

MYANMAR METALS LIMITED

ABN 48 124 943 728

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Corporate Directory

DIRECTORS	<p>John Lamb – Executive Chairman and CEO</p> <p>Rowan Caren – Executive Director</p> <p>Jeffrey Moore – Non-Executive Director</p> <p>Paul Arndt – Non-Executive Director</p> <p>Bruce Goulds – Non-Executive Director</p>
COMPANY SECRETARY	Rowan Caren
REGISTERED OFFICE	<p>Suite 4, 38 Colin Street</p> <p>West Perth WA 6005</p> <p>Australia</p>
TELEPHONE	+61 8 6147 8100
EMAIL	info@myanmarmetals.com.au
WEBSITE	www.myanmarmetals.com.au
AUDITORS	<p>Grant Thornton Audit Pty Ltd</p> <p>Level 43, Central Park</p> <p>152-158 St Georges Terrace</p> <p>Perth WA 6000</p> <p>Australia</p>
SOLICITORS	<p>DLA Piper Australia</p> <p>Level 31, Central Park</p> <p>152-158 St Georges Terrace</p> <p>Perth WA 6000</p>
SHARE REGISTRY	<p>Link Market Services Limited</p> <p>Level 12, QV1 Building</p> <p>250 St Georges Terrace</p> <p>PERTH WA 6000</p> <p>www.linkmarketservices.com.au</p> <p>T: +61 8 9211 6610</p>
AUSTRALIAN STOCK EXCHANGE	<p>The Company's securities are quoted on the official list of the ASX Ltd (ASX), the home exchange being:</p> <p>The ASX (Perth) Ltd</p> <p>Level 40, Central Park</p> <p>152-158 St Georges Terrace,</p> <p>Perth WA 6000</p>
ASX CODE	<p>MYL</p> <p>MYLO</p>
ACN	124 943 728

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Directors' Report

Your directors submit the financial report for the half-year ended 31 December 2018.

Directors

The names of directors who held office during or since the end of the half-year:

Mr John Lamb

Mr Jeffrey Moore

Mr Rowan Caren

Mr Paul Arndt

Mr Bruce Goulds (appointed 1 February 2019)

Review of Operations

During the half-year the Company, in conjunction with its partners in the Bawdwin Joint Venture, completed the China Pit Scoping Study and commenced and progressed Pre-Feasibility Studies as well as an exploration program on the Bawdwin Project.

The Group has recorded a net loss during the half-year to 31 December 2018 of \$7,639,233 (31 December 2017: \$5,733,608) primarily arising from the Group's accounting policy of expensing exploration and evaluation expenditure until completion of a bankable feasibility study. Exploration and evaluation expenses during the half-year totalled \$6,436,364 (2017: \$544,315).

At 31 December 2018, the Group had \$13.2 million in cash (30 June 2018: \$16.58 million).

Significant Events After the Balance Date

Subsequent to the end of the half-year, on 1 February 2019, Mr Bruce Goulds was appointed as a Non-Executive Director of the Company.

On 28 February 2019, 14,000,000 Performance Rights which had vested during the half-year were converted to Shares.

Other than as noted above, since 31 December 2018, no events have arisen that have materially affected the operations of the consolidated entity, the results of the consolidated entity or the state of affairs of the consolidated entity.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors.



