Metro Mining Limited
and Controlled Entities

ABN 45 117 763 443

Financial Report for the Year Ended 31 December 2020

Metro Mining Limited
Corporate Directory
31 December 2020

Directors	Mr Stephen Everett	Independent Non-Executive Chairman
	Mr Simon Finnis	Executive Managing Director
	Mr Philip Hennessy	Independent Non-Executive Director
	Ms Fiona Murdoch	Independent Non-Executive Director
	Mr Mark Sawyer	Non-Executive Director
	Mr Michael Haworth	Alternate Director for Mr Sawyer

Joint company secretaries	Mr Mitchell Petrie Mr Duane Woodbury
Notice of annual general meeting	The annual general meeting of Metro Mining Limited will be held at 11 am on 25 May 2021 at the office of KPMG, Level 16, Riparian Plaza, 71 Eagle Street, Brisbane, QLD 4000.
Registered office	Level 2, 247 Adelaide Street Brisbane, Queensland 4000 T +61 7 3009 8000 F +61 7 3221 4811
Principal place of business	Level 2, 247 Adelaide Street Brisbane, Queensland 4000
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane, Queensland 4000
Auditor	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

Your directors present their report on the consolidated entity (referred to herein as the Consolidated Entity or the Group) consisting of Metro Mining Limited (the Company or Parent Entity) and its controlled entities for the year ended 31 December 2020. All amounts are in Australian dollars unless otherwise stated.

Directors

The following persons were directors of Metro Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Stephen Everett
Mr Simon Finnis
Mr Phillip Hennessy
Ms Fiona Murdoch
Mr Mark Sawyer

The alternate directors who served during the financial year and to the date of this report were:

Mr Michael Haworth   Alternate director for Mr Mark Sawyer

Mr Lucas Dow was an independent non-executive director of the Company from the beginning of the financial year until his resignation on 18 March 2020.

Operating and Financial Review

Overview

The Group's flagship project is the Bauxite Hills Mine located on western Cape York in Queensland. This project was again the focus of Group activities in 2020. The mine re-commenced operations in early April and mined and shipped 2.481 million wet metric tonnes (WMT) of bauxite up until mid-September when the mine moved into its planned 2020 wet season shutdown earlier than usual. This production level compared to 3.504 million WMT produced in 2019 during the normal nine-month operating season which runs from April to December.

The decision to transition earlier into the wet season shutdown was as a result of the effect of COVID-19 on market conditions across the aluminium supply chain in China and globally. Market demand and prices have both been negatively impacted.

The Group's Stage 2 expansion, to increase production capacity to 6 million WMT per annum, remains the core strategy for the long-term future of the Bauxite Hills Mine. Timing for the formal commitment to Stage 2 remains influenced by economic conditions across the aluminum supply chain in China and the resulting ability of the Group to secure long-term offtake agreements with customers. The Group will continue to monitor market conditions prior to taking the decision to formally proceed with the expansion. Debt financing remains in place through the previously announced loan facility from the Northern Australia Infrastructure Facility (NAIF).

The Company has reached agreement with its debt holders, Ingatatus AG Pty Ltd and Lambhill Pty Ltd, to restructure and extend the repayment terms of its current debt facilities. The agreement with Ingatatus AG Pty Ltd was concluded subsequent to the financial year end.

Financial Performance Summary

For the year ended 31 December 2020, the Group generated revenue of $128 million from bauxite sales and recorded a net loss after tax of $11.125 million. There was a net reduction in Group cash balances of $6.287 million over the financial year and net current liabilities at year-end were $4.726 million. Debt restructuring occurred subsequent to financial year end which would have resulted in net current assets at year-end of $6.941 million on a pro-forma basis.

Operating and Financial Review (continued)

Financial Performance Summary (continued)

	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue from contracts with customers	128,250	199,000
Cost of sales	(130,738)	(173,097)
Gross profit / (loss)	**(2,488)**	**25,903**
Other income and expenses	(6,954)	(11,832)
Profit / (loss) before income tax and net finance expenses	**(9,442)**	**14,071**
Financial income	74	519
Financial expenses	(6,096)	(8,606)
Profit / (loss) before income tax benefit / (expense)	**(15,464)**	**5,984**
Income tax benefit / (expense)	4,339	(2,361)
Profit / (loss) after income from continuing operations	**(11,125)**	**3,623**

Underlying EBITDA Result (non-IFRS measure)

Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the directors' assessment of the result for the ongoing business activities of the Group. These numbers have not been audited.

Profit / (loss) before tax from continuing operations	**(15,464)**	**5,984**
Foreign exchange loss	1,685	2,959
Cost of transition to owner-operator	-	1,898
Amortisation of deferred borrowing costs	96	2,213
Underlying profit / (loss) before tax	**(13,683)**	**13,054**
Net finance costs (excluding leasing expense)	4,484	4,489
Depreciation and amortisation	10,179	9,907
Underlying EBITDA from ordinary activities	**980**	**27,450**

Cashflow

In the year to 31 December 2020, net cash outflow was $6.287 million. The net outflow from operating activities was $0.092 million. Cash inflows from investing activities were $4.392 million; primarily attributable to the release of cash-backed financial assurance guarantees. The net outflow of $10.587 million from financing activities relates to the payment of interest on finance facilities, the net repayment of loan principal and lease payments.

Net cash at the beginning of the year	**32,547**	**23,367**
Net cash from operating activities	(92)	37,942
Net cash from investing activities	4,392	(9,875)
Net cash from financing activities	(10,587)	(16,715)
Net increase / (decrease) in cash held	**(6,287)**	**11,352**
Net foreign exchange difference	(813)	(2,172)
Net cash at the end of the year	**25,447**	**32,547**

Operating and Financial Review (continued)

Bauxite Hills Project – Cape York, Queensland

Bauxite Production and Sales Review

	31 Dec 2020 WMT '000	31 Dec 2019 WMT '000
Key Statistics		
Bauxite mined	2,481	3,504
Bauxite shipped	2,481	3,504

	2020 $	2019 $
Average sales price per tonne shipped	49.87	56.79

Mining activities at the Bauxite Hills Mine commenced on 2 April 2020 and shipping activities on 14 April 2020 at the end of the planned wet season shutdown. Transhipment activities continued up until 14 September 2020 with 40 vessels loaded with a total of 2.481 million WMT of bauxite. All production during the financial year was sold and shipped to Chinese refineries and deliveries were within contractual specifications.

The Group's revenue from the sale of bauxite is denominated in United States dollars. Production in 2020 was sold under a long-term offtake agreement with Shandong Xinfa Import and Export Co., Ltd (Xinfa). Under this agreement, prices received are linked to an alumina price index denominated in RMB, the official Chinese currency.

The average bauxite price received in 2020 declined from the average price in 2019 given the impact of COVID-19 on aluminum and the subsequent weakness in the alumina price. In addition, the strengthening of the AUD / USD exchange rate during the second half of the year also negatively impacted received Australian dollar revenue.

The operating period in 2020 was shorter than planned with the mine transitioning into the wet season shutdown earlier than anticipated. COVID-19 travel restrictions during 2020, and in particular the first half of the year, impacted the Group's bauxite marketing and sales program. When combined with the ongoing effects of COVID-19 and its impact on market conditions across the aluminum supply chain, no additional contracts were able to be finalised outside of the Xinfa contract.

The Group's marketing strategy is currently focused on executing further spot and long-term offtake agreements to ensure Bauxite Hills will operate for the normal planned nine-month operating window in 2021 (and beyond) and support the planned expansion of production to a long-term annualized rate of 6.0 million WMT per annum.

The Group has been progressing further sales along several fronts with negotiations progressing, albeit slowly, as the market recovers from its COVID-19 driven downturn. These discussions are likely to include a pricing structure linked to the prevailing bauxite market price. Additionally, the Group is negotiating a long-term contract that, if successfully finalised, will commence in 2022 and stretch over a 5-year period.

Transhipment rates averaged 16,112 WMT per day during the operating season representing an 8% improvement on the average rate achieved in the 2019 production year. All aspects of the logistics chain performed strongly to achieve this improvement in daily rates:

- The road haulage fleet was supplemented at the start of the operating year with an additional three triple trailer sets. This facilitated higher machine availability and significantly better haulage rates than experienced in 2019.

Bauxite Production and Sales Review(continued)

- Mining rates comfortably exceeded shipping rates, ensuring sufficient stockpiles were available to efficiently manage ship loading operations.
- Transhipping rates continued to benefit from the increased channel depth at the Skardon River mouth with the Group being able to load barges at, or closer to, their capacity. This resulted in fewer barge movements, delivering lower fuel consumption and other operational cost savings.
- Ship loading rates benefitted from high operator productivity which ensured record average loading rates.

These initiatives resulted in an improvement in site production unit costs during the operating period from an average of $20.68 per WMT for the 2019 production period to an average of $19.90 per WMT for the 2020 production period.

The cost of ocean freight averaged $16.92 per WMT for the year (2019: $17.12 per WMT) with the cost of individual ships varying over the course of the production year in line with global demand for vessels and varying fuel costs. The cost of royalties was lower at $4.98 per WMT (2019: $5.77 per WMT) reflecting the lower unit bauxite price received during the period.

Rehabilitation

With mining areas at BH1 and BH6 now fully opened after more than three years of operations, ongoing rehabilitation activities remain a key aspect of work at Bauxite Hills. The rehabilitation involves:

- Ripping of the pit floor to allow for root penetration and growth.
- Stockpiled overburden being spread on the pit floor.
- Spreading a layer of topsoil over the overburden.
- Seeding of the exposed area.

The planned 2020 rehabilitation program was executed successfully with rehabilitation works on 105 Ha completed and seeded. Furthermore, results from rehabilitation completed during 2019 have proven to be highly successful with seed germination and plant growth in all areas exceeding expectations.

COVID-19 Response

During the first quarter of 2020 the Group established a number of additional policies and procedures in response to COVID-19. These were implemented at both the corporate offices and the Bauxite Hills Mine. In summary this included:

- Completion of a detailed risk assessment primarily focused on the health and wellbeing of the Group's personnel and our community. The risk assessment was also aimed at mitigating business interruptions and any impact COVID-19 may have on production.
- A review of policies and procedures following the risk assessment to minimise COVID-19 risks. Those changes were promptly implemented and communicated to all employees. Procedures for the use of personal protective equipment and, in particular, for access to and travel around, the Bauxite Hills mine site were significantly modified in response to this review.
- An area of particular focus was the health of our indigenous employees and the threat COVID-19 posed to their communities. The Group's travel and work procedures took these issues into account and we continue to monitor any changes to travel and other restrictions to these communities and will adapt accordingly.

These policies and procedures operated extremely well throughout the year with no disruptions to operations experienced. COVID-19 continues to be a rapidly evolving situation and procedures are constantly monitored and updated accordingly by the Group's senior executives, health & safety professionals, human resources and information technology teams.

Operating and Financial Review (continued)

Stage 2 Expansion

The Group's Stage 2 expansion remains the core strategy for the long-term development of Bauxite Hills. Timing for the formal commitment to Stage 2 remains influenced by general uncertainty over the outlook for global growth due to the impact of COVID-19. Whilst there have been recent improvements in macro conditions leading to a recovery in general confidence in the sector, customers remain reluctant to enter into long-term offtake agreements. The Group will continue to monitor market conditions prior to taking the decision to formally proceed with the expansion.

Debt financing remains in place through the previously announced loan facility from the Northern Australia Infrastructure Facility. The sunset date for financial close is currently 31 March 2021.

The Definitive Feasibility Study for Stage 2 expansion of the Bauxite Hills Mine to an annual operating production rate of 6.0 million WMT includes:

- The construction and mobilisation to Skardon River of a floating terminal with the ability to load 6.0 million WMT of bauxite per annum,
- The scale up of the current mining, haulage and transhipment fleets, and
- The optimisation and upgrading of the existing port and barge loading facilities.

The largest component of the expansion program is the construction and mobilisation to site of a floating terminal. It represents approximately 85% of the total estimated capital cost of the program. The preferred floating terminal design consists of a 100m barge equipped with two cranes and a materials-handling conveyor and stacker system that will have the ability to load up to 40,000 tonnes of bauxite per day. The floating terminal will be able to load different sized ocean-going vessels, allowing the Group to take advantage of chartering Cape Size vessels and realise significant freight savings whilst maintaining customer flexibility with the ability to continue to load smaller vessels as required.

Indigenous Engagement

As at 31 December 2020, the traditional owners of the land, the Ankamuthi people, and other indigenous employees, held 27% of the positions at the Bauxite Hills Mine. This exceeds the Group's indigenous workforce target of 25% during the 2020 operating year.

Indigenous and stakeholder engagement was heavily impacted by COVID-19 restrictions in the first half of 2020. The Cape York region was declared a Biosecurity Area and no travel was allowed in or out of the communities because of isolation requirements. Pleasingly, COVID-19 restrictions were progressively eased in the remote communities during the September quarter and allowed standard Indigenous engagement processes to be gradually reintroduced.

Monthly community seed collection programs continued in Mapoon and Injinoo during the year with seed collected used for the Group's rehabilitation program. As rehabilitation plans increase as anticipated, an increase in the volume of seed collected will be required and community focus will be lifted to meet the required targets.

The Group views the promotion of cultural awareness among its employees and contract partners as a priority. Cultural Awareness training, delivered by Ankamuthi presenters, continues to be a focus with all employees and contract partners required to complete this training prior to commencement of their work on site.

Operating and Financial Review (continued)

Safety Performance

The Group is committed to providing a safe working environment for its employees and contract partners and to fostering a good safety culture. All incidents are thoroughly investigated and the findings acted on to continuously improve the Group's safety systems.

Exploration

Exploration activities on the Company's Cape York tenements focused on areas in the vicinity of the Bauxite Hills Mine. As the main plateaus with deemed bauxite potential outside of the Bauxite Hills Resource lie within tenure north of the Skardon River, a Conduct and Compensation Agreement has been negotiated and concluded with the Apudthama Land Trust.

Other Assets

Through the Group's business development initiatives, several opportunities in the bauxite industry are under review and assessment as part of the Group's long-term strategic growth plans.

Board and Staff Changes

Mr Lucas Dow resigned from the board of directors with effect from 18 March 2020. With the exception of this change, all Board and senior executive position holders within the Group have remained unchanged during the financial year.

Debt Facilities

The Group has restructured and extended the repayment terms of its current debt facilities owed to Ingatatus AG Pty Ltd (Ingatatus) and Lambhill Pty Ltd (Lambhill):

- The new amortisation schedule for the $20.0 million facility with Ingatatus is as follows:
  - Maturity on 1 September 2022.
  - Three equal repayments on 1 September 2021, 1 July 2022 and 1 September 2022.
- The new amortisation schedule for the two $7.5 million facilities held by Ingatatus and Lambhill respectively is as follows:
  - Maturity on 1 January 2023.
  - Three equal repayments on 1 July 2022, 30 September 2022 and 1 January 2023.

The amended repayment terms were agreed with Lambhill prior to the end of the financial year and with Ingatatus subsequent to the financial year end.

The Company has sought and obtained confirmation from the Australian Securities Exchange (ASX) that the variations outlined above are not inconsistent with the terms of the waiver granted to the Company in respect of ASX Listing Rule 10.1 on 30 September 2019. The restructure and extension to the repayment terms has therefore been agreed without the need for the Company to obtain shareholder approval.

Debt financing remains in place for Stage 2 expansion through the previously announced loan facility from the Northern Australia Infrastructure Facility. Draw down of the facility will be dependent on meeting the outstanding conditions precedent to the agreement and the formal decision of the Board to proceed.

Material Business Risks

The Group is exposed to a range of economic, financial, operational and strategic related risks which are inherent when operating 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:

Novel Coronavirus (COVID-19)

On 11 March 2020, the World Health Organization Director-General declared the outbreak of COVID-19 a global pandemic. The Group's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. In addition, any governmental or industry measures taken in response to COVID-19 may adversely impact the Group's operations and are likely to be beyond the control of the Group. This macro-economic risk will likely continue to adversely affect demand for the Group's bauxite in 2021, and also may impact the ability of the Group to commit to the Stage 2 expansion works within forecast timeframes.

As announced on 23 March 2020, the Group implemented a range of strategies to mitigate the risks posed by COVID-19. These included policies and procedures relating to travel, personal protective equipment and work procedures. All policies and procedures are strictly enforced to minimise the risk to the Group's employees, contractors and, in particular, our indigenous workforce.

The directors continue to monitor the changing situation closely and have considered the impact of COVID-19 on the Group's business and financial performance. However, due to the continually evolving situation, the consequences are inevitably uncertain.

Fluctuation in Commodity Prices and the Australian Dollar

The Group is not currently able to manage commodity price exposures directly as there are no bauxite derivative products available in the market. In order to manage United States dollar (USD)exposures, which include USD revenues, ocean freight expense, and anticipated USD denominated capital commitments, the Group's risk management framework incorporates the implementation of a currency hedging program to manage the risks to sales revenue associated with a strengthening of the Australian dollar against the United States dollar.

