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31 January 2018

Manager Companies
Australian Securities Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

- **Compelling Scoping Study completed**
- **Bawdwin benchmarked as “world class” among mines and projects globally**
- **Government liaison process ahead of schedule**
- **Company funded for all activities up to exercise of option**
- **Technical program on track: 5,000m drilling program underway**



Figures 1-2: Commencement of RC (left) and diamond (right) drilling at Bawdwin (MYL, January 2018)

Forward Looking Statements

The commentary provided in this report 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.

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HIGHLIGHTS

- Share Placement completed in October 2017 raising A\$7m at \$0.07 per MYL share to fund due diligence activities on the world-class Bawdwin Pb/Zn/Ag/Cu mine. All debt retired and cash reserves of A\$6.1 million at quarter-end are sufficient for all planned activities up to exercise of the Bawdwin Option.
- Updated JORC 2012 compliant Mineral Resource estimate announced 1 December 2017 of: 75.9 Mt at 4.6% Pb, 2.3% Zn, 0.25% Cu and 119 g/t Ag in the Inferred category comprising:
 - Primary Resource of 41.4 Mt at 7.5% Pb, 3.5% Zn, 0.33% Cu and 178 g/t Ag as announced on 17th October 2017; and
 - Additional low grade “halo” of 34.5 Mt at 1.1%Pb, 0.9%Zn, 0.2% Cu and 48g/t Ag.
- Primary resource ranks amongst the world’s best undeveloped base-metal deposits; low-grade halo above 750m RL offers “bonus” mineralised material that is economically viable where it falls inside the pit shell.
- CSA Global Scoping Study completed during the quarter confirms that a robust long-life open pit operation is viable on the known Bawdwin resource; as announced to the ASX on 18 December.
- Detailed presentation to the Myanmar Ministry of Natural Resources and Environmental Conservation by MYL and current owner Win Myint Mo Industries Co Limited of the Scoping Study findings and our planned development on the deposit, including projected financials.
- Correspondence from the Myanmar Investment Commission (MIC) evidencing government consents necessary to exercise the Bawdwin Option received. MYL is encouraged with the early and positive response. Further government consents are required.
- Benchmarking by Terra Studios confirms Bawdwin as a World Class lead-zinc-silver deposit
- 5,000m RC and diamond drilling program commenced January 2018 designed to raise the confidence level of the upper portion of the resource to JORC 2012 Indicated.
- Metallurgical consultant Battery Limits engaged and 250kg of representative composite samples collected and in transit for analysis by ALS in Perth.
- Experienced site Manager appointed to lead geological program in-country



Figure 3: RC drilling at Bawdwin. (MYL, January 2018)

MYANMAR UPDATE

MYANMAR DEVELOPMENT STRATEGY

The Board continues to progress MYL's development strategy in Myanmar:

1. Short-medium-term production of metal concentrates (principally lead/zinc/silver) from an open pit mine at Bawdwin once the Option has been exercised and a feasibility study completed;
2. Long-term production of metals concentrates from the Great Bawdwin Mine if successful modern exploration shows that Bawdwin can be reopened as a safe, modern, high-productivity underground mine; and
3. Local and regional exploration and acquisition to grow the company's resource base and footprint in Myanmar, including the possibility of downstream processing.

BAWDWIN ZINC-LEAD-SILVER-COPPER MINE

As announced on 24 May 2017, MYL retains an exclusive option to acquire the majority interest in the Bawdwin Zn-Pb-Ag-Cu Mine Lease in Shan State. The concession is currently held by Win Myint Mo Industries Co Ltd (WMM).

The Bawdwin Mine lease covers 38 km² including the Bawdwin Mine and approximately 10km strike length of the Bawdwin Fault Zone which controls mineralisation within the Bawdwin Volcanic Complex. It is a polymetallic system, like Rosebery in Tasmania and has in the past been compared to that mine.

There is great potential for near-term production from an open pit developed on near-surface mineralisation as well as for long-term production from high-grade underground lenses.

Bawdwin is strategically located approximately 200km by road from the Chinese border on the Mandalay to Yunnan highway, providing an outstanding overland logistics corridor.

Bawdwin is considered one of the largest and highest-grade Zn-Pb-Ag-Cu deposits yet to be brought into production globally.

