MYANMAR METALS LTD

## ASX ANNOUNCEMENT

Date: 7 November 2019
ASX Code: **MYL**



**ISSUED CAPITAL**

| | |
|---|---|
| Shares | 1,606 m. |
| Listed options | 172 m. |
| Unlisted Options | 49 m. |

# STRATEGIC OPTION SECURED OVER GOLD EXPLORATION PROJECTS

## Highlights

- **Exclusive option and earn-in agreement to acquire up to an 85% equity interest in Locrian Precious Metals, which holds applications for two highly prospective gold/copper exploration licences in eastern Shan State, Myanmar**
- **Tarlay and Mongywang applications cover a combined 1126km² and are surrounded by several small-scale high-grade gold mines**
- **In 2016 surface channel sampling of small scale mines adjacent to the Tarlay Application encountered:**
  - **51.4 g/t gold over 9m (open-ended), including 1m at 334 g/t gold**
  - **7.0 g/t gold over 12m**
- **Proven mineral endowment with district scale potential**
- **Complements ongoing development of Bawdwin mine and is consistent with MYL's strategy to develop a regionally significant metals producer with a pipeline of growth opportunities**
- **Low cost, phased investment structure adopted to minimise risk**

*Figure 1. Chalcedonic quartz from Mongyu Mine, (excised from the Mongywang Application area). This type of quartz veining is characteristic of shallow level of low-sulphidation gold systems such as Vera Nancy in Queensland. Higher gold grades are usually found deeper down in the system, below the current shallow open pit mine.*

## *Summary*

Myanmar Metals Limited (**MYL** or the **Company**) is delighted to announce that it has negotiated and agreed an exclusive option agreement with Locrian Precious Metals Company Limited (**Locrian**) to acquire interests up to 85% in Locrian by way of phased investment. Locrian represents a compelling greenfields exploration stage opportunity which allows the Company to leverage the experience, skills and reputation it has earned while developing the Bawdwin project (**Bawdwin**) in Myanmar.

A cost effective, district scale exploration program can be commenced on the Locrian applications in the near term without impacting the resources deployed at the Bawdwin development project. The Company's focus will remain on the completion of the project feasibility studies at Bawdwin and obtaining approval from the Ministry of Natural Resources and Environmental Conservation (MONREC) and Myanmar Investment Commission (MIC) for the development and operation of the Bawdwin mine.


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John Lamb, Chairman and CEO said:

*"It has been our strategy from the outset to look at other opportunities in Myanmar once the Bawdwin project reached the DFS stage. MYL is now the leading western mine developer in Myanmar and our strong reputation has yielded a pipeline of potential project acquisition opportunities. Locrian met all of our project screening criteria: it presents with high geological merit, has district scale potential, complements Bawdwin's development phase and offsets operational risk.*

*The terms negotiated with Locrian allow for an early review period at minimal cost before proceeding to the exercise of the option. These initial phases can be funded from the Company's existing cash reserves."*

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## *History of the Locrian Applications*

Locrian has lodged applications for two Integrated Exploration Licences (**IEL**) in the eastern part of Shan State in Myanmar; the Tarlay Application (**Tarlay**) covering 458 km$^2$ adjacent to the Thai-Laos border and the Mongywang Application (**Mongywang**) covering 668 km$^2$ further north towards the Laos border (collectively **Application Areas**) (Figure 2). Locrian has spent 5 years working through the licensing process on these areas.

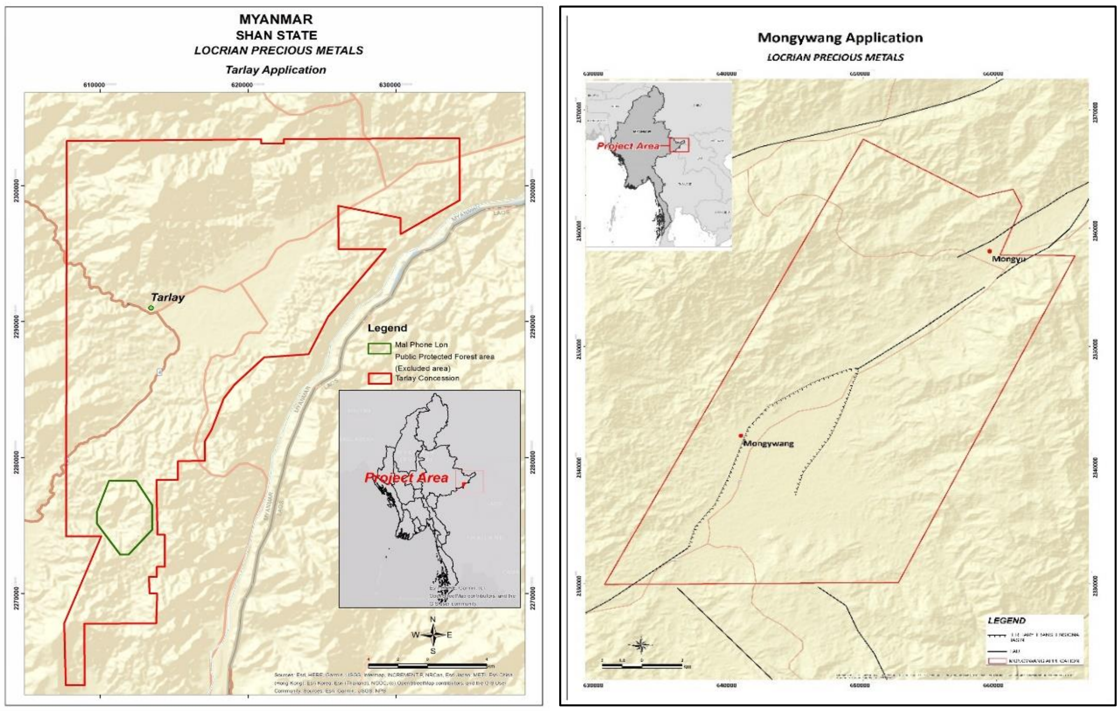


*Figure 2. Map of the Tarlay and Mongywang Application areas. Source: Locrian.*

Locrian has been exploring in Myanmar since 2012 and selected the Application Areas after a thorough whole of country review of geological prospectivity and ease of doing business in several states in Myanmar.

Reconnaissance exploration combined with mapping and sampling of small scale mines within and adjacent to both of the Application Areas generated very encouraging results. This work demonstrated that the two Application Areas are strongly prospective for high and low-sulphidation epithermal gold mineralisation, copper-gold porphyry mineralisation and granite hosted mesothermal gold mineralisation.

