

ASX ANNOUNCEMENT

Date 15 September 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

Mr. Andrew Teo
Non-Executive Director

ISSUED CAPITAL

Shares 1,769 m.

Unlisted Options 62 m.

BAWDWIN PROJECT UPDATE

HIGHLIGHTS:

- Definitive study undergoing peer review, key financial estimates to be finalised when PSA is signed, and MIC terms are known
- ESIA nearing completion. ESS completed and reviewed by Environmental Conservation Department
- New PSA drafted and awaiting approval by MONREC and Government authorities
- BJV employees operating under COVID safety guidelines to finalise the ESIA consultation process on site
- Project financing discussions well-advanced with multiple parties providing draft terms
- BJV Company Limited, the applicant vehicle for the MIC permit and, subsequently, holder of the Bawdwin concession, has been incorporated with shares issued to all partners. MYL now holds 51% of the applicant company, which will formalise ownership of the Bawdwin project upon grant of the new PSA and MIC permit after receiving Governmental approval
- BJV planning early construction works to commence shortly after issue of the MIC permit



Figure 1. Technicians measuring water flow and quality for the ESIA

Myanmar Metals Limited (“MYL” or “the Company”), working with its partners in the Bawdwin Joint Venture (“BJV”), is pleased to provide an update on the Bawdwin project. This update is designed to ensure shareholders are aware of the progress made and the status of the Bawdwin project. It evidences the enormous effort by the Company and our partners in Myanmar as we work together to bring Asia’s biggest primary silver mine on-line.

Environmental and Social Impact Assessment (“ESIA”)

An Environmental Scoping Study (“ESS”), which establishes the framework for the ESIA, has been completed by BJV and its advisors and reviewed by the Environmental Conservation Department (“ECD”) within Myanmar’s Ministry of Natural Resources and Environmental Conservation (“MONREC”). Upon review, the ECD has instructed the BJV to proceed with the production of the ESIA. The ESS is an important document which will be submitted to the Myanmar Investment Commission (“MIC”) as part of the application for BJV’s foreign investment permit.

International consultants, Coffey International, together with their local counterpart Valentis Services, have been collecting, analysing and collating baseline data for an ESIA on behalf of the BJV for the past two years. The ESIA will follow international standards and guidelines, including the Equator Principles and IFC Performance on Environmental and Sustainability. The ESIA underpins BJV’s commitment to manage its operations responsibly with due care for sustainable environmental and community outcomes and is expected to be completed for submission to ECD during the second half of 2020.

The next phase of the process will include public consultations, some of which have been impacted by COVID-19 travel restrictions.

The scope of the ESIA includes the following areas:

- Policy, legal and institutional framework
- Description of the natural and social environment
- Identification of impacts and mitigation measures
- Risk assessment of unplanned events
- Cumulative impact assessment
- Community engagement and community development
- Mine closure plan
- Environmental and social management plan

As part of the ESIA public consultation process, detailed drawings of the Bawdwin mining concession and relevant site infrastructure are required. Several of these drawings are presented below.

