro
-  Investment priced at \$0.085 per share, a 27% premium to the last closing price
-  Greenstone to provide both strategic support and a conditional commitment to additional financial backing up to US\$20 million for the development of Bauxite Hills

Metro Mining Limited (**Metro** or the **Company**) is pleased to announce it has executed definitive and binding documentation (**Agreements**) with Greenstone Resources II LP (**Greenstone**), a specialist mining and metals private equity fund based in Guernsey, Channel Islands, whereby Greenstone will become a 19.98% shareholder in Metro and provide Metro with ongoing strategic and financial support for the development of Metro's flagship Bauxite Hills Project (**Bauxite Hills**).

Strategic Financing

Pursuant to the Agreements, Greenstone will make an initial investment of A\$8.9 million in Metro via a placement of 105 million shares at A\$0.085 cents per share (**Issue Price**), which represents a 27% premium to the closing price of Metro shares on the day prior to this announcement and a 21% premium to Metro's 30 day volume weighted average price (**VWAP**), (**Placement**).

The Placement will comprise two tranches. The first tranche will raise A\$8.058 million via the issue of 94.8 million shares and does not require shareholder approval based on Metro's available placement capacity.

The second tranche placement, which is subject to Metro shareholder approval, will raise a further A\$0.867 million via the issue of 10.2 million shares at the Issue Price. It is expected that the extraordinary general meeting of shareholders to vote on the second tranche will be held in late August, 2016.

The Agreements include a number of conditions precedent considered standard for transactions of this type.

The Agreements further provide that, subject to a satisfactory construction decision in respect of the Bauxite Hills Project and agreement on structure and terms, Greenstone shall be willing to make a follow-on equity investment in Metro of up to US\$20 million to support the financing of the construction of Bauxite Hills Project.



Strategic Relationship

Greenstone's investment approach is to invest for the long term and support high quality boards and management teams in the development of resource projects and the long term wealth creation for all shareholders.

The execution of the Agreements reflects the establishment of a strategic relationship with Greenstone which underpins the financing and development of Bauxite Hills and demonstrates the financial viability of the project.

In support of the strategic relationship, Greenstone will nominate a representative to the Board of Metro and will also have a representative on the Bauxite Hills Development Steering Committee which provides technical, financial, environmental and development advice to the Board.

The Agreements also contain customary anti-dilution provisions to enable Greenstone to maintain its equity interest in Metro on the issue of further shares. Metro has also granted Greenstone customer nomination rights whereby Metro has agreed to grant, and procure that its subsidiaries grant, to Greenstone, the right to nominate customers to purchase bauxite production pro-rata to Greenstone's shareholding in Metro on an arms' length basis and no less favourable terms than could be achieved elsewhere. Greenstone's customer nomination rights are only exercisable after Metro has been in production for four years. Both the anti-dilution and, subject to certain exceptions, the customer nominations rights are contingent upon Greenstone retaining at least a 10% interest in Metro.

Metro's Chairman Stephen Everett said, *"We are very pleased to welcome Greenstone on to our share register as a strategic cornerstone investor. They have an excellent reputation and a proven team with strong technical and financial expertise. This is a strong endorsement of Metro's board and management team and the quality of the Bauxite Hills Project. Greenstone's initial equity investment and conditional commitment to a follow-on investment of up to US\$20M of construction equity lays the foundations for a credible project financing and development pathway. With the technical, strategic and financial support of Greenstone, the development of Bauxite Hills is further de-risked. We look forward to completing the transaction with Greenstone and rapidly bringing Bauxite Hills into development."*

Argonaut acted as financial advisor to Metro in relation to the Greenstone financing.

About Greenstone Capital LLP

Greenstone is a private equity fund specialising in the mining and metals sector. Greenstone invests in post exploration development projects and supports management teams in bringing projects into production. Greenstone's long-term investment horizon provides close alignment with management's long-term capital decisions.

The Greenstone team has over 100 years of real industry experience in the resource sector, with particular expertise in developing and operating mines globally, including specific expertise in the alumina and aluminium industry.

Further information about Greenstone can be found at www.greenstoneresources.com



ASX : MMI

For Further Information Contact: CEO : Mr Simon Finnis | Company Secretary : Mr Scott Waddell
T: +61 (0) 7 3009 8000 F: +61 (0) 7 3221 4811 | E: info@metromining.com.au W: www.metromining.com.au
Registered Office: Level 8, 300 Adelaide Street, Brisbane Q 4000 | GPO Box 10955, Brisbane Q 4000