Rowan Caren
Director

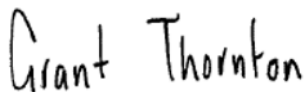
Dated this 7th day of March 2019

Auditor's Independence Declaration

To the Directors of Myanmar Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Myanmar Metals Limited for the half-year ended 31 December 2018. I declare that, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 7 March 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Finance income		110,655	6,347
Net foreign exchange gain/(loss)		185,982	(7,589)
Exploration and evaluation expenses		(6,436,364)	(544,315)
Corporate and administration expenses	2	(1,499,506)	(1,923,208)
Finance expenses		-	(566,011)
Loss from change in fair value of derivative financial instruments		-	(2,698,832)
Loss before income tax expense		(7,639,233)	(5,733,608)
Income tax expense		-	-
Loss before income tax expense attributable to members of Myanmar Metals Limited		(7,639,233)	(5,733,608)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(44,540)	-
Change in fair value of available for sale assets		-	(113,503)
Other comprehensive income for the half-year, net of income tax		(44,540)	(113,503)
Total comprehensive loss for the half-year attributable to the owners of Myanmar Metals Limited		(7,683,773)	(5,847,111)
Loss per Share attributable to ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)		(0.61)	(1.18)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	Note	31 December 2018 \$	30 June 2018 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		13,221,879	16,580,163
Trade and other receivables	3	132,077	1,949,712
Total current assets		13,353,956	18,529,875
<i>Non-current Assets</i>			
Trade and other receivables	4	2,179,805	1,362,388
Plant and equipment		63,936	14,057
Exploration and evaluation assets	5	19,579,997	19,579,997
Total non-current assets		21,823,738	20,956,442
Total assets		35,177,694	39,486,317
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables		3,586,536	695,027
Provision for annual leave		68,297	17,435
Total current liabilities		3,654,833	712,462
Total liabilities		3,654,833	712,462
Net assets		31,522,861	38,773,855
Equity			
Share capital	6	66,195,695	65,075,576
Other equity		777,194	777,194
Reserves		3,196,222	3,928,102
Accumulated losses		(38,646,250)	(31,007,017)
Total equity		31,522,861	38,773,855

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	Share Capital	Other Equity	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2018	65,075,576	777,194	3,928,102	(31,007,017)	38,773,855
Loss for the period	-	-	-	(7,639,233)	(7,639,233)
Other comprehensive loss for the period, net of tax	-	-	(44,540)	-	(44,540)
Total comprehensive loss for the period, net of tax	-	-	(44,540)	(7,639,233)	(7,683,773)
<i>Transactions with owners, recorded directly in equity:</i>					
Issue of shares on conversion of performance rights	1,120,000	-	(1,120,000)	-	-
Grant of options	-	-	50	-	50
Exercise of options	119	-	-	-	119
Share based payment expense	-	-	432,610	-	432,610
Total transactions with owners	1,120,119	-	(687,340)	-	432,779
Balance at 31 December 2018	66,195,695	777,194	3,196,222	(38,646,250)	31,522,861
Balance at 1 July 2017	17,513,827	777,194	64,000	(19,315,766)	(960,745)
Loss for the period	-	-	-	(5,733,608)	(5,733,608)
Other comprehensive loss for the period, net of tax	-	-	(113,503)	-	(113,503)
Total comprehensive loss for the period, net of tax	-	-	(113,503)	(5,733,608)	(5,847,111)
<i>Transactions with owners, recorded directly in equity:</i>					
Issue of shares	16,188,169	-	-	-	16,188,169
Issue of options for services	-	-	130,000	-	130,000
Issue of performance rights	-	-	1,120,000	-	1,120,000
Transaction costs arising from share issue	(738,209)	-	-	-	(738,209)
Total transactions with owners	15,449,960	-	1,250,000	-	16,699,960
Balance at 31 December 2017	32,963,787	777,194	1,200,497	(25,049,374)	9,892,104

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	31 December 2018 \$	31 December 2017 Restated ⁽¹⁾ \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(5,575,353)	(1,292,704)
Receipt for reimbursement of exploration expenditure	1,955,878	-
Interest received	97,093	6,347
Net cash used in operating activities	(3,522,382)	(1,286,357)
Cash flows from investing activities		
Amounts placed on deposit	(30,660)	(148,500)
Refunds of deposits	148,500	-
Option fees paid	-	(1,986,492)
Payments to acquire other non-current assets	(56,085)	(2,634)
Net cash used in investing activities	61,755	(2,137,626)
Cash flows from financing activities		
Finance costs paid	(127)	(101,588)
Loan repaid to other entity	-	(100,000)
Proceeds from issue of equity securities	169	10,424,125
Equity securities issue transaction costs	(58,345)	(658,209)
Net cash from financing activities	(58,303)	9,564,328
Net increase in cash and cash equivalents	(3,518,930)	6,140,345
Cash and cash equivalents at 1 July	16,580,163	28,930
Effect of currency changes on cash and cash equivalents	160,646	-
Cash and cash equivalents at 31 December	13,221,879	6,169,275

The accompanying notes form part of these financial statements.

