



METRO
MINING
LIMITED

ASX ANNOUNCEMENT

25 October 2016

Offer for Gulf Alumina

Metro Mining Limited (ASX: MMI) (**Metro**) is pleased to announce that it intends to make an offer to acquire all of the shares of Gulf Alumina Limited (**Gulf**) which it does not already own (**Offer**). The Metro board considers the Offer is superior to the highly conditional offer for Gulf proposed by Moly Mines Limited (ASX: MOL) (**Moly**).

Metro currently has a 39.3% interest in Gulf and owns the Bauxite Hills bauxite project which adjoins Gulf's bauxite project at Skardon River, Cape York.

Metro considers that its Offer provides the logical opportunity to unlock over \$200 million in synergies from combining Metro's and Gulf's complementary projects, as estimated by Grant Thornton and Xstract Mining Consultants in Gulf's independent expert report dated 13 May 2016.

Under Metro's Offer, Gulf shareholders may elect to receive either:

- Cash of \$0.60 for each Gulf share they own; or
- A cash and shares alternative of \$0.50 cash plus 1 share in Metro for each Gulf share they own.

Based on Metro's closing share price of \$0.11 per share on 24 October 2016, the cash and share alternative has a value of \$0.61 per Gulf share.

Metro's Offer is subject only to Metro's relevant interest in the ordinary shares of Gulf exceeding 51% during the offer period. Metro's Offer will be made in respect of Gulf's shares on issue (other than those which Metro currently has a relevant interest in), including those that are issued as a result of the exercise of Gulf options on issue at the date of this announcement. Metro's Offer is fully funded via a funding arrangement with Metro's supportive cornerstone shareholder Greenstone Resources II L.P.

Metro has formally written to the Gulf board advising it of Metro's superior Offer.

Metro has also reminded the members of the Gulf board of their heightened responsibility given the highly unusual situation where Gulf shareholders who collectively own 55.6% of Gulf shares have no apparent discretion to revoke their pre-offer acceptances of Moly's highly conditional offer unless the Gulf board makes a determination that Metro's Offer is superior.

Metro looks forward to the Gulf board confirming that Metro's Offer is superior to Moly's highly conditional offer. Metro's letter to the Gulf Board is available on the front page of Metro's Website at <http://www.metromining.com.au>



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