

ASX ANNOUNCEMENT

Date 31 January 2020

ASX Code: MYL

BOARD OF DIRECTORS

Mr John Lamb
Executive Chairman, CEO

Mr Rowan Caren
Executive Director

Mr Jeff Moore
Executive Director

Mr Paul Arndt
Non-Executive Director

ISSUED CAPITAL

Shares 1,769 m.

Unlisted Options 62 m.

DECEMBER 2019 QUARTERLY ACTIVITIES REPORT

Highlights

- Bawdwin production sharing agreement negotiations in progress
- Metallurgical testwork advanced, concentrate produced from Bawdwin ore
- Site layout and processing plant layout finalised
- Exclusive option and earn-in agreement secured 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
- Stronger financial position with cash increasing to \$18.4 million on exercise of listed options



Figure 1. Lead -silver concentrate produced from lead flotation test

Vale Bruce Goulds

The company mourns the loss of director Bruce Goulds who joined in February 2019 and brought great business acumen and governance skills. Our deepest sympathy to Bruce's wife Sylvie, and his family.

Summary

During the December 2019 Quarter Myanmar Metals Limited (**MYL** or the **Company**) advanced project feasibility studies, resolved the plant site layout, produced lead-silver and zinc concentrates from Bawdwin ore samples in metallurgical test work and secured an option to acquire interests in gold and copper exploration projects held by Locrian Precious Metals.

The Company and its partners in the Bawdwin Joint Venture (**BJV**) were also actively engaged in Production Sharing Agreement (**PSA**) negotiations with Mining Enterprise No.1, an entity within Myanmar's Ministry of Natural Resources and Environmental Conservation with responsibility for base metals.



Figure 2. BJV Production Sharing Agreement negotiations with ME-1 Technical Committee.

John Lamb, Executive Chairman and CEO, commented:

“The extensive fieldwork and project development studies undertaken by the BJV over the past 2 years has led us to the point, where we are now well positioned to secure a foreign investment permit from the Myanmar Investments Commission and complete project feasibility studies. These vital work streams are expected to result in the BJV being ready to start construction at site in 2020.”

Project studies

Feasibility study work in the disciplines of plant and infrastructure design, metallurgy, geology, mining engineering, hydrology, geotechnics, tailings management, power supply and environment and social impact studies are now well advanced. During the period the layout of the site and processing plant was finalised.