⁽¹⁾ Refer to note 1(c) for details of the restatement due to a change in accounting policy for exploration expenditure.

Notes to the Financial Statements

For the half-year ended 31 December 2018

1. Basis of Preparation

This half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Myanmar Metals Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(a) Reporting Basis and Conventions

The half-year report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Accounting Policies

In the half year ended 31 December 2018, management has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined that there is no material impact of the new and revised standards and interpretations on its business and, therefore, no material change is necessary to Group accounting policies.

The Group has considered the requirements of AASB 15 *Revenue from Contracts with Customers* and concluded that adoption of this standard from 1 July 2018 has no impact due to the Group not having any revenue contracts with customers.

The Group has adopted AASB 9 *Financial Instruments* from 1 July 2018. The new impairment model in AASB 9 uses more forward looking information to recognise expected credit losses - the 'expected credit losses model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Group has considered the impact of the new impairment model on the Group's financial assets and concluded on the basis of the available evidence that there are no expected credit losses to be recognised at 31 December 2018. Other than consideration of the new impairment model, there are no significant changes for the Group arising from AASB 9.

Management has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. It has been determined that there is no material impact of the new and revised Standards and Interpretations on its business and, therefore, no material change is necessary to Group accounting policies.

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2018

1. Basis of Preparation (Continued)

(c) Change in accounting policy for exploration and evaluation expenditure

During the year ended 30 June 2018, the Company retrospectively applied a voluntary change in accounting policy related to exploration and evaluation expenditure. The new accounting policy is to expense exploration and evaluation expenditure to the profit or loss as incurred except for costs incurred in the acquisition of the rights to explore.

The previous accounting policy was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when rights to tenure of the area of interest were current and costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

The only impact on the comparative information in the half-year report as a result of the change in the accounting policy for exploration and evaluation expenditure, is that in the Statement of Cash Flows for the half-year ended 31 December 2017, exploration expenditure of \$517,833 previously classified as an investing outflow is now included in the operating cash payments.

(d) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

2. Income and expenses

	31 December 2018 \$	31 December 2017 \$
Corporate and administration expenses include the following share based payment expenses	432,610	1,250,000

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2018

3. Trade and Other Receivables - Current

	31 December 2018 \$	30 June 2018 \$
Receivables due to the Group from participants to the Bawdwin Project	-	1,637,754
Other receivables	73,479	121,711
Deposits	58,598	190,247
Total trade and other receivables - current	132,077	1,949,712

4. Trade and Other Receivables – Non-Current

	31 December 2018 \$	30 June 2018 \$
Loan receivable	5,222,690	5,222,690
Provision for impairment of loan receivable	(5,222,690)	(5,222,690)
Receivables due to the Group from participants to the Bawdwin Project	2,179,805	1,362,388
Total trade and other receivables – non-current	2,179,805	1,362,388

5. Exploration and Evaluation Assets

	31 December 2018 \$	30 June 2018 \$
Bawdwin Project, Shan State, Myanmar		
Exploration and evaluation asset (note 10)	19,579,997	19,579,997
Total exploration and evaluation assets	19,579,997	19,579,997

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2018

6. Equity Securities Issued

(a) Ordinary Shares

	2018 No. Shares	2017 No. Shares	2018 \$	2017 \$
Issues of ordinary shares during the half-year:				
Exercise of listed options at \$0.03 per share	-	14,137,500	-	424,124
Issued in settlement of fees at \$0.04 per share	-	8,000,000	-	320,000
Capital raising at \$0.04 per share	-	75,000,000	-	3,000,000
Conversion of loans and notes	-	82,505,328	-	5,444,045
Capital raising at \$0.07 per share	-	100,000,000	-	7,000,000
Conversion of performance rights	14,000,000	-	1,120,000	-
Exercise of listed options	3,952	-	119	-