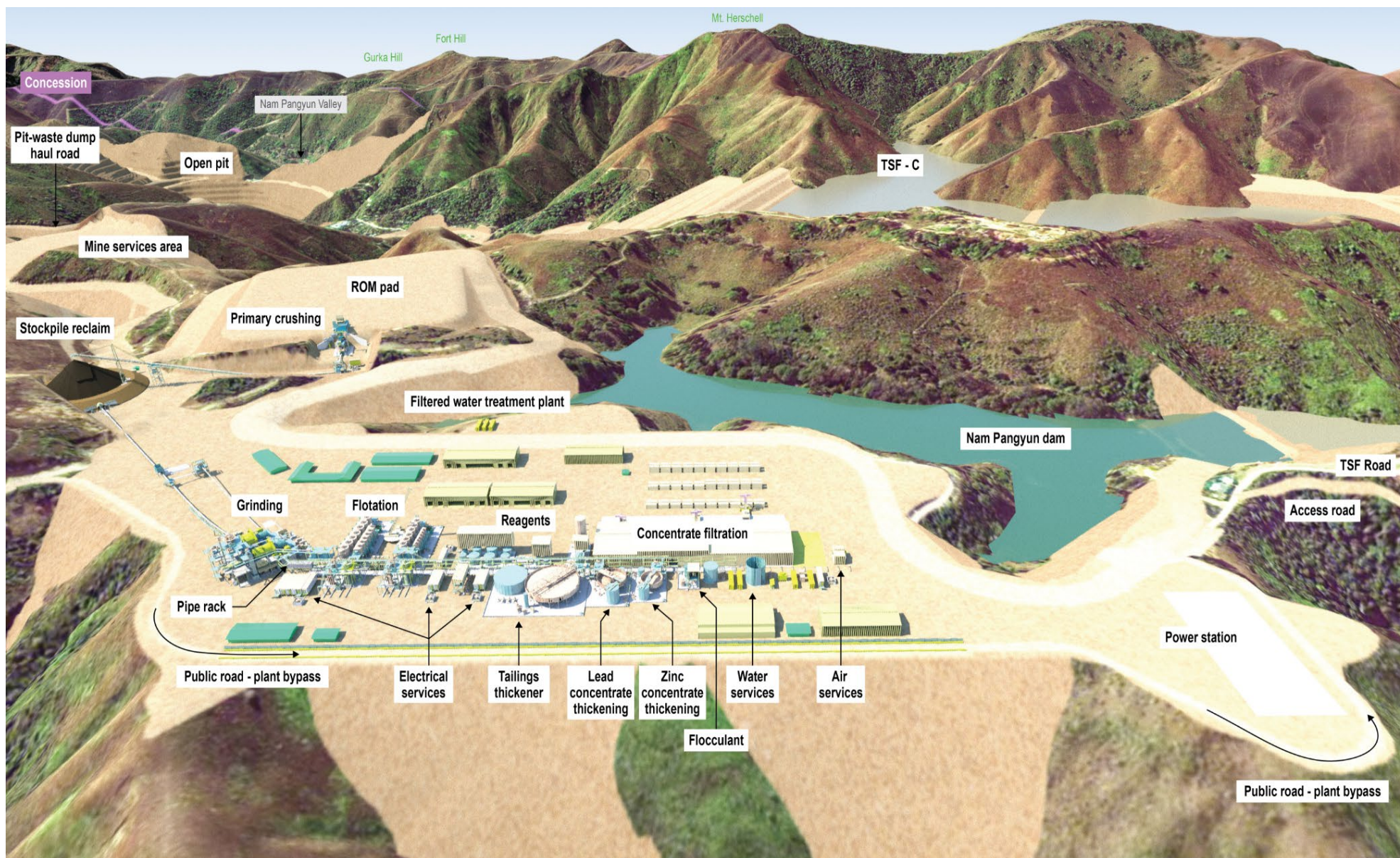


Figure 2. Bawdwin Processing Plant (looking south). Source: Coffey – Valentis.

