

8 December 2016

Metro Mining Farms-out its interest in the Mahar San Project located in Myanmar

Metro Mining Limited (ASX: MMI) (Metro) has entered an agreement to farm out its interest in Mahar San exploration project in Myanmar to PanAust Limited (PanAust). PanAust will commence exploration of Mahar San in early 2017.

The Mahar San project is in the Sagaing Region of northern Myanmar, approximately 220 km north-northwest of Mandalay (Figure 1). It lies within the Mesozoic to Tertiary Central Volcanic Magmatic Arc and is prospective for various styles of copper, gold and base metal mineralisation.

Following the successful acquisition of Gulf Alumina Limited, the farm-out of the Myanmar exploration interests will allow Metro to remain totally focused on the development of its bauxite resources on Cape York while retaining an interest in the upside to be realized from successful exploration of Mahar San.



Figure 1. Location of Mahar San project. (Source Google Maps)

On 10 June 2016 Metro announced that it had signed a joint venture agreement to acquire 80% of the Mahar San Project and that it was engaged in discussions with potential funding parties which have an interest in Myanmar.

The farm out agreement provides for PanAust to progressively earn an interest in Metro's Myanmar company which has the interest in the Mahar San project by the phased funding of exploration expenditure as set out below:

Stage	Description
Phase 1	PanAust has the exclusive option to explore the project for one year in exchange for funding all operating costs including an agreed drilling program.
Phase 2	PanAust has the option to acquire 63.75% of Metro's interest in the project for a further US\$3M expenditure on agreed exploration programs plus reimbursement of US\$500k of Metro's historical costs.
Phase 3	PanAust has the option to acquire an additional 18.75% of Metro's interest in the project for a further US\$5M expenditure on exploration.
Phase 4	PanAust has the option to purchase Metro's remaining 17.5% of Metro's interest in the project for US\$9.5m. If PanAust does not exercise the option Metro may elect to either contribute to its share of project expenditure or convert its interest to a 2% Net Smelter Royalty over production. This phase must be completed within 10 ½ years of the date of execution of the agreement.

Under the agreement with PanAust Metro is required to continue working towards satisfying the Mahar San joint venture agreement conditions precedent.

Metro's Chairman, Stephen Everett, said *"Metro welcomes PanAust as an important funding participant in the exploration of the Mahar San project. PanAust brings a wealth of experience in developing and operating projects in Southeast Asia and we look forward to a rewarding relationship."*

PanAust Myanmar Director, Richard Taylor, said *"We look forward to working with Metro and welcome the opportunity to support exploration at Mahar San. The project shares synergies with PanAust's other tenements in the Sagaing Region of Myanmar. As an emerging mining jurisdiction, Myanmar represents a great opportunity for the industry."*

Metro will continue to be advised by Valentis, an Australian led, Myanmar based exploration consulting company which has been managing the local technical and commercial aspects of the Mahar San project to date.

About Pan Aust

PanAust is a copper and gold producer in Laos with pre-development opportunities in Laos, Papua New Guinea, Myanmar and Chile. PanAust's producing assets are the Phu Kham Copper-Gold Operation and the Ban Houayxai Gold-Silver Operation; both are located in the Company's 2,600 square-kilometre Phu Bia Contract Area in Laos. PanAust is an Australian incorporated company which is owned by Guangdong Rising H.K. (Holding) Limited which is a wholly owned subsidiary of Guangdong Rising Assets Management Co. Ltd

About the Mahar San Project

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The project comprises three 'small mining' concessions for copper (16 to 20 hectares each) and an enveloping, larger copper exploration concession covering 1,988 acres. Small-scale mining of gold and copper mineralisation has been intermittently carried out in three small open-pits since 2010. Gold mining ceased in 2013 and the mining of deeper copper sulphide mineralisation was commenced with some copper metal produced from small leach pads.

Metro believes that the application of modern exploration techniques to better assess the area for gold, copper and other base metal mineralisation provides an attractive opportunity which can be executed without distracting Metro's management or diverting funds from the development of the Bauxite Hills project which is Metro's primary focus.



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