In 2016 Locrian submitted the Tarlay and Mongywang IEL applications. The Tarlay application has progressed to the final permitting phase where, pending a final review by MONREC and Government officials, award of the IEL is expected before the end of the 2019 calendar year. The Mongywang application has proceeded to the third of the seven permitting phases. Integrated exploration licences are drafted under the 2018 Myanmar Mining Rules and offer project operators a 9 year period in which to explore and conduct project feasibility studies. The 2018 Mining Rules also contains provisions for the conversion of an IEL to mining licence.


*Figure 3. Looking north across the Tarlay Miocene basin from the Loi Kham Lone mine. The Tarlay Application Area stretches beyond the large ridge line along the northwestern side of the basin in the centre of the photo. The San Parami mine can be seen in the distance on the far right at a similar position along the edge of the Miocene basin.*

## *Geology of Tarlay and Mongywang*

Myanmar spans a very complex and broad tectonic belt that accommodates the northward translation of the Indian Plate past the Sunda Plate, (Figure 4). This motion is primarily expressed by right-lateral slip on the Sagaing Fault, which bisects Myanmar from south to north, and right-lateral oblique convergence across the northern Sunda Megathrust beneath the western coast and adjacent Indo-Burman Ranges.

In the eastern parts of the country, Myanmar also experiences the tectonic effects of the southward extrusion of southern China around the eastern Himalayan collision zone during the Neogene. This is manifested as a set of arcuate, predominately left-lateral, southwest-striking faults called the Shan Fault System (SFS) that span the border of China, Laos, Thailand and Myanmar (Figure 4). Several of these major fault systems are present within the Application Areas, including the Nam Mar Fault and the Meng Xing Fault.

The dominant Nam Ma fault trends from Yunnan to Myanmar. In its central part, the Nam Ma fault offsets the Mekong River channel by 12km whilst the north-eastern and south-western ends of the fault terminate in trans-tensional basins, where the fault splays into several left-lateral and normal horsetail faults. To the north, the sub-parallel Meng Xing fault forms a complicated left-lateral fault system that curves southward forming small extensional rely basins (Figure 4).

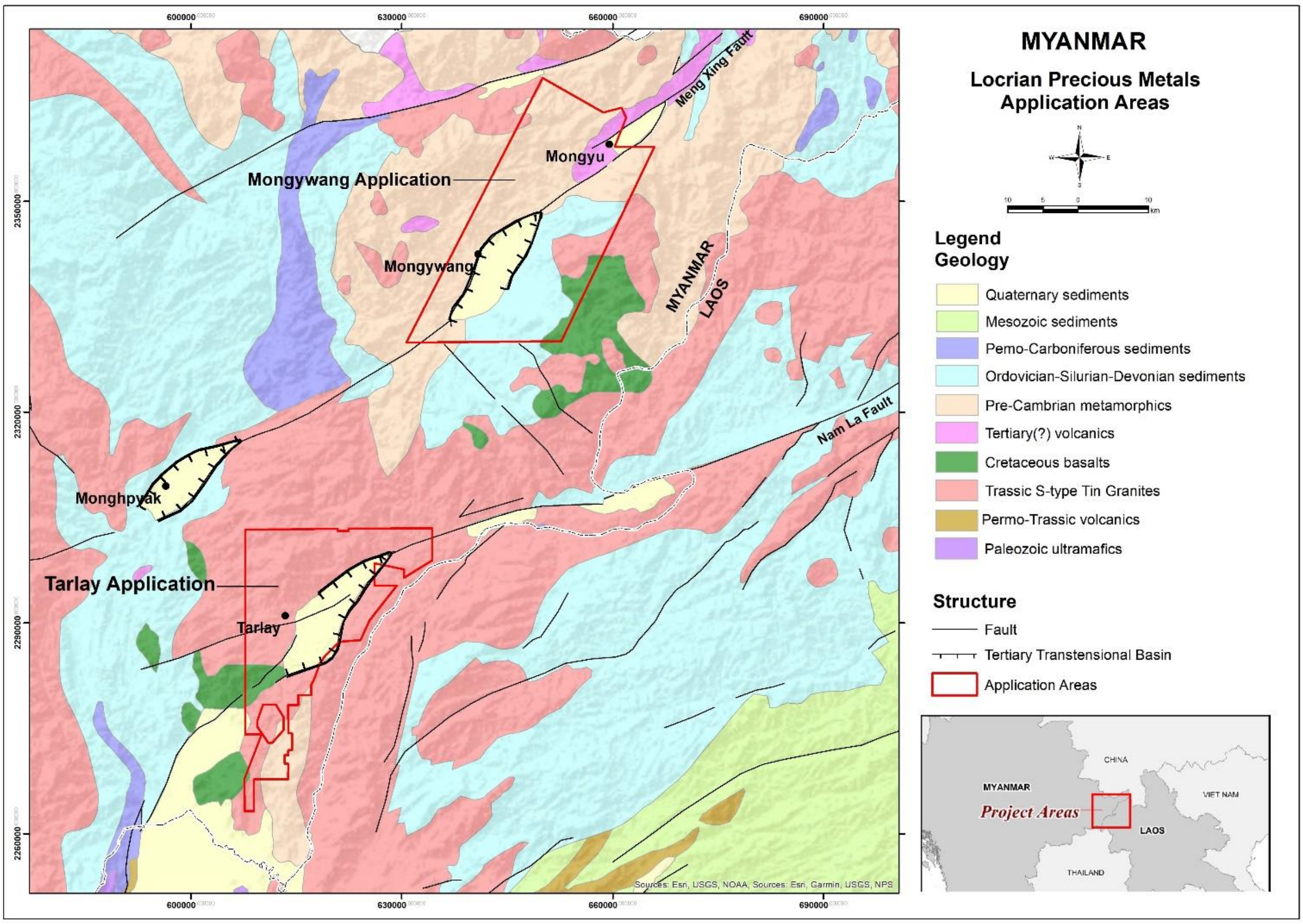


*Figure 4. Geology of the application areas. Both applications cover Miocene aged basins formed along major northeast trending faults of the Shan Fault System. Source: Locrian*

The Shan Fault System (SFS) appears to have played a key role in the localisation of a low sulphidation epithermal gold deposit at Mongyu (within the Mongywang Application) and the San Parami copper-gold mineralisation (within the Tarlay Application), at the margins of trans-tensional relay basins. The development of local extensional settings characterised by hot spring activity suggests elevated geothermal gradients possibly due to the emplacement of discrete intrusions at shallow depth during the Neogene period. A number of trans-tensional relay basins have been identified from topographic data within the SFS in Eastern Shan State and also in neighbouring northwest Laos. These areas are considered to be highly prospective.

As the licences are still at the application stage exploration on the ground to date by Locrian has been restricted to geological assessments of operating mines within or close to the applications, and a drainage geochemistry survey over the Tarlay Application area.