MINERAL RESOURCE UPDATE

On Friday 1st December, simultaneously with its presentation to the Ministry in Naypyidaw, the Company released a revised mineral resource estimate for the Bawdwin Project:

- Revised JORC Code 2012-Compliant inferred resource estimate of:
75.9 Mt at 4.6% Pb, 2.3% Zn, 0.25% Cu and 119 g/t Ag
comprising:
 - (i) **Primary Resource of 41.4 Mt at 7.5% Pb, 3.5% Zn, 0.33% Cu and 178 g/t Ag**
as announced on 17th October 2017; and
 - (ii) Additional low grade "halo" of 34.5 Mt at 1.1%Pb, 0.9%Zn, 0.2% Cu and 48g/t Ag in the upper 250m of the resource (above the 750m RL)

- The revised resource estimate was made using a cut-off grade of 0.5% Pb above the 750m RL and a cut-off grade of 2% Pb below the 750m RL; based on the work contained in the Bawdwin Scoping Study.
- **92% of the Mineral Resource is in the preferred Fresh sulphide** zone with 8% in Transitional and Oxide zones.
- **Much of the original in-situ resource remains un-mined** – the reported estimate reflects 15% depletion, based on modelled void volumes, from the total estimated pre-mining resource.
- Highly likely that **old stopes contain mineralised backfill** (low-grade mineralisation and sand fill from tailings) – upside for open pit production beyond the estimated mineral resource.

The Updated Mineral Resource estimate is based on more than 56 kilometres of historical underground sampling and geological mapping of exploration drives and the open pit, almost 3000 metres of core drilling in 2017, and 669 metres of channel sampling in 2017.

It was calculated using the same block model; and all input data and interpolation parameters and methodology were unchanged from those reported previously on 17th October 2017. However, the open pit optimisation study by CSA Global as part of the current Scoping Study indicated that a reduced cut-off grade of 0.5% Pb above 750m RL is appropriate to reflect the expected low cost of extraction. That cut-off grade, when applied above the 250m RL, allowed the previously unclassified low-grade halo material to be included in the revised resource estimate.

Despite the high data density and robust geological understanding, the absence of quality control data for the historical data, has led to a conservative decision to classify the Mineral Resource as Inferred.

CSA GLOBAL SCOPING STUDY

As announced on 18th December, CSA Global has completed a Scoping Study confirming the Board's expectation that a technically and financially robust open pit project development can be undertaken at Bawdwin.

"The completion of such a compelling Scoping Study, based on conservative assumptions and a very large quantity of geological data, underlines the absolute quality of the Bawdwin deposit.

The study will be updated once a satisfactory portion of the resource has been upgraded to Indicated in accordance with the JORC Code 2012 Edition and I look forward to being able to share the outstanding economics at that time."

– John Lamb, Chairman and CEO

The description below is a synopsis of the Company's announcement dated 18 December 2017 to the ASX, which contained relevant Competent Persons' and Cautionary Statements.

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Highlights

- **Scoping Study completed by CSA Global confirms the potential for a technically and financially robust project development at Bawdwin**
- **The Scoping Study achieved its objective in providing MYL with justification to progress to a Feasibility Study, together with its partner WMM, following exercise of the Bawdwin option. It also provided estimates of mine life, annual production, capital and operating costs, revenue and cash flow that informed recent discussions with the Ministry of Natural Resources and Environmental Conservation in Myanmar.**
- **The Scoping Study envisages a long-life, low-cost, low strip-ratio, 250 metre-deep open-pit mine with a conventional milling and flotation circuit to produce zinc and lead-silver-copper concentrates.**
- **There is good potential to increase the envisaged open-pit Life of Mine production considering the lack of shallow drilling surrounding the current Mineral Resource.**

Overview

As announced on 18th December 2017, the results of the Scoping Study confirm the potential of the Bawdwin Project to be redeveloped as a large-scale mining operation with robust project fundamentals, rapid capital pay-back, ongoing positive operational cash flow, and low technical risk.

The Bawdwin Project will be assessed more fully in a Definitive Feasibility Study that will be completed following exercise of the Bawdwin option.

The Scoping Study prepared by CSA is presented in a comprehensive report of 159 pages and was completed over a period of 3 months, which involved:

- The review of all existing reports and data on the project;
- Site visits, review of recent drill core, and assessment of local site conditions;
- Modelling of the Mineral Resource including creation of wireframes and block model;
- Open pit optimisation; and
- Preparation of a Scoping Study to assess the technical and economic viability of open-pit mining.