The Group's Board approved currency hedging policy is to establish, as appropriate, a rolling program within the following parameters:

- Up to 100% of the next month's USD FOB revenue,
- Between 50-75% of months 2 and 3 forecast USD FOB revenue, and
- Up to 50% of months 4 through to 6 forecast USD FOB revenue.

There were no hedging instruments in place as at 31 December 2020.

Mineral Resources and Ore Reserves

The Group's mineral resources and reserves are estimates and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of bauxite. or any other mineral. will be produced. Such estimates are, 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 to develop 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 resource and ore reserves, which could have a negative impact on the Group's financial results.

Material Business Risks (continued)

Replacement of Depleted Reserves

The Group must 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 highly speculative in nature. The Group's exploration projects involve many risks and are frequently 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 current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by 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 Risks

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 bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation, particularly as the Group currently produces from only one mine site.

The Group has a policy to maintain insurance to cover the most common of these risks and hazards where available. 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 condition.

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.

Current estimates of future production, site costs and capital costs of production are dependent upon the successful execution of the Stage 2 Bauxite Hills Mine expansion project.

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 could 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 also has a concentration of revenue, with the majority of products since commencement being sold to one customer, and is therefore exposed to the counter-party risk and credit risk of this major customer. The Group manages this risk with a focus on increasing customer diversification through its marketing strategy, dealing with credit worthy customers and sales made through irrevocable letters of credit.

Material Business Risks (continued)

Marketing Risk

The Group has approximately 56% of planned 2021 operating production contracted under the existing long-term binding offtake agreement with Xinfa. There is a risk that the uncontracted planned production may not be sold.

The Group announced in 2020 that, as a result of a number of factors including a deterioration in market conditions during the 2020 year, sales contracts in addition to the foundation Xinfa contract were not secured for the remainder of planned 2020 production.

In addition to those committed sales under the existing Xinfa foundation contract, the Group continues to pursue opportunities for sales contracts for 2021 production.

In the absence of further sales contracts for planned 2021 and future production volumes, there is a risk of a material adverse effect on the Group's financial performance, liquidity and results of operation.

Environmental, Health and Safety, and Permits

The Group's mining operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker health and safety, mine development and protection of endangered and other special status species. The Group's ability to obtain permits and approvals may adversely affect the Group's mining operations, including its ability to continue operations.

While the Group has implemented health, safety and community initiatives at its site to ensure the health and safety of its employees, contractors and members of the community affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries or damage to property and, in certain instances, such occurrences could give rise to regulatory action or fines and / or civil liability.

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.

As regulatory agencies respond to climate change, costs of inputs may rise and restrictions may be placed on how certain resources are obtained, transported and used. This may adversely impact the Group's cost of production. Regulatory changes in response to climate change also have the potential to be a catalyst for growth in industries that choose to increase their use of bauxite related products.

Community Relations

The Group has an established community relations function which manages the community engagement, local employment, indigenous business opportunities, and sponsorships. The Group meets with representatives of the Bauxite Hills Mine native title holders, the Ankamuthi people, and the trustee owners of the land, Old Mapoon Aboriginal Corporation, on a minimum of a quarterly basis. The Group recognises that a failure to appropriately manage local community stakeholder expectations has the potential to disrupt production and exploration activities.

The Group published its first Sustainability Report in 2020 which sets out details of the Group's sustainability targets and achievements as well as plans for further development. The report will be updated in the current year and released prior to the 2021 Annual General Meeting.

Dividends Paid or Recommended

There were no dividends paid or returns of capital by the Group during the year ended 31 December 2020. The directors do not recommend the payment of a dividend and no amount has been declared or paid by way of a dividend since 31 December 2020 and to the date of this report.

Additional Information

The earnings of the Group for the five periods / years to 31 December 2020 are summarised below:

	31 Dec 2020 12 months $'000	31 Dec 2019 12 months $'000	31 Dec 2018 6 months $'000	30 Jun 2018 12 months $'000	30 Jun 2017 12 months $'000
Income	128,437	199,720	93,747	25,838	9,033
Net profit /(loss) after tax	(11,125)	3,623	9,357	(17,378)	(2,372)

The factors that are considered to affect total shareholders' return are summarised below:

	31 Dec 2020 12 months Cents per share	31 Dec 2019 12 months Cents per share	31 Dec 2018 6 months Cents per share	30 Jun 2018 12 months Cents per share	30 Jun 2017 12 months Cents per share
Share price at financial year / period end	5.9	13.5	16.0	21.5	14.5
Basic profit / (loss) per share	(0.80)	0.262	0.677	(1.38)	(0.33)

Shares Under Option or Subject to Performance Rights

At the date of this report, the unissued ordinary shares of the Company under option or subject to performance rights are as follows:

Grant Date	Expiry Date	Exercise Price	# of Options / Performance Rights
Options granted 28/08/2017	28/08/2022	$0.183	11,100,000
Options granted 25/10/2017	25/10/2021	$0.250	1,571,063
Performance rights granted 01/01/2019	31/12/2021	n/a	2,717,637*
Performance rights granted 01/01/2020	31/12/2022	n/a	3,432,285*
Performance rights offered 01/01/2021	31/12/2021	n/a	10,130,487*
Performance rights granted 01/01/2021	31/12/2023	n/a	7,745,743*
Total shares under option or subject to performance rights			36,697,215

No shares relating to the exercise of options have been issued since the end of the financial year. No amounts are unpaid on any shares. Holders of options and performance rights do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

*These performance rights are offered under the short-term and long-term incentive plans and represent the maximum that could be issued if all key performance indicators were fully met during the vesting period. In addition, the issue of all performance rights is subject to the Board's discretion.

Shares Under Option or Subject to Performance Rights (continued)

Other than the performance rights with an issue date of 1 January 2021 which were approved on 25 February 2021 (listed in the table above), there have been no options or performance rights granted over unissued shares or interests in any controlled entity within the Group since the end of the financial year. For details of options and performance rights issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 31 December 2020, ordinary shares in the Company were issued on exercise of performance rights granted, as follows:

Description	Grant Date	Exercise Price	Exercise Date	Number of Shares Issued
Employee Incentive Plan – Exercise of Vested Performance Rights	01/01/2019	n/a	05 Mar 2020	1,228,875

Indemnity and Insurance of Officers

Each of the directors and the secretaries of the Company has entered into a deed of indemnity and access with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those directors and secretaries. The Company has insured all the directors and officers of Metro Mining Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

Indemnity and Insurance of Auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year end.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* 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.

Environmental Regulation and Performance

The Group holds all necessary licences issued by the relevant State and Commonwealth environmental protection authorities. These licences specify environmental management standards to be achieved, and put limits on any emissions to the air, land and water. In accordance with these licences, the Group has developed and implemented environmental management plans for all operations associated with the Bauxite Hills Mine.

The Group maintains awareness of current environmental management standards, changes to existing legislation and incoming environmental regulations through representation on the Queensland Resource Council Environment Committee and Environmental Strategic Advisory Group.

The Group has reported to the Department of Environment and Science Pollution Hotline a number of minor non-compliances with licence conditions relating to water quality triggers. Whilst no environmental harm occurred as a result of these non-compliances, action is underway to amend the licence conditions and prevent reoccurrence.

Non-Audit Services

Details of the amounts paid to the auditor (Ernst & Young Australia) for audit and non-audit services during the year are disclosed in note 33 to the financial statements.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and / or the Group are important.

The board of directors, in accordance with advice provided by the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Officers of the Company who are Former Audit Partners of Ernst &Young Australia

There are no officers of the Company who are former audit partners of Ernst &Young Australia.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 36 of the financial report.

Information on Directors

Name	**Mr Stephen Everett**
Title:	Independent non-executive chairman, appointed 12 July 2012
Qualifications:	Bachelor of Engineering (Chem Eng. Honours), MAICD
Experience and expertise:	Mr Everett has over forty years' management and board experience in the resources and construction industries and has held chairman and non-executive director positions on government development boards and private, ASX listed and TSX listed companies. He has extensive experience in corporate finance transactions, capital projects and operating in geographically diverse environments. Mr Everett has also held senior executive positions including managing director and chief executive officer of private and publicly listed companies.
Other current directorships:	▪ None.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	Member of the Audit and Risk Committee and Member of the Remuneration and Nominations Committee.
Interests in shares:	4,391,078 ordinary shares.
Interests in options:	None.

Information on Directors (continued)

Name	**Mr Simon Finnis**
Title:	Managing director (MD) and chief executive officer (CEO), appointed as CEO on 19 January 2015 and as MD on 6 January 2017
Qualifications:	Master of Business and Technology
Experience and expertise:	Mr Finnis has over 30 years' experience in underground and open cut mining operations nationally and internationally. Immediately prior to joining the Company, Mr Finnis was chief executive officer of Grand Cote Operations in Senegal. He previously served as managing director of Global Resources Corporation Limited and was general manager for the Pooncarie Mineral Sands project in the Murray Basin, NSW, where he oversaw development from feasibility through to operations. At Metro Mining Limited, Mr Finnis has successfully overseen capital raisings, government permitting, product marketing, traditional owner agreements and the ongoing operation at the Bauxite Hills Mine.
Other current directorships:	▪ None.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	Managing Director and Chief Executive Officer.
Interests in shares:	4,400,170 ordinary shares.
Interests in options:	797,534 options.
Interests in performance rights:	9,757,908 performance rights.

Name	**Mr Philip Hennessy, AO**
Title:	Independent non-executive director, appointed 30 September 2014
Qualifications:	Bachelor of Business (Accountancy) and Fellow, Chartered Accountants Australia and New Zealand
Experience and expertise:	Over the past 30 years, Mr Hennessy has been involved in corporate insolvency and reorganisation across a variety of industries including construction, real estate, mining, manufacturing, professional services, hospitality, tourism, agriculture and financial services. He has served as a chairperson and director of a number of government owned corporations and ASX listed companies. He was also chairman of KPMG Queensland, a professional services practice with over 500 employees. Mr Hennessy has been a director of various not-for-profit organisations serving intellectually disabled women, children with chronic health issues, hospitals and education. He is currently an independent director and advisor to public, private and not-for-profit organisations.
Other current directorships:	▪ None.
Former directorships (in the last 3 years):	▪ Blue Sky Alternative Investments Limited. Appointed February 2017. Resigned 10 December 2018.
Special responsibilities:	Chairman of the Audit and Risk Committee and Member of the Remuneration and Nominations Committee.
Interests in shares:	3,178,573 ordinary shares.
Interests in options:	None.

Information on Directors (continued)

Name	**Ms Fiona Murdoch**
Title:	Independent non-executive director, appointed 11 March 2019
Qualifications:	LLB (Hons), MBA, GAICD
Experience and expertise:	Ms Murdoch has over 30 years' experience in the resources and infrastructure sectors in Australia and internationally with senior operational roles held with AMCI Investments, MIM Holdings and Xstrata Queensland. She has extensive experience in logistics and supply chains as well as operating in geographically diverse environments. Currently, Ms Murdoch serves as a non-executive director of a number of publicly listed companies. In addition, Ms Murdoch serves on the board of Building Queensland and on the joint venture committee for the West Pilbara Iron Ore Project. She is also chair of The Pyjama Foundation Limited, a not-for-profit organisation providing learning-based activities for children in foster care.
Other current directorships:	▪ KGL Resources Limited. Appointed 12 June 2018. ▪ NRW Holdings Limited. Appointed 24 February 2020.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	Member of the Audit and Risk Committee and Chair of the Remuneration and Nominations Committee.
Interests in shares:	150,000 ordinary shares.
Interests in options:	None.

Name	**Mr Mark Sawyer**
Title:	Non-executive director, appointed 28 July 2016
Qualifications:	LLB (Hons)
Experience and expertise:	Mr Sawyer co-founded Greenstone Resources, a private equity fund specialising in the international mining and metals sector, in 2013. Prior to establishing Greenstone Resources, Mr Sawyer was general manager and co-head of Group Business Development at Xstrata plc where he was responsible for originating, evaluating and negotiating new business development opportunities. Prior to Xstrata plc, Mr Sawyer held senior roles at Cutfield Freeman & Co, a boutique corporate advisory firm in the mining industry, and at Rio Tinto plc. Mr Sawyer is a director and a joint 50% owner of Greenstone Management Limited (GML). GML is the indirect owner of 100% of Greenstone Management (Delaware) II LLC which holds 273,388,740 ordinary shares in the Company.
Other current directorships:	▪ North River Resources Plc, ▪ Heron Resources Limited, ▪ Serabi Gold plc, ▪ Rockcliff Metals Corp, and ▪ Kalium Lakes Limited.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	Member of the Audit and Risk Committee and Member of the Remuneration and Nominations Committee.
Interests in shares:	None other than as noted above.
Interests in options:	None.

Information on Directors (continued)

Name	**Mr Michael Haworth**
Title:	Alternate director for Mr Mark Sawyer, appointed 1 September 2016
Qualifications:	Chartered Accountant (SA)
Experience and expertise:	Mr Haworth co-founded Greenstone Resources in 2013 after a 20-year career in the mining sector including roles as managing director at JP Morgan and head of Mining and Metals Corporate Finance in London. Mr Haworth is a director and a joint 50% owner of Greenstone Management Limited (GML). GML is the indirect owner of 100% of Greenstone Management (Delaware) II LLC which holds 273,388,740 ordinary shares in the Company.
Other current directorships:	▪ Excelsior Mining (TSX), ▪ Coro Mining (TSX), ▪ Adventus Zinc (TSX), ▪ Northern Vertex Mining Corp (TSX), and ▪ Ncondezi Energy Ltd (AIM).
Former directorships (in the last 3 years):	▪ Zanaga Iron Ore Co (AIM)(retired 5 Sep 2018). .
Special responsibilities:	Member of the Audit and Risk Committee and the Remuneration and Nominations Committee both as Alternate for Mr Mark Sawyer.
Interests in shares:	None other than as noted above.
Interests in options:	None.

Name	**Mr Lucas Dow**
Title:	Independent non-executive director, resigned 18 March 2020
Qualifications:	Bachelor of Engineering (Mining) Honours
Experience and expertise:	Mr Dow is an experienced mining engineer and senior executive with a proven track record across diverse commodities. He has managed multi-billion-dollar businesses and capital projects in Australia and overseas. Mr Dow spent 12 years with BHP Billiton including almost two years as chief executive officer and asset president at the BHP Billiton Mitsubishi Alliance joint venture.
Other current directorships:	▪ None.
Former directorships (in the last 3 years):	▪ None.
Special responsibilities:	None.
Interests in shares:	Not applicable.
Interests in options:	None.

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships in all other types of entities, unless otherwise stated.

Joint Company Secretaries

Mr Mitchell Petrie

Mr Petrie is a Chartered Accountant. Until the end of 2015, Mr Petrie was a partner at KPMG, where he was head of the Queensland Risk Advisory practice. Mr Petrie has provided assurance and advisory services to many national and international participants in the resource industry including acting as leader of the co-sourced assurance services team for Rio Tinto. Mr Petrie also brings extensive experience in providing services to publicly listed companies as well as being a member of a number of governing boards and committees in the public and private sectors.

Mr Duane Woodbury

Mr Woodbury holds a Bachelor of Economics (Honours) Accounting & Finance from Macquarie University. Mr Woodbury has more than 25 years' experience in the resources industry with comprehensive resources knowledge gained through many years working nationally and internationally in various roles including as a resource analyst, broker, banker and chief financial officer. Mr Woodbury was previously chief financial officer of Australian Securities Exchange listed company Kingsgate Consolidated Limited and has held senior roles with Macquarie Bank in New York, Singapore and Sydney. Due to Mr Woodbury's international experience, he also has extensive regulatory experience with the London, New York, Singapore and Hong Kong stock exchanges.

Meetings of Directors

The number of meetings of the Company's board of directors and of each Board committee held during the year ended 31 December 2020, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Remuneration and Nominations Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Current Directors						
Mr S Everett	11	11	5	5	3	3
Mr S Finnis	11	11	-	-	-	-
Mr P Hennessy	11	11	5	5	3	3
Ms F Murdoch	11	11	5	5	3	3
Mr M Sawyer	10	11	5	5	2	3
Alternate Directors						
Mr M Haworth (alternate for Mr M Sawyer)	-	-	-	-	-	-
Former Directors						
Mr L Dow (i)	2	2	-	-	1	1

(i) Resigned 18 March 2020

'Held' represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Letter from the Chair of the Remuneration & Nominations Committee

Dear Shareholders

On behalf of the board of directors, I provide you with an overview of the Metro Mining Limited 2020 Remuneration Report.

2020 was a very challenging year for the Group. Whilst the Bauxite Hills Mine achieved record mining and shipping rates and lower operational costs, as a result of a deterioration in market conditions, sales contracts in addition to the foundation Xinfa contract were not secured for 2020 production. Consequently, the decision was made to bring forward the 2020 wet season shutdown to September 2020.

Notwithstanding the difficult trading conditions faced by the Group in 2020, progress was made in pursuing opportunities for cost and operational efficiencies as well as further developing our culture and governance processes.