*Tarlay Drainage Geochemistry*

A combined stream sediment and panned concentrate sampling programme has been completed over the entire Tarlay Exploration Licence Application area, with an average density of 1 sample for every 5 km$^2$.

The geochemical data and its interpretation are heavily influenced by the pervasive siltation of the streams draining the main zones of small to medium sized gold mines extending from Loi Kham Lone to the Mayflower mine, to the immediate east of the application area.

The panned concentrate gold results delineate strong anomalies characterised by visible gold that are interpreted as being sourced by granite related, shear zone hosted gold mineralisation as exemplified by Loi Kham Lone. A strong, cohesive panned concentrate gold anomaly is defined 6-16km southwest of the Mayflower mine to the Application boundary (Figure 5). The anomalous streams are underlain by granite and mesothermal gold mineralisation is the likely source.

A strong gold anomaly is also defined northwest of the trans-tensional relay basin developed along the Nam Ma fault zone (Figure 5). The Nam Ma fault offsets the Mekong River channel 12km left-laterally and is invoking a similar displacement across the relay basin, and the northwest gold anomaly may represent the possible faulted offset of the main Loi Kham shear zone.

The copper-gold mineralisation at San Parami is situated close to the margin of the trans-tensional relay basin and the drainage geochemical samples were collected upstream of the existing mine workings. The mineralised zone is defined by subdued panned concentrate and gold and copper anomalies, the most sensitive indicator of mineralisation appear to be molybdenum which defines a moderate, well defined anomaly parallel to the Nam Ma fault zone, Figure 5.

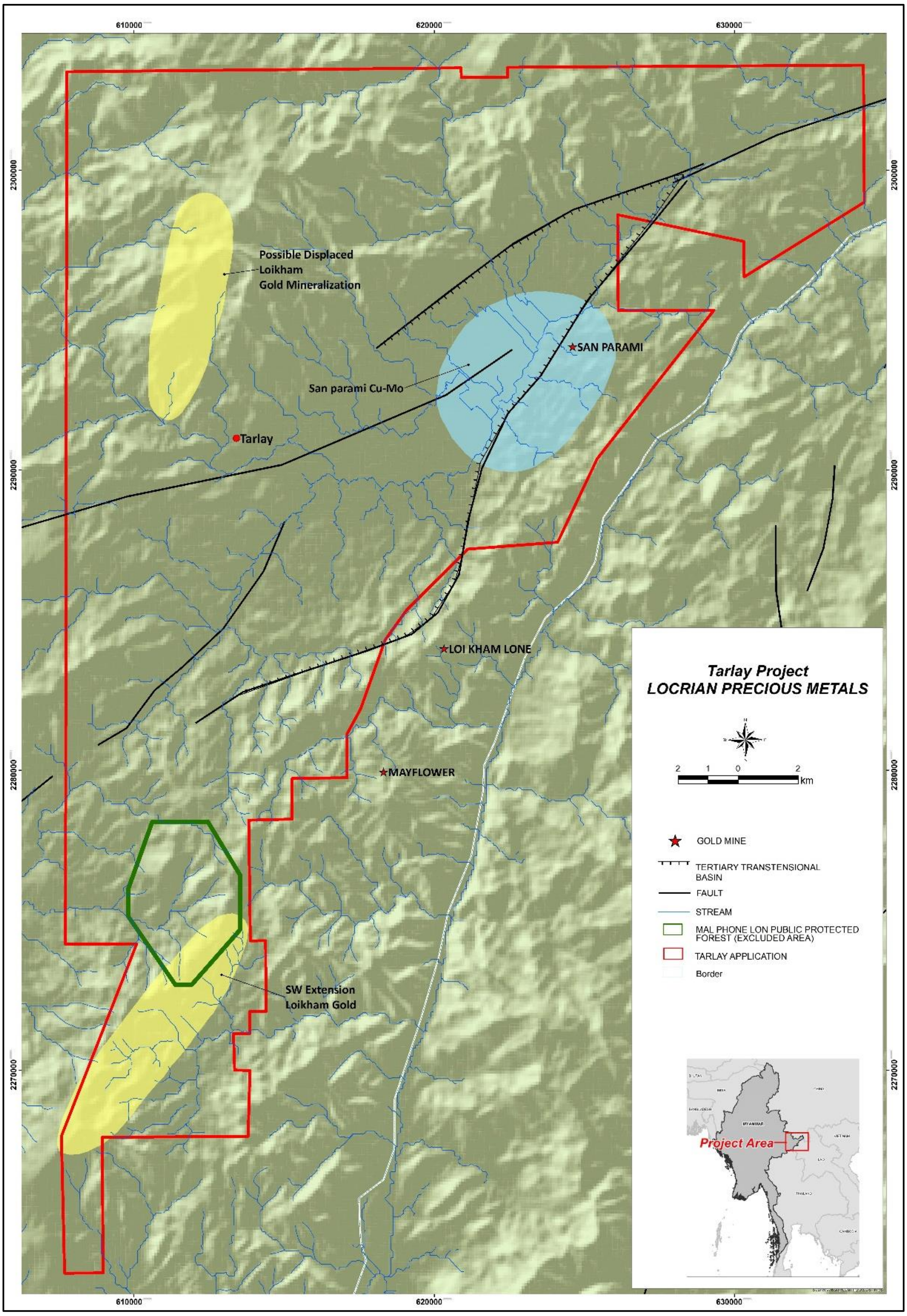


*Figure 5. Tarlay Application Area; results of pan concentrate gold. Source: Locrian.*

_Channel Sampling at Small Scale Mines adjacent to Concession Areas_

Locrian also conducted channel sampling of several small scale mines excised from, or adjacent to the Application Areas. Some of the higher grade areas within the open pits were unable to be sampled due to backfilling of some of the mining areas. A summary of the composite samples from the Loi Kham Lone area is given in Table 2 at the end of this report.

The potential of the mesothermal gold veins within granite is highlighted by an intersection of 9m of 51.4g/t gold (including 1m at 334g/t gold) from the Loi Kham Lone mine, located 1.1km east of the Tarlay Application Area. This intersection is hosted in a well-developed silicified structure with moderate to weak oxidation. The individual veins within the silicified structures vary in width from 10's of cm to a few mm in width and are rich in fine grained pyrite (Figure 6). The channels were collected across working faces and true widths of mineralised zones are estimated to be approximately 50% of the sampled widths.

