

# MYANMAR METALS LIMITED (ASX:MYL)

ACN 124 943 728

EQUITY RAISING INVESTOR PRESENTATION

21 May 2019

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## COMPETENT PERSONS STATEMENTS

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code.

The information in this report that relates to Geology and Exploration Results is based on, and fairly reflects, information compiled by Mr Andrew Ford, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Ford is an employee of Myanmar Metals Limited. Mr Ford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr Serikjan Urbisinov, who is a Member of the Australian Institute of Geoscientists. Mr Urbisinov is employed by CSA Global Pty Ltd, independent resource industry consultants. Mr Urbisinov has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Urbisinov consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on, and fairly reflects, information compiled by Mr Daniel Grosso and reviewed by Mr Karl van Olden, both employees of CSA Global Pty Ltd. Mr van Olden takes overall responsibility for the Report as Competent Person. Mr van Olden is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC (2012 Edition). The Competent Person, Karl van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appear.



# Important Notices

## CAUTIONARY STATEMENT RELATING TO PRE-FEASIBILITY STUDY, ORE RESERVES AND MINERAL RESOURCES

74% of the material included in the current mining schedule for the Bawdwin Pre-Feasibility Study (PFS) is included in Probable Ore Reserves. However, the remainder is currently included in Inferred Mineral Resources, with no reduction factor applied to the tonnes and grades of the Inferred Mineral Resources. Over the 4 year project payback period 92% of the processed material will be from Probable Ore Reserves and 8% from Inferred Mineral Resources. Inferred Mineral Resources have a lower level of geological confidence and cannot be included in the calculation of Ore Reserves. All results of 2018 and 2019 infill drilling have not been received and there is no guarantee that a Resource update will convert Inferred Mineral Resources into Indicated Mineral Resources or return the same grade and tonnage distribution. This may affect mining studies and economic outcomes from this PFS, including any production targets.

Process and engineering designs for the Bawdwin PFS were developed to support capital and operating estimates to an accuracy of  $\pm 25\%$ /-15%. Key assumptions upon which the PFS was based are outlined in the ASX Announcement dated 6 May 2019. Myanmar Metals Limited (MYL or the Company) has concluded it has a reasonable basis for providing the forward-looking statements in this presentation.

## REFERENCES TO ORE RESERVES, MINERAL RESOURCES AND PRE FEASIBILITY STUDY (PFS)

The PFS was announced on 6 May 2019. Myanmar Metals Limited confirms that it is not aware of any new information or data that materially affects the PFS information included in the market announcement dated 6 May 2019 and, in the case of the PFS, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

An Ore Reserve estimates of 18.4 Mt at 6.4% Pb, 169g/t Ag and 3.4% Zn have been reported in accordance with the JORC Code 2012 Edition as announced on 6 May 2019. Myanmar Metals Limited confirms that it is not aware of any new information or data that materially affects the Ore Reserve information included in the market announcement dated 6 May 2019 and, in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The cut-off used for the determination of Ore Reserves is a net value per block of ore (net smelter return).

Mineral Resource Estimate of 94.2 Mt at 4.2% Pb, 107g/t Ag, 2.1% Zn and 0.2% Cu reported in accordance with the JORC Code 2012 Edition was announced on 13 February 2019. Myanmar Metals Limited confirms that it is not aware of any new information or data that materially affects the Mineral Resource information included in the market announcement dated 13 February 2019 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. A 0.5% Pb cut-off above 750m RL, 2% Pb below 750m RL has been used for the 94.2 Mt Indicated and Inferred Resources and the 37.2 Mt Indicated Resource. The high grade 45Mt Indicated and Inferred Resources has a global cut-off of 2% Pb.

# Equity Raising Overview

Offer Size & Structure	<ul style="list-style-type: none"> <li>Myanmar Metals Limited (“<b>Myanmar Metals</b>” or the “<b>Company</b>”) (ASX:MYL) is pleased to announce an Equity Raising to raise \$30.0 million (“<b>Equity Raising</b>”) comprising:                     <ul style="list-style-type: none"> <li>A single tranche placement of approximately 319.9 million new fully paid ordinary shares (“<b>New Shares</b>”) to raise up to \$20.8 million (before costs) (“<b>Placement</b>”); and</li> <li>An underwritten non-renounceable entitlement offer of up to 142.2 million New Shares on the basis of one (1) New Share for every nine (9) shares held by eligible investors on the record date, to raise up to \$9.2 million (before costs) (“<b>Entitlement Offer</b>”)</li> </ul> </li> </ul>
Offer Pricing	<ul style="list-style-type: none"> <li>Offer price of \$0.065 per New Share, representing a:                     <ul style="list-style-type: none"> <li>7.1% discount to the last close (20 May 2019) of \$0.070 per share;</li> <li>5.1% discount to the TERP<sup>1</sup> of \$0.0685 per share;</li> <li>15.0% discount to 10-day VWAP of \$0.0765 per share; and</li> <li>17.6% discount to 30-day VWAP of \$0.0789 per share</li> </ul> </li> </ul>
Placement and Entitlement Offer	<ul style="list-style-type: none"> <li>Placement to new and existing institutional investors using the Company’s available placement capacity under ASX Listing Rules 7.1 and 7.1A</li> <li>New Shares issued pursuant to the Entitlement Offer will be issued under an Offer Booklet and qualified for secondary trading under s 708AA of the Corporations Act</li> <li>There will be a Top Up Facility under the Entitlement Offer pursuant to which eligible shareholders may apply for additional New Shares in excess of their entitlement, subject to a scale-back (“<b>Top Up Facility</b>”)</li> </ul>
Entitlement Offer <sup>2</sup>	<ul style="list-style-type: none"> <li>Entitlement Offer open to eligible shareholders in Australia, New Zealand, Hong Kong, Singapore and the United Kingdom from Friday, 31 May 2019 to 5:00pm (AWST) Monday, 17 June 2019</li> </ul>
Pre-Commitments	<ul style="list-style-type: none"> <li>Argonaut has received total binding pre-commitments of \$9.2m from Perilya Ltd and Yandal Investments Pty Ltd</li> </ul>
Lead Manager & Underwriter	<ul style="list-style-type: none"> <li>Argonaut Securities Pty Limited is the Lead Manager &amp; Sole Bookrunner</li> <li>Argonaut Capital Limited is the Underwriter to the Entitlement Offer</li> </ul>
Co-Manager	<ul style="list-style-type: none"> <li>Patersons Securities Limited is acting as Co-Manager to the Placement and Entitlement Offer</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New Shares issued pursuant to the Placement will be ex-entitlement</li> <li>New Shares issued under the Equity Raising will be listed on ASX and rank pari passu with the existing fully paid ordinary shares</li> </ul>

## Notes:

- The TERP is a theoretical price at which Myanmar Metals shares will trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Myanmar Metals shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Myanmar Metals closing share price of \$0.070 per share on 20 May 2019.
- Myanmar Metals shareholders must read the Offer Booklet which contains full information on the Entitlement Offer and application process.

# Indicative Sources and Uses of Funds

**\$30.0 million Equity Raising completes the funding required to advance Bawdwin to a decision to mine in 2Q 2020**

Sources of Funds	AUD M	Uses of Funds	AUD M
Cash Balance <sup>1</sup>	6.0	Definitive Feasibility Studies, Environmental Studies and Related Works for Bawdwin	7.8
Option Exercise Proceeds <sup>2</sup>	0.1	Drilling, Geophysical and Related Exploration Programs for Bawdwin	11.5
Equity Raising Proceeds	30.0	Early Capital Works, Engineering, Design, Tendering, Early Roadworks and Camp Construction	5.9
		Ongoing Project Maintenance & Holding Costs	3.9
		Approvals and Permitting Process	0.6
		Transaction & Advisory Costs	1.2
		General Corporate Overheads & Working Capital	5.2
<b>Total</b>	<b>36.1</b>	<b>Total</b>	<b>36.1</b>

Notes:

1. Cash balance as at 30 April 2019 of \$6.0m including MYL's share of cash in the Bawdwin Joint Venture
2. 3.2m listed options (exercisable at 3.0 cents per share) to be exercised prior to completion of the settlement date of the Placement

# Indicative Timetable

Key Events	Time / Date <sup>1</sup> (AWST)
Trading Halt and Announcement of Equity Raising	Tuesday, 21 May 2019
Placement Opens	12:00 Noon, Tuesday, 21 May 2019
Placement Closes	12:00 Noon, Wednesday, 22 May 2019
Announcement of outcome under Placement	Pre-Open, Thursday, 23 May 2019
Trading in Myanmar Metals Shares recommences on an ex-entitlement basis	Thursday, 23 May 2019
Record Date for determining entitlements of eligible shareholders to participate in the Entitlement Offer	Tuesday, 28 May 2019
Settlement of New Shares issued under Placement	Wednesday, 29 May 2019
Entitlement Offer Opens & Offer Booklet Dispatched	Friday, 31 May 2019
Entitlement Offer Closes	Monday, 17 June 2019
Last day to notify ASX of any shortfall	Thursday, 20 June 2019
Settlement and Allotment of New Shares issued under Entitlement Offer	Monday, 24 June 2019
Dispatch of holding statements and trading of New Shares issued under Entitlement Offer	Tuesday, 25 June 2019

## Notes:

1. The above timetable is indicative only and subject to change. Myanmar Metals, in conjunction with the Lead Manager, reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All times and dates are in reference to Australian Western Standard Time.