The report contains assessment, forecasts and designs relating to matters including:

- Project Development Vision
- Geology and Mineral Resource Estimate
- Life of mine schedule
- Processing
- Infrastructure
- Capital cost estimates
- Operating cost estimates
- Economic analysis
- Sensitivity analysis

The findings were presented in detail to the Minister of Natural Resources and Environmental Conservation in Myanmar on 1 December 2017.

Project Development Vision

- **Our Goal** is to develop and operate a **modern, safe, profitable, long-life** mining and processing operation.
- **We will apply world-leading practices** from Australia ensure to the project is technically and economically viable while also delivering excellent social and environmental outcomes.
- **Community Involvement** is important for our success and to ensure that local people benefit from the mine.
- We will mine at **Bawdwin** and process ore into concentrate at or near **Namtu**.
- We will **use – or re-purpose** – as much existing infrastructure as is practical

The Scoping Study has been developed around the vision of a modern mechanised low-cost open-cut mining operation with the automation of mining and processing systems required to operate modern equipment.

The scale of mining and the mining equipment selection reflects a staged development strategy, mining intensity and operating cost requirements. Outsourcing of services to specialist contractors will provide certainty and reduce capital expenditure in early phases of the operation.

Outsourced services will be contracted through Build Own Operate Transfer (BOOT) agreements.

The construction personnel and workforce will be housed in a mix of transportable style and locally constructed accommodation in the Bawdwin Upper and Lower village and Tiger Camp.

The existing village population of some 3000 will be the source of the new workforce employed and trained to operate the facilities. Some relocation of existing structures in the townships will be undertaken to enable construction of the new facilities and services.

The development of the modern mining and processing operation is staged to minimise investor risk while achieving a low-cost long-life operation, sound environmental outcomes and positive community benefits.

Geology and Mineral Resource Estimate

The Bawdwin Scoping Study is based on the Mineral Resource estimate reported in the Company's ASX release dated 1st December 2017 as outlined above. The updated resource includes additional low-grade halo material surrounding the previously reported primary resource.

The Mineral Resource is contained in three separate zones, termed the Shan Lode, China Lode, and Meingtha Lode. Each includes high-grade massive sulphide zones that were mined historically.

Despite the high data density and robust geological understanding in the resource model, the absence of quality control data for the historical data led to a conservative decision to classify the Mineral Resource as Inferred.

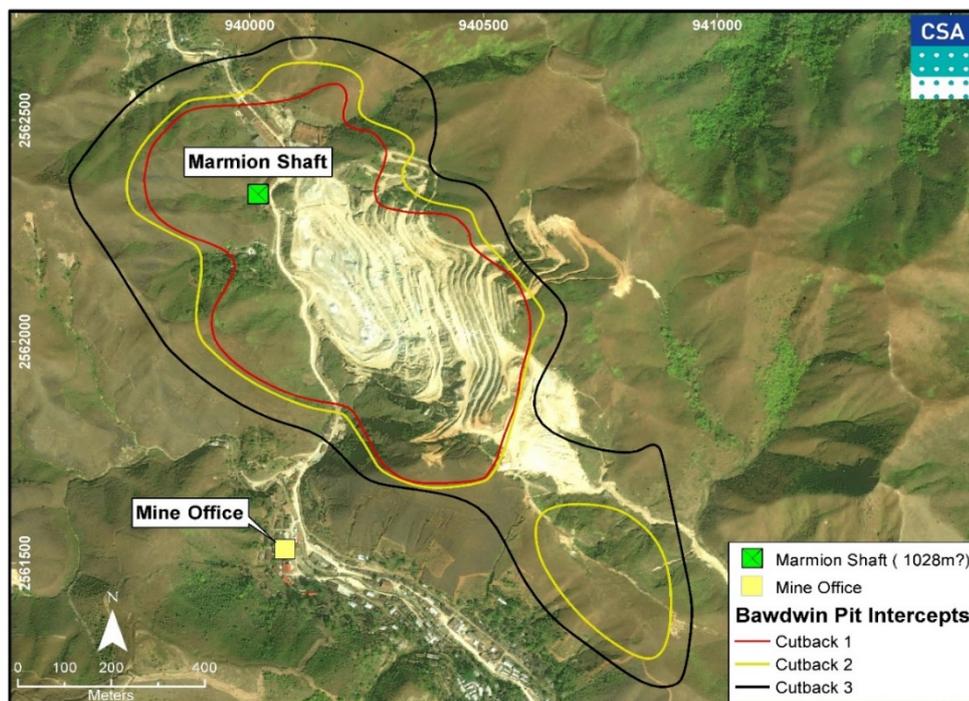
In accordance with ASX and ASIC guidance, MYL is restricted from disclosing forecast production and financial information as the Mineral Resource solely comprises Inferred Resources.