*Figure 6. Sheeted quartz-pyrite veins within the Loi Kham Lone open pit (left) and a close up of quartz-pyrite vein material.*

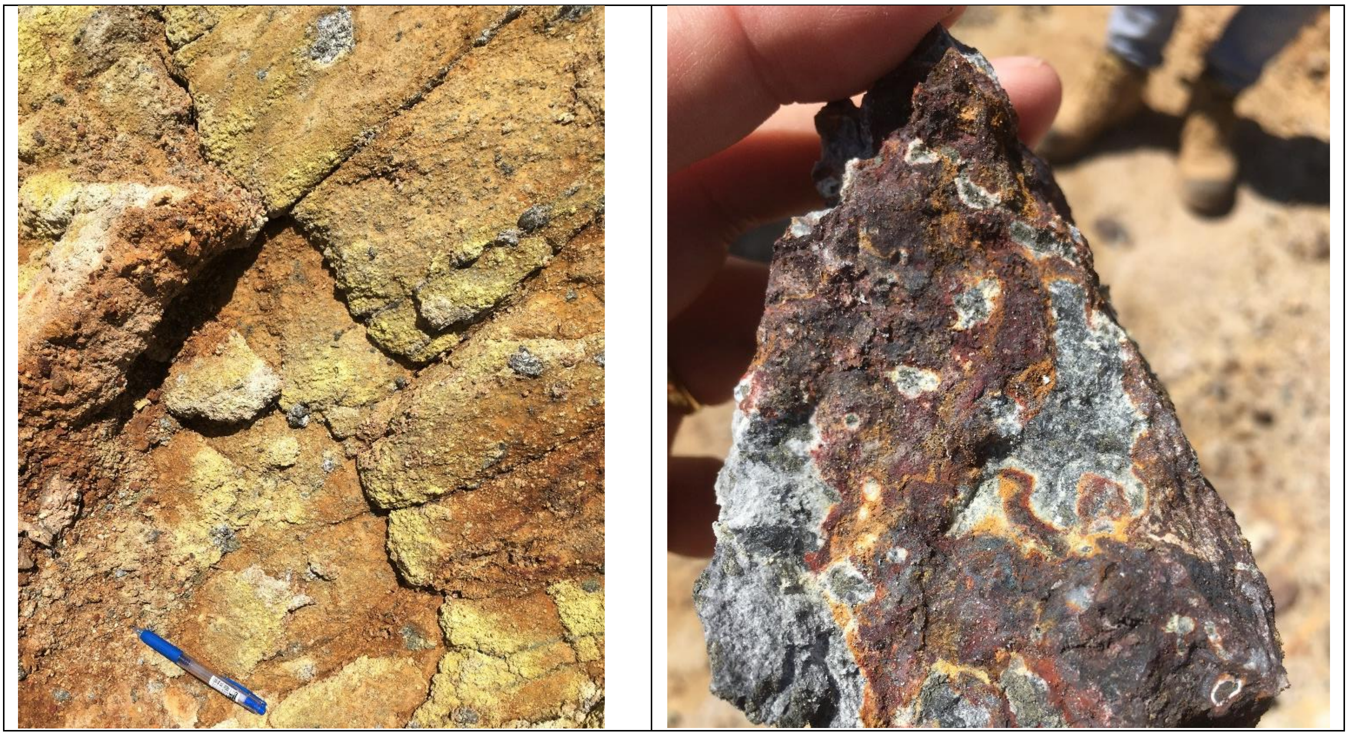

*Figure 7 San Parami Mine; intense clay - sulphate altered granite with coarse grained pyrite (left) and partly oxidized silica-clay-pyrite rock (right).*

The northeast trending mesothermal vein and controlling structures at Loi Kham Lone continue to the southwest towards the Tarlay Application Area as evidenced by several other small to medium scale mines along the 11km long trend, providing an excellent exploration target.

Sampling by Locrian of the possible high-sulphidation epithermal-style mineralisation at the San Parami mine (Tarlay Application Area) identified gold and low grade copper mineralisation hosted within intensely altered metasediments and granitic rock (Figure 7). The best gold grade was 3m at 4.01g/t Au from strong clay-silica-limonite altered fine grained intrusive rock. The highest copper grade was 1.53% Cu from a rock chip sample with abundant copper oxide staining. A grab sample from a boulder of intensely pyritised and silica flooded intrusive assayed 2.29g/t Au and 0.64% Cu. Mineralisation in the mine is related to zones of pyritic vughy to massive silica within a broad zone of intense clay and pyrite rich argillic alteration. High-sulphidation epithermal gold systems are formed at shallow depths from fluids generated by deeper intrusives. These intrusives are often associated with porphyry copper systems.

Channel samples were also collected by Locrian at the Monyu Mine (Mongywang Application Area), located along the Meng Xing Fault at the northern margin of a trans-tensional relay basin (Figure 4). Mineralisation at Mongyu exhibits characteristics of a low-sulphidation epithermal style, similar to the Vera Nancy (Qld Australia), Hishikari (Japan) and Chatree (Thailand) deposits. This deposit-type is often high-grade and therefore makes a very attractive exploration target. The dominant host rocks are fine grained siltstones, mudstones, volcanic breccia and tuff, with some intermediate to felsic intrusive noted (Figure 8). High level epithermal textures noted include NNE to NNW trending, banded to colloform quartz veins with dark grey fine-grained sulphides, rare lattice textures, and hydrothermal breccias with chalcedonic silica and fine-grained sulphide matrices. Massive chalcedonic quartz veins assay to a maximum 1.99g/t Au. Such textures indicate a very shallow level of exposure, and it is possible that the main boiling zone which hosts high gold grades may be deeper down, below the open pit.

The highest gold grades at the Mongyu Mine are generally hosted by dark grey hydrothermal breccia comprising sub-angular silicified to intensely altered siltstone, colloform banded chalcedonic quartz and pyrite clasts within a chalcedonic silica matrix which assay up to 14.9g/t Au and 9.09g/t Au.

The Mongywang Application Area covers the northern and southern strike extension of the Mongyu mine along potential mineralisation controlling basin bounding structures. Several other areas of small scale mining have been excised from the application area further enhancing the prospectivity of the licence.