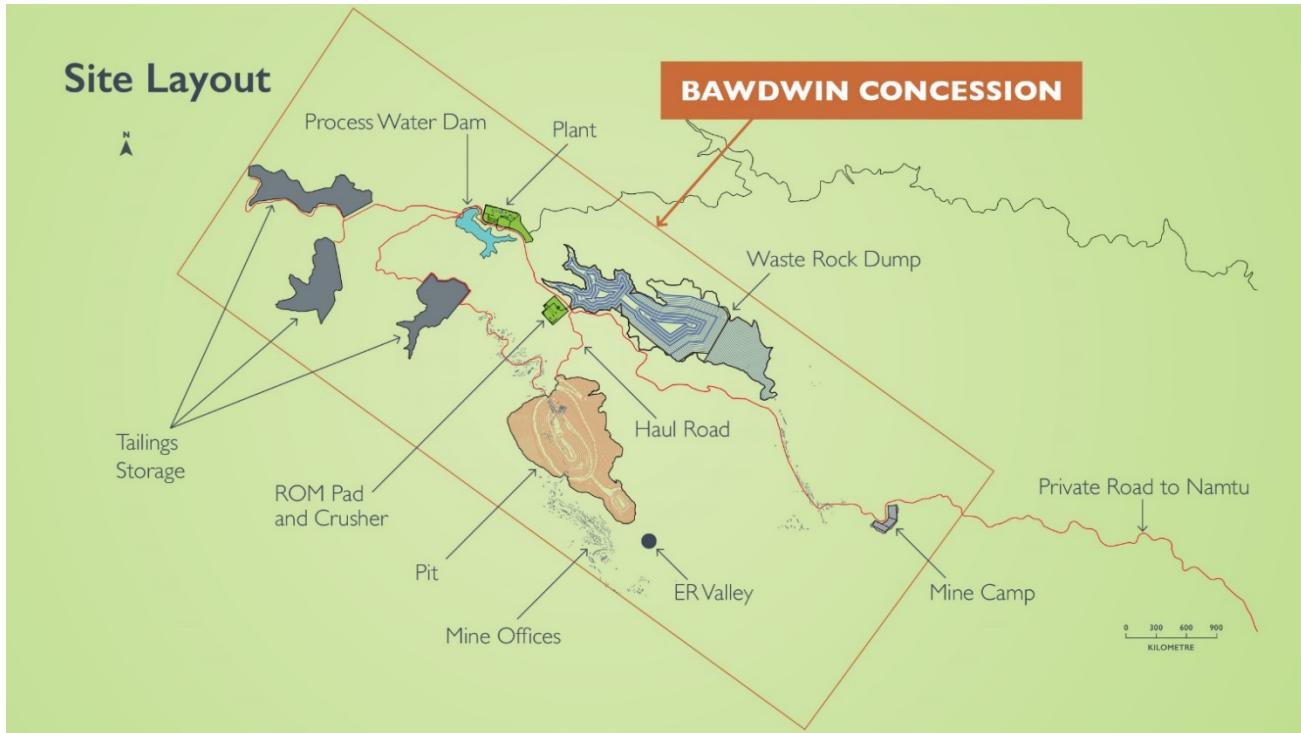


Figure 3. Site layout on the Bawdwin Concession

The updated site layout (Figure 3) now hosts all of the key mining, plant and site infrastructure within the 38 km² Bawdwin Concession. The layout has carefully considered the topography and has been designed to optimise plant operating performance and minimise capital and operating costs.

The processing plant (Figure 4) is located in a relatively flat area in close proximity to the process water dam, the tailings storage facility and waste rock dump. New access roads will be developed to facilitate the transport of ore from the open-pit to the processing facility, waste rock to the dump site and concentrate products from the processing facility to Namtu and beyond to final customers.

