For personal use only

MYANMAR METALS LTD

ASX ANNOUNCEMENT

Date: 29 October 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	1,896 m.
Unlisted Options	61 m.

SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT

Highlights

- **Progress continues to be made with MONREC and Government authorities to finalise new PSA and MIC application**
- **Definitive study undergoing independent expert peer review**
- **Successful completion of a $9.5 million share placement and share purchase plan in October, proceeds to be allocated to exploration at Tarlay and exploration and early mine infrastructure development at Bawdwin**
- **Locrian's Tarlay gold exploration licence granted by Myanmar's Department of Geological Survey and Mineral Exploration**
- **Following exercise of the Locrian option, MYL now holds a 51% interest in Locrian with the right to earn up to 85%**
- **Results from MYL's preliminary scout sampling program at Tarlay show multiple anomalous gold assays from rock chip samples and visible gold in panned concentrates from stream samples**



Figure 1. BJV representatives donating computing equipment to Bawdwin Upper School.

For personal use only

Summary

During the September Quarter 2020, Myanmar Metals Limited (ASX: MYL) ("MYL" or "the Company") made a number of key announcements regarding plans to grow its exploration portfolio in Myanmar and reported on progress towards the completion of a Production Sharing Agreement ("PSA") and finalisation of documentation for submission to the Myanmar Investments Commission ("MIC") in support of the Bawdwin Joint Venture's ("BJV") application for a foreign investment permit.

As noted in the Company's Bawdwin Project Update on 15 September 2020, Myanmar, along with many other countries, is experiencing an increase of COVID-19 cases which continues to impact the operations of government agencies and departments in Myanmar. The Company has taken steps to minimise these impacts and through its in-country management and in collaboration with its JV partners, continues to advance its engagement with the Myanmar government to finalise approvals for the Bawdwin Project.

Locrian

In August 2020, the Company announced it had exercised the option to acquire a 51% shareholding in Locrian Precious Metals Company Limited ("Locrian") with the right to earn up to an 85% interest. Exercise of the Locrian option followed the granting of the Tarlay Integrated Exploration License ("Tarlay"), which occurred earlier in the September Quarter. The granting of Tarlay was a very positive development for the Company as it allows for the start of exploration activities on site and importantly, it provided evidence that the permitting process in Myanmar is still very much operational, notwithstanding disruptions caused by COVID-19.



Figure 2. Representatives from Locrian and MYL with the granted permit.

With the Locrian acquisition, MYL is now a multi-project company, although its primary focus remains on the development of Asia's largest silver mine at Bawdwin.

For personal use only

John Lamb, Executive Chairman & CEO, commented:

The Company recognises that it has a unique opportunity to identify and acquire outstanding exploration permits in Myanmar, at a time when Myanmar is "off the radar" for most of the world's minerals explorers. We believe that this situation will change after the MIC permit has been granted for Bawdwin.

Tarlay

During the Quarter the Company received results from a reconnaissance sampling program conducted earlier in 2020. The sampling program included 29 rock chip samples and 49 stream sediment and panned concentrate samples. The reconnaissance sampling builds on earlier work done by Locrian between 2015 and 2017, when 60 stream sediment and 59 panned concentrate samples were collected.



Figure 3. Sampling team at Tarlay panning concentrates from stream sediments.

The rock chip samples were collected from areas with no previous exploration or mining activity. Six, or 20% of the samples, returned assays greater than 0.1g/t gold. Sample TR028, taken from an outcrop of fine grained volcanic rock with visible pyrite and arsenopyrite located in a stream north of the San Parami mining area, assayed 5.1g/t

gold, 26g/t silver and 204ppm molybdenum. This rock is from an area with no previous mining disturbance but is on the trend of one of the prospective pull-apart basin margin structures. The samples are sourced from an area highlighted by copper and molybdenum anomalism.