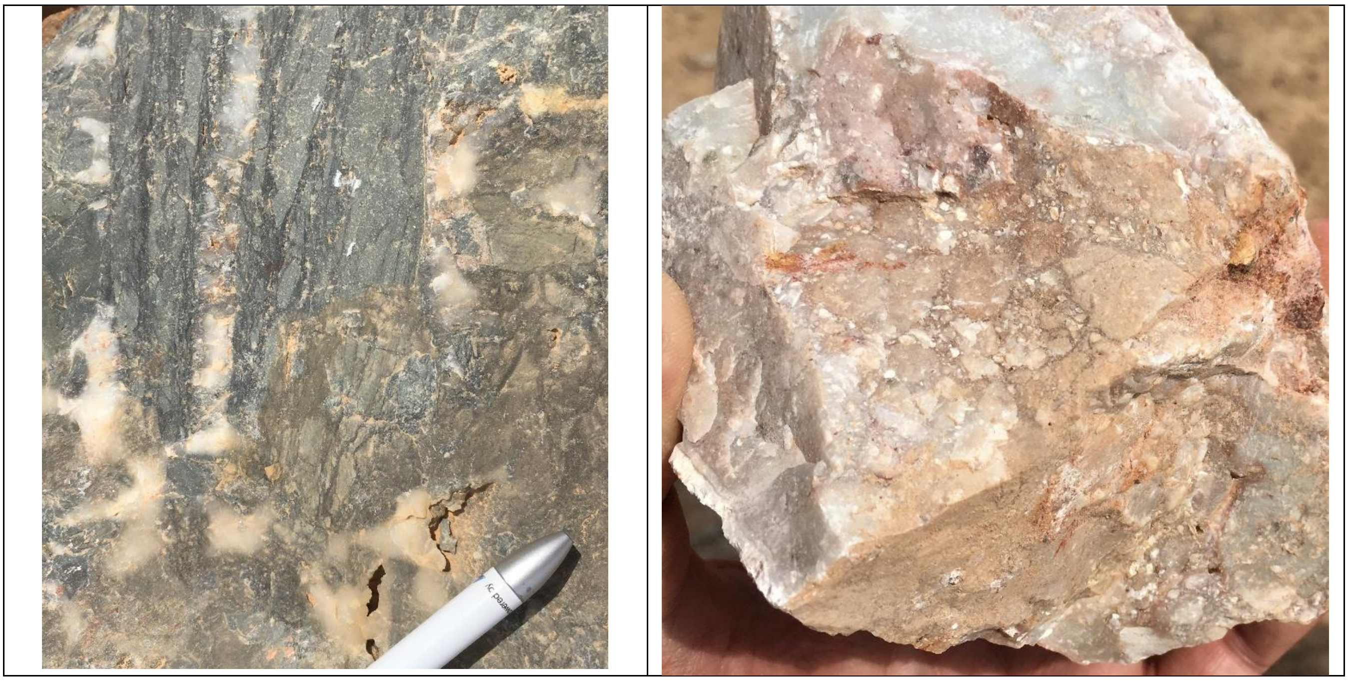

*Figure 8. Mongyu Mine; sericite altered, and chalcedonic quartz open space filled volcanic breccia (left) and massive chalcedony-sericite breccia (right).*

*Exploration Program Planned*

At the Tarlay Application Area, infill stream sediment sampling will be conducted to further define the strong existing gold copper and molybdenum anomalies defined by Locrian. A concerted effort to trace the source of the southwestern and north-western gold anomalies is warranted as there are no indications of artisanal workings and oxide gold mineralisation may be fully intact. The margins of the trans-tensional relay basin along strike from existing mines will be prospected for indications of additional poorly exposed gold +/- copper mineralisation. The potential for blind copper-gold porphyry mineralisation beneath Tertiary sediments within the relay basin and along its margin faults is also an attractive exploration target.

Exploration at the Mongywang Application Area will begin with a broad scale stream sediment survey, as well as prospecting along strike from known mineralisation.

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Andrew Ford, General Manager of Geology commented:

*"Both Application Areas cover some highly prospective gold and copper ground in a district where no modern exploration has ever been conducted. The discovery of multiple areas of gold mineralisation within or immediately adjacent to the Application Areas by small to medium scale miners demonstrates the endowment of this area."*

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*Phases of Locrian Option*

MYL has structured a phased investment in Locrian, which minimises MYL's risk and financial exposure to a delay in the granting of the IEL (see Table 2).

| Term | Detail |
|---|---|
| Phase 1. Initial Assessment | |
| - Fee | US$25,000 |
| - Period | 9 months |
| - Break Fee | US$180,000 – only payable if MYL elects not to proceed more than 3 months after commencement and following grant of one of the IELs |
| | |
| Phase 2. Exercise of Option | |
| - Fee | US$150,000 |
| - Interest | MYL will receive a 51% shareholding in Locrian and the right to nominate a majority of directors to the Locrian Board |
| - Period | Exercisable when either the Tarlay or Mongywang IEL is granted |
| - Key terms | After option exercise MYL pays all costs associated with holding, approving and developing both exploration areas. Other customary terms such as non-performance and break options apply |
| | |
| Phase 3. Earn-in Phase | |
| - Project expenditure commitment | MYL must spend a minimum of US$3,000,000 over 3 years and will commit to a minimum exploration expenditure of US$0.5 million p.a.. 75% of the exploration expenditure is to be spent on services provided by the Valentis group of companies, on commercially acceptable terms. Valentis is MYL's key geological, drilling and logistics consultant at Bawdwin and is the current majority shareholder of Locrian. |
| - First resource milestone | MYL can earn an additional 14% of Locrian equity (MYL ownership 65%) upon completing a JORC compliant Scoping Study on either IEL within the first 6 years |
| - Second resource milestone | MYL can earn an additional 20% of Locrian equity (MYL ownership 85%) upon completing a JORC compliant Definitive Feasibility Study on either IEL within the first 9 years |
| - Other terms | Customary non-performance and break options apply |
| | |
| Phase 4. Development Phase | |
| - Development funding | MYL and other shareholders in Locrian will fund development costs proportionate to project interests. Valentis may dilute its project interest by not funding its share of development costs but will maintain a 5% free-carried project interest (Thus, **MYL could earn up to 95% equity in Locrian, if Valentis elects to dilute**). MYL can offer to purchase the Valentis' free-carried project interest at a mutually agreed price |

*Table 2. Phases of the Locrian Option.*

John Lamb, Chairman and CEO commented:

*"The Locrian option is an exciting addition to MYL's portfolio with huge potential and allows us to leverage the in-country exploration experience we have gained at Bawdwin. In the near term we will conclude the Bawdwin feasibility studies and seek necessary Government approvals as we run in towards the start of the Bawdwin mine construction in the second half of next year. The Locrian option complements Bawdwin and provides MYL with a longer dated growth option and exposure to gold, a commodity which is in high demand.*

*The Locrian Project option and potential acquisition demonstrates our great faith in the outstanding opportunities available in Myanmar and the bright future for the mining industry in Myanmar. A recent presentation delivered by the Australian government's Department of Foreign Affairs and Trade in Yangon which is supportive of this position is available on MYL's website at www.myanmarmetals.com.au/investors/media"*

John Lamb

Executive Chairman and CEO

**For More Information:**

Ross Dinsdale, General Manager Investor Relations and Corporate Affairs

Tel: +61 8 6147 8100

Email: r.dinsdale@myanmarmetals.com.au

**About Locrian Precious Metals**

Locrian Precious Metals Company Limited (Locrian) is a Myanmar registered company (wholly foreign-owned by a Singaporean company) which has lodged applications for two integrated exploration licences in the eastern part of Shan State in Myanmar with the Myanmar Ministry of Mines and Department of Geological Survey and Mineral Exploration. The integrated exploration licence applications cover the prospecting, exploration and feasibility study stages of the licensing process.