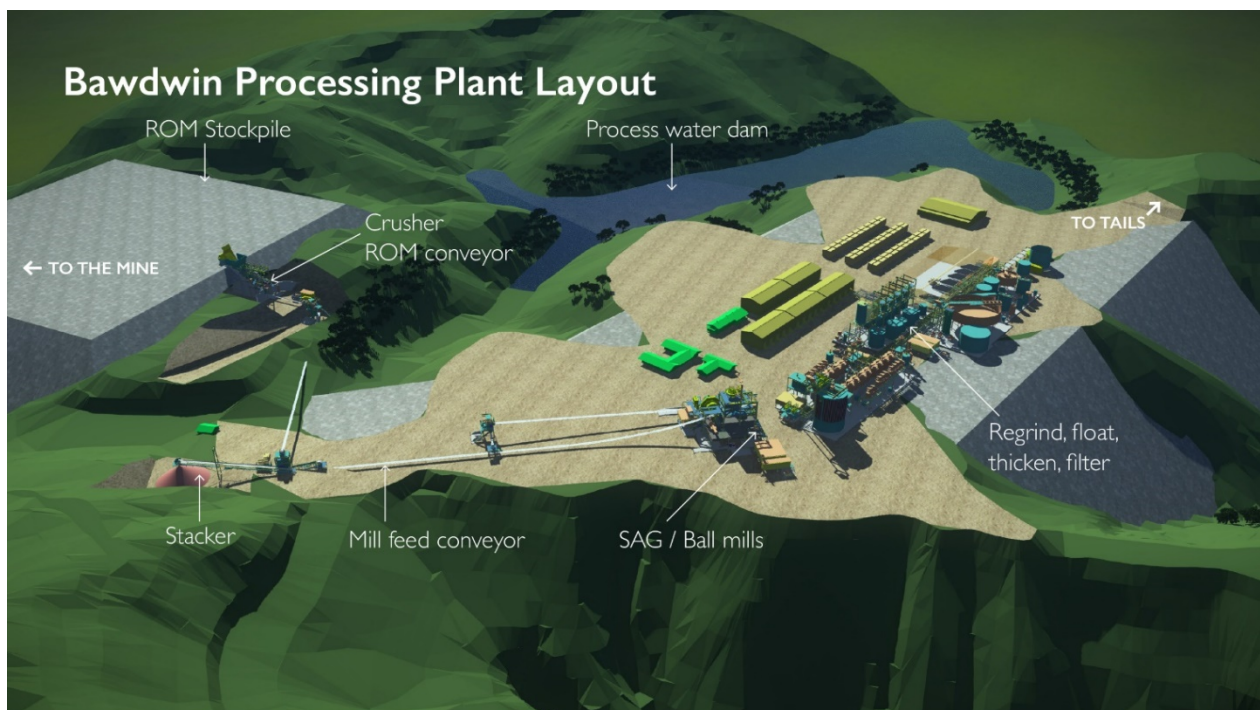


Figure 4. Processing plant layout

Metallurgical testwork

The BJV study team has undertaken several programmes of lead-zinc flotation testwork which first commenced in April 2018 and remain ongoing. The testwork program was designed by a principal process engineering consultant to determine the grade and recovery functions across the ore types present at Bawdwin. During 2019, MYL's Chief Metallurgist Andrew Dowling¹, has been leading the testwork program to ensure that practical results capable of being replicated in the actual Bawdwin processing plant are achieved.

Test results show that lead-silver-zinc material with a high proportion of lead as sulphide provides grade and recovery performance that is consistent with the published Pre-Feasibility Study (PFS) estimates (see announcement dated 6 May 2019). In the PFS, 12% of the material processed was partially oxidised or 'transitional' material and assigned poorer grade and recovery assumptions, with no recovery of zinc concentrate. The testwork completed in the period, utilising different reagent regimes is yielding encouraging results on transitional material and lower grade halo mineralisation and zinc concentrate has been recovered from transitional material. Metallurgical studies remain ongoing. The final grade and recovery functions will be published in the feasibility study.

Logistics

During the period planning for a trial concentrate transport logistics exercise was undertaken with DHL Group and RG Logistics which resulted in the trial being completed in January. A truck transported containers of sand from Namtu to both the Chinese border at Muse and to Yangon via Mandalay, to gain important information on journey times and distances. The trial is an important step in finalising cost and logistics information for the feasibility study and in establishing terms for our concentrate sales agreements



Figure 5. Representatives from BJV, DHL and RG Logistics undertaking the concentrate transport logistics trial.

¹ Mr Dowling has broad experience in operating polymetallic plants including Century, Rosebery and Golden Grove

Locrian

During the period the Company secured an exclusive option agreement with Locrian Precious Metals Company Limited (**Locrian**) to acquire up to an 85% interest in Locrian by way of phased investment. Locrian represents a compelling greenfields gold / copper 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.

The Locrian portfolio consists of the Tarlay and Mongywang applications for Integrated Exploration Licences (IEL). Both applications are within the Shan State of Myanmar, which also hosts Bawdwin. The Tarlay IEL is expected to be granted in the short term.