Remuneration Principles

The Board is committed to securing and retaining high quality people who work in a culture that is performance-driven, motivating and which supports the Group's strategic objectives. 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 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 2020

As a result of the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, the Group implemented strategies to further reduce corporate and operational costs as well as continue to improve operational efficiencies. The Group's 2020 financial results are, though, disappointing.

- Executive management agreed to salary reductions of between 10% and 15% for a six-month period from October 2020.
- Director remuneration was reduced by 20% for the same period.
- The Board also resolved not to grant the 2020 Short-Term Incentive Plan for all participants.
- The 2020 – 2022 Long-Term Incentive Plan remained in place.

Remuneration Changes Anticipated in 2021

The Board is confident in the strategies to recommence production in 2021 and to increase sales, production and economic returns in 2021 and beyond. The Board anticipates establishing a Short-Term Incentive Plan for 2021 with 100% of an executive's award entitlement that may ultimately be awarded being paid in equity, as well as a Long-Term Incentive Plan for 2021 – 2023.

Letter from the Chair of the Remuneration & Nominations Committee (continued)

The remuneration principles outlined above remain. However, these will be further strengthened in 2021:

- Additional performance measures aligned to the achievement of the Group's strategies and shareholder experience.
- Additional performance measures aligned to corporate culture and values.

Thank you for your ongoing support of Metro Mining Limited.

Fiona Murdoch
Chair
Remuneration & Nominations Committee
26 February 2021

Remuneration Report - AUDITED

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The Board believes that executive remuneration is a key enabler of the delivery of the Group's strategy for the benefit of shareholders, customers, employees and our communities.

The remuneration report is set out under the following main headings:

A Key Management Personnel
B Key Remuneration Outcomes
C Remuneration Components
D Remuneration of Non-executive Directors
E Performance and Outcomes for 2020
F Remuneration of Executive Directors and Other Key Management Personnel
G Service Agreements
H Cash Bonuses and Share-based Payments
I Options and Performance Rights Granted as Remuneration
J Key Management Personnel Shareholdings
K Other Transactions with Key Management Personnel and / or Their Related Parties

A. Key Management Personnel

The Key Management Personnel (KMP) of the Group comprises the Non-Executive Directors of the Company and the Executives listed below who have significant influence over the Group's operating performance.

Name	Position	Changes in Tenure
Non-Executive Directors		
Mr Stephen Everett	Independent Non-Executive Chairman	
Mr Philip Hennessy	Independent Non-Executive Director	
Ms Fiona Murdoch	Independent Non-Executive Director	
Mr Mark Sawyer	Non-Executive Director	
Mr Michael Haworth	Alternate Director for Mark Sawyer	
Mr Lucas Dow	Independent Non-Executive Director	▪ Resigned 18 March 2020
Executive KMP		
Mr Simon Finnis	Managing Director and Chief Executive Officer	
Mr Graham Tanner	Operations Manager Bauxite Hills Mine	
Mr Duane Woodbury	Chief Financial Officer and Joint Company Secretary	

Remuneration Report – AUDITED (continued)

B. Key Remuneration Outcomes

Key remuneration outcomes for the financial year ended 31 December 2020 are summarised below:

<table>
<tr><th>Remuneration</th><th>Description</th></tr>
<tr><td>Short Term Incentive Plan (STIP) outcomes</td><td>
For the 2020 Performance Year (1 January 2020 to 31 December 2020) the maximum annual STIP grants were increased compared with the prior year:
<table>
<tr><th></th><th>2020</th><th>2019</th></tr>
<tr><td>Managing Director</td><td>50% of Base Salary</td><td>35% of Base Salary</td></tr>
<tr><td>Other Executive KMP</td><td>35% of Base Salary</td><td>25% of Base Salary</td></tr>
</table>
Base Salary is fixed cash remuneration inclusive of statutory superannuation entitlements.
Due to the difficult trading conditions and the consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, in October 2020 the Board resolved not to grant the 2020 STIP. As a result, no performance rights were granted to any KMP in 2020.
</td></tr>
<tr><td>Long-Term Incentive Plan (LTIP) outcomes</td><td>
No share-based payments or performance rights were issued during the year in respect of the Group's LTIPs.
For the 2017 LTIP, Tranche 3 of that Plan was measured as at 30 June 2020 and was achieved. A total of 554,840 options to purchase ordinary shares at an exercise price of $0.25, exercisable within 4 years from the date those securities were granted (date of grant being 23 October 2017). Tranche 4 of that plan was measured as at 30 June 2020 and was not achieved.
The vesting criteria for the 2019 LTIP are not due to be measured until 31 December 2021.
The directors approved the 2020 LTIP with the maximum annual LTIP grants being:
<table>
<tr><th></th><th>2020</th></tr>
<tr><td>Managing Director</td><td>50% of Base Salary</td></tr>
<tr><td>Other Executive KMP</td><td>35% of Base Salary</td></tr>
</table>
Base Salary is fixed cash remuneration inclusive of statutory superannuation entitlements.
</td></tr>
<tr><td>Executive KMP Remuneration</td><td>Following the receipt of independent external advice on current market remuneration levels and structures, the Remuneration and Nominations Committee recommended an increase in the remuneration of the Chief Financial Officer from $295,000, inclusive of superannuation, to $328,500, inclusive of superannuation. This was ratified by the Board on 27 February 2020 with effect from 1 March 2020. There were no other changes to the fixed remuneration of KMP at that time. However, as result of the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, executive management agreed to salary reductions of between 10% and 15% for a six-month period from October 2020.</td></tr>
<tr><td>Non-Executive Director (NED) Remuneration</td><td>No changes were made to the maximum approved fees payable to NEDs in 2020. However, as result of the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, NED remuneration was reduced by 20% for a six-month period from October 2020.</td></tr>
</table>

Remuneration Report – AUDITED (continued)

C. Remuneration Components

<table>
<tr><td>What are the objectives of the Executive Reward Framework?</td><td>The objective of the Group's Executive Reward 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 the market better 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 (ASX Mining and Metals Index), and deliver constant, or increasing, return on assets.

The Executive Reward 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) (Options and Performance Rights), and
4. Other remuneration such as long service leave.

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

The key terms of contracts for service between the Company and executive KMP are outlined in Section G. The Group retains the right to terminate contracts immediately by making payment as allowed under the termination provisions provided in the individual's contract of employment.</td></tr>
</table>

<table>
<tr><td>What are Performance Rights?</td><td>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 of a Performance Right.</td></tr>
</table>

<table>
<tr><td>When and how is Executive Reward Framework reviewed?</td><td>The Executive Reward Framework is reviewed by the Board each year 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, individual and business unit performance, and the overall performance of the Group.</td></tr>
</table>

<table>
<tr><td>What is the potential value of STIP and LTIP grants?</td><td>For the 2020 Performance Year (1 January 2020 to 31 December 2020) the maximum annual STIP and LTIP grants are:
<table><tr><th></th><th>Annual STIP Grant</th><th>Annual LTIP Grant</th></tr><tr><td>Managing Director</td><td>50% of Base Salary</td><td>50% of Base Salary</td></tr><tr><td>Other Executive KMP</td><td>35% of Base Salary</td><td>35% of Base Salary</td></tr></table>
Base salary is fixed cash remuneration inclusive of statutory superannuation entitlements.</td></tr>
</table>

Remuneration Report – AUDITED (continued)

C. Remuneration Components (continued)

What is included in fixed remuneration?	Fixed remuneration includes base salary, superannuation and non-monetary benefits. Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and adds additional value to the executive. Upon retirement or termination, executive KMP are paid employee benefits accrued to date of retirement or termination. Other than as outlined in Section G, no other termination benefits are payable under service contracts.

What is the purpose and structure of the STIP?

STIPs are performance based and designed to reward high performance against challenging, clearly defined and measurable objectives. STIPs are calculated over a 12-month period and include performance rights and/or cash bonuses at the discretion of the Board. Participants will not be permitted to sell any shares issued under the STIP for a 12-month period following the date of issue.

For the 2020 Performance Year, the Board resolved that any STIP award entitlements would be settled with the issuance of performance rights.

The STIP is linked to Key Performance Indicators (KPIs) which are reviewed by the Remuneration and Nominations Committee at the commencement of each year and approved by the Board. The STIP KPIs in 2020 comprised 2 components: a) Shared KPIs and b) Individual KPIs.

The Shared KPI hurdles in 2020 accounted for 60% of the STIP award for the Managing Director and Operations Manager Bauxite Hills Mine and 50% of the STIP award for other executive KMP. The remaining balance was attributable to individual KPIs.

Achieving a performance hurdle entitles an executive to 70% of the total potential score, exceeding achieves 100% and outstanding performance can result in an executive achieving 130% of the applicable KPI score.

Shared KPIs in 2020 that Applied to Executive KMP

	Managing Director and Operations Manager Bauxite Hills Mine % Weighting	Other Executive KMP % Weighting
Financial	20	15
Operations / Production	20	15
Sustainability		
- Safety	10	10
- Environment	5	5
- Culture	5	5

Individual KPIs

Individual KPIs vary for each executive KMP based on their accountabilities. For commercial reasons they are not disclosed in this report, however they are aligned with the strategic objectives of the Group. Examples include achievement of new offtake agreements, sales targets (volume and price) and bauxite quality measures.

Due to the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, in October 2020 the Board resolved not to grant the 2020 STIP. As a result, no performance rights were granted to any KMP in 2020.

Remuneration Report – AUDITED (continued)

C. Remuneration Components (continued)

When and how is executive KMP performance reviewed under the STIP?	At the beginning of each Performance Year, the Remuneration and Nominations Committee and Board review and approve STIP KPIs for the Managing Director and each executive KMP. Following the completion of each Performance Year, 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 and seeks the approval of the Board and Remuneration and Nominations Committee to determine award outcomes. Due to the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, in October 2020 the Board resolved not to grant the 2020 STIP. As a result, no performance rights were granted to any KMP in 2020.

What is the purpose and structure of the LTIP?	On 1 July 2017 a long-term incentive plan was introduced to establish a relationship between the Group's financial performance, achievement of longer-term strategies, and the level of remuneration paid to key management personnel. The Board believes an LTIP can focus and motivate employees to achieve exceptional outcomes, align performance with shareholder experience, be competitive with other comparable companies and link a reasonable portion of executive KMP total reward with Company share price and shareholder returns. *2017 LTIP Grant* The 2017 LTIP was in the form of share-based payments (options) at a strike price with a 25% premium over the VWAP market price on date of grant. The 2017 LTIP has 60% of the incentive linked to achievement of the Group's longer-term strategic objectives. The KPIs established in July 2017 included milestones such as progressing the Group's Bauxite Hills Mine toward production and successful commissioning; achievement of operating costs at better than forecast levels and achieving production ramp-up in years 2019-2020 (subject to Board approval). The other 40% of the LTIP is linked to Total Shareholder Return (TSR) which compares the Group share price against the ASX 300 Metal and Mining Index (ASX: XMM). The Company's share price must increase by at least 20% above the change in the index for the full 40% TSR component to be granted. The incentive operates on a sliding scale to the point at which there are no TSR benefits to the executive if the Company share price reduces when compared to the index movement. The period for measuring the TSR component is 36 months. The final awards are at the discretion of the Board and the Board may consider it inappropriate to award the LTIP in the case where absolute TSR rather than relative TSR has declined in comparison to the ASX 300 Metal and Mining Index. The 2017 LTIP was limited to the Managing Director and his direct reports. *2018 LTIP Grant* No new LTIP grants were made in calendar year 2018 due to the plan being subject to further review and redesign to better align with the market expectations of such schemes. *2019 LTIP Grant* The Remuneration and Nominations Committee approved the restructure of the LTIP for the 2019 calendar year such that it operates as a 3-year rolling plan, with annual grants of performance rights valued at a total of 50% of base salary (for the Managing Director) and 30% for other executive KMP.

Remuneration Report – AUDITED (continued)

C. Remuneration Components (continued)

<table>
<tr>
<td>What is the purpose and structure of the LTIP? (continued)</td>
<td>
2019 LTIP Grant (continued)
The LTIP performance hurdles are measurable over a 3-year period, subject to a minimum performance gateway (employment, and achievement of budget) and the following KPIs:

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 and 1.3</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>
The vesting criteria for each KPI will be tested on 31 December 2021.
2020 LTIP Grant
The Remuneration and Nominations Committee approved the LTIP for the 2020 calendar year on the same basis as the 2019 LTIP, with annual grants of performance rights valued at a total of 50% of base salary (for the Managing Director) and 35% for other executive KMP.
The LTIP performance hurdles are measurable over a 3-year period, subject to a minimum performance gateway (employment, and achievement of budget) and same KPIs as were included in the 2019 LTIP.
The vesting criteria for each KPI will be tested on 31 December 2022.
</td>
</tr>
</table>

When and how is executive KMP performance reviewed under the LTIP plan?	At the end of the Performance Year, the Remuneration and Committee and the Board assess the performance of executives under the LTIP and determine the entitlement to performance rights for that year. Future years' incentives and KPIs are adjusted as considered appropriate, to ensure use of the most cost effective and efficient methods to align Group performance and executive incentives.

Does the Board have discretion in respect of the granting of STIP and/or LTIP awards?	All incentive awards are at the discretion of the Board. The Board can choose not to pay or to reduce the amount of an incentive otherwise payable. The Board also has the discretion to increase the amount of an incentive for exceptional performance.

What happens to performance rights granted under the LTIP if an executive ceases employment?	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 options or performance rights issued which are not exercised on or before the date of termination lapse one (1) month after termination.

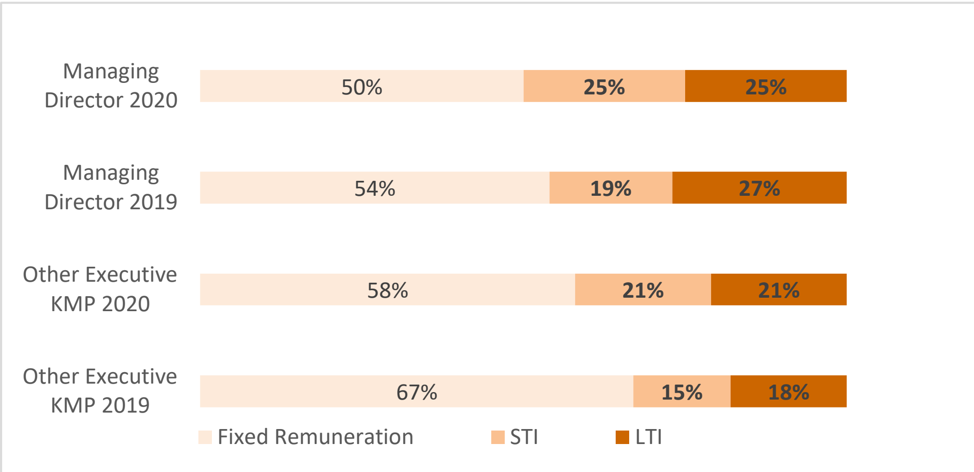
Remuneration Report – AUDITED (continued)

C. Remuneration Components (continued)

What happens in the event of a 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 rights be accelerated and that dealing restrictions on restricted shares be released.

Is there an ability for the Company to 'clawback' LTIP awards?	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, and/or repayment of any cash payment or dividends to ensure that no unfair benefit was obtained.

What is the potential 2020 executive KMP 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:



Non-executive director remuneration	Non-executive directors (NED) do not receive 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. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' 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 non-executive directors' remuneration shall 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. In 2019 and in 2020 the Remuneration and Nominations Committee reviewed the value of the aggregate maximum non-executive directors' remuneration pool and concluded that an increase to the value of the pool would not be proposed to shareholders in 2020.

Remuneration Report – AUDITED (continued)

C. Remuneration Components (continued)

Non-executive director remuneration (continued)	No increases were made to non-executive director fees in 2020. As a result of the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine, NED remuneration was reduced by 20% for a six-month period from October 2020.

D. Remuneration of Non-executive Directors

In the year ended 31 December 2020, non-executive directors received $339,103 (31 December 2019: $351,962) in total fees, compared to the maximum approved fees payable of $500,000. Non-executive directors do not receive at-risk remuneration.

		Board Fees and Cash Benefits $	Committee Fees $	Superannuation $	Total Fixed Remuneration $
Current Directors					
Stephen Everett	**2020**	**117,043**	**12,292**	**12,116**	**141,451**
Non-executive Chairman	2019	123,009	17,500	9,565	150,074
Phillip Hennessy	**2020**	**63,983**	**18,438**	**7,830**	**90,251**
Non-executive Director	2019	67,683	22,500	8,567	98,750
Fiona Murdoch (i)	**2020**	**63,839**	**15,979**	**7,583**	**87,401**
Non-executive Director	2019	52,197	15,814	6,461	74,472
Mark Sawyer	**2020**	**-**	**-**	**-**	**-**
Non-executive Director	2019	-	-	-	-
Alternate Directors					
Michael Haworth	**2020**	**-**	**-**	**-**	**-**
Non-executive Director	2019	-	-	-	-
Former Directors					
Lucas Dow (ii)	**2020**	**16,390**	**1,875**	**1,735**	**20,000**
Non-executive Director	2019	10,926	1,250	1,157	13,333
Lindsay Ward (iii)	**2020**	**-**	**-**	**-**	**-**
Non-executive Director	2019	12,083	3,250	-	15,333

(i) Appointed 11 March 2019.
(ii) Resigned 18 March 2020.
(iii) Resigned 26 February 2019.