The applications, referred to as the Mongywang Application and the Tarlay Application, cover 668.4km$^2$ and 458.3km$^2$ respectively in Eastern Shan State of Myanmar.

**About Myanmar Metals Limited**

Myanmar Metals Limited (ASX: MYL) is an explorer and mine developer listed on the Australian Securities Exchange. MYL intends to become a leading regional base metals producer and is well positioned to realise this goal, based on the Tier 1 Bawdwin project resources, world class exploration potential, strategically advantageous project location, management team with experience and depth, highly capable local partners and a strong balance sheet with supportive institutional shareholders.

The company holds a majority 51% participating interest in the Bawdwin Project in joint venture with its two local project partners, Win Myint Mo Industries Co. Ltd. (WMM) and EAP Global Co. Ltd. (EAP).

The Bawdwin Joint Venture (BJV) intends to redevelop the world class Bawdwin Mineral Field, held under a Production Sharing Agreement (PSA) between WMM and Mining Enterprise No. 1, a Myanmar Government business entity within the Ministry of Natural Resources and Environmental Conservation.

The Company holds an option to acquire up to an 85% interest in the Tarlay and Mongywang IELs subject to grant.

**Forward Looking Statements**

The announcement contains certain statements, which may constitute "forward – looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

**Competent Person 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, and fairly reflects, information compiled by Mr Andrew Ford, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Ford is a full-time 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.

*Table 2. Assays from small and medium sized mines adjacent or excised from the Application Areas.*

| Prospect | Site No. | Sample No. | Sample Type | Sample Width m | Au g/t | Composite Width | Composite Grade g/t Au |
|---|---|---|---|---|---|---|---|
| Loi Kham, open pit | THA002 | 301011 | CH | 3 | 1.13 | 3 | 1.13 |
| Mayflower | MFL008 | 205029 | CH | 3 | 1.81 | 3 | 1.81 |
| Loi Kham, open pit | LKL009 | 205019 | CH | 3 | 1.28 | 3 | 1.28 |
| Loi Kham, open pit | LKL008 | 205016 | CH | 3 | 1.36 | | |
| Loi Kham, open pit | LKL008 | 205015 | CH | 3 | 1.69 | 9 | 1.97 |
| Loi Kham, open pit | LKL008 | 205014 | CH | 3 | 2.87 | | |
| Loi Kham, open pit | LKL008 | 205013 | CH | 3 | 18.55 | | |
| Loi Kham, open pit | LKL008 | 205012 | CH | 3 | 63.10 | 9 | 51.4 |
| Loi Kham, open pit | LKL008 | 205011 | CH | 3 | 72.40 | | |
| Loi Kham, open pit | LKL007 | 205009 | CH | 2 | 6.86 | 2 | 6.86 |
| Loi Kham, open pit | LKL007 | 205005 | CH | 2 | 2.85 | | |
| Loi Kham, open pit | LKL007 | 205004 | CH | 3 | 1.19 | | |
| Loi Kham, open pit | LKL007 | 205003 | CH | 3 | 1.59 | 14 | 1.43 |
| Loi Kham, open pit | LKL007 | 205002 | CH | 3 | 1.01 | | |
| Loi Kham, open pit | LKL007 | 205001 | CH | 3 | 1.00 | | |
| Mayflower Area | ASL002 | 201154 | CH | 3 | 2.70 | 3 | 2.70 |
| Mayflower Area | MFL007 | 201110 | CH | 0.5 | 1.10 | 0.5 | 1.10 |
| Mayflower Area | MFL006 | 201096 | CH | 3 | 1.33 | 3 | 1.33 |
| Mayflower Area | MFL004 | 201091 | CH | 3 | 1.12 | | |
| Mayflower Area | MFL004 | 201090 | CH | 3 | 1.74 | 12 | 1.17 |
| Mayflower Area | MFL004 | 201089 | CH | 3 | 1.23 | | |
| Phyaunt Phyu Mine, Loi Kham | PPP002 | 201078 | CH | 2 | 8.84 | | |
| Phyaunt Phyu Mine, Loi Kham | PPP002 | 201077 | CH | 1 | 1.53 | | |
| Phyaunt Phyu Mine, Loi Kham | PPP002 | 201076 | CH | 0.8 | 1.68 | 7.1 | 3.51 |
| Phyaunt Phyu Mine, Loi Kham | PPP002 | 201075 | CH | 0.3 | 2.82 | | |
| Phyaunt Phyu Mine, Loi Kham | PPP002 | 201074 | CH | 3 | 1.18 | | |
| Myint Oo Aung Mine, Loi Kham | MOA001 | 201052 | CH | 3 | 1.25 | 3 | 1.25 |
| Loi Kham, open pit | LKL011 | 201033 | CH | 2 | 1.35 | 2 | 1.35 |
| Loi Kham, open pit | LKL006 | 201026 | CH | 1 | 1.06 | 1 | 1.06 |
| Loi Kham, open pit | LKL005 | 201024 | CH | 0.75 | 12.65 | 0.75 | 12.65 |
| Loi Kham, open pit | LKL004 | 201023 | CH | 1 | 3.40 | 1 | 3.4 |
| Loi Kham, open pit | LKL002 | 201016 | CH | 3 | 1.21 | | |
| Loi Kham, open pit | LKL002 | 201015 | CH | 3 | 3.87 | | |
| Loi Kham, open pit | LKL002 | 201014 | CH | 3 | 2.21 | 13 | 2.61 |
| Loi Kham, open pit | LKL002 | 201013 | CH | 3 | 2.25 | | |
| Loi Kham, open pit | LKL002 | 201012 | CH | 1 | 5.30 | | |
| Loi Kham, open pit | LKL001 | 201007 | CH | 1 | 3.29 | | |
| Loi Kham, open pit | LKL001 | 201006 | CH | 2 | 8.81 | | |
| Loi Kham, open pit | LKL001 | 201005 | CH | 3 | 7.38 | 12 | 7.03 |
| Loi Kham, open pit | LKL001 | 201004 | CH | 3 | 2.11 | | |
| Loi Kham, open pit | LKL001 | 201003 | CH | 3 | 11.65 | | |
| Linn Hlyan Htet Mine, Loi Kham | LHT001 | 123570 | CH | 1 | 5.39 | 1 | 5.39 |
| Loi Kham, open pit | LKL008 | 123548 | CH | 1 | 1.70 | | |
| Loi Kham, open pit | LKL008 | 123546 | CH | 1 | 1.42 | | |
| Loi Kham, open pit | LKL008 | 123545 | CH | 1 | 2.30 | 5 | 2.57 |
| Loi Kham, open pit | LKL008 | 123544 | CH | 1 | 4.46 | | |
| Loi Kham, open pit | LKL008 | 123543 | CH | 1 | 3.00 | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Loi Kham, open pit | LKL008 | 123541 | CH | 1 | 1.58 | | |
| Loi Kham, open pit | LKL008 | 123540 | CH | 1 | 1.38 | | |
| Loi Kham, open pit | LKL008 | 123539 | CH | 1 | 7.59 | 4 | 3.83 |
| Loi Kham, open pit | LKL008 | 123538 | CH | 1 | 4.76 | | |
| Loi Kham, open pit | LKL008 | 123533 | CH | 1 | 1.05 | 1 | 1.05 |
| Loi Kham, open pit | LKL008 | 123529 | CH | 1 | 1.10 | | |
| Loi Kham, open pit | LKL008 | 123528 | CH | 1 | 4.12 | | |
| Loi Kham, open pit | LKL008 | 123526 | CH | 1 | 1.02 | | |
| Loi Kham, open pit | LKL008 | 123525 | CH | 1 | 3.54 | | |
| Loi Kham, open pit | LKL008 | 123524 | CH | 1 | 1.00 | | |
| Loi Kham, open pit | LKL008 | 123523 | CH | 1 | 3.74 | | |
| Loi Kham, open pit | LKL008 | 123522 | CH | 1 | 1.00 | | |
| Loi Kham, open pit | LKL008 | 123521 | CH | 1 | 2.38 | | |
| Loi Kham, open pit | LKL008 | 123520 | CH | 1 | 2.78 | | |
| Loi Kham, open pit | LKL008 | 123519 | CH | 1 | 5.41 | | |
| Loi Kham, open pit | LKL008 | 123518 | CH | 1 | 47.50 | 24 | 4.98 |
| Loi Kham, open pit | LKL008 | 123516 | CH | 1 | 1.87 | | |
| Loi Kham, open pit | LKL008 | 123515 | CH | 1 | 2.23 | | |
| Loi Kham, open pit | LKL008 | 123514 | CH | 1 | 13.25 | | |
| Loi Kham, open pit | LKL008 | 123513 | CH | 1 | 4.55 | | |
| Loi Kham, open pit | LKL008 | 123512 | CH | 1 | 1.06 | | |
| Loi Kham, open pit | LKL008 | 123511 | CH | 1 | 1.42 | | |
| Loi Kham, open pit | LKL008 | 123510 | CH | 1 | 11.90 | | |
| Loi Kham, open pit | LKL008 | 123509 | CH | 1 | 3.16 | | |
| Loi Kham, open pit | LKL008 | 123508 | CH | 1 | 2.72 | | |
| Loi Kham, open pit | LKL008 | 123507 | CH | 1 | 1.36 | | |
| Loi Kham, open pit | LKL008 | 123506 | CH | 1 | 1.19 | | |
| Loi Kham, open pit | LKL008 | 123503 | CH | 1 | 1.10 | 1 | 1.1 |
| Loi Kham Area | RC56 | 71025 | CH | 4 | 3.69 | 4 | 3.69 |
| Mongyawng | RC46 | 71009 | CH | 10 | 1.48 | 10 | 1.48 |
| Loi Kham, open pit | RC10 | 28241 | CH | 1 | 3.79 | 1 | 3.79 |
| Loi Kham, open pit | RC09 | 28240 | CH | 1.5 | 4.77 | 1.5 | 4.77 |
| Loi Kham, open pit | RC08 | 28239 | CH | 0.6 | 3.07 | 0.6 | 3.07 |
| Loi Kham, open pit | RC07 | 28238 | CH | 1.5 | 2.33 | 1.5 | 2.33 |