# Pro Forma Capital Structure

**Pro forma capital structure for Myanmar Metals pre and post equity raising at the issue price of \$0.065 per share**

Capital Structure		Current	\$30.0 million Raise
Offer Share Price	AUD/Share	0.065	0.065
Shares on Issue	#M	1,276.3	1,741.6
Options on Issue <sup>1,2</sup>	#M	231.0	227.8
Undiluted Market Capitalisation	AUD M	83.0	113.2
Cash Balance <sup>2,3</sup>	AUD M	6.0	6.1
Gross Equity Raising Proceeds	AUD M	-	30.0
Debt	AUD M	Nil	Nil
Enterprise Value	AUD M	77.0	77.1

**Notes:**

- Options on issue comprise of 182.5m listed options (strike price of \$0.03/share expiring on 31 December 2019), 40.0m unlisted options (strike price of \$0.078/share expiring 15 June 2022), 7.0m unlisted options (strike price of \$0.07/share expiring on 30 November 2020) and 1.5m unlisted options (strike price of \$0.06/share expiring on 30 June 2021)
- 3.2m listed options (exercisable at 3.0 cents per share) to be exercised and allotted prior to completion of the Placement
- Cash balance as at 30 April 2019 of \$6.0m including MYL's share of cash in the Bawdwin Joint Venture

# Compelling Investment Proposition

- 1 Poised to become the 3<sup>rd</sup> largest-producing lead mine, a top 10 largest-producing silver mine and a globally significant zinc project<sup>1</sup>
- 2 13 year Starter Pit delivers a pre-corporate tax NPV<sub>8</sub> of US\$580m / A\$828m<sup>2</sup> from processing just 26% of currently defined JORC Minerals Resources of 94.2Mt
- 3 Starter Pit offers favourably low capital intensity relative to comparable global development projects<sup>3</sup> with an IRR of 30% and payback period of four years<sup>2</sup>
- 4 Positioned as a lowest quartile producer on the global zinc cost curve with a net cash cost of -US\$0.45/lb after deduction of by-product credits<sup>4</sup>
- 5 High grade maiden JORC Probable Ore Reserve of 18.4Mt at 6.4% Pb, 169g/t Ag and 3.4% Zn
- 6 Potential for pilot scale mining operations in 2019 ahead of full scale mining in 2021
- 7 Bawdwin resource remains open in all directions. The discovery of multiple, high grade polymetallic lodes along strike confirms the exceptional prospectivity and long life potential of the Bawdwin Mineral Province
- 8 Highly strategic asset located just 230km from the Chinese border and on the One Belt-One Road route
- 9 100% of project offtake currently unencumbered
- 10 Brownfields project with an existing mining concession, fiscal terms and a long track record of production

## Notes:

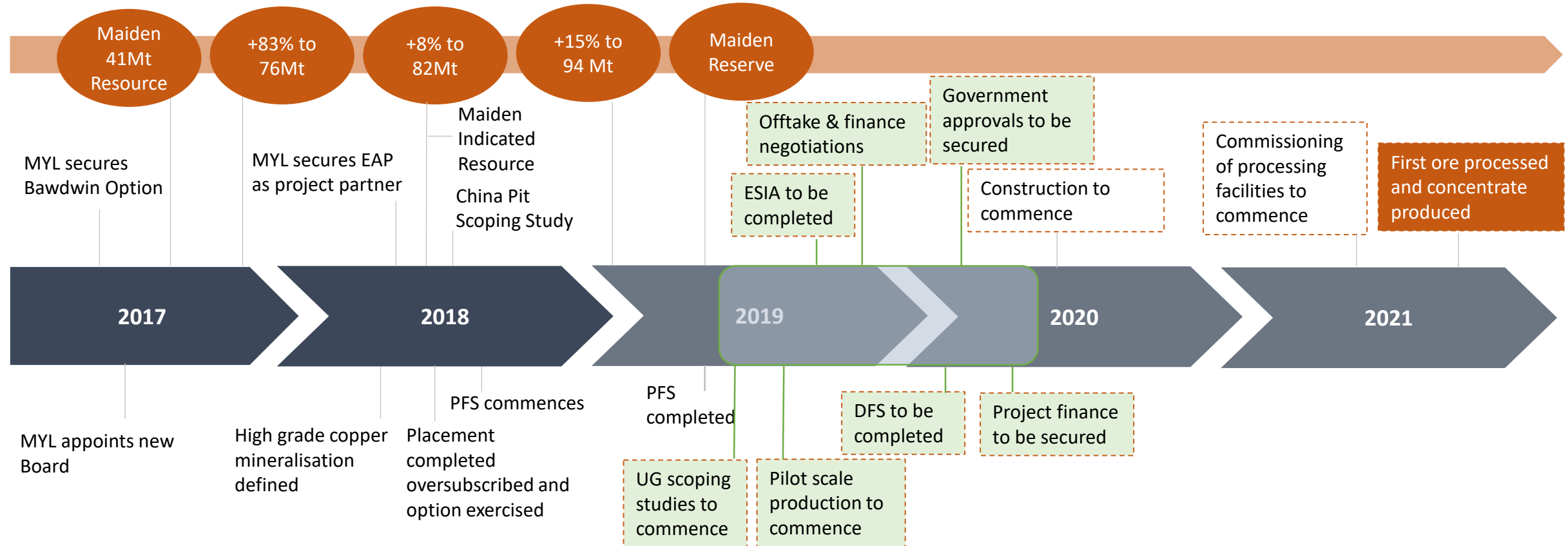
1. Based on data sourced from S&P Global Market Intelligence as at 10 April 2019. Information sourced from reported 2018 annual production metrics from project operators.
2. As per Pre-Feasibility Study (refer to ASX Release dated 6 May 2019). Net present value and internal rate of return presented pre corporate tax and MYL corporate overheads but post royalties and production sharing taxation. MYL holds a 51% participating interest in the Bawdwin project. FX rate used AUD:USD 0.7
3. S&P Global Market Intelligence. Dataset includes all feasibility studies that include lead as a payable metal filtered by (1) PbEq. And/or ZnEq. Production > 50ktpa, (2) mine life > 10 years, (3) at least pre-feasibility study level, and (4) market capitalisation > \$50.0 million
4. Based on data sourced from S&P Global Market Intelligence (S&P MI) as at 10 April 2019. Zinc cost curve with by-product credits applied. Basis of net cash costs calculation: life of Starter Pit total operating costs (including royalties and production sharing taxation) of US\$4.1bn less revenues from lead and silver (US\$4.7bn), divided by Life of Starter Pit zinc production of 555 kt (see Table 8). Converted from tonnes to pounds using standard conversion (1 tonne = 2,205 pounds).



# Project Timeline

## Key 12-months in which the value-accretive milestones will be delivered

### Bawdwin Resources<sup>1</sup>



First ever comprehensive modern exploration program operates throughout, discovering additional resources at local sites

#### Notes:

1. Indicated and Inferred Mineral Resource Estimates in accordance with the JORC Code 2012 Edition. Current Indicated and Inferred Mineral Resource Estimates announced on 13 February 2019. Myanmar Metals Limited confirms that it is not aware of any new information or data that materially affects the Mineral Resource information included in the market announcement dated 13 February 2019 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

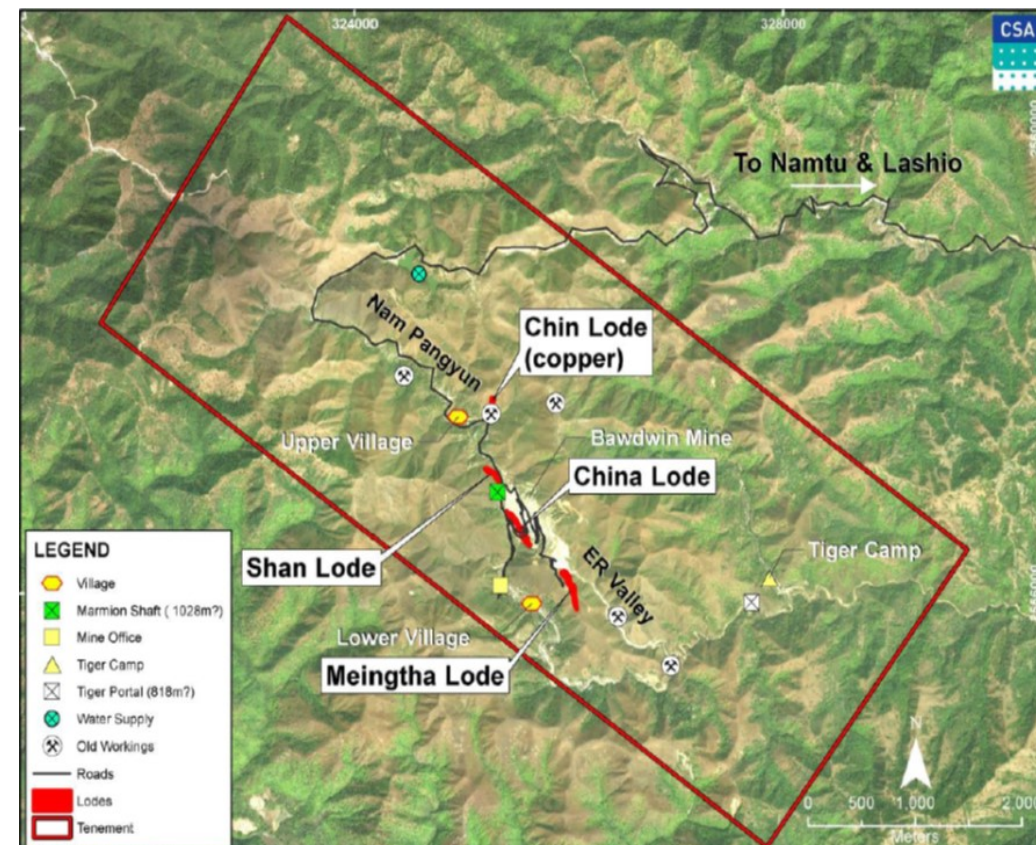
# Bawdwin Project

## Re-development of a low cost, high-grade, long-life mining district

### Project Overview

Location	<ul style="list-style-type: none"><li>Shan State, Myanmar</li></ul>
History	<ul style="list-style-type: none"><li>Over 600 years of mining history. Largest producing lead mine in the 1930's</li></ul>
Concession Area	<ul style="list-style-type: none"><li>Mining Concession covering 38km<sup>2</sup> under a Production Sharing Agreement with Myanmar Government entity</li><li>Includes critical project infrastructure and transportation corridor</li></ul>
Planned Mining Operation	<ul style="list-style-type: none"><li>Initial open pit mining with future underground and satellite operations</li><li>Processing plant c. 2.0 Mtpa capacity</li><li>Conventional milling and flotation circuits to produce two concentrate products</li></ul>
Project Status	<ul style="list-style-type: none"><li>Historic underground and open-pit mining operations</li><li>Project on care and maintenance since 2009</li><li>China Pit Scoping Study published September 2018</li><li>JV established under MYL's lead with an experienced team in place</li><li>Pre-Feasibility Studies published May 2019</li><li>Definitive Feasibility Study now underway</li></ul>