E. Performance and Outcomes for 2020

As a result of the difficult trading conditions and consequent decision to bring forward the 2020 wet season shutdown of the Bauxite Hills Mine:

- Executive management agreed to salary reductions of between 10% and 15% for a six-month period from October 2020.
- Director remuneration was reduced by 20% for the same period.
- The Board also resolved not to grant the 2020 Short-Term Incentive Plan for all participants.
- The 2020 Long-Term Incentive Plan remained in place.

Remuneration Report – AUDITED (continued)

F. Remuneration of Executive Directors and Other Key Management Personnel

The following table of benefits and payments presents the components of remuneration for the year ended 31 December 2020 and the comparative year's remuneration for each executive director and each member of key management personnel of the Group. Amounts have been calculated in accordance with Australian Accounting Standards.

		Short-term Benefits			Post-employment Benefits		
		Cash Salary and Fees $	Cash Bonus $	Non-monetary Benefits $	Super-annuation $	Share-based Payments Equity-settled $	Total $
Managing Director							
Simon Finnis	**2020**	**418,688**	**-**	**6,349**	**20,744**	**61,216**	**506,997**
	2019	435,000	-	18,602	13,038	105,625	572,265
Other Executive KMP							
Graham Tanner	**2020**	**299,793**	**-**	**72,289**	**21,348**	**24,363**	**417,793**
	2019	255,126	-	91,708	18,023	52,111	416,968
Duane Woodbury	**2020**	**294,082**	**-**	**8,973**	**24,500**	**24,250**	**351,805**
	2019	269,953	-	19,918	25,047	43,841	358,759

The proportion of remuneration linked to performance and the fixed proportion is as follows:

		Fixed Remuneration %	At Risk – STI %	At Risk – LTI %
Managing Director				
Simon Finnis	**2020**	**88**	**-**	**12**
	2019	82	11	7
Other Executive KMP				
Graham Tanner	**2020**	**94**	**-**	**6**
	2019	88	9	3
Duane Woodbury	**2020**	**93**	**-**	**7**
	2019	88	8	4

Securities Received that are not Performance Related

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

Remuneration Report – AUDITED (continued)

G. Service Agreements

Remuneration and other terms of employment for key management personnel, other than non-executive directors, are formalised in service agreements. Details of these agreements are as follows:

Name	**Mr Simon Finnis**
Title:	Managing Director and Chief Executive Officer (CEO)
Agreement commenced:	1 January 2017
Term of agreement:	The agreement can be terminated by either party giving six (6) months' notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Finnis is CEO. ▪ Fixed remuneration of $455,531, inclusive of superannuation, subject to annual review by the Board. ▪ A short-term annual incentive of up to 50% of base annual salary assessed against agreed KPI which include maximising shareholder value and other milestones approved by the Board. The bonus is paid as 100% performance rights or options. ▪ A long-term annual incentive of up to 50% of base annual salary assessed against agreed KPI approved by the Board. ▪ The employee will be entitled to six (6) months' fixed remuneration in the case of termination by the Company.

Name	**Mr Duane Woodbury**
Title:	Chief Financial Officer (CFO)
Agreements commenced:	1 July 2018
Term of agreement:	The agreement can be terminated by either party giving six (6) months' notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Woodbury is CFO. ▪ Fixed remuneration of $328,500, inclusive of superannuation, and is subject to annual review by the Board. ▪ A short-term annual incentive of up to 35% of base annual salary assessed against agreed key performance indicators which include managing the Group's funding requirements and designing and scheduling an investor relations strategy and other measures as approved by the Board. The bonus is paid as 100% performance rights or options. ▪ A long-term annual incentive of up to 35% of base annual salary assessed against agreed KPI approved by the Board. ▪ The employee will be entitled to six (6) months' fixed remuneration in the case of termination by the Company.

Remuneration Report – AUDITED (continued)

G. Service Agreements (continued)

Name	**Mr Graham Tanner**
Title:	Operations Manager Bauxite Hills Mine
Appointment commenced:	25 June 2018
Term of agreement:	The agreement can be terminated by either party giving one (1) month's notice.
Details:	The key terms of this agreement are as follows: ▪ The term is ongoing whilst Mr Tanner is Operations Manager Bauxite Hills Mine. ▪ Fixed remuneration is $321,002, inclusive of superannuation, and is subject to annual review by the Board. ▪ A short-term annual incentive of up to 35% of base annual salary assessed against agreed key performance indicators as approved by the Board. The bonus is paid as 100% performance rights or options. ▪ A long-term annual incentive of up to 35% of base annual salary assessed against agreed KPI approved by the Board. ▪ The employee will be entitled to one (1) month's fixed remuneration in the case of termination by the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

H. Cash Bonuses and Share-based Payments

Short-term Incentives

The terms and conditions relating to short-term incentive performance rights offered as remuneration during the year to KMP are as follows:

	Remun. Type	Offer Date	Non-IFRS Offer Value $	Reason Offered	Percent Vested/ Paid %	Percent Withdrawn %	Percent Remaining %	Original Expiry Date	Range for Future Payments
STIP									
Simon Finnis	Perform. Rights	01/01/20	205,332	(i)	-	100	-	31/12/20	N/A
Graham Tanner	Perform. Rights	01/01/20	99,126	(i)	-	100	-	31/12/20	N/A
Duane Woodbury	Perform. Rights	01/01/20	89,378	(i)	-	100	-	31/12/20	N/A

(i) The short-term incentives were offered on 1 January 2020 in accordance with the terms of the Group's Employee Incentive Plan. The non-IFRS indicative offer value was determined using a Black Scholes-Merton valuation model.

The awarding of short-term incentives is at the discretion of the Board. On 27 October 2020, the Board elected not to grant the 2020 STIP and all short-term incentive performance rights offered under the 2020 STIP lapsed at that time. Accordingly, these performance rights were not granted for the purposes of AASB 2.

Remuneration Report – AUDITED (continued)

H. Cash Bonuses and Share-based Payments (continued)

Long-term Incentives

The terms and conditions relating to long-term incentive performance rights granted as remuneration during the year to KMP are as follows:

	Remun. Type	Grant Date	Grant Value $	Reason Granted	Percent Vested/ Paid %	Percent Forfeited %	Percent Remaining Unvested %	Expiry Date	Range for Future Payments
LTIP									
Simon Finnis	Perform. Rights	01/01/20	126,771	(i)	-	-	100	31/12/22	N/A
Graham Tanner	Perform. Rights	01/01/20	61,200	(i)	-	-	100	31/12/22	N/A
Duane Woodbury	Perform. Rights	01/01/20	55,182	(i)	-	-	100	31/12/22	N/A

(i) The long-term incentives were granted on 1 January 2020 in accordance with the terms of the Group's Employee Incentive Plan. The vesting criteria for each KPI will be tested on 31 December 2022. Grant value was determined using a Black Scholes-Merton valuation model.

I. Options and Performance Rights Granted as Remuneration

Options Granted as Remuneration

No options were granted as remuneration to executive directors and other key management personnel in the current financial year.

The number of options over ordinary shares in the Company held during the financial year by each executive director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at Beginning of Year	Granted			Exercised		Lapsed	Balance at End of Year
	Number	Issue Date	Number	Value $	Number	Value $	Number	Number
Managing Director								
Simon Finnis	1,595,069		-	-	-	-	(797,535)	797,534
Other Executive KMP								
Graham Tanner	-		-	-	-	-	-	-
Duane Woodbury	624,293		-	-	-	-	(312,147)	312,146
	2,219,362		-	-	-	-	(1,109,682)	1,109,680

Remuneration Report – AUDITED (continued)

I. Options and Performance Rights Granted as Remuneration (continued)

Options Granted as Remuneration (continued)

	Balance at End of Year Number	Vested		Unvested
		Exercisable Number	Un-exercisable Number	Un-exercisable Number
Managing Director				
Simon Finnis	797,534	797,534	-	-
Other Executive KMP				
Duane Woodbury	312,146	312,146	-	-

Movement in Options Granted as Remuneration

In a previous financial year four tranches of options were granted to certain key management personnel and other senior executives with vesting periods as follows:

Tranche	Vesting Period	Status	Assessment
Tranche 1 – 20% of award	1 Jul 2017 - 30 Jun 2018	Awarded	100% awarded
Tranche 2 – 20% of award	1 Jul 2018 - 30 Jun 2019	Lapsed	0% awarded
Tranche 3 – 20% of award	1 Jul 2018 – 30 Jun 2020	Awarded	100% awarded
Tranche 4 – 40% of award	1 Jul 2017 – 30 Jun 2020	Lapsed	0% awarded

On 1 July 2020, the vesting criteria for Tranches 3 and 4 were tested. The Tranche 3 benchmark, based on total WMT of bauxite shipped over the vesting period, was assessed as having been fully satisfied. Accordingly, 554,840 Tranche 3 options issued to key management personnel vested. The Tranche 4 benchmark, a comparison of Total Shareholder Return (TSR) for the Company to the TSR for a peer group index, was assessed as not satisfied. As a result, 1,109,682 Tranche 4 options issued to key management personnel lapsed.

554,840 Tranche 1 options which vested on 30 June 2018 were released from escrow on 1 July 2020. These options, together with the Tranche 3 options that have vested in the current financial year, can be converted into shares at the employee's request. Tranche 1 and Tranche 3 options expire on 25 October 2021. Refer to note 32 to the financial statements for further information.

Performance Rights Granted as Remuneration

The number of performance rights held during the financial year by each executive director and other members of key management personnel of the Group, including their personally related parties, is as follows:

Remuneration Report – AUDITED (continued)

I. Options and Performance Rights Granted as Remuneration (continued)

Performance Rights Granted as Remuneration (continued)

	Balance at Beginning of Year	Granted		Exercised		Lapsed	Balance at End of Year
	Number	Number	Value $	Number	Value $	Number	Number
Managing Director							
Simon Finnis	1,756,980	1,553,571	126,771	(397,605)	63,617	-	2,912,946
Other Executive KMP							
Graham Tanner	713,581	750,000	61,200	(244,831)	39,173	-	1,218,750
Duane Woodbury	681,027	676,250	55,182	(175,890)	28,142	-	1,181,387
	3,151,588	2,979,821	243,153	(818,326)	130,932	-	5,313,083

	Balance at End of Year	Vested		Unvested
	Number	Exercisable Number	Un-exercisable Number	Un-exercisable Number
Managing Director				
Simon Finnis	2,912,946	-	-	2,912,946
Other Executive KMP				
Graham Tanner	1,218,750	-	-	1,218,750
Duane Woodbury	1,181,387	-	-	1,181,387

On 25 February 2021, the board of directors approved the 2021 STI program and the 2021 LTI program. Of the total of 17,876,230 new performance rights issued to KMP and other employees of the Group under the 2021 STI and LTI programs, 6,844,962 were issued to Mr Finnis, 3,304,464 were issued to Mr Tanner and 3,348,524 were issued to Mr Woodbury. These performance rights represent the maximum that could be issued if all key performance indicators are fully met during the vesting period. In addition, the issue of all performance rights is subject to the Board's discretion.

Remuneration Report – AUDITED (continued)

I. Options and Performance Rights Granted as Remuneration (continued)

Description of Performance Rights Issued as Remuneration

Details of the performance rights granted as remuneration to key management personnel during the year are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price	Value Per Perf. Right at Grant Date	Amount Paid / Payable By Recipient
01/01/2020	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2023	-	$0.06	$Nil
01/01/2020	Metro Mining Limited	1:1 Ordinary Share in Metro Mining Limited	From 01/01/2023	-	$0.096	$Nil

J. Key Management Personnel Shareholdings

The numbers of ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, are as follows:

	Balance at Beginning of the Year Number	Granted as Remuneration During the Year Number	Issued on Exercise of Options and Performance Rights Number	Other Changes During the Year Number	Balance at the End of the Year Number
Managing Director					
Simon Finnis	4,752,565	-	397,605	(750,000)	4,400,170
Non-Executive Directors					
Stephen Everett	4,391,078	-	-	-	4,391,078
Philip Hennessy	3,178,573	-	-	-	3,178,573
Fiona Murdoch	150,000	-	-	-	150,000
Former Director					
Lucas Dow (i)	2,000,000	-	-	(2,000,000)	-
Other Executive KMP					
Graham Tanner	115,181	-	244,831	-	360,012
Duane Woodbury	1,029,751	-	175,890	-	1,205,641
	15,617,148	-	818,326	(2,750,000)	13,685,474

(i) Resigned 18 March 2020

Remuneration Report – AUDITED (continued)

K. Other Transactions with Key Management Personnel and/or Their Related Parties

There were no transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated parties.

Remuneration Report – AUDITED Ends

Events Occurring after the Reporting Date

Restructure of Ingatatus AG Pty Ltd Loan Repayments

On 28 January 2021, the Company announced that it had agreed amended loan repayment terms with Ingatatus AG Pty Ltd (Ingatatus). Repayment terms have been amended as follows:

Loan Facility #1 ($20 million)

- The maturity date for the loan has been deferred from 1 January 2022 to 1 September 2022.
- The principal will now be repaid in three equal instalments of $6.67 million on 1 September 2021, 1 July 2022 and 1 September 2022.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 12% with accrued interest repaid quarterly.

Loan Facility #2 ($7.5 million)

- The maturity date for the loan has been deferred from 1 January 2022 to 1 January 2023.
- The principal will now be repaid in three equal instalments of $2.5 million on 1 July 2022, 30 September 2022 and 1 January 2023.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 9% with accrued interest repaid quarterly.

Renegotiation of Haulage Fleet Balloon Payments

Prior to the commencement of mine production in 2017, the Group leased a haulage fleet of 6 double-set trailers and 7 prime movers over a 36-month period, expiring in the first quarter of 2021. The lease terms include an option to make a fixed payment of $2,617,560 at the completion of the lease period and assume ownership of the haulage fleet.

At the time of lease establishment, and in subsequent periods including the current period ended 31 December 2020, management assessed that it was not reasonably certain that the option to purchase the equipment would be exercised. Therefore, the option has not been included in the lease liability as at 31 December 2020.

Subsequent to financial year end, the Group assessed that it is now likely that the option will be exercised. The Group has reached an agreement with the lessor to extend the lease term, and has negotiated a reduced option price to assume ownership of the haulage fleet at the completion of the amended lease period.

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

S Everett
Chairman

26 February 2021

Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Building a better working world

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 2020, 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; and

b. No contraventions of 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

Andrew Carrick
Partner
26 February 2021

Metro Mining Limited
Financial report
For the year ended 31 December 2020

General Information

The Financial Report covers Metro Mining Limited as a consolidated entity consisting of Metro Mining Limited and the entities it controlled (the Group or the Consolidated Entity). The Financial Report is presented in Australian dollars, which is Metro Mining Limited's functional and presentation currency.

The Financial Report consists of the financial statements, notes to the financial statements and the directors' declaration.

Metro Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 247 Adelaide Street
Brisbane Queensland 4000.

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of the Financial Report.

The Financial Report was authorised for issue, in accordance with a resolution of directors, on 25 February 2021. The directors have the power to amend and reissue the Financial Report.