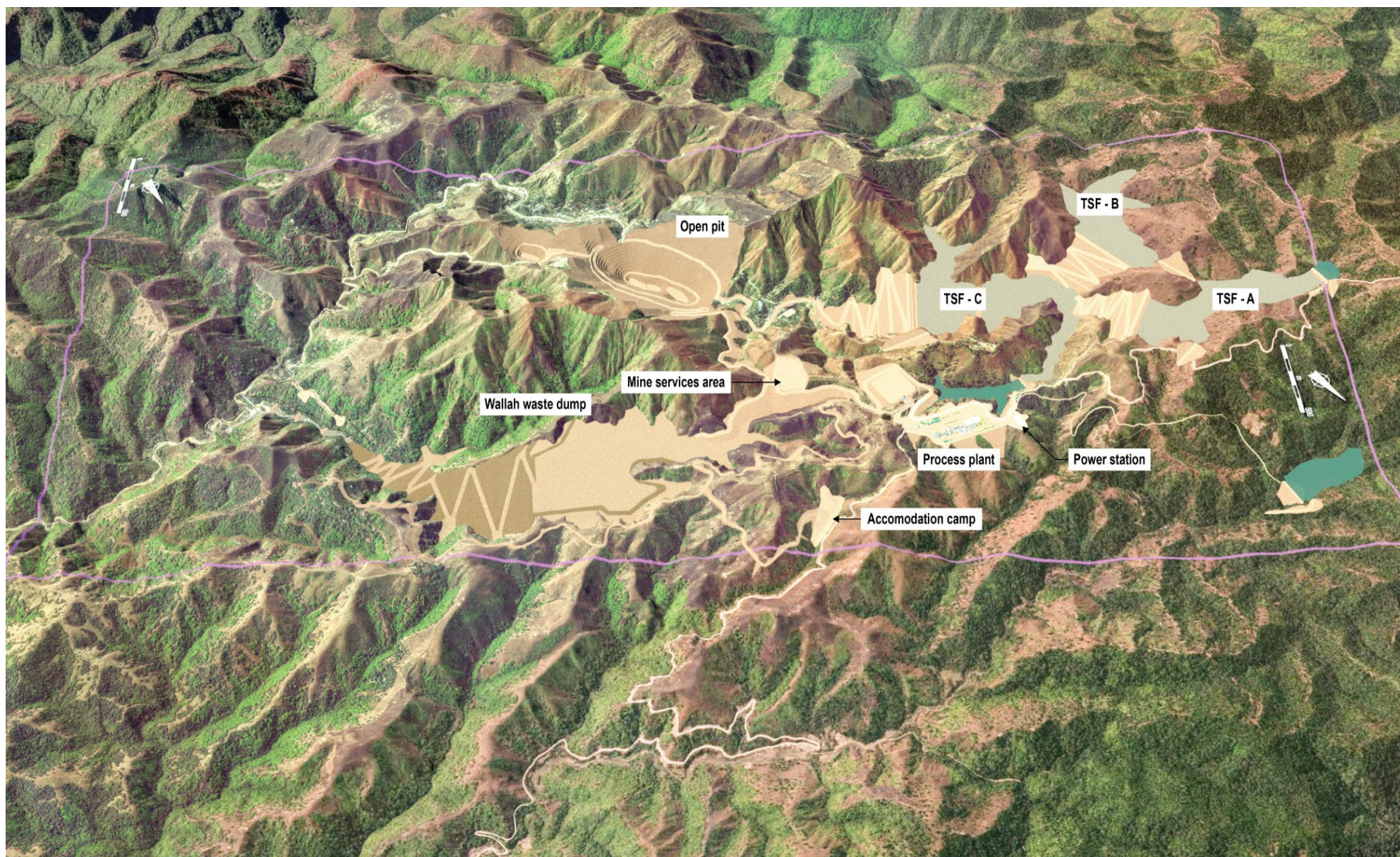


Figure 3. Bawdwin Mining Concession (looking west). Source: Coffey – Valentis.

Bawdwin Site Update

Quarantine restrictions, which limited domestic travel within Myanmar, had been eased in many states including, Shan State. MYL/BJV team members based in Yangon were able to travel to site and had recently been involved in regional stakeholder engagement programs. Reported COVID-19 cases in Myanmar have risen in recent weeks which has resulted in the rapid re-introduction of travel restrictions domestically. The COVID-19 outlook for Myanmar, like many countries, is uncertain but the Government and community response has been swift in addressing the recent cases. COVID-19 could potentially impact the timing of key project milestones.



Figure 4. BJV representatives, Andy Witcomb (Safety Health Environment and Community Manager) and Tony Chisnall (Senior Geologist) with Senior Shan State Officials.



Figure 5. BJV representatives, Tony Chisnall, Thet Htar San and Thin Thet Naing donating computer equipment to the Lower Bawdwin School.

Overview of Progress on the Definitive Study (“Study”)

The Study is well advanced with some technical sections now undergoing internal review and external independent review by Mining One, who have been appointed as BJV’s Independent Technical Expert. Mining One’s report will be useful as an independent technical review of interest to potential financiers.

A summary discussion on the Study follows.

The Starter Pit, being the first phase of proposed mining operations at Bawdwin, is the focus of the Study. Following completion of the project permitting and securing of project finance, BJV will undertake construction and commissioning activities for the Starter Pit, which will be performed over a two year period, and once completed will establish the life of mine infrastructure. Mine life is expected to extend significantly beyond the life of the Starter Pit.



Figure 6. Bawdwin Open-Pit (looking north). Source: Coffey – Valentis.

The Study contemplates an open pit mining operation with conventional drill, blast, load and haul processes. Mined waste will be hauled from the pit to a dump site in the adjacent Wallah Valley. As seen in Figure 6, ore will be transported to the Run-Of-Mine (ROM) pad, where primary crushing will occur. From the ROM pad the ore will first be conveyed to a stockpile and then on to the grinding circuit at the Bawdwin processing plant (Figure 2). The ore will pass through the lead-silver flotation circuit first, where a majority of the lead and silver will be liberated. The remnant slurry or ‘tails’ will pass through the zinc circuit where a majority of the zinc will be liberated. The final tailings will be pumped to, and stored in, three tailings storage facilities (TSF A, B and C), which will be developed in phases and are all proximate to the processing facility. The successful identification of three suitable tailings storage sites for the life of mine was a significant achievement by the BJV partners and key consultant, Knight Piésold, due to the steeply undulating topography of the region. Dry stacked tailings had been contemplated as part of the PFS, but the latest plans are for conventional ‘wet’ tailings storage facilities.