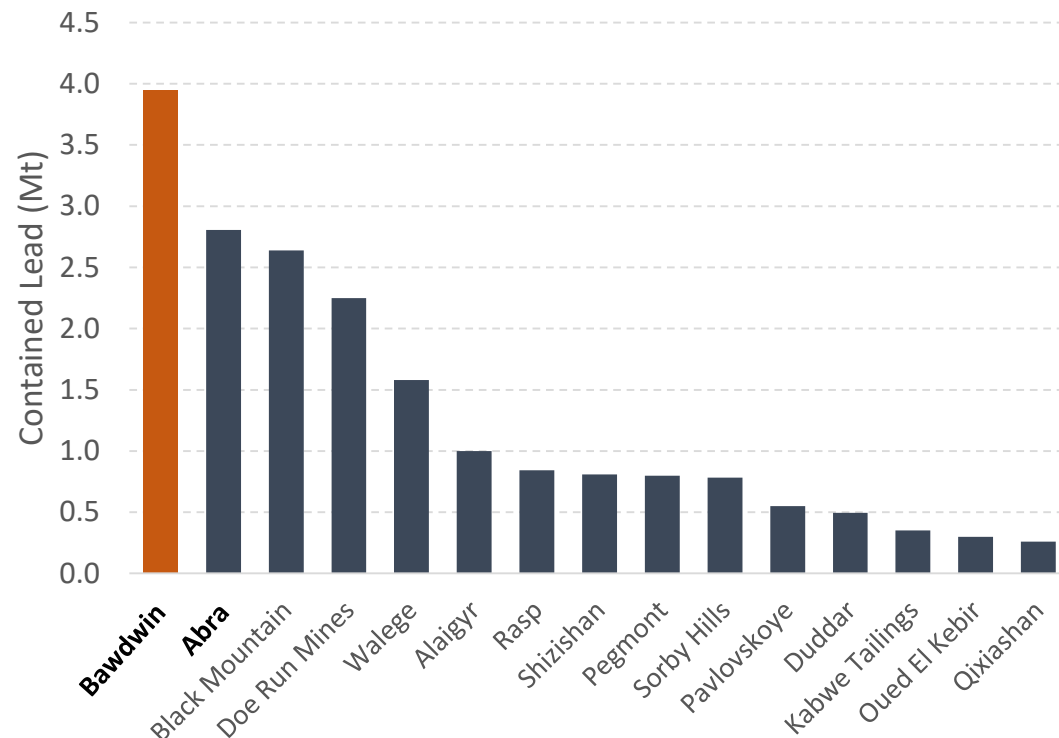
### Bawdwin Concession



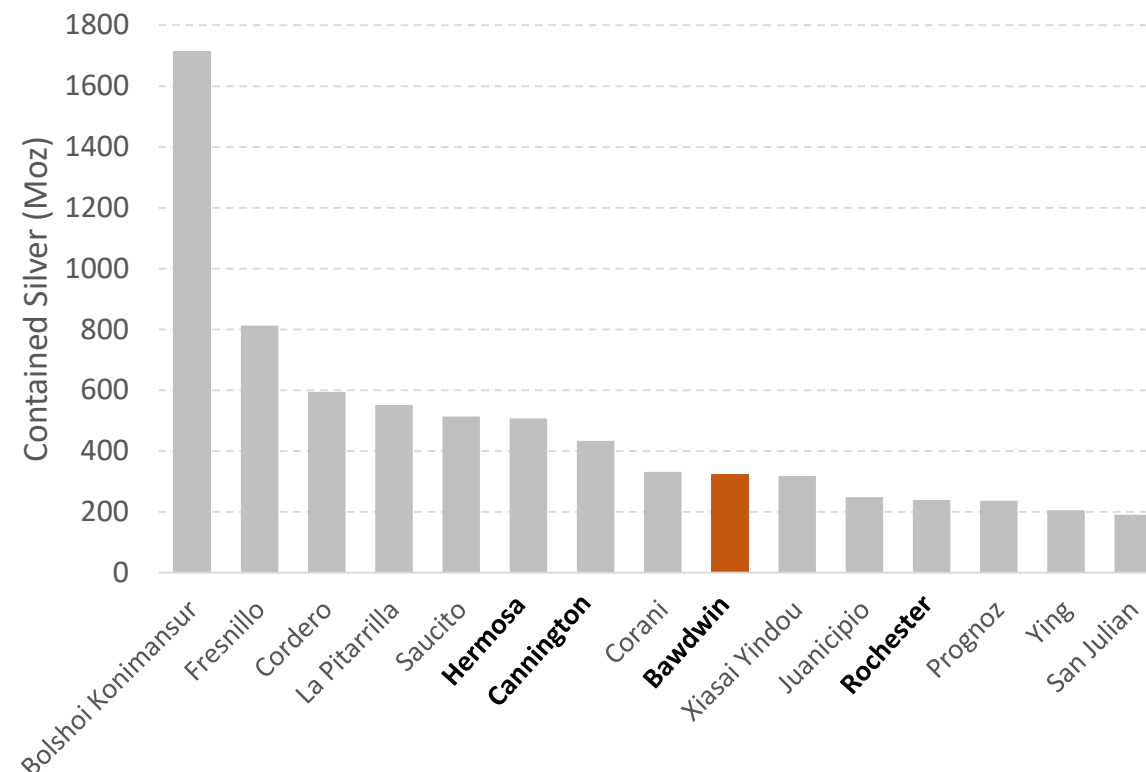
# Globally Significant Resource

**Bawdwin's current resources place the project amongst the greatest lead and silver mines and projects in the world**

*Global Top 15 Primary Lead Projects by Contained Lead Metal*



*Global Top 15 Primary Silver Projects by Contained Silver Metal*



**Notes:**

1. Source: S&P Global Market Intelligence
2. Bawdwin is classified as a primary lead project by S&P but can be regarded as a primary silver project depending on metal price movements. Bawdwin is shown against primary lead and silver projects for comparative purposes. S&P data includes project reserves and resources from all mining operations and pre-production projects. Data as at 11 February 2019.

# Bawdwin Starter Pit PFS

The PFS delivers robust economics based on a 13 year Starter Pit processing only 26% of currently defined Mineral Resources of 94.2Mt

## Operational Metrics

Starter Pit Mine Life	▪ 13 years
Processing Plant Throughput	▪ 2 Mtpa
Ore Mined	▪ 24.7 Mt
Strip Ratio	▪ 8.0
Average Grade	▪ Lead: 6.4% ▪ Silver: 168.1g/t ▪ Zinc: 3.2%
Steady State Annual Production	▪ Lead-Silver Concentrate: 196ktpa ▪ Zinc Concentrate: 93ktpa
Weighted Average Concentrate Grade	▪ Lead Concentrate: 60% ▪ Silver in Lead Concentrate: 1,186g/t ▪ Zinc Concentrate: 53%
Metallurgical Recovery	▪ Lead: 87% ▪ Silver in Lead Concentrate: 85% ▪ Zinc: 70%

## Starter Pit Financial Metrics<sup>1</sup> (USD M)

Revenue	▪ 5,891.0
Operating Costs	▪ 2,655.0
EBITDA	▪ 1,785.0
Free Cashflow	▪ 1,458.0

## Value Benchmarks

Operating Costs	▪ US\$107.9/t
Pre-Tax NPV (8% real discount rate) <sup>1,2</sup>	▪ US\$580 m. /A\$828 m.
IRR <sup>1,2</sup>	▪ 30%
Payback Period	▪ 4 years

## Pre-production Capital Expenditure (USD M)

On-Site Capital Expenditure	▪ 196.0
Owners Costs	▪ 71.0
Sub-total	▪ <b>267.0</b>
Contingency	▪ 33.0
Total	▪ <b>300.0</b>

Source: MYL announcement dated 6 May 2019.

Notes:

1. Selected PFS assumptions: Lead price US\$2,170/t; Silver price US\$17.3/oz; Zinc price US\$2,535/t and A\$1=US\$0.70. Net present value and internal rate of return presented pre corporate tax and MYL corporate overheads but post royalties and production sharing taxation.