Metro Mining Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

		Consolidated	
		31 Dec 2020	**31 Dec 2019**
	Note	**$'000**	**$'000**
Revenue from contracts with customers	3	128,250	199,000
Cost of sales	4	(130,738)	(173,097)
Gross profit / (loss)		(2,488)	25,903
Other income		113	201
Impairment expenses	5	-	(115)
Exploration expenses		(3)	(186)
Cost of transition to owner - operator	6	-	(1,898)
Administrative expenses	7	(5,379)	(6,875)
Operating profit / (loss)		(7,757)	17,030
Finance costs	8	(6,096)	(8,606)
Finance income	9	74	519
Foreign exchange losses		(1,685)	(2,959)
Profit / (loss) before tax from continuing operations		(15,464)	5,984
Income tax benefit / (expense)	10	4,339	(2,361)
Profit / (loss) for the year from continuing operations		(11,125)	3,623
Other comprehensive income			
Items that will be reclassified to profit or loss when specific conditions are met:			
Change in fair value of cash flow hedges		-	349
Foreign currency translation differences		5	-
Profit / (loss) for the year		(11,120)	3,972
Attributable to:			
Owners of the Company		(11,120)	3,972

		Cents	**Cents**
Basic earnings / (loss) per share	34	(0.80)	0.262
Diluted earnings / (loss) per share	34	(0.80)	0.260

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Metro Mining Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Assets			
Current assets			
Cash and cash equivalents	11	25,447	32,547
Inventories	12	2,044	2,501
Trade and other receivables	13	228	8,481
Other assets	14	5,213	11,092
Total current assets		32,932	54,621
Non-current assets			
Property, plant and equipment	15	137,865	136,891
Right-of-use assets	16	19,606	19,130
Exploration and evaluation assets	17	2,451	2,247
Deferred tax assets	10	9,156	4,810
Total non-current assets		169,078	163,078
Total assets		202,010	217,699
Liabilities			
Current liabilities			
Trade and other payables	18	11,766	20,921
Lease liabilities	16	5,554	4,695
Borrowings	19	19,810	1,272
Provisions	20	528	1,082
Total current liabilities		37,658	27,970
Non-current liabilities			
Lease liabilities	16	15,775	11,929
Borrowings	19	17,257	35,937
Provisions	20	8,405	7,782
Total non-current liabilities		41,437	55,648
Total liabilities		79,095	83,618
Net assets		122,915	134,081
Equity			
Contributed equity	21	176,419	176,421
Reserves	22	9,861	9,900
Accumulated losses		(63,365)	(52,240)
Total equity		122,915	134,081

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

Metro Mining Limited
Consolidated statement of changes in equity
For the year ended 31 December 2020

Consolidated	Contributed Equity $'000	Translation Reserve $'000	Cash Flow Hedge Reserve $'000	Options Reserve $'000	Employee Share Acq. Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 January 2019	176,106	(4)	(349)	9,590	-	(55,848)	129,495
Change in accounting policy	-	-	-	-	-	(15)	(15)
Restated total equity at 1 Jan 2019	176,106	(4)	(349)	9,590	-	(55,863)	129,480
Comprehensive income for the year							
Profit after income tax expense	-	-	-	-	-	3,623	3,623
Fair value changes in cash flow hedges	-	-	349	-	-	-	349
Total comprehensive income for the year	-	-	349	-	-	3,623	3,972
Transactions with owners in their capacity as owners							
Shares issued during the year	320	-	-	-	-	-	320
Share issue transaction costs	(5)	-	-	-	-	-	(5)
Share-based payments – employees	-	-	-	314	-	-	314
Total transactions with owners	315	-	-	314	-	-	629
Balance at 31 December 2019	176,421	(4)	-	9,904	-	(52,240)	134,081
Balance at 1 January 2020	176,421	(4)	-	9,904	-	(52,240)	134,081
Comprehensive loss for the year							
Loss after income tax expense	-	-	-	-	-	(11,125)	(11,125)
Other comprehensive income, net of tax	-	5	-	-	-	-	5
Total comprehensive loss for the year	-	5	-	-	-	(11,125)	(11,120)
Transactions with owners in their capacity as owners							
Share issue transaction costs	(2)	-	-	-	-	-	(2)
Share-based payments – employees	-	-	-	6	-	-	6
Cash transfer to Employee Incentive Plan	-	-	-	-	(50)	-	(50)
On-market settlement of employee entitlements	-	-	-	(42)	42	-	-
Total transactions with owners	(2)	-	-	(36)	(8)	-	(46)
Balance at 31 December 2020	176,419	1	-	9,868	(8)	(63,365)	122,915

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

Metro Mining Limited
Consolidated statement of cash flows
For the year ended 31 December 2020

		Consolidated	
		31 Dec 2020	**31 Dec 2019**
	Note	**$'000**	**$'000**
Cash flows from operating activities			
Receipts from customers		134,708	208,613
Payments to suppliers and employees		(134,989)	(170,994)
		(281)	37,619
Other income		117	100
Interest received		72	223
Net cash provided by / (used in) operating activities	24	(92)	37,942
Cash flows from investing activities			
Payments for plant and equipment		(1,450)	(6,592)
Proceeds from disposal of plant and equipment		80	-
Payments for exploration and evaluation assets		(210)	(1,057)
Payments for assets under construction		(977)	(1,918)
Return of / (payments for) financial assurance and other security bonds		6,949	(308)
Net cash provided by / (used in) investing activities		4,392	(9,875)
Cash flows from financing activities			
Share issue transaction costs		(2)	(5)
Proceeds from exercise of options		-	320
Proceeds from borrowings		-	18,170
Repayment of borrowings		(689)	(22,525)
Interest paid		(5,102)	(6,168)
Principal elements of lease payments		(4,063)	(5,722)
Payment for shares acquired by Employee Share Trust		(50)	-
Other finance costs paid		(681)	(817)
Repayment of related party loan		-	32
Net cash used in financing activities		(10,587)	(16,715)
Net increase / (decrease) in cash and cash equivalents		(6,287)	11,352
Net foreign exchange difference		(813)	(2,172)
Cash and cash equivalents at the beginning of the year		32,547	23,367
Cash and cash equivalents at the end of the year	11	25,447	32,547

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

Note 1. Significant Matters in the Current Reporting Period

Going Concern

The Group has net current liabilities of $4.726 million at 31 December 2020 (31 December 2019: net current assets of $26.651 million). The Group's operating cash flows were negatively impacted in 2020 by the COVID-19 pandemic:

- The economic impact of COVID-19 on market conditions across the aluminium supply chain negatively impacted market demand for, and the spot price of, bauxite to be sold into China.
- Travel restrictions related to COVID-19 impacted the Group's bauxite marketing and sales program making it difficult to finalise new offtake contracts.

As a result, the Bauxite Hills Mine moved into its planned 2020 wet season shutdown in mid-September which was three months earlier than anticipated. Production in 2020 was 2.481 million WMT rather than the budgeted level of 4.0 million WMT and operating cashflow was less than budget levels.

Trading conditions across the aluminium supply chain in China have stabilized and are showing signs of improvement. Operations are planned to re-commence in April 2021, where 2.3Mt of planned production is already contracted under an offtake agreement in place with Xinfa; the Group's foundation customer. The Group has been progressing further sales for 2021deliveries (and beyond) along several fronts, with negotiations progressing, albeit slowly, as the market recovers from its COVID-19 driven downturn.

The Group's debt funding arrangements with Ingatatus AG Pty Ltd (Ingatatus) and Lambhill Pty Ltd (Lambhill) required repayments of principal on 1 July 2021 totalling $11.67 million, with further principal repayments totalling $11.67 million each on 30 September 2021 and 1 January 2022.

As disclosed in note 19, the Group has re-negotiated repayment terms with Lambhill such that no principal repayments are due until 2022. The facility will now be repaid in three equal instalments of $2.5 million on each of 1 July 2022, 1 October 2022 and 1 January 2023.

As disclosed in note 30, subsequent to the end of the financial year, the Group reached agreement with Ingatatus on amended repayment terms for its two facilities. The total principal of $27.5 million will now be repaid in the following instalments; $6.67 million on 1 September 2021, $9.17 million on 1 July 2022, $6.67 million on 1 September 2022, $2.5 million on 1 October 2022 and $2.5 million on 1 January 2023.

The potential inability to finalise sales contracts for the Group's remaining uncontracted 2021 production, and for future years' production capacity, will impact the Group's forecast available cash reserves required to fund these loan principal repayments.

The above matters may give rise to significant doubt about the Company's ability to continue as a going concern. The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the directors' opinion, the going concern basis of preparation remains appropriate because:

- The Group initiated a range of cost reduction strategies at site following the early transition to the wet season shutdown. This resulted in a reduction in operating expenditure and potential cash outflows, preserving liquidity;
- The Group successfully negotiated with key contractors and suppliers to defer, reduce, or where possible, avoid certain fixed costs during the extended wet season shutdown;
- Corporate and administration costs were reduced and are monitored in line with the Group's available cash resources;
- The bauxite price outlook is improving which, if sustained, will in turn improve forecast cash flows from operations when the Bauxite Hills Mine returns from the planned wet season shutdown in April 2021;
- The Group continues to have the support of its major debt financiers Ingatatus AG Pty Ltd and Lambhill Pty Ltd;

Note 1. Significant Matters in the Current Reporting Period (continued)

Going Concern (continued)

- The Group may seek to raise additional equity funding; and
- The Group has been actively pursuing offtake opportunities in China and other markets and, whilst contracts have been difficult to secure during 2020, the outlook for 2021 remains positive.

The directors are of the view that, given the range of actions available to the Group as outlined above, the Group will be able to continue to satisfy its capital and operating commitments as and when they fall due.

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.

For a detailed discussion about the Group's performance and financial position, please refer to our review of operations on pages 2 to 7.

Note 2. Segments Reporting

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Financial information provided to the Board is currently at the consolidated level.

Accordingly, management currently identifies the Group as having only one reportable segment, being the production and sale of bauxite. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group's customers are all located in one geographic area, China, with 100% of the revenue from sales of bauxite derived in the year being from that area. The Group had one customer that accounted for 100% of its revenue from contracts with customers during the financial year.

Note 3. Revenue from Contracts with Customers

	Consolidated	
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Revenue from sales of bauxite	128,250	199,000
Total revenue from contracts with customers	128,250	199,000

- The Group sold its 2020 production through an existing binding offtake agreement with Xinfa and all revenue recognised during this financial year was supplied as part of that agreement. Operations commenced in mid-April 2020 with forty ocean-going vessels loaded in the period up to the commencement of the early wet season shutdown on 15 September 2020.
- The Group's bauxite is sold on the INCO terms Cost, Insurance and Freight (CIF) from the Port of Skardon River, Queensland to main ports in China. The binding offtake pricing is based on a formula linked to the published Chinese Alumina Index (Aladdiny). 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. No spot sales were negotiated in the year ended 31 December 2020.
- Payment is received for each shipment via irrevocable Letter of Credit 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.

Note 4. Cost of Sales

	Consolidated	
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Production expenses	64,564	80,686
Depreciation expense – Property, plant and equipment	3,905	5,166
Depreciation expense – Right-of-use assets	6,227	4,678
Selling and distribution expenses		
Ocean freight	41,620	59,966
Royalties expense	12,394	20,136
Marketing expense [(i)]	2,028	2,465
Total cost of sales	130,738	173,097

(i) Marketing expenses consist of commission paid to overseas marketing representatives together with the office and travel expenses of those representatives.

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Note 5. Impairment Expenses		
Tenement impairments	-	115
Total impairment expenses	-	115

Note 6. Transition to Owner - Operator		
Cost of transition to owner - operator	-	1,898
Total cost of transition to owner-operator	-	1,898

Note 7. Administrative Expenses		
Salary and wages expense	2,910	3,015
Share-based payments	6	314
Occupancy costs	19	36
Depreciation expense – Property, plant and equipment	137	63
Professional fees	934	1,728
Bank fees	99	216
Other expenses	1,274	1,503
Total administrative expenses	5,379	6,875

Note 8. Finance Costs		
Interest expense - borrowings	4,414	4,675
Interest expense - leases	1,442	1,385
Amortisation of deferred borrowing costs	96	2,213
Rehabilitation provision: unwinding of discount	89	153
Other finance costs	55	180
Total finance costs	6,096	8,606

Note 9. Finance Income		
Interest income	74	220
Gain on loan modification	-	299
Total finance income	74	519

Note 10. Income Tax

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Income tax expense / (benefit)		
Current tax		
Current tax expense / (benefit) on profit / (loss) for the year	(6,452)	344
Total current tax expense / (benefit)	(6,452)	344
Deferred income tax		
Decrease / (increase) in deferred tax assets	184	(3,978)
(Decrease) / increase in deferred tax liabilities	1,929	5,995
Total deferred tax expense / (benefit)	2,113	2,017
Total income tax expense / (benefit)	(4,339)	2,361

Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable		
Profit / (loss) before income tax expense / (benefit)	(15,464)	5,984
Income tax expense / (benefit) using the Company's domestic tax rate of 30% (31 December 2019: 30%)	(4,639)	1,796
Amounts that are not deductible / (taxable) in calculating taxable income / (loss):		
- Share-based payments	2	104
- Other permanent differences	199	451
- Equity adjustments	-	(8)
- Under / (over) adjustment	99	18
Total income tax expense / (benefit)	(4,339)	2,361

Recognised deferred tax assets		
Other provisions and accruals	488	490
Lease liabilities	6,399	4,987
Other deductible temporary differences	913	2,493
Tax effect of change in accounting policy	-	6
Tax losses carried forward	22,424	15,972
Tax losses and temporary differences brought to account to reduce the deferred tax liability	(21,068)	(19,138)
Total recognised deferred tax assets	9,156	4,810

Refer to note 25 for information about recognised tax losses and significant judgements made in relation to them.

Note 10. Income Tax (continued)

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Unrecognised deferred tax assets		
Rehabilitation provision	2,511	2,327
Tax losses carried forward	12,777	12,691
Capital losses carried forward	2,256	2,256
Total unrecognised deferred tax assets	17,544	17,274

Deferred tax liabilities		
Deferred tax liabilities comprise the estimated expense at the applicable rate of 30% on the following items:		
Exploration and evaluation expenditure	123	9
Property, plant and equipment (including other mineral assets)	14,520	12,612
Inventory	619	732
Leased assets	5,708	5,565
Borrowings	52	199
Other temporary differences	46	21
Deferred tax asset attributable to tax losses and temporary differences brought to account to reduce the deferred tax liability	(21,068)	(19,138)
	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation.

The Group has no franking credits.

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Note 11. Cash at Bank		
Cash at bank	25,447	32,547
Cash on deposit	-	-
Total cash and cash equivalents	25,447	32,547

Note 12. Inventories		
Bauxite inventories	-	62
Fuel, critical spares, and consumables	2,044	2,439
Total inventories	2,044	2,501

Note 13. Trade and Other Receivables		
Trade debtors	84	4,363
Other receivables (i)	144	1,077
Contract asset	-	3,041
Total trade and other receivables	228	8,481

(i) Other receivables is a net GST receivable of $0.144million (31 December 2019: $0.986 million).

Note 14. Other Assets		
Current		
Term deposits held as security (i)	393	7,277
Prepayments	2,700	2,052
Other	2,120	1,763
Total other current assets	5,213	11,092

(i) Prior to the commencement of the current financial period, the Group had issued irrevocable bank guarantees (totalling $6,932,000 at 31 December 2019 and secured by term deposits) which secured the estimated rehabilitation liabilities of the Bauxite Hills Mine. During the current financial year, the Group was notified by Queensland Treasury that it was able to opt-in to the Financial Provisioning Scheme now operating in Queensland. This resulted in the release of the restricted cash previously held under cash-backed bank guarantees. Refer to note 20 for further information.

Note 15. Property, Plant and Equipment

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Owned assets		
Plant and equipment - at cost	6,085	6,050
Less: Accumulated depreciation	(384)	(241)
	5,701	5,809
Infrastructure – at cost	39,483	35,784
Less: Accumulated depreciation	(2,939)	(1,881)
	36,544	33,903
Ancillary assets – at cost	3,030	2,344
Less: Accumulated depreciation	(1,478)	(921)
	1,552	1,423
Other mineral assets		
Other mineral assets – at cost	99,703	99,184
Less: Accumulated amortisation	(7,698)	(5,376)
	92,005	93,808
Assets under construction		
Assets under construction – at cost	2,063	1,948
Total property, plant and equipment	137,865	136,891

Movements in carrying amounts

Refer to note 25 for critical accounting judgements with respect to the carrying value of property, plant and equipment.

Movements in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year are shown in the following table:

Note 15. Property, Plant and Equipment (continued)

Consolidated	Plant and Equipment $'000	Infra-structure $'000	Ancillary Assets $'000	Other Mineral Assets $'000	Assets Under Construction $'000	Leased Assets $'000	Total $'000
Balance at 1 January 2019	1,666	33,522	1,152	93,885	1,493	7,083	138,801
Adjustment for change in accounting policy	-	-	-	-	-	(7,083)	(7,083)
Restated opening net book amount	1,666	33,522	1,152	93,885	1,493	-	131,718
Additions	1,983	1,313	731	3,220	1,918	-	9,165
Reclassifications from right-of-use assets	1,180	-	-	-	-	-	1,180
Transferred from assets under construction	1,172	236	55	-	(1,463)	-	-
Disposals	-	-	(34)	-	-	-	(34)
Depreciation expense	(192)	(1,168)	(481)	(3,297)	-	-	(5,138)
Balance at 31 December 2019	5,809	33,903	1,423	93,808	1,948	-	136,891
Balance at 1 January 2020	5,809	33,903	1,423	93,808	1,948	-	136,891
Additions	34	901	408	519	977	-	2,839
Reclassifications from right-of-use assets (i)	-	2,569	-	-	-	-	2,569
Transferred from assets under construction (ii)	-	74	430	-	(862)	-	(358)
Disposals	-	-	(34)	-	-	-	(34)
Depreciation expense	(142)	(903)	(675)	(2,322)	-	-	(4,042)
Balance at 31 December 2020	5,701	36,544	1,552	92,005	2,063	-	137,865

Note 15. Property, Plant and Equipment (continued)

(i) During the year, the accommodation camp, sewage treatment plant and water treatment plant at the Bauxite Hills Mine site were transferred from leased infrastructure to the infrastructure category of property, plant and equipment following the completion of the lease term for these assets.