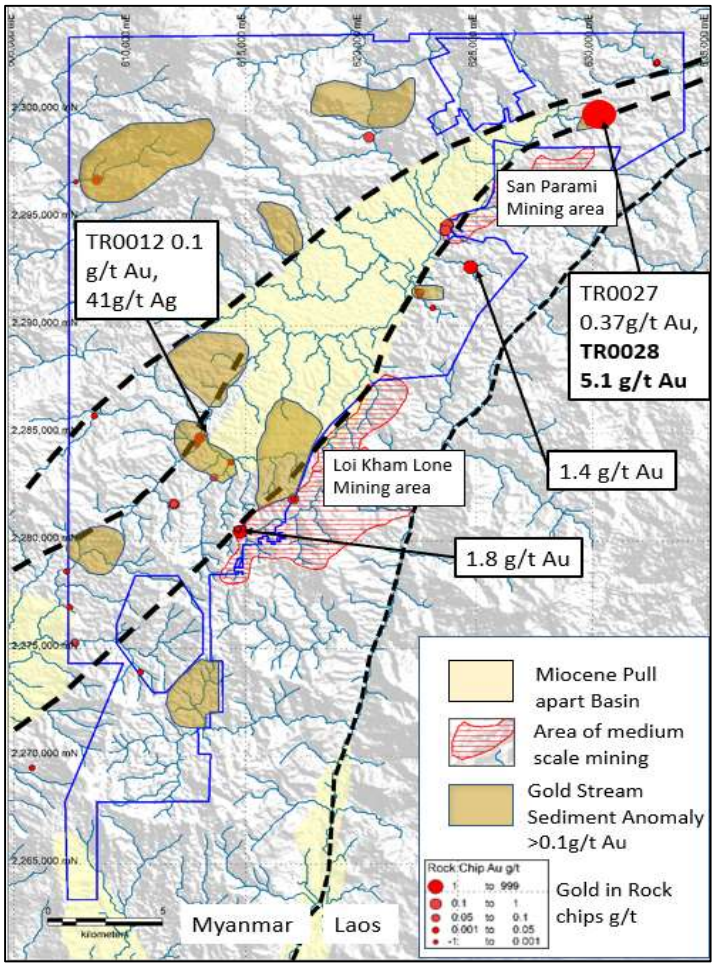


Figure 4. Tarlay Permit (outlined in blue), Eastern Shan State Myanmar.

The Tarlay licence is situated in the Tarlay Gold Belt, a region which hosts multiple small scale gold mines, yet has never seen modern, systematic exploration work. The Company's planned exploration over the coming dry season is focused on developing a comprehensive geoscience database to enable the identification of drilling targets.

Bawdwin Approvals

In-country engagement with the Myanmar Government regarding the PSA continues to be positively advanced by the Company's local partners. The PSA is awaiting finalisation and approval by Myanmar's Ministry of Natural Resources and Environmental Conservation (MONREC) and other Government authorities. The Company has prepared the documentation required for the MIC foreign investment permit and collaboration with MONREC to facilitate the application for a foreign investment permit from MIC is progressing well.

Once the new PSA has been signed by MONREC, BJV will be in a position to complete the Definitive Study. Notwithstanding possible delays due to the impact of COVID-19 and Myanmar's November General Election, the Company remains optimistic that the PSA will be submitted for approval to MIC this year.

For personal use only

During the Quarter an Environmental Scoping Study, which establishes the framework for the Environmental and Social Impact Assessment ("ESIA"), was completed by BJV and its consultants and reviewed by the Environmental Conservation Department ("ECD") within MONREC. Following the review, the ECD instructed BJV to proceed with the production of the ESIA.

BJV's 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 in 2020.



Figure 5. BJV representatives with Senior Shan State Officials.

The Company was pleased to meet with Shan State authorities during the Quarter, including the Shan State First Minister. Other stakeholder consultation initiatives, associated with the ESIA, will be completed as soon as practical.

Financial Position

At the end of the September Quarter, MYL held $8.7 million in cash with no debt. In October the Company completed a $7 million share placement to institutional and sophisticated investors (before costs) and a $2.5 million share purchase plan. The proceeds of the placement and share purchase plan will primarily be used to fund exploration at Bawdwin and Tarlay and for early site development works at Bawdwin (see the announcement dated 9 October 2020 for further details).

In accordance with ASX Listing Rule 5.3.5, the Company confirms that payments made to directors during the quarter were comprised of salaries and fees.

For personal use only

Closing Remarks

John Lamb, Executive Chairman & CEO, commented:

"While we are moving through the Bawdwin approvals process we have also been actively building a platform for future growth. The Locrian acquisition is the first plank in this platform, and we are actively seeking other opportunities with similar potential.

Our intention is to build a major regional minerals production company that has the world class silver-lead Bawdwin project at its core. Around Bawdwin, we aim to develop a portfolio of exploration and mining projects in Myanmar, utilising our first mover advantage to offer our investors a pathway to sustainable growth and returns.

The development of this portfolio has begun and we are using this period to set the Company up for its next growth phase."

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

For personal use only

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.

For personal use only

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	*Tarlay Integrated Exploration Licence and Mongywang IEL application*	*Locrian Asia Pte Limited*	*51% shareholding. Earn-in rights to acquire up to an 85% shareholding*

For personal use only

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MYANMAR METALS LIMITED

ABN	Quarter ended ("current quarter")
48 124 943 728	30 September 2020

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,517)	(1,517)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(197)	(197)
	(e) administration and corporate costs	(396)	(396)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,096)**	**(2,096)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(206)	(206)
	(e) investments	-	-
	(f) other non-current assets	-	-

For personal use only

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(206)**	**(206)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	11,116	11,116
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,096)	(2,096)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(206)	(206)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(107)	(107)
4.6	**Cash and cash equivalents at end of period**	**8,707**	**8,707**

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	4,622	4,821
5.2	Call deposits	3,500	5,500
5.3	Bank overdrafts	-	-
5.4	Other (share of joint entity cash balances)	585	795
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,707**	**11,116**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	246
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

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

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,096)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(206)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,302)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,707
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	8,707
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.8

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:
N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:
N/A

For personal use only

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: .....29 October 2020.....

Authorised by: .....By the Board .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only