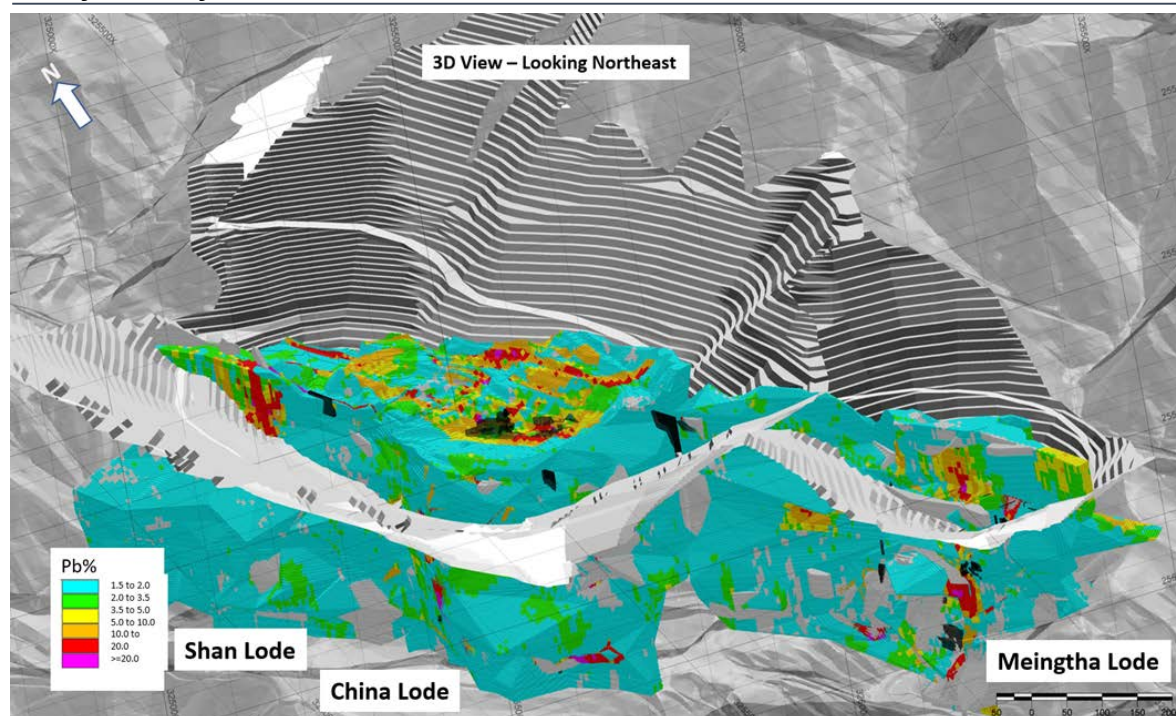
2. MYL holds a 51% participating interest in the Bawdwin project



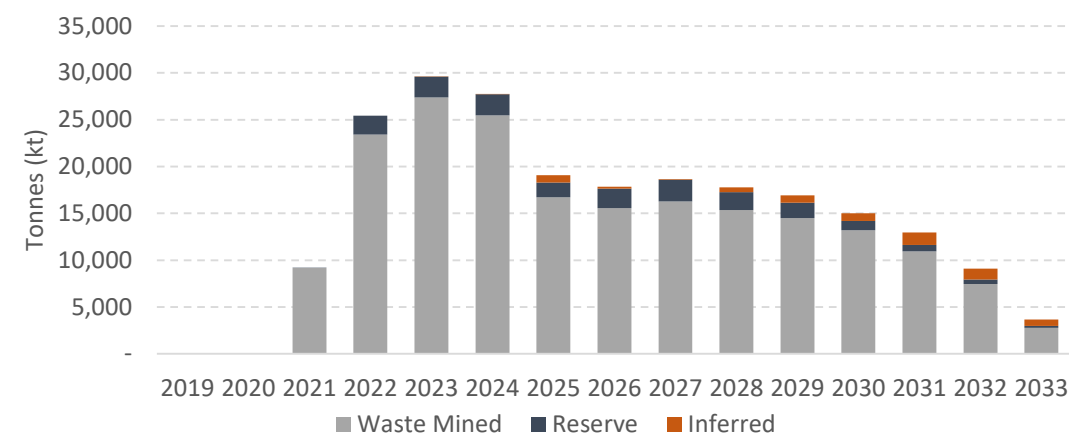
# Starter Pit - Mining

**Starter Pit is concentrated on the central China Lode and will be mined 220 metres below the current valley floor for an initial 13 year mine life**

*Wireframe of the Entire Bawdwin Mineral Resource*



*Mining schedule (by category of material)*



## Starter Pit

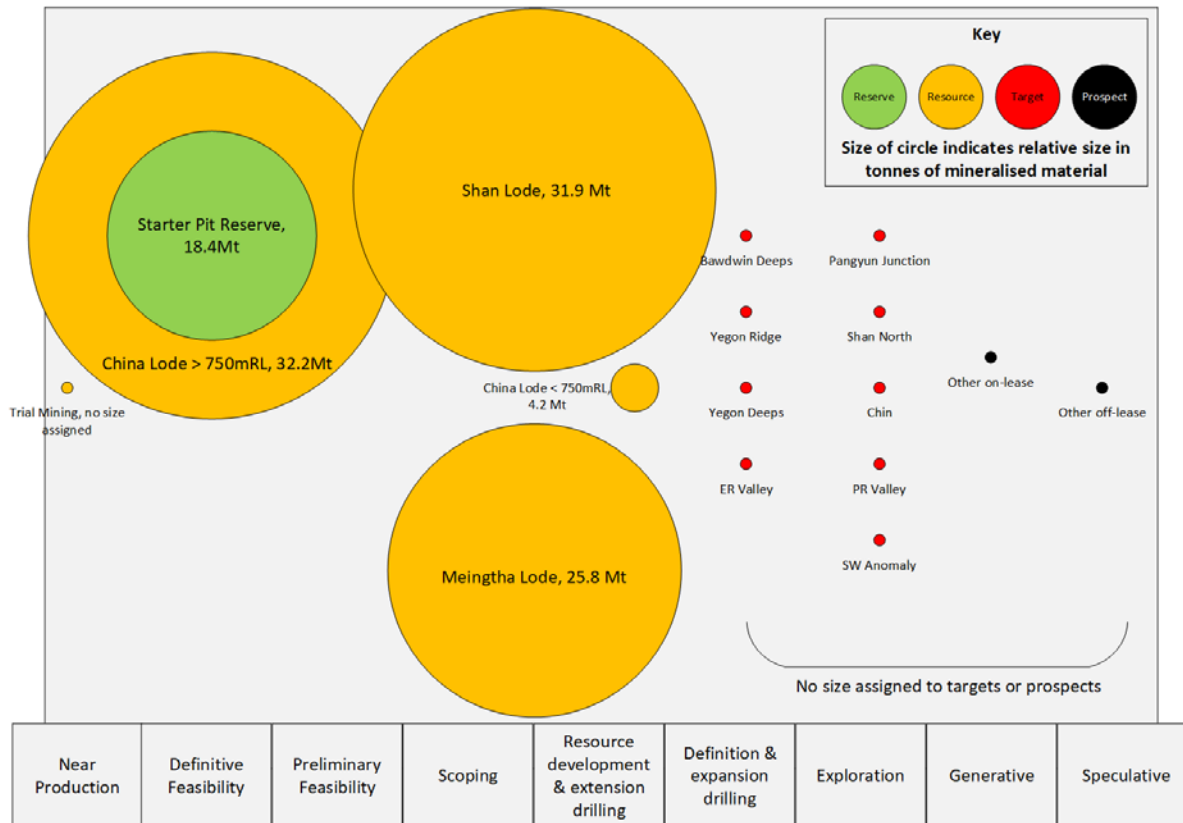
- Conventional drill, blast, load and haul mining operation
- 8 month ramp-up commencing 2021
- 88% of the processed material is fresh sulphide mineralisation and 12% is transitional
- 74% of the processed material is from the Probable Ore Reserve category and 26% is from the Inferred Mineral Resource category



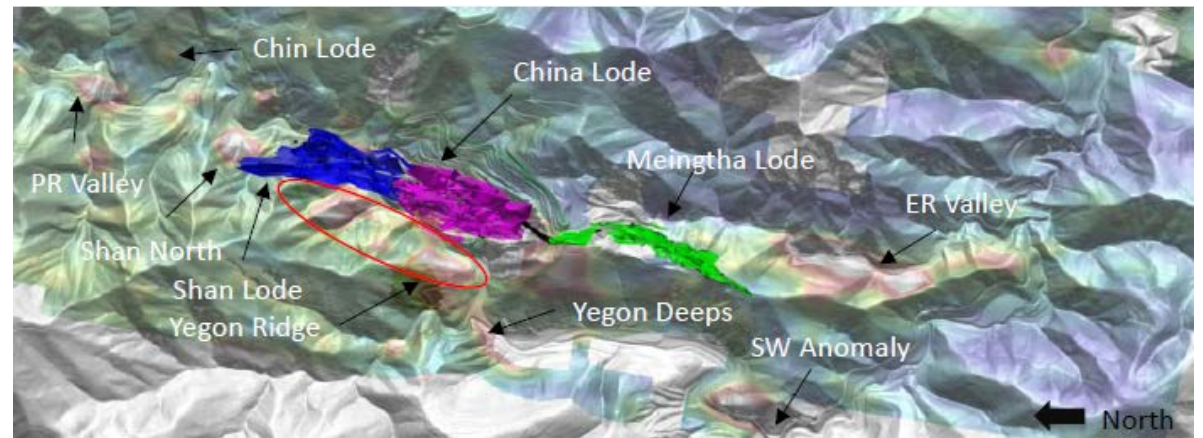
# Bawdwin Project Pipeline

A full project pipeline has been developed at Bawdwin. The Starter Pit is phase 1 of mining operations, followed by Shan and Meingtha underground mines