(ii) A deposit of $238,000 for three new triple-set trailers for the Bauxite Hills Mine haulage fleet and a deposit of $120,000 for a sewage treatment plant upgrade at the Bauxite Hills mine site had been paid prior to 31 December 2019 and classified as part of Assets Under Construction. The new trailers and the sewage treatment plant upgrade were acquired under lease arrangements during the year ended 31 December 2020 and the deposits were transferred from Assets Under Construction to Right-of Use Assets as part of the value recognised for the leased assets acquired.

Other mineral assets

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.

Assets under construction

Assets under construction includes mine related infrastructure and plant and equipment under development but not commissioned at 31 December 2020. Assets under construction are not depreciated until development is complete and the assets are available for their intended use.

Note 16. Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Consolidated	
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Right-of-use assets		
Properties	147	202
Infrastructure	720	2,965
Equipment	18,381	15,457
Motor vehicles	358	506
Total right-of-use assets	19,606	19,130
Lease liabilities		
Current	5,554	4,695
Non-current	15,775	11,929
Total lease liabilities	21,329	16,624

Refer to note 25 for critical accounting judgements with respect to the carrying value of right-of-use assets.

Additions to right-of-use assets during the 2020 financial year totalled $6.13 million:

- Three new light vehicles were added to the existing leased light vehicle fleet and three new triple-set trailers were added to the haulage fleet. All additions have lease terms of 36 months.
- The Group upgraded its sewage treatment plant under a lease arrangement. The lease has a 36-month term.

Note 16. Leases (continued)

- The Group acquired power generation assets under a lease arrangement. The lease has a 36-month term.
- The Group leased additional mining equipment and camp facilities as part of the existing contract for mining equipment and modified existing contracts for mining equipment. The impact of the lease modifications was to increase both right-of-use assets and lease liabilities by $2.795 million. The lease terms are estimated to be 57 months.
- The Group elected to extend the lease over office space in Cairns for a further 24-month period.

Refer to 25 for information on critical accounting judgements with respect to lease term.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(ii) *Amounts recognised in the statement of profit or loss*

The statement of profit or loss shows the following amounts relating to leases:

	Note	Consolidated	
		31 Dec 2020 $'000	31 Dec 2019 $'000
Depreciation charge – Right-of-Use Assets			
Properties		172	165
Infrastructure		18	105
Equipment		5,664	4,030
Motor vehicles		373	378
Total depreciation charge	4	6,227	4,678
Interest expense	8	1,442	1,385
Expense relating to short-term leases (included in administrative expenses)		15	18
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)		41	11

The total cash outflow for leases in 2020 was $5.505 million.

(iii) *The Group's leasing activities and how these are accounted for*

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 allocated the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease of real estate 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.

Note 16. Leases (continued)

(iii) The Group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the Group under residual value guarantees,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets are comprised of information technology equipment and small items of office equipment.

Note 17. Exploration and Evaluation Assets

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Exploration and evaluation - at cost	2,451	2,247

Reconciliations

A reconciliation of the written down value of exploration and evaluation assets at the beginning and end of the current year and the previous financial year is set out below:

	Exploration and Evaluation $'000
Consolidated	
Balance at 31 December 2018	1,979
Expenditure during the year	383
Written off during the year	(115)
Balance at 31 December 2019	2,247
Expenditure during the year	204
Written off during the year	-
Balance at 31 December 2020	2,451

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 2020 the Group reviewed its various areas of interest for the existence of impairment indicators. All areas of interest continue to be under consideration for further exploration and potential development.

Note 18. Trade and Other Payables

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Trade payables	9,621	9,031
Accrued expenses	2,145	11,890
Total trade and other payables	11,766	20,921

Refer to note 26 for detailed information on financial instruments.

Note 19. Borrowings

	Consolidated	
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Current		
Secured liabilities		
Loans – senior secured lenders	18,724	391
Loans - other	1,125	929
Deferred borrowing costs, net of amortisation	(39)	(48)
Total current borrowings	19,810	1,272
Non-current		
Secured liabilities		
Loans – senior secured lenders	16,549	34,392
Loans - other	708	1,593
Deferred borrowing costs, net of amortisation	-	(48)
Total non-current borrowings	17,257	35,937

Ingatatus AG Pty Ltd (Ingatatus)

(i) Ingatatus Loan Facility #1

The initial debt facility with Ingatatus is for a total of $20 million. Under the terms of an amended agreement with Ingatatus dated 29 October 2019, the principal is due to be repaid in three equal tranches of $6.67 million. The first tranche is payable on 1 July 2021, the second on 30 September 2021 and the final tranche on 1 January 2022. Accordingly, $13.34 million of the principal has been classified as a current liability at 31 December 2020.

The interest rate on the facility was 10% for the duration of the current financial year. The interest rate will increase to 12% from 1 January 2021 until the final tranche of the facility is repaid on 1 January 2022.

Terms Amended Subsequent to Year End

On 28 January 2021, the Company announced that amended loan repayment terms had been agreed with Ingatatus. Under the amended terms, the maturity of Loan Facility #1 has been deferred until 1 September 2022. Refer to note 30 for the amended repayment schedule.

(ii) Ingatatus Loan Facility #2

An additional loan facility for $7.5 million was provided by Ingatatus in December 2019. The facility is due to be repaid in three tranches of $2.5 million; the first on 1 July 2021, the second on 30 September 2021 and the final tranche on 1 January 2022. Accordingly, $5 million of the principal has been classified as a current liability at 31 December 2020. The loan incurs interest at 9% for the full term of the loan.

The interest on the Ingatatus loan facilities is paid quarterly. The accrued interest on both facilities at 31 December 2020 has been classified as part of the current loan balance.

Note 19. Borrowings (continued)*)*

(ii) Ingatatus Loan Facility #2 (continued*)*

Terms Amended Subsequent to Year End

On 28 January 2021, the Company announced that amended loan repayment terms had been agreed with Ingatatus. Under the amended terms, the maturity of Loan Facility #2 has been deferred until 1 January 2023. Refer to note 30 for the amended repayment schedule.

Lambhill Pty Ltd (Lambhill)

Prior to the financial year end, the Group agreed amended loan repayment terms with Lambhill. The $7.5 million facility will now be repaid in three equal tranches; the first tranche on 1 July 2022, the second tranche on 1 October 2022 and the final tranche on 1 January 2023. Accordingly, the facility has been classified as a non-current liability at 31 December 2020. The interest rate for the duration of the amended loan term remains unchanged at 9.85% effective with interest payable quarterly. Accrued interest on the facility at 31 December 2020 has been classified as part of the current loan balance.

Northern Australia Infrastructure Facility (NAIF)

On 12 November 2019, the Group announced that the board of the Northern Australia Infrastructure Facility had made an investment decision to offer a loan facility of $47.5 million to the Group to assist in the financing of the stage 2 expansion of production at the Bauxite Hills Mine to 6.0 million WMT annually. Specifically, the funding will be used for the construction and mobilisation of a floating terminal. The floating terminal is the main component of stage 2 comprising around 85% of the total estimated capital costs of the expansion. The loan facility is for a period of up to 9 years.

Drawdown on the facility is subject to the Board formally approving stage 2 and satisfaction of a number of conditions precedent as outlined in the facilities agreement. The sunset date for the agreement is currently 31 March 2021. On drawdown of the NAIF facility, the Ingatatus and Lambhill loans will have second ranking security behind the NAIF facility.

New Equipment Financing Arrangements

The Group has an Australian dollar denominated equipment financing facility for the purpose of re-financing some existing items of plant and equipment and increasing haulage and production capacity at the mine. $1,125,000 of this facility has been classified as current borrowings and $708,000 as non-current borrowings at 31 December 2020. Interest on the facility is paid monthly.

Deferred Borrowing Costs

At 31 December 2020, the loan balances include $0.039 million of deferred borrowing costs, net of amortisation, which will be amortised over the remaining life of the loans (31 December 2019: $0.096 million).

Note 19. Borrowings (continued)

	Opening Balance 1 Jan 20 $'000	Cash Movements: Principal Repaid $'000	Cash Movements: Drawn Down $'000	Cash Movements: Interest Paid $'000	Cash Movements: Finance Costs Paid & Deferred $'000	Non-cash Movements: New and Modified Leases $'000	Non-cash Movements: Amortisation of Deferred Borrowing Costs $'000	Non-cash Movements: Accrued Interest $'000	Non-cash Movements: Other [(i)] $'000	Closing Balance 31 Dec 20 $'000
Current										
Short-term borrowings	1,272	(689)	-	(3,660)	(39)	-	96	4,150	18,680	19,810
Lease Liabilities	4,695	(4,063)	-	(1,442)	-	1,595	-	1,442	3,327	5,554
	5,967	(4,752)	-	(5,102)	(39)	1,595	96	5,592	22,007	25,364
Non-current										
Long-term borrowings	35,937	-	-	-	-	-	-	-	(18,680)	17,257
Lease Liabilities	11,929	-	-	-	-	7,173	-	-	(3,327)	15,775
	47,866	-	-	-	-	7,173	-	-	(22,007)	33,032
Total	53,833	(4,752)	-	(5,102)	(39)	8,768	96	5,592	-	58,396

(i) Reclassification of obligations between non-current and current due to the passage of time. Refer to note 26: Financial liability maturity analysis.

Note 20. Provisions

	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Current – Employee benefits	528	1,082
Non-current – Mine restoration	8,369	7,760
Non-current - Employee benefits	36	22
Total non-current provisions	8,405	7,782

	Mine Restoration $'000	Employee Benefits $'000	Total $'000
Analysis of movement in provisions			
Opening balance at 1 January 2020	7,760	1,104	8,864
Additional provisions made	556	1,167	1,723
Amounts used		(1,705)	(1,705)
Unwinding of provision discount	89	-	89
Change in discount amount arising because of the effect of a change in the discount rate	(36)	(2)	(38)
Balance at 31 December 2020	8,369	564	8,933

Provision for mine restoration

A provision has been recognised for the 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 18 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 giving consideration to the financial soundness of the EA holder and other criteria set out in the Scheme manager's guidelines.

Under the Scheme, if the Scheme manager has assessed the risk that an EA holder will fail to meet its obligations under the EA as either a very low, low or moderate risk, the EA holder can pay an annual contribution to a financial provisioning fund administered by the Scheme manager rather than lodging financial surety, to meet its environmental obligations.

Prior to 2019, the Group was required to lodge cash-backed bank guarantees (31 December 2019: $6.932 million) as a financial surety. During the current financial year, the Group was notified by Queensland Treasury that it could opt-in to the Scheme. This resulted in the release of the restricted cash previously held under cash-backed bank guarantees and an annual contribution was levied instead. Refer to note 14.

Note 20. Provisions (continued)

Provision for mine restoration (continued)

If, on re-assessment, the Scheme manager categorises the Group other than as a very low, low or moderate risk, the Group would be required to reinstate cash-backed bank guarantees as surety for the restoration of the Bauxite Hills mine site in accordance with the environmental licences under which the Group operates.

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 and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

	Consolidated		Consolidated	
	31 Dec 2020 No. of Shares '000	31 Dec 2019 No. of Shares '000	31 Dec 2020 $'000	31 Dec 2019 $'000
Note 21. Contributed Equity				
Ordinary shares – fully paid	1,390,125	1,388,987	176,419	176,421
Ordinary shares				
Balance at beginning of year	1,388,897	1,384,207	176,421	176,106
Shares issued during the year:				
Date — **Description**				
28 Feb 2019 — Exercise of employee performance rights	-	690	-	-
13 Dec 2019 — Exercise of options	-	4,000	-	320
Sub-total	1,388,897	1,388,897	176,421	176,426
5 Mar 2020 — Exercise of employee performance rights	1,228	-	-	-
Transaction costs recognised during the year	-	-	(2)	(5)
Balance at the end of the year	1,390,125	1,388,897	176,419	176,421

On 5 March 2020, 1,228,875 new ordinary shares were issued to employees in satisfaction of employee performance rights awarded under the 2019 Short-Term Incentive (STI) program. A further 397,605 ordinary shares were acquired on-market by the Metro Mining Limited Employee Share Trust to satisfy in full the obligation to issue 1,626,480 shares under the 2019 STI program. Refer to note 32.

Note 21. Contributed Equity (continued)

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.

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.

Note 22. Reserves

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Foreign currency translation reserve	1	(4)
Options reserve	9,868	9,904
Employee share acquisition reserve	(8)	-
Total reserves	9,861	9,900

Note 22. Reserves (continued)

	Translation Reserve $'000	Cash Flow Hedge Reserve $'000	Options Reserve $'000	Employee Share Acquisition Reserve $'000	Total Reserves $'000
Consolidated					
Balance at 1 January 2019	(4)	(349)	9,590	-	9,237
Share-based payments expense	-	-	314	-	314
Fair value changes in cash flow hedges	-	349	-	-	349
Translation of foreign subsidiaries	-	-	-	-	-
Balance at 31 December 2019	(4)	-	9,904	-	9,900
Share-based payments expense	-	-	6	-	6
Cash transfer to Metro Mining Limited Employee Incentive Plan	-	-	-	(50)	(50)
On-market settlement of employee entitlements	-	-	(42)	42	-
Translation of foreign subsidiaries	5	-	-	-	5
Balance at 31 December 2020	1	-	9,868	(8)	9,861

Nature and purpose of reserves

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 36d and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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.

Employee share acquisition reserve

During the financial year, 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 32). The reserve recognises surplus funds remaining in the Trust following the acquisition.

Note 23. Dividends

There were no dividends paid or declared during the current or previous financial years. There were no franking credits at 31 December 2020 (31 December 2019: nil).

Note 24. Cash Flow Information

	Note	Consolidated 31 Dec 2020 $'000	Consolidated 31 Dec 2019 $'000
Reconciliation of profit / (loss) after income tax to net cash provided by / (used in) operating activities			
Profit / (loss) after income tax expense /(benefit) for the year		(11,125)	3,623
Cash flows excluded from profit / (loss) attributable to operating activities:			
Interest expense	8	5,856	6,060
Finance costs	8	55	180
Exploration expense		3	768
Non-cash flows in profit / (loss):			
Depreciation – property, plant & equipment	15	4,042	5,138
Depreciation – right-of-use assets	16	6,227	4,678
Amortisation – deferred borrowing costs	8	96	2,213
Amortisation – rehabilitation provision	8	89	153
Gain on loan modification	9	-	(299)
Inventory obsolescence		-	34
Share-based payments expense	7	6	314
Impairment expense	5	-	115
(Gain) / loss on disposal of fixed assets		(90)	91
Foreign exchange movements		813	2,813
Income tax expense / (benefit)	10	(4,339)	2,361
Change in operating assets and liabilities:			
(Increase) / decrease in trade and other receivables		8,266	9,664
(Increase) / decrease in prepayments		(512)	(839)
(Increase) / decrease in inventories		457	(595)
Increase / (decrease) in trade and other payables		(9,936)	1,470
Net cash provided by/ (used in) operating activities		(92)	37,942

Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets - note 16
- Options and performance rights issued to employees under the Metro Mining Employee Incentive Plan (EIP) for no cash consideration – note 32

Note 24. Cash Flow Information (continued)

Net debt reconciliation

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Loan facilities		
Facility amount	42,258	40,308
Amount utilised	(42,258)	(40,308)
Total undrawn loan facilities [i]	-	-

(i) Refer to note 19 for information on the loan facility terms.

Note 25. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Carrying amount of non-current assets, including property, plant & equipment (note 15) and right-of-use assets (note 16)

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.

The Group operates in an industry with exposure to fluctuations in commodity prices, foreign exchange rates and discount rate, which impacts the Group's forecast revenues, operating cash flows and the resulting recoverable amount of its non-current assets. The COVID-19 pandemic has affected global demand for aluminium and bauxite which has affected the Group's ability to contract sales volumes above its foundation customer contract and also caused volatility in bauxite and alumina pricing. The Group also makes estimates and assumptions about reserves and future production profiles.

Impairment assessments involve forecasts in these areas, all of which are highly judgmental and ultimately impact on the recoverable amount of non-current assets.

At 31 December 2020, the Group has performed an impairment indicator assessment, concluding indicators were present as a result of a market capitalisation deficiency at 31 December 2020 and the Group's inability to secure sales volumes at acceptable spot pricing above its foundation customer contract volume.

Note 25. Critical Accounting Judgements, Estimates and Assumptions (continued)

Carrying amount of non-current assets, including property, plant & equipment (note 15) and right-of-use assets (note 16) (continued)

As a result of indicators being present, the Group performed impairment testing and assessed the recoverable amount of its Bauxite Hills cash generating unit (CGU). The assessment of recoverable amount of non-current assets was performed using a fair value less cost of disposal methodology (level 3 in the fair value hierarchy) using a discounted cash flow method. In addition to forecast assumptions in respect of commodity prices, foreign exchange rates and discount rate, the following critical judgements used in the Group's impairment assessment include:

- Expansion of the Bauxite Hills operation to production and sales volumes of 6 million WMT per annum;
- An ability to secure debt and equity to fund the expansion to 6 million WMT per annum; and
- An ability to contract and sell 6 million WMT per annum of bauxite.