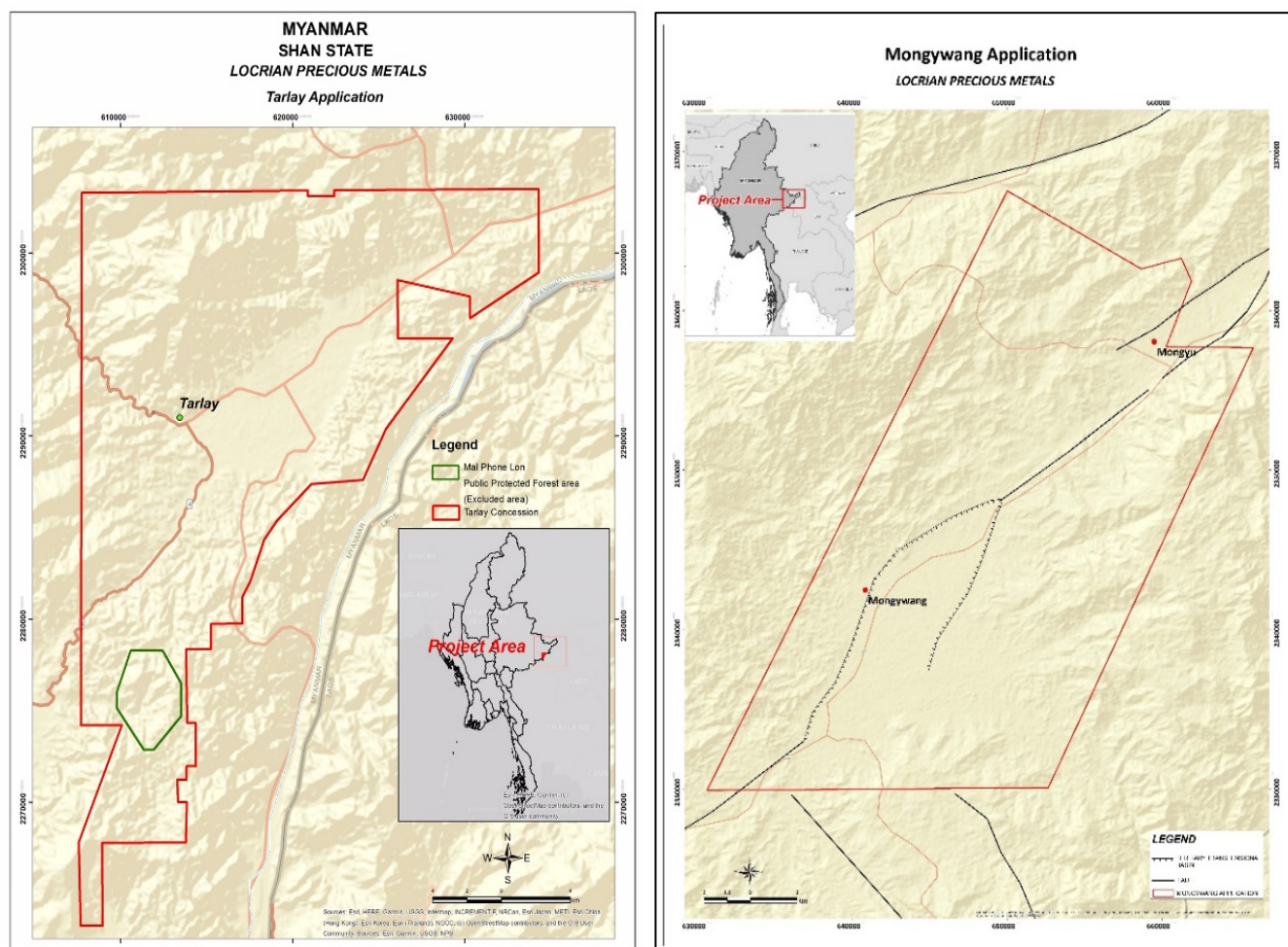


Figure 6. Tarlay and Mongywang applications.

John Lamb, Executive Chairman and CEO, commented:

“MYL is highly regarded as an emerging western mine developer in Myanmar and our strong reputation has yielded a pipeline of potential project acquisition opportunities. Locrian was a stand-out amongst such opportunities; it presented with high geological merit, district scale potential, it complements Bawdwin’s development phase and offsets operational risk.”



Figure 7. 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 in a similar position along the edge of the Miocene basin.

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.

In 2020, an infill stream sediment sampling program will be conducted at the Tarlay application to further define the strong existing gold copper and molybdenum anomalies defined by Locrian. A concerted effort to trace the source of the south-western and north-western gold anomalies is warranted. To date there have been no indications of artisanal workings and therefore oxide gold mineralisation may be fully intact.

Corporate

Production sharing agreement (PSA) negotiations

Bawdwin is secured by a permitted mining concession, governed by a PSA with Mining Enterprise No.1 (**ME1**). Notwithstanding, to invest the capital required to bring the mine into full scale production, as contemplated by the project feasibility studies (see PFS announcement dated 6 May 2019), an updated PSA is required as well as a foreign investment permit.