*Bawdwin Project Pipeline*



*Plan View of Lodes & Targets*



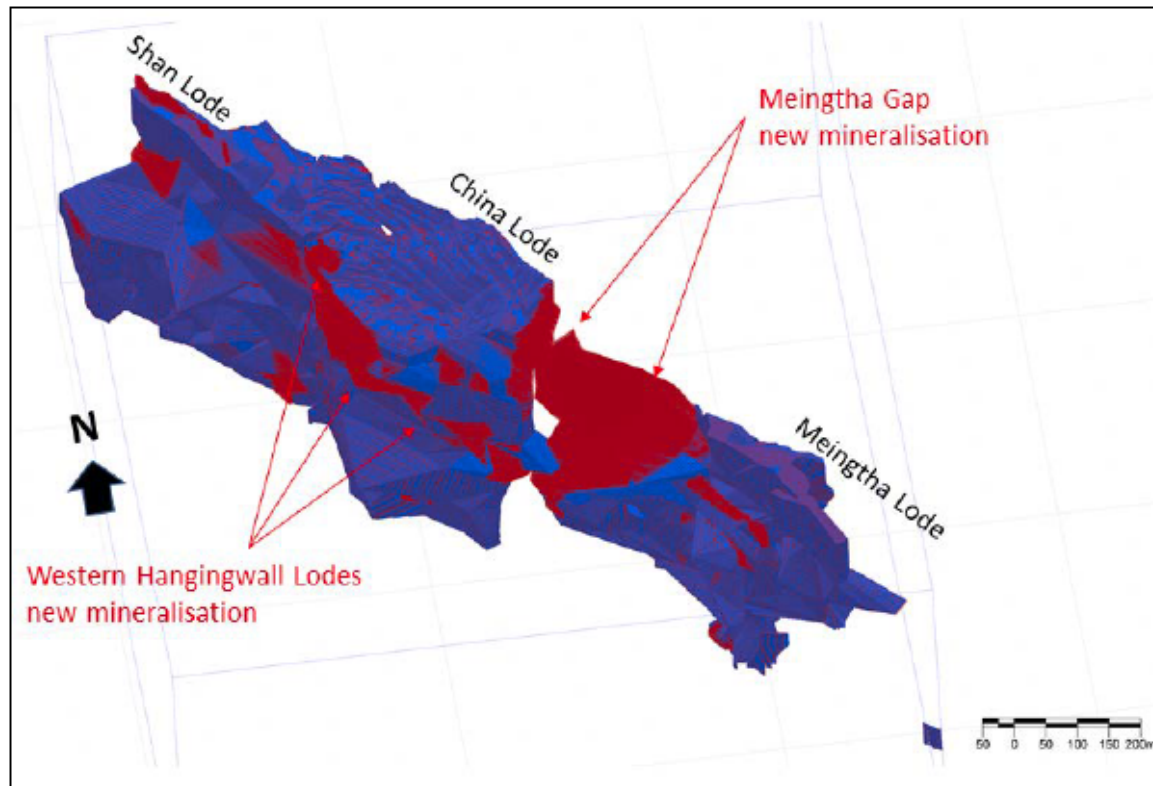
## Strong pipeline of prospective targets

- High grade copper lode (5.5% Cu) discovered in ER Valley
- Five high priority exploration targets exhibit similar geophysical properties to the known lodes
- Drilling-to-date at Shan, China and Meingtha Lodes have not yet reached the base of the historical workings
- Further drilling and testwork to explore the unexploited portion of the Bawdwin deposit
- Bawdwin Mineral Province is open along strike, at depth and parallel to strike

# JORC Ore Reserves & Mineral Resources

The Bawdwin deposit continues to grow and now ranks among the largest polymetallic resources globally with substantial exploration potential

3D Illustration of Bawdwin Lodes



Ore Reserves & Mineral Resources

Oxidation	Resource Classification	Tonnes (kt)	Pb Grade (%)	Ag Grade (g/t)	Zn Grade (%)	Cu Grade (%)
Transition	Indicated	3,556	3.69	121	1.77	0.24
	Inferred	1,898	1.61	80	1.72	0.08
	<b>Total</b>	<b>5,454</b>	<b>2.97</b>	<b>107</b>	<b>1.75</b>	<b>0.18</b>
Deep Transition	Indicated	1,184	4.99	116	3.33	0.11
	Inferred	498	4.55	143	0.99	0.13
	<b>Total</b>	<b>1,682</b>	<b>4.86</b>	<b>124</b>	<b>2.64</b>	<b>0.12</b>
Fresh	Indicated	32,473	4.35	113	2.37	0.22
	Inferred	54,542	4.20	103	1.88	0.23
	<b>Total</b>	<b>87,016</b>	<b>4.26</b>	<b>107</b>	<b>2.06</b>	<b>0.23</b>
Total	Indicated	37,214	4.31	114	2.35	0.22
	Inferred	56,939	4.12	103	1.86	0.22
	<b>Total</b>	<b>94,152</b>	<b>4.19</b>	<b>107</b>	<b>2.05</b>	<b>0.22</b>

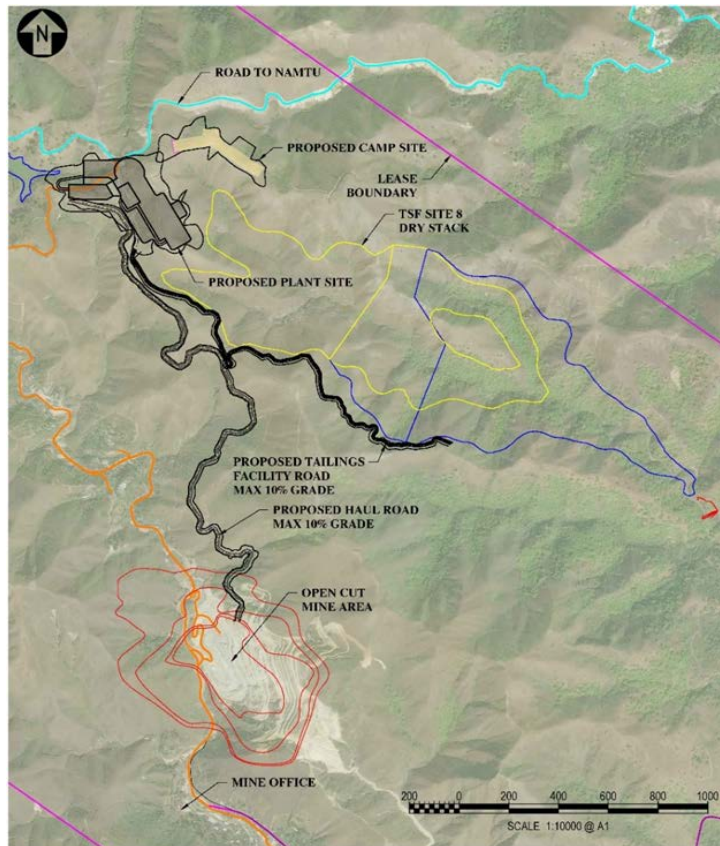
  

Reserve Classification	Tonnes (kt)	Pb Grade (%)	Ag Grade (g/t)	Zn Grade (%)	Cu Grade (%)
Proved	-	-	-	-	-
Probable	18,400	6.4	169	3.4	-
<b>Total</b>	<b>18,400</b>	<b>6.4</b>	<b>169</b>	<b>3.4</b>	<b>-</b>

# Site Layout

**A site layout that maximises efficiency, minimises costs and allows for future plant expansions**

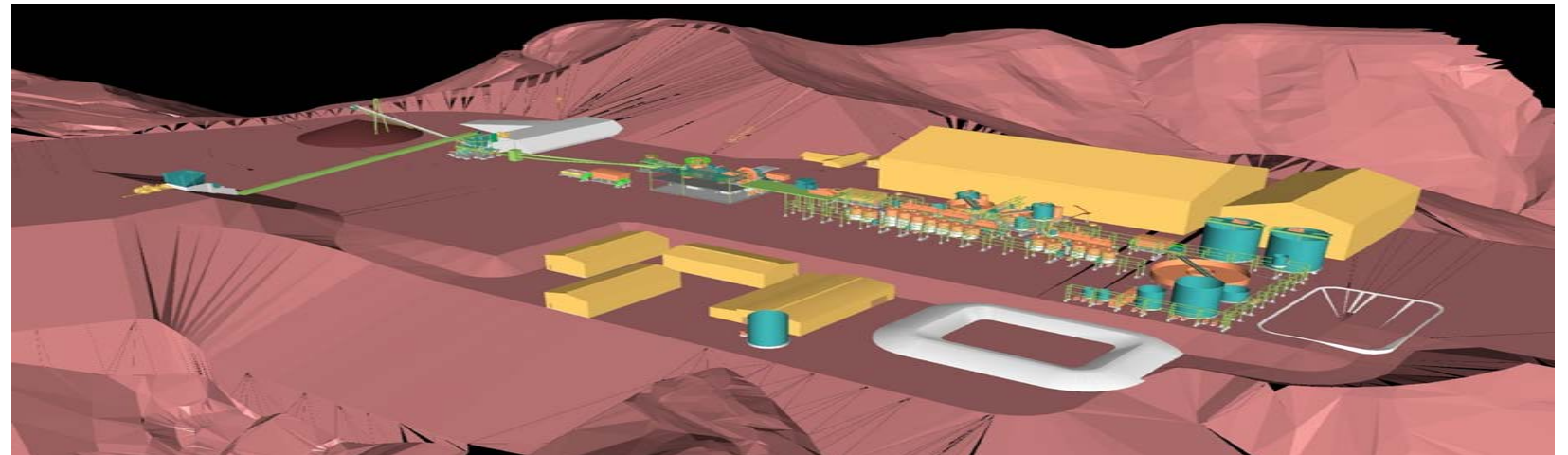
## Site Layout



## Commentary

- Modern processing facility, located 1.5kms north of the open-pit, to contain all the crushing, grinding, flotation and filtration infrastructure
- Plant throughput 2 Mtpa, designed with potential for expansion
- Co-locating processing infrastructure at a single site has reduced capital and operating costs relative to other alternatives and offers reduced costs associated with the handling and storage of tailings