# Appendix 2: JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

| Criteria | *JORC Code explanation* | Commentary |
|---|---|---|
| **Sampling techniques** | • *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | • The evaluation program at Locrian Applications includes stream sediment and panned concentrate sampling, rock chip sampling and channel sampling on 2015- 2016.<br>• Channel Samples at small to medium scale mines were collected as horizontal continuous chip samples by Locrian and Valentis Resources Geologists over the recorded interval, nominally 3m wide with a maximum width of 6m, and a minimum of 0.3m. Each sample was geologically logged and sample positions recorded using a hand held GPS. Samples were taken along available faces within the open pits and were at times oblique to the strike direction. Each sample collected 3kg of material. A total of 326 channel samples covering 775m have been collected, the majority of which are from mines excluded from the Application Areas.<br>• Rock chip samples were collected at small to medium scale mines as well as at exposures observed by Locrian and Valentis Resources Geologists. If the sample was collected over an interval, that interval was recorded. Each sample was geologically logged and sample positions recorded using a hand held GPS. A total of 80 rock chip samples have been collected, the majority of which are from mines or outcrops excluded from the Application Areas.<br>• 242 Stream sediment and 99 panned concentrate samples were collected over and immediately adjacent to the Application Areas. 4 stream sediment samples were collected from the Mongywang area, and the remainder were collected at the Tarlay area. The stream sediment samples were sieved through -80# and their sample locations recorded using a hand held GPS. The morphology of each site and the material sampled was recorded by a Locrian or Valentis geologist. The panned concentrates were collected and panned on site to produce an approximately 100g sample. |
| **Drilling techniques** | • *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • No drilling has been conducted in the project areas. |
| **Drill sample recovery** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse* | • For channel chip sampling, every effort was made to sample systematically across each sample interval with sampling completed by trained geologists. |

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| | *material.* | |
| **Logging** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • All rock chip, channel, stream sediment and panned concentrate samples were geologically logged for lithology, alteration and weathering by Geologists. |
| **Subsampling techniques and sample preparation** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • No sub-splitting of the open pit channel samples was undertaken. Sample lengths ranged from 0.3m to 6m (typically 3m). Sample intervals were refined to match geological boundaries.<br>• The stream sediment samples were sieved through -80# and their sample locations recorded using a hand held GPS. The morphology of each site and the material sampled was recorded by a Locrian or Valentis geologist. The panned concentrates were collected and panned on site to produce an approximately 100g sample. |
| **Quality of assay data and laboratory tests** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | • The rock chip, channel, stream sediment and pan concentrate samples were all sent to ALS Laboratories Mandalay in Myanmar for sample preparation.<br>• All rock samples were dried and weighed and crushed to in a Boyd Crusher. A representative split of 1.0 kg was then pulverised in a LM5 pulveriser. A 200 g subsample pulp was then riffle split from the pulverised sample. The crusher residue and pulverised pulp residue were stored at the Mandalay laboratory.<br>• Sample pulps were sent to the ALS Laboratories Laos in Vientiane where they were analysed.<br>• Rock samples were assayed for gold by 30g fire assay method AA23, AA finish and with ore grade samples were re-assayed by AA25. Samples were also assayed for 48 element 4 acid digest method ME-MS61.<br>• Stream Sediment samples were pulverised to 85% passing 75 micron and assayed by aqua regia MS and AES methods ME-MS43 and ME-ICP43, with gold by 25g aqua regia method TL43.<br>• The Pan Con samples were assayed for gold by 25g aqua regia digest method AU_TL43 (0.001ppm detection limit) with over limit samples re-assayed by AROR43 to a 0.01ppm lower detection limit. Samples were also assayed for multi elements using method ME-MS43. |