These critical judgments are based on the Group's best estimate at this time, but changes in future economic conditions and trading relationships between countries may change expectations in the future. The Group's assessment of the recoverable amount of its Bauxite Hills CGU did not result in impairment at 31 December 2020.

Recovery of deferred tax assets – note 10

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.

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.

The Group's evaluation of the recoverability of its carry-forward tax losses is based on cash flows and cash flow sensitivities consistent with those used in the Group's impairment assessment at 31 December 2020, including the application of the critical judgements described above. The Group continues to assess it is probable that a portion of the Group's carry-forward tax losses and temporary differences will be used to offset future taxable profits.

Determination of lease term – note 16

In determining the lease term, management 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).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, that affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $116,000 (31 December 2019 - $Nil). Refer to note 30 for elections made subsequent to year end with respect to haulage fleet lease arrangements.

Note 25. Critical Accounting Judgements, Estimates and Assumptions (continued)

Rehabilitation provision - note 20

Provisions are raised for rehabilitating the mine site and related production facilities as soon as an obligation exists.

The provisions are estimated 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. Assumptions underlying the calculation are based on the current economic environment which management believes is a reasonable basis upon which to estimate the future liability. However, actual rehabilitation costs are ultimately dependent upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Note 26. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans from third parties.

Significant accounting policies

Each category of financial instruments is measured in accordance with AASB9 *Financial Instruments*, as detailed in the accounting policies to these financial statements. Refer to note 36k and 36l.

Financial risk management policies and objectives

Risk management is carried out under policies set by the board of directors (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 Consolidated Entity. The Group does not enter into, or trade, financial instruments, including derivative financial instruments, for speculative purposes. The overall risk management program focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, commodity price risk, currency risk, and market risk relating to interest rate risk and other price risks. The Group seeks to hedge these risk exposures where instruments are available and are cost effective.

The other material business risk exposures of the Group are outlined in the Directors' Report.

The Group is exposed to commodity price risk from the sale of bauxite and currency price risk from items denominated in United States dollars, including revenues, and payables (principally ocean freight). The Group is also exposed to credit risk from its trade receivables derived from its Bauxite Hills operation. Since the Group's customers are 100% based in China, there are also sovereign risk exposures for the Group.

Credit risk

Credit risk is managed on a Group basis. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. Credit risk arises from both cash deposits held at financial institutions and credit exposures to customers, including outstanding receivables.

For cash deposits, the Group utilises only reputable banks. For exposure to customers, the Group has a strict code of credit risk management, including selling all bauxite under binding contracts with irrevocable Letters of Credit required.

Note 26. Financial Risk Management (continued)

Credit risk (continued)

The maximum exposure to credit risk of recognised financial assets at the reporting date is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. The Group only trades with credit-worthy third parties and tries to diversify its customer base where possible.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations relating to financial liabilities.

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

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.

At 31 December 2020, the financial liabilities of the Group are trade payables and accruals, lease liabilities and borrowings.

Financial liability and financial asset maturity analysis

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date on which the financial liabilities are required to be paid. 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.

	Within 1 Year		1 to 5 Years		Total	
Consolidated	**31 Dec 2020 $'000**	**31 Dec 2019 $'000**	**31 Dec 2020 $'000**	**31 Dec 2019 $'000**	**31 Dec 2020 $'000**	**31 Dec 2019 $'000**
Financial liabilities due for payment						
Trade payables	9,557	9,031	64	-	9,621	9,031
Other payables	2,145	11,890	-	-	2,145	11,890
Lease liabilities	6,600	5,899	16,524	13,950	23,124	19,849
Borrowings	22,815	4,505	17,752	39,615	40,567	44,120
Total contractual and expected outflows	41,117	31,325	34,340	53,565	75,457	84,890
Financial assets – cash flows realisable						
Cash and cash equivalents	25,447	32,547	-	-	25,447	32,547
Trade and other receivables	228	8,481	-	-	228	8,481
Total anticipated inflows	25,675	41,028	-	-	25,675	41,028
Net (outflow)/inflow on financial instruments	(15,442)	9,703	(34,340)	(53,565)	(49,782)	(43,862)

At financial year end, the cash flows in the maturity analysis above were not expected to occur significantly earlier than disclosed. However, the expected maturity of borrowings has been amended subsequent to year end. Refer to note 30.

Note 26. Financial Risk Management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates and equity prices will affect the Group's income, balance sheet or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Foreign currency risk

The Group's sales transactions are denominated in United States dollars (USD). The risk management framework for revenue includes a short-term currency hedging program to manage the risks to sales revenue associated with a strengthening Australian dollar against the United States dollar.

The Group's Board approved currency hedging policy is to establish, as appropriate, a rolling program within the following parameters:

- Up to 100% of the next month's USD FOB revenue.
- Between 50-75% of months 2 and 3 forecast USD FOB revenue.
- Up to 50% of months 4 through 6 forecast USD FOB revenue.

The Group continues to actively monitor currency markets with a view to expanding the hedging program if attractive pricing opportunities arise. There were no hedging instruments in place as at 31 December 2020.

Except for ocean freight and certain future capital costs, which are denominated in United States 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.

Price risk

The Group's major commodity price exposures are the price of bauxite and the price of alumina. It is currently not possible to directly hedge against movement in either of these products and so the Group is exposed to fluctuations in the price of both commodities.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents. At 31 December 2020, 100% of Group debt is at stepped-fixed or fixed rate (31 December 2019: 100%).

Interest rate sensitivity

The Group's main interest rate risk arises from cash and cash equivalents. The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group loss before tax through a decrease or an increase of 0.25% (31 December 2019: 0.25%) in interest rates at 31 December 2020 is an increase / decrease in cash and cash equivalents of $64,000 (31 December 2019: $81,000). All borrowings at 31 December 2020 are at a stepped-fixed or fixed interest rate.

Fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Note 26. Financial Risk Management (continued)

Fair value estimation (continued)

	Note	Consolidated		Consolidated	
		Carrying Amount 31 Dec 2020 $'000	Fair Value 31 Dec 2020 $'000	Carrying Amount 31 Dec 2019 $'000	Fair Value 31 Dec 2019 $'000
Assets					
Cash and cash equivalents	11	25,447	25,447	32,547	32,547
Trade and other receivables	13	228	228	8,481	8,481
Other assets	14	5,213	5,213	11,092	11,092
Total assets		30,888	30,888	52,120	52,120
Liabilities					
Trade payables	18	9,621	9,621	9,031	9,031
Other liabilities	18	2,145	2,145	11,890	11,890
Lease liabilities	16	21,329	21,329	16,624	16,624
Loans	19	37,106	37,106	37,305	37,305
Total liabilities		70,201	70,201	74,850	74,850

Note 27. Interests in Subsidiaries

information about principal subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 36b.

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Consolidated Entity or trust units that are held directly by the Consolidated Entity. The proportion of ownership interests held equals the voting rights held by the Consolidated Entity. Each subsidiary's country of incorporation is also its principal place of business.

Name of Entity	Country of Incorporation	31 Dec 2020 %	31 Dec 2019 %
Aldoga Minerals Pty Ltd	Australia	100	100
Cape Alumina Pty Ltd	Australia	100	100
Coal International Pty Ltd	Australia	100	100
Gulf Alumina Pty Ltd	Australia	100	100
Metro Bauxite Hills Holding Pty Ltd	Australia	100	100
Metro Bauxite Hills Operations Pty Ltd	Australia	100	100
Metro Bauxite Hills Sales Pty Ltd	Australia	100	100
Metro International Holding Pty Ltd	Australia	100	100
Metrostructure Pty Ltd	Australia	100	100
Metro OFTCo Pty Ltd	Australia	100	100
Metro Mining Singapore Pte. Limited	Singapore	100	100
Metro Resources and Exploration Co., Ltd.	Myanmar	100	100
Metro Mining Ltd Employee Share Trust	Australia	100	100

Note 28. Contingent Liabilities and Assets

Contingent liabilities

There are no contingent liabilities at the date of this financial report.

Contingent assets

There are no contingent assets at the date of this financial report.

Note 29. Commitments

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Capital expenditure commitments		
Capital expenditure commitments contracted for:		
- Within one year	312	690
Total	312	690
Other expenditure commitments		
- Within one year	19,447	15,988
- One to five years	7,544	18,701
- More than five years	-	2,062
Total	26,991	36,751
Minimum expenditure commitments on exploration tenements		
- Within one year	3,490	3,705
- One to five years	5,489	5,117
Total	8,979	8,822
Total capital and other expenditure commitments	36,282	46,263

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.

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.

Note 30. Events Occurring After the Reporting Date

Restructure of Ingatatus AG Pty Ltd loan repayments

On 28 January 2021, the Company announced that it had agreed amended loan repayment terms with Ingatatus AG Pty Ltd (Ingatatus). Repayment terms have been amended as follows:

Loan Facility #1 ($20 million)

- The maturity date for the loan has been deferred from 1 January 2022 to 1 September 2022.
- The principal will now be repaid in three equal instalments of $6.67 million on 1 September 2021, 1 July 2022 and 1 September 2022.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 12% with accrued interest repaid quarterly.

Loan Facility #2 ($7.5 million)

The terms agreed with Ingatatus for Loan Facility #2 are the same as those agreed with Lambhill Pty Ltd prior to financial year end for their $7.5 million loan facility (refer note 19):

- The maturity date for the loan has been deferred from 1 January 2022 to 1 January 2023.
- The principal will now be repaid in three equal instalments of $2.5 million on 1 July 2022, 30 September 2022 and 1 January 2023.
- The interest rate applicable to the facility for the remainder of the loan term remains unchanged at 9% with accrued interest repaid quarterly.

Renegotiation of haulage fleet balloon payments

Prior to the commencement of mine production in 2017, the Group leased a haulage fleet of 6 double-set trailers and 7 prime movers over a 36-month period, expiring in the first quarter of 2021. The lease terms include an option to make a fixed payment of $2,617,560 at the completion of the lease period and assume ownership of the haulage fleet.

At the time of lease establishment, and in subsequent periods including the current period ended 31 December 2020, management assessed that it was not reasonably certain that the option to purchase the equipment would be exercised. Therefore, the option has not been included in the lease liability as at 31 December 2020.

Subsequent to financial year end, the Group assessed that it is now likely that the option will be exercised. The Group has reached an agreement with the lessor to extend the lease term, and has negotiated a reduced option price to assume ownership of the haulage fleet at the completion of the amended lease period.

Note 31. Related Party Transactions

Parent entity

Metro Mining Limited is the ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Note 31. Related Party Transactions (continued)

Key management personnel compensation

The totals of remuneration paid to key management personnel of the Company and the Consolidated Entity during the year are as follows:

	Consolidated	
	31 Dec 2020 **$'000**	**31 Dec 2019** **$'000**
Short-term employee benefits	1,410,013	1,416,519
Post-employment benefits	95,856	81,858
Share-based payments	109,829	201,577
Total compensation to directors and other KMP	1,651,698	1,699,954

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2020.

Short-term employee benefits

These amounts include fees and benefits paid to the Board of Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are superannuation contributions made during the period.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefit schemes as measured by the fair value of options or performance rights granted on grant date.

Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2020 **$'000**	**31 Dec 2019** **$'000**
Purchases of goods and services		
- Purchase of bauxite testing services [(i)]	15	-

(i) This transaction was made on normal commercial terms and conditions and at market rates.

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 Resources II LP (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 a director of the Company holds a beneficial interest.

Note 31. Related Party Transactions (continued)

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

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 2020, Greenstone held 273,388,740 shares in the Company; a 19.67% 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.

Note 32. Share-based Payments

Employee incentive plan

The Company 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 employees of the Company to assist in the retention and motivation of employees. Under the EIP, the Company may offer shares or options over unissued shares in the Company.

Features of the EIP are as follows:

- The persons who are eligible to participate in the EIP are full-time or part-time continuing employees of the Company or an associated body corporate of the Company, or their nominee, who have been selected by the Board to participate in the EIP (Participants),
- The Company is entitled under the terms of the EIP to determine a period that any shares or options offered under the EIP will be unable to be transferred by Participants (Disposal Restrictions),
- The Company is entitled to determine, at its discretion, any conditions which may apply to the offer of shares or options (including the issue price, exercise price, vesting conditions and Disposal Restrictions),
- Where options subject to Disposal Restrictions are exercised, the resulting shares will be subject to the balance of the Disposal Restrictions,
- The options may be exercised wholly or in part by notice in writing to the Company received at any time during the relevant exercise period together with a cheque for the exercise price,
- The Company shall allot the number of shares that are the subject of any exercise notice and apply for listing of the shares issued as a result,
- Shares issued on the exercise of the options will rank pari-passu with all existing shares of the Company from the date of issue,
- The number of shares which may be acquired on the exercise of an option and the exercise price will be adjusted, as is appropriate, following any pro-rata bonus issue, rights issue, reconstruction or re-organisation of the issued ordinary capital of the Company, and
- All arrangements under the plan are equity settled.

Note 32. Share-based Payments (continued)

Employee incentive plan (continued)

The maximum number of shares and options that may be offered to Participants under the EIP is 5% of the issued capital of the Company at the time.

Quotation of options on the ASX will not be sought; however, quotation of shares (not subject to Disposal Restrictions) issued under the EIP will be sought. The Company will apply for quotation of shares arising upon the exercise of options.

Short-term incentive performance rights issued 1 January 2020

On 1 January 2020, the Company issued 4,709,322 short-term incentive performance rights to eligible participants in accordance with the terms of the Group's Employee Incentive Plan. Of the total number issued, 2,917,308 were issued to key management personnel. The issue value was determined using a Black Scholes-Merton valuation model.

The awarding of short-term incentives is at the discretion of the Board. On 27 October the Board elected not to grant the 2020 short-term incentive program and all short-term incentive performance rights issued under the 2020 short-term incentive program lapsed at that time.

Performance rights granted to key management personnel

Performance rights granted to key management personnel during the financial year ended 31 December 2020 are as follows:

31 Dec 2020 Grant Date	Rights Granted	Expiry Date	Exercise Price	No. '000
01/01/2020	Performance rights under a long-term incentive plan	31/12/2022	-	2,980

On 1 January 2020, in accordance with the terms of the Group's EIP, the Company issued 3.432 million long-term incentive performance rights to members of the senior management team. Of these, 2.98 million were issued to key management personnel. The weighted average fair value attributed to each performance right is $0.08. The performance rights granted are in three tranches with each tranche subject to vesting conditions as outlined below:

Tranche	Vesting Period	Vesting Criteria / Assessment
Tranche 1 – 40% of award	1 Jan 2020 - 31 Dec 2022	▪ Sliding scale based on Total Shareholder Return (TSR) relative to a peer group index.
Tranche 2 – 30% of award	1 Jan 2020 - 31 Dec 2022	▪ Sliding scale based on Return on Capital Employed (ROCE).
Tranche 3 – 30% of award	1 Jan 2020 - 31 Dec 2022	▪ Sliding scale based on Return on Sales (ROS).

Note 32. Share-based Payments (continued)

Summary of share-based payments

A summary of the movements of all options and performance rights issued for the year ended 31 December 2020 is as follows:

31 Dec 2020 Grant Date	Expiry Date	Exercise Price	Balance at Start of Year No. '000	Granted No. '000	Exercised (i) No. '000	Expired/ Forfeited/ Other No. '000	Balance at End of Year No. '000
Options							
27/08/2017	27/08/2022	$0.183	11,100	-	-	-	11,100
25/10/2017	25/10/2021	$0.25	3,532	-	-	(1,961)	1,571
Perf. Rights							
01/01/2019 (i)	31/12/2019	-	1,574	52	(1,626)	-	-
01/01/2019	31/12/2021	-	2,718	-	-	-	2,718
01/01/2020	31/12/2022	-	-	3,432	-	-	3,432
01/01/2021 (ii)	31/12/2021	-	-	10,130	-	-	10,130
01/01/2021 (ii)	31/12/2023	-	-	7,746	-	-	7,746
Total options & performance rights			18,924	21,360	(1,626)	(1,961)	36,697

(i) On 5 March 2020, 1,228,875 new ordinary shares were issued to employees in satisfaction of employee performance rights awarded under the 2019 Short-Term Incentive (STI) program. A further 397,605 ordinary shares were acquired on-market by the Company to satisfy in full the obligation to issue 1,626,480 shares under the 2019 STI program.

(ii) On 25 February 2021, the board of directors approved the 2021 STI program and the 2021 LTI program. A total of 10,130,487 new performance rights, with an expiry date of 31 December 2021, were issued to KMP and other employees of the Group under the 2021 STI program. A total of 7,745,743 new performance rights, with an expiry date of 31 December 2023, were issued to KMP and other employees of the Group under the 2021 LTI program.