## Visualisation of Bawdwin Processing Plant

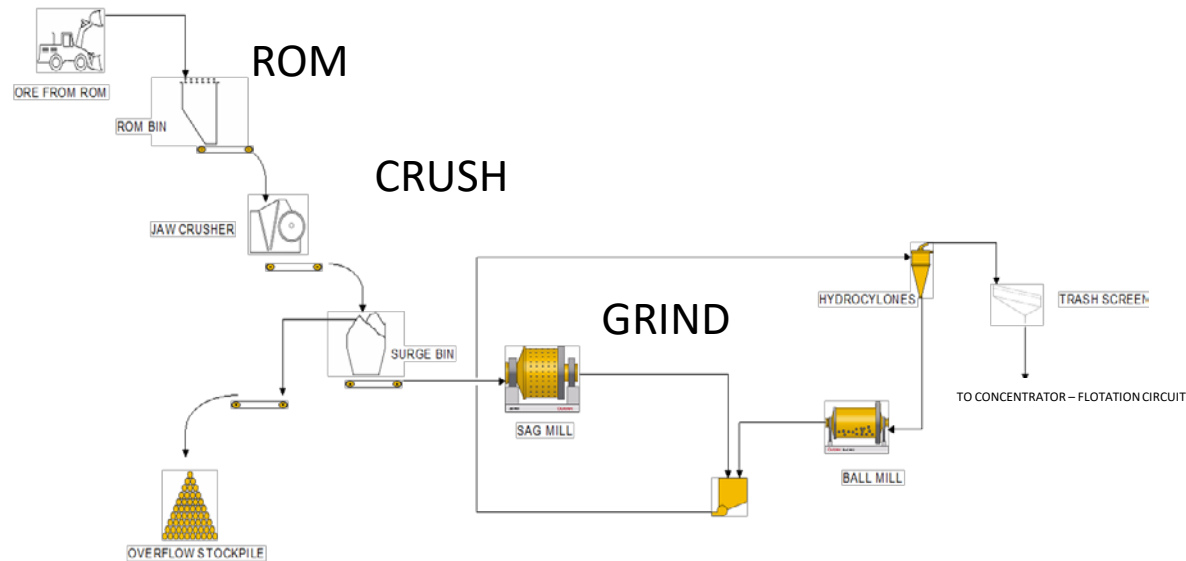




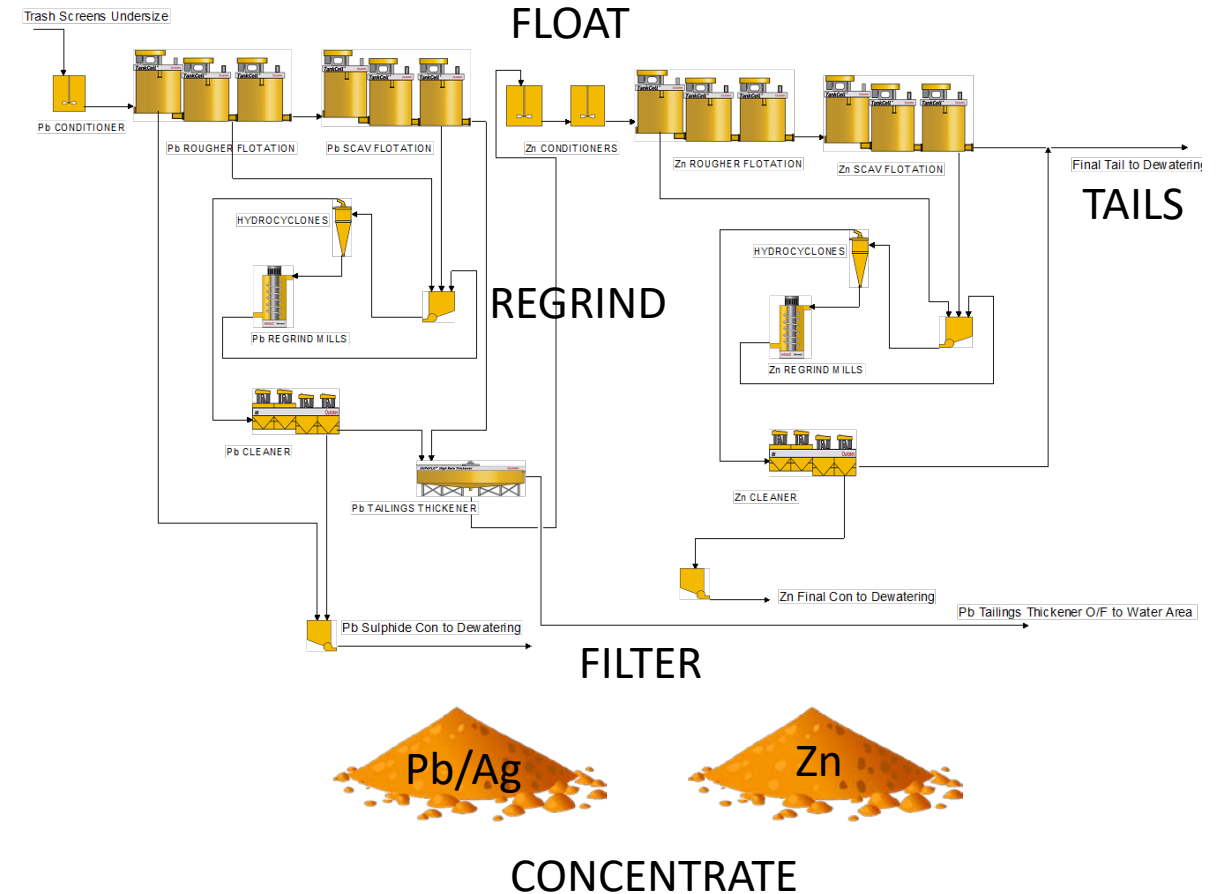
# Process Flowsheet

## A conventional sulphide process flowsheet

### Comminution Flowsheet



### Concentrator – Flotation Flowsheet



# Bawdwin Product Flow

## Short distance to market and simple road-based logistics



### Planned construction:

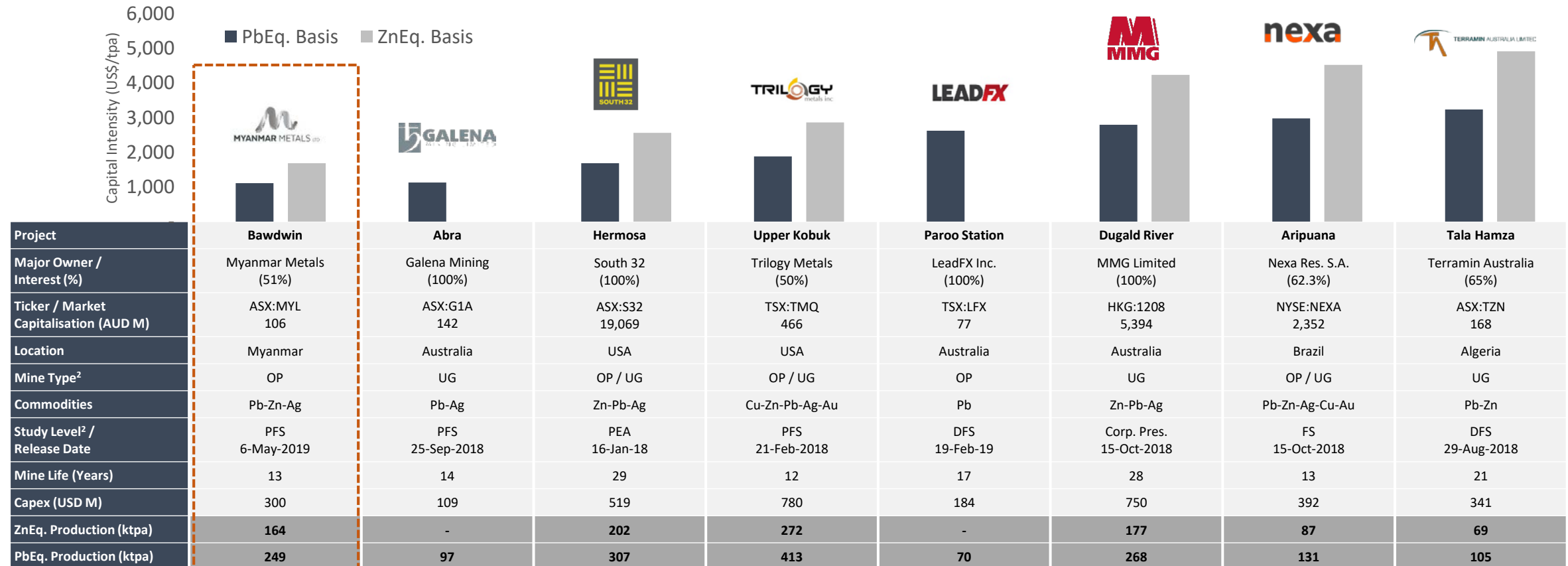
- Processing plant
- Mine roads and yards
- Public road upgrades
- Loading facility
- Mine camp
- Grid power connection
- Environmental control structures
- Housing upgrade