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| | | • Quality control (QC) samples were submitted with each assay batch (certified reference standards, certified reference standard blanks and duplicate samples). The Laboratory inserted their own quality assurance/quality control (QAQC) samples as part of their internal QAQC. No assessment of the QA/QC data has been made by MYL. |
| **Verification of sampling and assaying** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • All diamond drill core samples were checked, measured and marked up before logging in a high level of detail.<br>• RC Samples were sampled and logged at the drill rig. A small sub-sample from each metre was placed into a plastic ship tray to allow re-logging if required.<br>• The diamond and RC drilling, sampling and geological data were recorded into standardised templates in Microsoft Excel by the logging/sampling geologists.<br>• Geological logs and associated data were cross checked by the supervising Project Geologist<br>• Laboratory assay results were individually reviewed by sample batch and the QAQC data integrity checked before uploading.<br>• All geological and assay data were uploaded into a database. |
| **Location of data points** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • The stream sediment, rock chip and channel sampling all utilised UTM WGS84 datum Zone 47 North with a hand held GPS used to record locations.<br>• Topographic control is based on GPS derived elevation readings which are sufficient for this stage of exploration. |
| **Data spacing and distribution** | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • No estimation of Mineral Resource and Ore Reserve estimation procedure(s) and classifications are made in this report.<br>• Channel samples were only taken to provide information as to the nature and style of mineralisation in the host rocks. |
| **Orientation of data in relation to geological structure** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • The open pit channel sampling sample traverses were orientated perpendicular to the main trend of mineralisation where possible. However, due to the orientation of the pit walls in many areas, sampling traverse are at an oblique angle to the main mineralised trend. |
| **Sample security** | • *The measures taken to ensure sample security.* | • Samples were bagged and periodically sent to the ALS laboratory in Mandalay for preparation. All samples were delivered by a Valentis geologist to Tachileik then transported to Mandalay on express bus as consigned freight. The samples were secured in the freight hold of the bus by the Valentis geologist. The samples were delivered to the ALS laboratory. |

| Audits or reviews | • *The results of any audits or reviews of sampling techniques and data.* | • No audits have been made on the project data at this early stage. |
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**Section 2 Reporting of Exploration Results** (Criteria listed in the preceding section also apply to this section)

| Criteria | JORC Code explanation | Commentary |
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| **Mineral tenement and land tenure status** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The Application Areas are in SE Shan State, Myanmar.<br>• Locrian Precious Metals Company Limited who hold two applications for Integrated Exploration Licences (IEL); the Tarlay Application (Tarlay) covering 458 $km^2$ adjacent to the Thai-Laos border and the Mongywang Application (Mongywang) covering 668 $km^2$ further north towards the Laos border.<br>• MYL has entered into an exclusive option and earn-in agreement allowing it to acquire up to an 85% equity interest in Locrian Precious Metals Company Limited. |
| **Exploration done by other parties** | • *Acknowledgment and appraisal of exploration by other parties.* | • No exploration by other parties has been documented. |
| **Geology** | • *Deposit type, geological setting and style of mineralisation.* | • Myanmar spans a complex and broad tectonic belt that accommodates the northward translation of the Indian Plate past the Sunda Plate. This motion is primarily expressed by right-lateral slip on the Sagaing Fault, which bisects Myanmar from south to north, and right-lateral oblique convergence across the northern Sunda Megathrust beneath the western coast and adjacent Indo-Burman Ranges.<br>• In the eastern parts of the country, Myanmar also experiences the tectonic effects of the southward extrusion of southern China around the eastern Himalayan collision zone during the Neogene. This is manifested as a set of arcuate, predominately left-lateral, southwest-striking faults called the Shan Fault System (SFS) that span the border of China, Laos, Thailand and Myanmar. Several of these major fault systems are present within the Application Areas, including the Nam Mar Fault and the Meng Xing Fault.<br>• The dominant Nam Ma fault trends from Yunnan to Myanmar. In its central part, the Nam Ma fault offsets the Mekong River channel by 12km whilst the north-eastern and south-western ends of the fault terminate in trans-tensional basins, where the fault splays into several left-lateral and normal horsetail faults. To the north, the sub-parallel Meng Xing fault forms a complicated left-lateral fault system that curves southward forming small extensional rely basins.<br>• Exploration work undertaken by Locrian has demonstrated granite hosted mesothermal gold mineralisation, epithermal copper - gold mineralisation and potential for copper-gold porphyry mineralisation |

| Criteria | JORC Code explanation | Commentary |
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| | | • The gold province was identified by local operators within the past 10 years and numerous small-scale high-grade mines hosted within and around the application areas have arisen over that time |
| **Drillhole information** | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:*<br>○ *easting and northing of the drillhole collar*<br>○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar*<br>○ *dip and azimuth of the hole*<br>○ *downhole length and interception depth*<br>○ *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • No drilling has been conducted on the project areas. |
| **Data aggregation methods** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Length-weighted composites were calculated for channel samples to gain qualitative insight into the styles of mineralisation and gold endowment of material exposed in the small to medium scale mines. Where channels intersected several averaged grades over 1g/t gold they were combined using average weighted methods.<br>• No top-cut has been applied.<br>• Metal equivalents are not reported here. |
| **Relationship between mineralisation widths and intercept lengths** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.*<br>• *If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').* | • The channels were collected across working faces and occasionally oblique to the strike of mineralisation.<br>• The sampling was conducted to identify the host and manifestation of gold mineralisation and is not a true width. |
| **Diagrams** | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Diagrams that are relevant to this release have been included in the main body of the document. |

| Criteria | JORC Code explanation | Commentary |
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| **Balanced reporting** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • A table showing all composite assay intervals calculated at a designated lower cut-off grade and details of internal dilution is included at the end of this report. The samples are mostly from outside of the Application Areas and will not be used for any resource estimate. |
| **Other substantive exploration data** | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • Exploration is at an early stage and more detailed information is not yet available. |
| **Further work** | • *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • It is envisaged that additional stream sediment sampling and geological prospecting will be conducted over the application areas. |