During the period the BJV was actively negotiating an updated PSA with ME1 and preparing documentation for the BJV's submission to the Myanmar Investments Commission for the foreign investment permit.

The Company is pleased with the level of engagement from ME1 and is working with the BJV to expedite the approvals phase.

Strong financial position

During the period the Company's cash grew to A\$ 18.4 million, on receipt of A\$ 4.9 million as proceeds from the exercise of the listed option series MYLO. The MYLO option series has now expired. The largest item of expenditure in the quarter was drilling and technical studies (A\$3.9m). The Company has no debt outstanding.

Investor relations

In October, MYL presented at the well-attended Brisbane Resources Round-Up, a retail investor conference focused on the resources sector. The Company sponsored the Myanmar Applied Earth Sciences Association (MAESA) conference in Yangon in November, where John Lamb also delivered the keynote address entitled "The Silver Lining on Myanmar's Mining Industry".



Figure 8. John Lamb presenting at the Brisbane Resources Round-Up.


Shareholders should note the increase in public engagement within Myanmar as the project advances. The Company and its partners in the Bawdwin Joint Venture have presented the project to the Myanmar Government as the flagship of a new era in Myanmar's mining industry, in which environmental, social and governance concerns rank alongside economic factors and foreign investment is in balance with local ownership. This view was echoed by Austrade, which issued an Australian Government Report entitled Myanmar Exploration and Mining – Uncharted Territory, featuring the Bawdwin project, during the period.

John's presentation at the MAESA conference outlined why the Company believes the time is right for investment in Myanmar's mining sector and he provided a summary of how Bawdwin will lead the way in re-setting local industry standards in mining disciplines, governance, transparency and environmental and social responsibility.



Figure 9. (LHS) John Lamb presenting at MAESA. Figure 10. (RHS) MAESA Conference Dinner Head Table: L-R BJV Project Director Rob Cicchini, MYL Director Jeff Moore, MYL CEO & Chairman John Lamb, Conference Convenor Prof. Khin Zaw (UTAS), and Guest of Honour, Deputy Minister H.E. Dr Ye Myint Swe of the Ministry Of Natural Resources and Environmental Conservation

Authorised for release to the ASX by



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 Myanmar Metals Limited

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.

Mineral Tenements

Title / Reference	Status	Party Name	MYL Interest
Myanmar			
Bawdwin	Production sharing contract; Granted Mining Concession	Win Myint Mo Industries	51% participating interest
Locrian	Option to acquire up to an 85% interest in company which holds Tarlay and Mongywang applications	Locrian Asia Pte Limited	Option

Changes in Mineral Tenements during the period

Changes in tenements	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
Interests in mining tenements and petroleum tenements acquired or increased	Locrian	Option	Nil	Option to acquire an 85% interest

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MYANMAR METALS LIMITED

ABN

48 124 943 728

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,847)	(7,831)
(b) development	-	-
(c) production	-	-
(d) staff costs	(373)	(691)
(e) administration and corporate costs	(514)	(1,137)
1.3 Dividends received (see note 3)		
1.4 Interest received	98	114
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(4,636)	(9,545)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(39)	(42)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(39)	(42)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	4,949	4,962
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,949	4,962

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,189	22,881
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,636)	(9,545)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(39)	(42)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,949	4,962
4.5	Effect of movement in exchange rates on cash held	(112)	95
4.6	Cash and cash equivalents at end of period	18,351	18,351

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,042	3,885
5.2	Call deposits	7,000	11,000
5.3	Bank overdrafts	-	-
5.4	Other (Share of joint entity cash balances)	2,309	3,304
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,351	18,189

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

328

-

Fees and salary paid to directors of the entity and their associates

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

n/a

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify) see below

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

n/a

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	3,125
9.2 Development	-
9.3 Production	-
9.4 Staff costs	247
9.5 Administration and corporate costs	644
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	4,016

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer to Operations Report			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Refer to Operations Report			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
 (Director/Company Secretary)

Date: 31 January 2020

Print name: ROWAN CAREN

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.