# Low Capital Intensity

Pre-production capital investment of US\$300 million represents one of the lowest capital intensities amongst globally comparable projects

## Capital Intensity Comparison



Source: Company disclosure

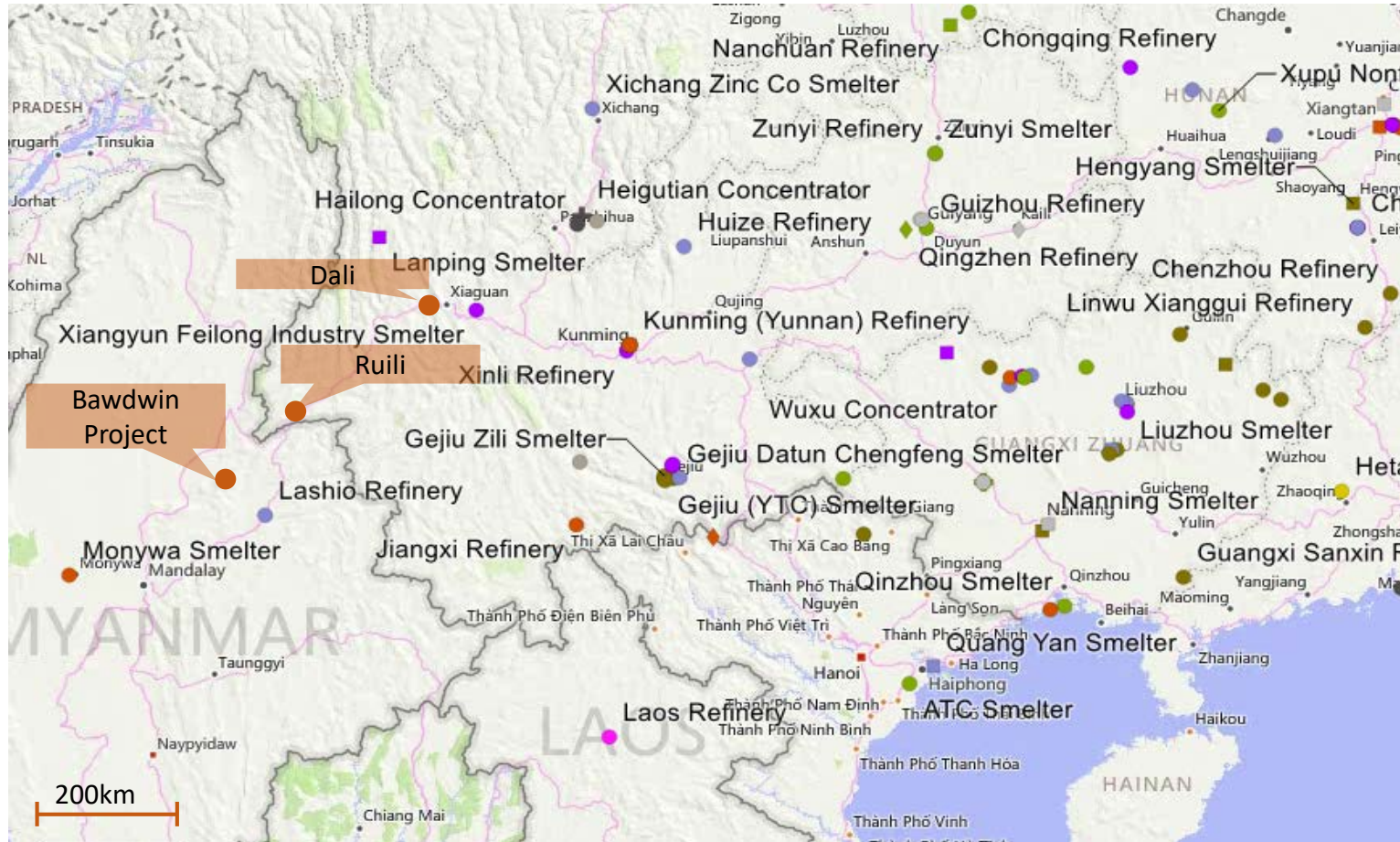
1. Source: S&P Global Market Intelligence. Dataset includes all feasibility studies that include lead as a payable metal filtered by (1) PbEq. And/or ZnEq. Production > 50ktpa, (2) mine life > 10 years, (3) at least pre-feasibility study level, and (4) market capitalisation > \$50.0 million.

2. Abbreviations: Mine Type - open pit (OP) and/or underground (UG). Development Studies – Pre-feasibility Study (PFS), Preliminary Economic Assessment (PEA), Definitive Feasibility Study (DFS), Feasibility Study (FS) and Corporate Presentation (Corp. Pres.).

3. Metal equivalent production numbers assume the following spot commodity prices: Pb US\$1,965/t, Zn US\$2,981/t, Ag US\$15.1/oz and Cu US\$6,385/t.

## Bawdwin offtake remains unencumbered

### *Proximity to Refineries and Smelters<sup>2</sup>*



- Smelters in Yunnan province have provided payability estimates which are internationally competitive, reflecting the high grade of the Bawdwin concentrate products (up to 95% payability for lead and silver and up to 85% payability for zinc)<sup>1</sup>
- Offtake remains 100% unencumbered. The completion of the PFS provides the foundation for discussions with offtake parties
- Opportunity for early pilot scale production using the 32-Mile plant commencing in 2019

Notes:

1. MYL announcement date 6 May 2019.
2. S&P Global Market Intelligence

# Summary

## MYL is positioned to become a leading regional base metals producer

- World class resource, 94.2 Mt at 4.2% Pb, 107g/t Ag, 2.1% Zn and 0.2% Cu<sup>1</sup>, which is open in all directions
- Probable Ore Reserve, 18.4 Mt at 6.4% Pb, 169g/t Ag and 3.4% Zn<sup>1</sup>
- Existing Mining Concession & Production Sharing Agreement provides path to accelerated re-development program
- Pre-Feasibility Study complete and Ore Reserve declared
- Experienced board and management team assembled with leading international and local partners
- Sovereign risk mitigated via strategic local partners
- Early mining (pilot-scale) under consideration for 2019 commencement



*Drill access road to ER Valley*

Notes:

1. Ore Reserve and Mineral Resource Estimate reported in accordance with the JORC Code 2012 Edition as announced on 6 May 2019 and 13 February 2019, respectively. Probable Ore Reserves are included in the Indicated Mineral Resources. Myanmar Metals Limited confirms that it is not aware of any new information or data that materially affects the Reserve and Resource information included in the market announcements dated 6 May 2019 and 13 February 2019, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. A 0.5% Pb cut-off above 750m RL, 2% Pb below 750m RL has been used for the 94.2 Mt Indicated and Inferred Resources and the 37.2 Mt Indicated Resource.



# Appendix: International Offers Restrictions

## **INTERNATIONAL OFFER RESTRICTIONS**

This document does not, and is not intended to, constitute an offer of New Shares of the Company in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### **NEW ZEALAND**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### **SINGAPORE**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **HONG KONG**

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **UNITED KINGDOM**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

# Appendix: Risks

## COMPANY SPECIFIC RISKS

### **FUTURE CAPITAL REQUIREMENTS**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until its projects are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities.

The Company believes its available cash and the net proceeds of the Entitlement Offer and Placement should be adequate to fund its business development activities and other Company objectives in the short- to medium-term.

However, in order to successfully develop the Bawdwin Project and for production to commence, the Company will require additional financing in the future, in addition to amounts raised pursuant to the Entitlement Offer and Placement. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained as and when required, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in its interest in the Bawdwin Project being subject to dilution or forfeiture and could affect the Company's ability to continue as a going concern.

### **CONTRACTUAL AND JOINT VENTURE RISKS**

The Company's interest in the Bawdwin Project is held through a legally binding contractual joint venture arrangement with Win Myint Mo Industries Co., Ltd. (or a newly created company incorporated for the sole purpose of holding the Bawdwin Project) (referred to hereinafter as WMM), the current controlling shareholders of WMM (OSG), and EAP.

The Bawdwin Project is held as follows:

- (i) Company: 51%
- (ii) EAP Global Mining Company Limited (EAP): 24.5%; and
- (iii) OSG: 24.5%.

Upon completion of a bankable feasibility study, approval is to be sought from the Myanmar Investment Commission for the Company to take a controlling equity interest (majority shareholding) in WMM, the holder of the Bawdwin Project. The Company will have the right to appoint the majority of directors to the board of WMM, one of whom will be the managing director of WMM.

On completion of equity vesting, shares in WMM will be held as follows:

- (i) Company: 51%;
- (ii) EAP: 24.5%; and
- (iii) OSG: 24.5%.

Accordingly, the ability of the Company to achieve its stated objectives will depend on the performance by the Company, EAP, the current shareholders of WMM, and WMM itself under the aforementioned agreements. If any of EAP, or WMM or the existing shareholders of WMM defaults in the performance of their obligations, or there is disagreement as to a matter of contractual interpretation, it may be necessary for the Company to initiate proceedings in an arbitral tribunal or a court to seek a legal remedy, which can be costly and has no certainty of resulting in a favourable outcome for the Company.