The prior year summary of the movements in total options and performance rights is as follows:

31 Dec 2019 Grant Date	Expiry Date	Exercise Price	Balance at Start of Year No. '000	Granted No. '000	Exercised (i) No. '000	Expired/ Forfeited/ Other No. '000	Balance at End of Year No. '000
Options							
04/01/2017	23/12/2019	$0.08	4,000	-	-	(4,000)	-
07/04/2017	07/04/2019	$0.137	545	-	-	(545)	-
27/08/2017	27/08/2022	$0.183	11,100	-	-	-	11,100
27/08/2017	27/08/2019	$0.15	10,000	-	-	(10,000)	-
25/10/2017	25/10/2021	$0.25	4,415	-	-	(883)	3,532
Perf. Rights							
01/02/2018	31/07/2019	-	1,385	-	(918)	(467)	-
01/01/2019	31/12/2019	-	-	2,957	-	(1,383)	1,574
01/01/2019	31/12/2021	-	-	2,718	-	-	2,718
Total options & performance rights			31,445	5,675	(918)	(17,278)	18,924

Note 32. Share-based Payments (continued)

Summary of share-based payments (continued)

The weighted average remaining contractual life of options and performance rights outstanding at the end of the financial year was 1.55 years (31 December 2019: 2.08 years). 12,671,063 options are exercisable at the end of the financial year (31 December 2019: 11,100,000 options exercisable). No performance rights are exercisable at the end of the financial year (31 December 2019: 1,573,856).

Included under employee benefits expense in the statement of comprehensive income is $5,534 (31 December 2019: $315,097) which relates to equity-settled share-based payment transactions.

Note 33. Remuneration of Auditors

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
▪ Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities.	150,000	144,250
▪ Fees for assurance services that are required by legislation to be provided by the auditor.	-	-
▪ Fees for other assurance procedures under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm.	64,000	5,000
Total auditor's remuneration	214,000	149,250

Note 34. Earnings Per Share

	Consolidated	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Profit / (loss) after income tax attributable to the owners of the Company used in calculating basic earnings / (loss) per share and diluted earnings / (loss) per share.	(11,125)	3,623

	Consolidated	
	31 Dec 2020 Number '000	31 Dec 2019 Number '000
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share	1,389,911	1,385,039
Effects of dilution from:		
- Share options	-	3,803
- Performance rights	-	6,055
Weighted average number of ordinary shares used in calculating diluted earnings / (loss) per share	1,389,911	1,394,897

Note 34. Earnings Per Share (continued)

	Consolidated	
	31 Dec 2020 Cents	31 Dec 2019 Cents
Basic earnings / (loss) per share	(0.80)	0.262
Diluted earnings / (loss) per share	(0.80)	0.260

Note 35. Parent Entity Information

Set out below is the supplementary information about the parent entity:

	Parent	
	31 Dec 2020 $'000	31 Dec 2019 $'000
Statement of profit or loss and other comprehensive income		
Loss after income tax	(10,291)	(14,221)
Total profit or loss and other comprehensive income	(10,291)	(14,221)
Statement of financial position		
Total current assets	26,059	27,298
Total non-current assets	458,747	345,378
Total assets	484,806	372,676
Total current liabilities	22,130	3,389
Total non-current liabilities	350,082	246,356
Total liabilities	372,212	249,745
Net assets	112,594	122,931
Contributed equity	176,419	176,421
Reserves	9,860	9,904
Accumulated losses	(73,685)	(63,394)
Total equity	112,594	122,931

Contingent liabilities

Refer to note 28 for details of contingent liabilities.

Capital commitments - property, plant and equipment

The parent entity had no capital commitments at 31 December 2020 (31 December 2019 $Nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity which are disclosed in note 36.

Note 36. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These polices have been consistently applied to the year and comparative period presented, unless otherwise stated. The financial statements are for the group consisting of Metro Mining Limited and its subsidiaries.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Metro Mining Limited is a for-profit entity for the purpose of preparing financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Metro Mining Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the valuation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting commencing 1 January 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material {AASB 101 and AASB 108}.*
- AASB 1018-6 *Amendments to Australian Accounting Standards – Definition of a Business {AASB 3.}*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 1 {AASB 9, AASB 139 and AASB 7}.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia {AASB 1054}.*
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*

The Group also elected to adopt the following amendments early:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments {AASB 1, AASB 3, AASB 9 AASB 116, AASB 137and AASB 141}*.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Note 36. Significant Accounting Policies (continued)

a. Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted (continued)

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.*

The amendments focus on issues that might affect financial reporting upon replacement of existing interest rate benchmarks and amends the requirements in AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16. The standard would have no material impact on the Group's financial statements.

- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

The standard amends the requirements in AASB 10 and AASB 128 by clarifying that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined by AASB 3. The standard would have no material impact on the Group's financial statements.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*.

The amendments clarify that the conditions that exist at the end of the reporting period are those which must be used to determine if a right to defer settlement of a liability for at least 12 months, and hence classify the liability as non-current, exists. The standard would have no material impact on the Group's financial statements,

(v) Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the Company under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

(vi) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. Refer to note 1.

(vii) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 25.

b. Principles of consolidation

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 35.

The consolidated financial statements incorporate all the assets, liabilities and results of the parent, Metro Mining Limited, and all its subsidiaries.

Note 36. Significant Accounting Policies (continued)

b. Principles of consolidation (continued)

Parent entity information (continued)

Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and can use its power to affect those returns. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the parent. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the Business Combinations accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and the non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the chief operating decision makers (CODM). The CODM are responsible for the allocation of resources to operating segments and for assessing their performance.

d. Foreign currency translation

Functional and 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 that relate to borrowings are presented in the statement of profit or loss on a net basis within total foreign exchange gains / (losses).

Note 36. Significant Accounting Policies (continued)

d. Foreign currency translation (continued)

Transactions and balances (continued)

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 as 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e. Revenue

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer,
2. Identifying the performance obligations,
3. Determining the transaction price,
4. Allocating the transaction price to the performance obligations, and
5. Recognising revenue when / as performance obligation(s) are satisfied.

Revenue from contracts with customers is predominately sourced from the sale of bauxite from the Group's Bauxite Hills mining operation.

Note 36. Significant Accounting Policies (continued)

e. Revenue (continued)

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.

Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Consolidated Entity will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase or development of assets, including exploration and evaluation activities, are deducted from the carrying value of the asset or deduct from the expenses in the profit and loss statement.

f. Income tax

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.

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 tax assets and liabilities attributable to temporary differences and unused tax losses, and under and over provisions in prior years where applicable.

Note 36. Significant Accounting Policies (continued)

f. Income tax (continued)

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.

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.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and 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.

h. Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

i. 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 stock is determined on a first in, first-out basis.

j. 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.

k. Financial assets

Classification, initial recognition and measurement

Financial assets are classified in the following categories: financial assets at amortised cost, fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the assets were acquired.

Note 36. Significant Accounting Policies (continued)

k. Financial assets (continued)

Classification, initial recognition and measurement (continued)

- Amortised cost – Applies to instruments that are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.
- FVTPL - Applies to instruments that are within a business model where the objective is neither to hold to collect contractual cash flows nor hold to sell.
- FVOCI - Applies to instruments that satisfy the requirements of the business model test and contractual cashflow test. It also applies to some held for trading financial assets whereby the FVOCI election was made.

Management classifies its investments at initial recognition and re-evaluates this classification each reporting date.

Regular purchases and sales of financial assets are recognised on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognised at fair value plus transaction costs. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income.

Subsequent measurement

(i) Financial assets at amortised cost

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss and other comprehensive income. This category generally applies to trade and other receivables.

(ii) Financial assets at fair value through profit or loss

Financial assets at FVTPL are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in the statement of profit or loss and other comprehensive income within other income or other expenses in the period in which they arise. Income such as interest and dividends from financial assets at FVTPL is recognised separately to gains or losses in the statement of profit or loss and other comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

(iii) Financial assets at fair value through other comprehensive income

Financial assets classified as FVOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in other comprehensive income with the exception of impairment which is recognised in the statement of profit or loss immediately. When debt instruments classified as FVOCI are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the statement of profit or loss and other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

Note 36. Significant Accounting Policies (continued)

k. Financial assets (continued)

Derecognition (continued)

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full, without material delay, to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group applies a general and simplified approach to the measurement of expected credit losses (ECLs).

Under the general approach the Group applies a three-stage model for measuring ECLs based on changes in credit quality since initial recognition including:

- Stage 1: 12-month ECL - Recognised on "good" exposures where there has not been a significant increase in credit risk since initial recognition, the loss represents the probability of default from events that are possible over the next 12 months and not the cash flows the Group expects to lose over that period.
- Stage 2: Lifetime ECL - Where there has been a significant increase in credit risk since initial recognition however default has not yet occurred, the loss represents the credit losses expected over the remaining life of the asset.
- Stage 3: Lifetime ECL (credit impaired) - Financial asset becomes credit impaired as a result of an event which has had a detrimental impact on future cash flows.

The Group assesses the credit risk and probability of default of financial assets by reference to external rating agencies, where available, on an asset by asset basis. The Group has determined a financial asset has low credit risk when it is equivalent to an investment grade quality. Where forward looking information is not available, the Group applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due (entry into stage 2: Lifetime ECL) and, when contractual payments are greater than 90 days past due, the asset is credit impaired (entry into stage 3: Lifetime ECL).

For trade and other receivables which do not contain a significant financing component, *AASB 9* offers a policy choice between the application of the general model, as detailed above, or a simplified approach. Under the simplified approach, the tracking of changes in credit risk is not required, but instead requires the recognition of lifetime ECLs at all times and allows the use of a provision matrix, incorporating the probability of default, as a practical expedient. The Group has elected to apply the simplified approach for trade and other receivables.

Note 36. Significant Accounting Policies (continued)

l. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9 *Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in *AASB* 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

(ii) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income, unless capitalised as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset in accordance with AASB 123 *Borrowing Costs*. This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 19.

If the terms of a loan are modified, the Group recalculates the amortised cost of the financial liability by computing the present value of the estimated future contractual cash flows, discounted at the facility's original effective interest rate. The discount is reported as finance income in the consolidated statement of profit or loss and is unwound over the remaining loan term with the effect of the unwinding reported as a finance cost in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Note 36. Significant Accounting Policies (continued)

m. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedges that meet the strict criteria of hedge accounting are accounted for as described below.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and the time value of options, which are recognised in other comprehensive income and later reclassified to profit and loss when the hedged item affects profit or loss.

Cash flow hedges are those derivatives that hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting periods for which they were designated.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs.

n. Property, plant and equipment

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Note 36. Significant Accounting Policies (continued)

n. Property, plant and equipment (continued)

Plant and equipment (continued)

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:

▪ 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.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 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.

Other mineral assets are deprecated over the life of the mine on a units of production basis.

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.

Note 36. Significant Accounting Policies (continued)

o. Exploration and evaluation assets

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.

p. Borrowing costs

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

q. Leases

The Group's leasing policy is described in note 16(iii).

r. Restoration, rehabilitation and environmental expenditure

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.

s. Impairment of non-financial assets

Where applicable, goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 36. Significant Accounting Policies (continued)

t. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

u. Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

v. Employee benefits

Wages and salaries and annual leave

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 recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled share-based compensation benefits are provided to directors and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

Note 36. Significant Accounting Policies (continued)

v. Employee benefits (continued)

Share-based payments (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

w. Dividends

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

x. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 36. Significant Accounting Policies (continued)

x. Business combinations (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

y. Investments in associates

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Consolidated Entity holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Consolidated Entity's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date that significant influence commences until the date that significant influence ceases.

When the Consolidated Entity's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Consolidated Entity has an obligation or has made payments on behalf of the investee.

z. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

aa. Goods and services tax (GST) and other similar taxes

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.

Metro Mining Limited
Directors' declaration

In the opinion of the directors:

a. the financial statements and notes of Metro Mining Limited for the financial year ended 31 December 2020 are in accordance with *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the year ended on that date: and

   ii. complying with Accounting Standards and the Corporations Regulations 2001;

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 36; and

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2020.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Directors

S Everett
Chairman

26 February 2021
Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2020, 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 a summary of significant accounting policies, 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 2020 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* (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.

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 matters to be communicated in our report. For each 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.

Carrying amount of non-current assets

Why significant

At 31 December 2020, the Group had property, plant and equipment, right-of-use assets and exploration and evaluation assets totaling $159.9 million, chiefly in respect of its Bauxite Hills mine. These three classes of assets represent 81% of total assets of the group.

Australian Accounting Standards require 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.

The Group operates in an industry with exposure to fluctuations in commodity prices, foreign exchange rates and discount rate, which impacts the Group's forecast revenues, operating cash flows and the resulting recoverable amount of its non-current assets. The COVID-19 pandemic has affected global demand for alumina and bauxite which has affected the Group's ability to contract sales volumes above its foundation customer contracted volume, and caused volatility in bauxite and alumina pricing. The Group also makes estimates and assumptions about reserves and future production profiles.

Impairment assessments involve forecasts in these and other areas, all of which are highly judgmental and ultimately impact on the recoverable amount of non-current assets. Accordingly, this was considered a key audit matter.

The Group has performed an impairment indicator assessment, concluding indicators were present as a result of a market capitalisation deficiency at 31 December 2020 and the Group's inability to secure sales volumes at acceptable spot pricing above its foundation customer contracted volume.

As a result of indicators being present, the Group performed impairment testing and assessed the recoverable amount of its Bauxite Hills cash-generating unit ("CGU"). This testing concluded no impairment was required at 31 December 2020.

Disclosure regarding this matter can be found in Note 25 to the financial report.

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed whether the Group's identification of its Bauxite Hills CGU was in accordance with Australian Accounting Standards.
- Assessed the appropriateness and completeness of the Group's consideration of potential impairment indicators, including the relationship between asset carrying values and the Group's market capitalisation at 31 December 2020.
- Evaluated the modelling methodology used by the Group to measure the Bauxite Hills CGU's recoverable amount with reference to Australian Accounting Standards and industry practice.
- Tested whether the model used to calculate recoverable amount was mathematically accurate.
- In conjunction with our valuation specialists, compared key forecast assumptions such as bauxite commodity prices, foreign exchange rates and discount rate to external observable market data, where available.
- Considered if operating and capital cost, and production volume assumptions used in the impairment model are acceptable based on historical actual performance and forecast expansion activity.
- Recalculated the carrying amount of the Bauxite Hills CGU to evaluate whether it was prepared on a comparable basis with the cash flows in the impairment model.
- Assessed the adequacy of the Group's disclosures included in the financial report in accordance with the requirements of Australian Accounting Standards.

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 2020 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:

Building a better working world

- 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.

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 2020.

In our opinion, the Remuneration Report of Metro Mining Limited for the year ended 31 December 2020, 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

Andrew Carrick
Partner
Brisbane
26 February 2021

The shareholder information set out below was applicable as 23 February 2021.

a) Distribution of equitable securities

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

	Number of Holders of Ordinary Shares
Category (size of holding):	
1 to 1,000	154
1,001 to 5,000	302
5,001 to 10,000	483
10,001 to 50,000	996
50,001 to 100,000	376
100,001 and over	547
	2,858

The number of shareholdings held in less than marketable parcels is 626.

b) 20 largest shareholders – ordinary shares

	Ordinary Shares	
	Number Held	% of Total Shares Issued
Greenstone Management (Delaware) II LLC	273,388,740	19.67
Balanced Property Pty Ltd	168,301,124	12.11
HSBC Custody Nominees (Australia) Limited	160,031,019	11.51
Dadi (Australia) Engineering Co Pty Ltd	78,168,678	5.62
National Nominees Limited	63,649,972	4.58
Balanced Property Pty Ltd	42,402,909	3.05
Mr Gregory Ian Williams	35,447,530	2.55
J P Morgan Nominees Australia Pty Limited	26,031,997	1.87
China Xinfa Group Corporation Limited	20,327,883	1.46
Mr Charles Victor Alexander	18,750,000	1.35
Ms Qing Xia	17,527,838	1.26
Citicorp Nominees Pty Ltd	17,423,512	1.25
Bondline Limited	16,050,223	1.15
Edale Capital Pty Ltd	15,366,109	1.11
Balanced Property Pty Ltd	13,216,296	0.95
Wildflower Investments Pty Ltd	13,059,782	0.94
Equity & Permanent Investment Capital Limited	11,550,000	0.83
BPM Capital Limited	10,000,000	0.72
Remond Holdings Pty Limited	9,094,612	0.65
Mr James Mortimer Gorman	8,576,473	0.62
	1,018,364,697	73.25

c) Unquoted equity securities

Options and performance rights over unissued shares

	Number on Issue	Number of Holders
Options and performance rights issued under the Metro Mining Employee Share Incentive Plan	25,597,215	13
Warrants issued to former lender	11,100,000	1
	36,697,215	14

d) Substantial holders

The names of the substantial shareholders listed in the Company's register are:

	Ordinary Shares	
	Number Held	% of Total Shares Issued
Greenstone Management (Delaware) II LLC	273,388,740	19.67
Balanced Property Pty Ltd	223,920,329	16.11
Dadi (Australia) Engineering Co Pty Ltd and related entities	78,168,678	5.62

e) Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.