(b) Options

	2018 No. Options	2017 No. Options	2018 \$	2017 \$
Issues of options during the half-year:				
Options granted to consultants ¹	5,000,000	6,500,000	26,034	130,000
Options granted to employees ²	1,500,000	-	53,699	-

Options granted during the year are subject to vesting conditions and have the following terms:

¹ Exercisable at 7.8 cents each and expiring on 15 June 2022; and

² Exercisable at 6 cents each and expiring on 30 June 2021.

(c) Performance Rights

	2018 No. Rights	2017 No. Rights	2018 \$	2017 \$
Issues of performance rights during the half-year:				
Performance Rights granted to directors	-	42,000,000	352,877	1,120,000

7. Segment Reporting

During the year, the consolidated entity operated predominantly in one reportable business segment, managed by one segment manager and in one geographical location. The operations of the consolidated entity consist of minerals exploration, within Myanmar.

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2018

The information disclosed in the financial statements is the same information utilised in internal reporting by the chief operating decision maker. Accordingly, no additional quantitative or qualitative disclosures are required.

8. *Contingent Liabilities*

The Company and Group have no contingent liabilities as at 31 December 2018 (30 June 2018: nil).

9. *Related Party Disclosures*

During the prior half-year period ended 31 December 2017, three tranches of 14,000,000 Performance Rights were issued to Directors that vested when certain non-market condition milestones were met. During the half-year ended 31 December 2018, the second tranche of Performance Rights was converted to shares and the final tranche of Performance Rights vested but had not been converted to shares.

No other significant related party transactions have occurred during the half-year ended 31 December 2018.

10. *Interests in Other Entities*

During the year ended 30 June 2018, the Group acquired a 51% participating interest in the Bawdwin polymetallic project, in Shan State, Myanmar. The cost of acquisition of the rights to the Bawdwin project of \$19,579,997 have been capitalised as exploration and evaluation assets. All subsequent expenditure on the project is being expensed until completion of a bankable feasibility study.

During the half-year ended 31 December 2018, BJV Service Company Limited ("BJV") was incorporated in Myanmar to undertake the activities of the Bawdwin project.

The Group holds a 69.375% interest in BJV, reflective of its funding interest in the project during the feasibility study stages. Due to the nature of the voting arrangements of BJV, the Group does not control, nor have joint control of, BJV.

The Group has recognised its share of the assets and liabilities of BJV as at 31 December 2018 and has expensed its share of the costs of BJV for the half-year ended 31 December 2018 in accordance with the Group's accounting policy for exploration and evaluation expenditure.

As required by Myanmar legislation, BJV has a financial year end of 31 March.

At 31 December 2018, the Group's share of the assets and liabilities of BJV included in the consolidated statement of financial position are as set out below:

	31 December 2018 \$
Cash and cash equivalents	1,790,384
Other current assets	31,587
Plant and equipment	46,324
Current liabilities	(3,280,979)

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2018

11. Subsequent Events

Subsequent to the end of the half-year, on 1 February 2019, Mr Bruce Goulds was appointed as a Non-Executive Director of the Company.

On 28 February 2019, 14,000,000 Performance Rights which had vested during the half-year were converted to Shares.

Other than as noted above, since 31 December 2018, no events have arisen that have materially affected the operations of the consolidated entity, the results of the consolidated entity or the state of affairs of the consolidated entity.

Directors' Declaration

The directors of Myanmar Metals Limited declare that, in the directors' opinion:

- (a) the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors dated this 7th day of March 2019.



Rowan Caren
Director

Independent Auditor's Review Report

To the Members of Myanmar Metals Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Myanmar Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2018, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Myanmar Metals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

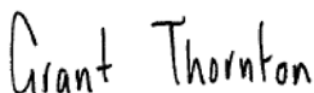
Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Myanmar Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 7 March 2019