### **MYANMAR GOVERNMENT APPROVALS**

Upon completion of the feasibility studies for the Bawdwin Project, approval is to be sought from the Myanmar Investment Commission (MIC) pursuant to a recommendation from the Ministry of Natural Resources and Environmental Conservation (MONREC) for:

- (i) a foreign investment permit allowing the Company to take a controlling equity interest in the holder of the Bawdwin concession, replacing the present contractual interest and enabling incorporation of the JV;
- (ii) the Bawdwin Joint Venture to undertake development of a new and/or expanded mining operation as described in the feasibility studies; and
- (iii) the JV to continue to undertake large-scale mineral production activities as a foreign-invested entity (following vesting of the Company's controlling equity interest and incorporation of the JV).

Myanmar mining laws allow the undertaking of large-scale mineral production activities, including by foreign-invested entities, subject to the grant of a large-scale production permit and/or production agreement by MONREC. WMM currently holds a granted production agreement for the Bawdwin Project. Subject to the results of the feasibility study process, amendments may be required to WMM's current production agreement in order to allow the Company and WMM to undertake the scale of operations for the full life of mine called for by the bankable feasibility study.

Under Myanmar investment laws, major and/or sensitive projects, including proposed large-scale mineral production projects, require investment approvals from the MIC. Approvals are sought by way of an application based on the financial, technical and related projections for the proposed project, including in respect of such factors as profitability, creation of employment and social and environmental factors.

Myanmar environmental laws contain detailed environmental impact assessment (EIA) requirements, which also comprise social impact assessment. Proponents of major projects, including large-scale mineral production projects, are required to prepare and submit a detailed EIA to MONREC by way of application for an environmental compliance certificate (ECC) based on review and approval of the EIA. An ECC constitutes an environmental permit to proceed with the project and is subject to periodic renewal.

Development of the Bawdwin project by the Company and its partners is reliant on foreigners being permitted to reside and work at the Bawdwin site. As part of the development of the Bawdwin Project, formal approval for foreigners to reside and work at Bawdwin must be secured.

It is expected that various other ancillary permits and approvals will be required from time to time from various Myanmar government authorities in relation to specific aspects of the Company's and WMM's intended future activities, such as in relation to import/export activities, water usage, building construction and on-site health and safety.

There can be no guarantee that all of the necessary permits and approvals will be forthcoming or granted on terms that are acceptable to the Company. Delays in obtaining, or the inability to obtain, permits and required approvals on acceptable terms may significantly impact on the Company's operations.



# Appendix: Risks

## COMPANY SPECIFIC RISKS (CONTINUED)

### SOVEREIGN RISKS

The Company will be subject to the risks associated in operating in a foreign country. These risks include ability to obtain key approvals on a timely basis, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, imposition of sanctions, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence in assessing and managing the risks associated with mineral exploration and production in Myanmar. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company may have projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in mining exploration and production and in turn may affect the viability and profitability of the Company.

Myanmar is continuing to experience unrest between ethnic groups and military forces. Such unrest can fundamentally impact foreign businesses' operations in Myanmar. The location of the Company's operations in northern Shan State is an area that has experienced unrest between ethnic groups and/or military forces in recent years. The possibility of continued or an increase in unrest remains a threat which may affect the viability and profitability of the Company.

### ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are or may be subject to various laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. Without good work practises, the minerals handled and metal products produced from future mining operations have potential to create adverse health, safety and environmental impacts. Addressing health, safety and environmental risks identified in the risk management process will be a high priority in the ESIA and feasibility study.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

Portions of the area comprising the Bawdwin Project have been subject to previous mining works which may not have been adequately rehabilitated. Whilst the Company does not consider that it is responsible for these historic works, it intends to undertake activities in these areas and the historical disturbances caused by previous mining may increase future rehabilitation costs over what otherwise would be expected. Further, claims may be made that the Company does face some liability for these historic works, which may require the Company to seek a legal remedy, which can be costly.

### RELOCATION & COMMUNITY RISKS

The Company expects the Bawdwin mine re-development will create significant social and economic benefits for local communities, including employment opportunities, but acknowledges that local some residents may be directly or indirectly affected by the mine development and associated operations. Community programs and social impact studies will be conducted at the earliest opportunity to understand community issues and where possible address concerns.

The existing processing facility at Bawdwin has been established for many years but an expanded mine and/or treatments facility is expected to impact on some local housing which is expected to result in the Company being required to negotiate a resettlement program with the affected community members. The Company may therefore be required to undertake activities including a livelihood restoration and relocation program, including the building of new homes. As it is intended that local residents will be the source of a significant number of employees for the mine, and the quality of the housing constructed is expected to be higher than the existing buildings, community support is expected but cannot be guaranteed. If some members of the community are slow to relocate or resist moving altogether, it may have the potential to adversely affect future production.

### LEGACY RISKS

The existing Board was appointed on 19 June 2017, following the resignation of former directors Messrs Mordechai Gutnick and Peter Lee, and Dr David Tyrerwhit. The existing Board did not have oversight of the Company's activities prior to their appointment.

The Company's corporate records are incomplete for the period prior to the appointment of the existing Board. Consequently, there may be actions that were taken by previous directors and officers of the Company that the existing Board is not aware of. There is a risk that previous actions unknown to the existing Board may adversely affect the Company's operations and financial position, or lead to litigation that could take up management's time in defending any such litigation.

### NEW PROJECTS & ACQUISITIONS

If the Company is unable to proceed to take an equity investment in WMM or to proceed to development of Bawdwin for any reason, the Company will actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects which may result in the Company reallocating funds from other projects and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Other than its interest in Bawdwin, the Company has an interest in the non-diamonds rights of one exploration licence in the Northern Territory.

# Appendix: Risks

## COMPANY SPECIFIC RISKS (CONTINUED)

### **EMERGING MARKETS RISK**

The Bawdwin Project is located in Myanmar. When conducting operations on foreign assets in emerging markets such as Myanmar, ASX-listed entities may face a number of additional risks that companies with operations wholly within Australia may not face. For example, the ability to implement effective internal control and risk management systems and good corporate governance principles, having regard to the separation of executive management and the Board from the location of the projects and the need to rely on consultants and professional advisors in those jurisdictions.

### **PERSONNEL RISKS**

The Company is dependent on a number of key management personnel, including the services of certain key employees and consultants. The Company's ability to manage its development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, given the modest size of the Company compared with other industry participants. If the Company cannot do so, this could have a material adverse effect on the Company's ability to manage and expand the business.

### **PRE-FEASIBILITY STUDY (PFS)**

A number of the assumptions relating to the development, financing and economic viability of the Bawdwin Project are based on the PFS. By its nature, the PFS may not accurately reflect the true costs of development of the Bawdwin Project and its economic viability. Work on the Feasibility Study, has commenced and will provide a more accurate indication of the costs and economic viability of the Bawdwin Project. The Company anticipates the Feasibility Study to be completed in the first quarter of 2020. The PFS is an historic document, which in due course will be superseded by the Feasibility Study, when published. In the interim, the company continues to work on the Feasibility Study, and the results of this work refine the Company's thinking on the development and operation of the Bawdwin Project. As the Company's work on the Feasibility Study continues, it is likely that further refinements will be made to the Bawdwin Project and there is no guarantee that the Feasibility Study will corroborate the conclusions in the PFS. Differences between the conclusions of the Feasibility Study and those in the PFS may be positive or negative. Whilst the Company's work on the Feasibility Study to date has been positive, if there were material and adverse differences between the conclusions of the Feasibility Study and the PFS it may be that the economics of the Bawdwin Project are not as attractive as thought, or it may even be considered that the project is uneconomic to develop.

### **FORCE MAJEURE**

The Company's projects may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Myanmar, and the northern Shan State in particular, has experienced unrest by various ethnic groups in recent years and may experience ongoing unrest. Such risks are beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

# Appendix: Risks

## MINING INDUSTRY RISKS

### EXPLORATION & DEVELOPMENT RISKS

Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration or development of the Bawdwin Project or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Although the Company has completed a preliminary feasibility study and declared a Probable Ore Reserve and Mineral Resource Estimates for the Bawdwin Project, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities.

In the event that exploration programs are unsuccessful this could lead to a diminution in the value of its projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of its interests in its projects.

### METALLURGY

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) the distribution of penalty elements and the low recovery mineral anglesite (lead sulphate) in transitional mineralisation was not determined in the PFS and requires further work;
- (iii) developing an economic process route to produce a metal and/or concentrate; and
- (iv) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

Limited metallurgical testwork has been completed to date. There is no certainty that the results of testwork completed to date will be validated by the Feasibility Study.

### METALS & CURRENCY PRICE VOLATILITY

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of lead, silver, zinc, copper, cobalt, other base and precious metals, and industrial metals.

Consequently, any future earnings are likely to be closely related to the price of these commodities and the terms of any off-take agreements that the Company enters into. Metals are principally sold throughout the world in US dollars. The Company's cost base may be payable in various currencies including Myanmar kyat, Australian dollars and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar or between the Australian dollar and the Myanmar kyat could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

### OPERATING RISK

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its interests. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

### COMPETITION RISK

The industry in which the Company is involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

# Appendix: Risks

## GENERAL RISKS

### MARKET CONDITIONS

The market price of the Company's Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: general economic outlook; interest rates and inflation rates; currency fluctuations; changes in investor sentiment; the demand for, and supply of, capital; and terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### GOVERNMENT & LEGAL RISK

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Securities. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect its current or proposed permits. However, changes in political and community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's exploration and/or development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

### LITIGATION RISK

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. To the best of the current Directors' knowledge, the Company is not currently engaged in any litigation.

### INSURANCE RISK

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

### TAXATION

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Securities under the Prospectus.

## INVESTMENT HIGHLY SPECULATIVE

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.