Considerable metallurgical testwork has been conducted on Bawdwin ore. The majority of the deposit is comprised of “fresh” (sulphide) ore that produce high-quality concentrates with good metallurgical recoveries, while saleable concentrates will also be produced from partially oxidised ores.



Figure 7. Lead -silver concentrate produced from bulk lead flotation test

The lead-silver and zinc concentrate products produced at the plant will then be transported in secure, customised 20 foot sea containers on a new private road to connect the Bawdwin processing plant to Tiger Camp and onwards to the local town of Namtu. Public roads will then be used to transport the concentrate cargoes from Namtu to their port of delivery. At this stage, alternative ports for delivery are being assessed; either into China via the border town of Ruili or elsewhere through the port of Yangon.

The terms of the government share cannot be known with certainty until such time as the new Production Sharing Agreement (PSA) is approved and signed. Once the updated PSA has been signed by MONREC, the BJV will be in a position to complete the Study. It is anticipated that the PSA terms will be signed, and the MIC foreign investment permit will be granted this year, however the return of COVID-related travel restrictions may delay this process.

Upon finalisation of the new PSA and publication of the Study, an updated Ore Reserve declaration is expected. Cube Consulting Pty Ltd have been appointed as BJV's mining consultant and will prepare this update.

Production Sharing Agreement ("PSA")

MYL's partner, Win Myint Mo Industries Co. Ltd. (WMM) entered into a PSA with State-owned mining enterprise, No.1 Mining Enterprise (ME1), in 2009. ME1 is controlled by the Myanmar Ministry of Natural Resources and Environmental Conservation. This PSA remains in operation. The PSA held by WMM currently extends until 2024, with an option to extend the period for a further five years (until 30 December 2029). The existing WMM PSA is to be replaced by the new PSA being negotiated by BJV after receiving Governmental approval.

Negotiations on the new PSA and approval for the MIC foreign investment permit continue with positive engagement. Mineral taxation (royalty) rates are consistent with the rates established in Myanmar's Mines Law, being 3% for lead and zinc and 4% for silver. Other draft terms of the new PSA are broadly consistent with those of the existing PSA held by WMM. It is anticipated that the new PSA will be submitted for approval to MIC this year. BJV is seeking to negotiate a 50 year term for the new PSA.

Corporate

All partners have agreed that BJV Company Limited will be the incorporated vehicle which will hold the updated PSA going forward. BJV Company Limited, with current shareholdings as shown below, is now established as the applicant to the MIC and will hold the Bawdwin Concession once the MIC permit is granted and the new PSA is signed.

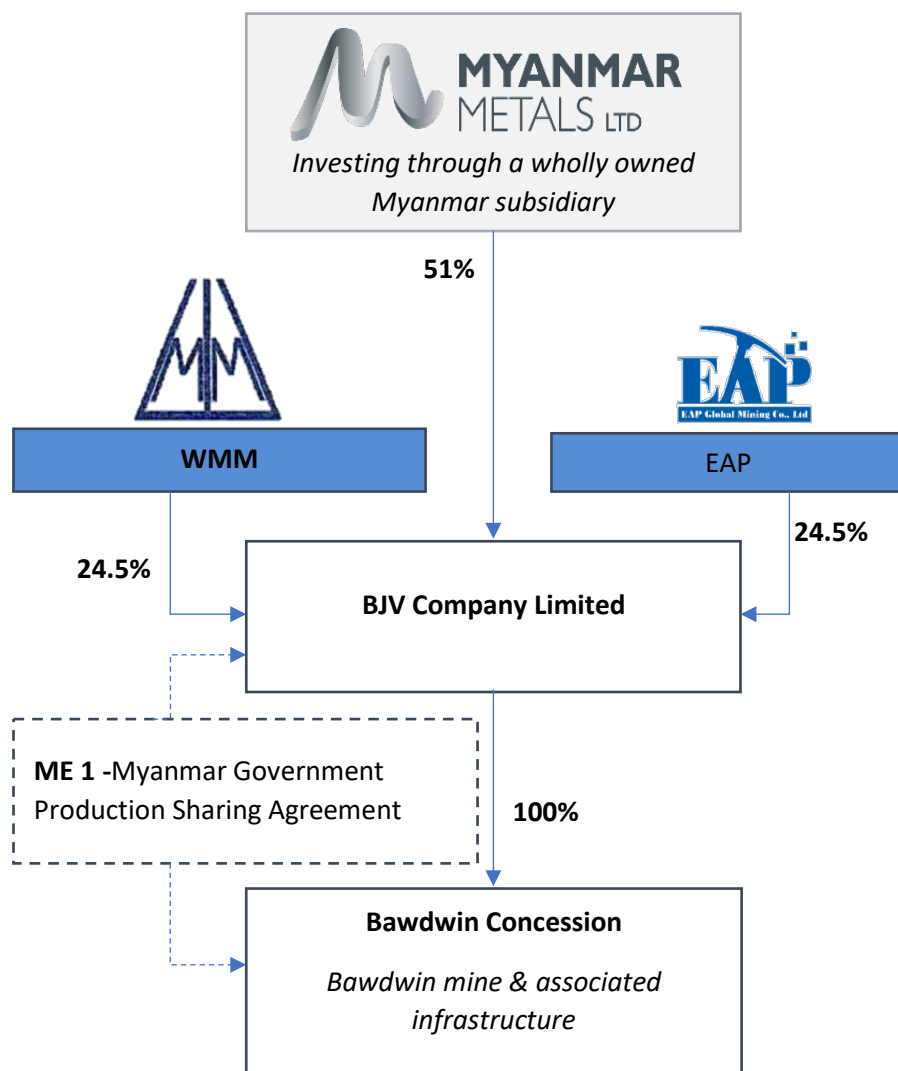


Figure 8. BJV Corporate Structure

In accordance with the terms of the Operating Agreement (2018), MYL and EAP are required to fund the Study and MYL is required to procure binding finance commitments. As discussed in earlier sections of this announcement, the Company expects completion of the Study this year thereby satisfying that requirement. In relation to procuring binding financing commitments, in return for WMM allowing MYL to vest its equity in the project immediately, the Company has now committed to procuring binding finance commitments within 3 years which may require spending of up to US\$14M on project early works.

The partners plan to commence early construction works as quickly as possible following grant of the MIC permit, funded through equity contributions.

Finalisation of the Bawdwin project finance facilities will be reliant on both the receipt of the MIC permit and the publication of the Study, as is customary for mining project finance deals. To date, the Company is pleased with the engagement from multiple potential financiers and, notwithstanding challenges related to the coronavirus

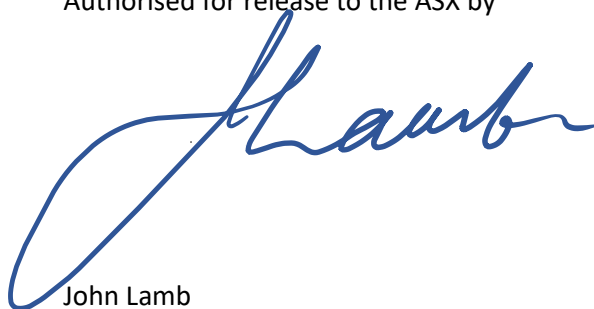
(including restrictions on international travel for site visits), MYL will be working diligently to expedite the project financing process.

The Company plans to hold its Annual General Meeting (AGM) on or after Thursday, 19 November 2020. In accordance with ASX Listing Rule 3.13.1, director nominations will close 35 business days before the date of the AGM. MYL will announce further details regarding the AGM, including the date and time, in a separate notice of meeting which will be provided to Shareholders in due course. The notice of meeting will also be available on the ASX Company Announcements Platform.

John Lamb, CEO and Executive Chairman, commented:

“Years of work will culminate in the ESIA and Study being completed this year, as well as lodgement and granting of the MIC permit. MYL and its partners have drilled in excess of 27,000 metres, digitised over 900 historical plans, conducted 232 metallurgical tests and numerous geotechnical, hydrology, water quality, air quality and other assessments at Bawdwin since 2017. This will provide the basis from which the Company and its partners can finalise financing and offtake arrangements and move forward to the start of mine construction.”

Authorised for release to the ASX by



John Lamb

Executive Chairman and CEO

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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 Mining Co. Ltd. (EAP).

The Bawdwin Joint Venture (BJV) intends to redevelop the world class Bawdwin Mineral Field, currently 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 a 51% interest (earning up to 85%) in the Tarlay gold project in eastern Shan State.