Mining

The Scoping Study focused on an open pit operation targeting mainly fresh sulphide mineralisation with a small amount of near surface oxide and transitional mineralisation. Whittle strategic planning

software was used to generate economic open pit mining shells, staged cut-backs, and a high-level annual mining and processing schedule. Input data was collected from a variety of industry sources, similar operations, CSA Global database of costs, experience, and consultation with Myanmar Metals.

An open pit mine commencing with the existing surface excavation; cutting it back and deepening it in three stages is planned, to achieve an ultimate pit 250 metres deep. The envisaged mining shapes are depicted in the following images.



Open pit mining to a depth of 250 metres at Bawdwin benefits from a naturally low stripping ratio owing to the favourable topography and large resource (figure 5). It also benefits from low-cost ore transport utilising a conveyor in the Tiger Tunnel to Tiger Camp and a pipeline instead of road haulage to Namtu. These key factors contributed to the revised lower cut-off grade of 0.5% Pb applied by CSA Global in the revised Mineral Resource Estimate announced on 1 December 2017.

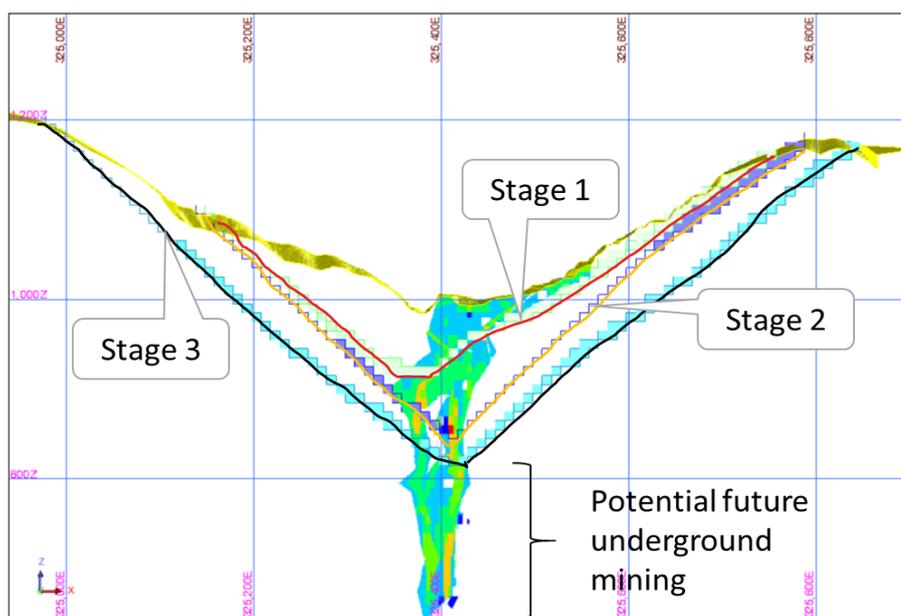


Figure 5. Cross section of Northing 2561800, facing North, showing conceptual staged pits

Processing

The historic processing facilities at Bawdwin and Namtu are no longer maintained and are not useable for future processing. In the absence of metallurgical test-work and considering that the historical information on recovery is unlikely to be relevant to a modern process plant, CSA Global assigned metallurgical parameters based largely on comparable polymetallic processing operations. For comparison, process plants that produce multiple concentrates by differential flotation were prioritised (e.g. Rosebery in Tasmania) over projects where concentrates are produced on a campaign basis (e.g. Golden Grove in Western Australia).

Processing will comprise in-pit crushing/sizing and conveyor transport of coarse ore; grinding at Tiger Camp and transport by pipeline to wet storage at the Namtu plant, followed by regrinding (if required); differential sulphide flotation to separate zinc from the other metals; filtration and concentrate storage.

Infrastructure

There is a substantial amount of existing infrastructure at Bawdwin, including facilities for power generation (approx. 6 MW), flotation plant, potable water, mine shafts and several villages.

Generally, the existing infrastructure will require upgrading to support the proposed mining and processing operation. Figure 6 shows potential sites for waste dumps, underground infrastructure including the Tiger Tunnel and portal and site roads.

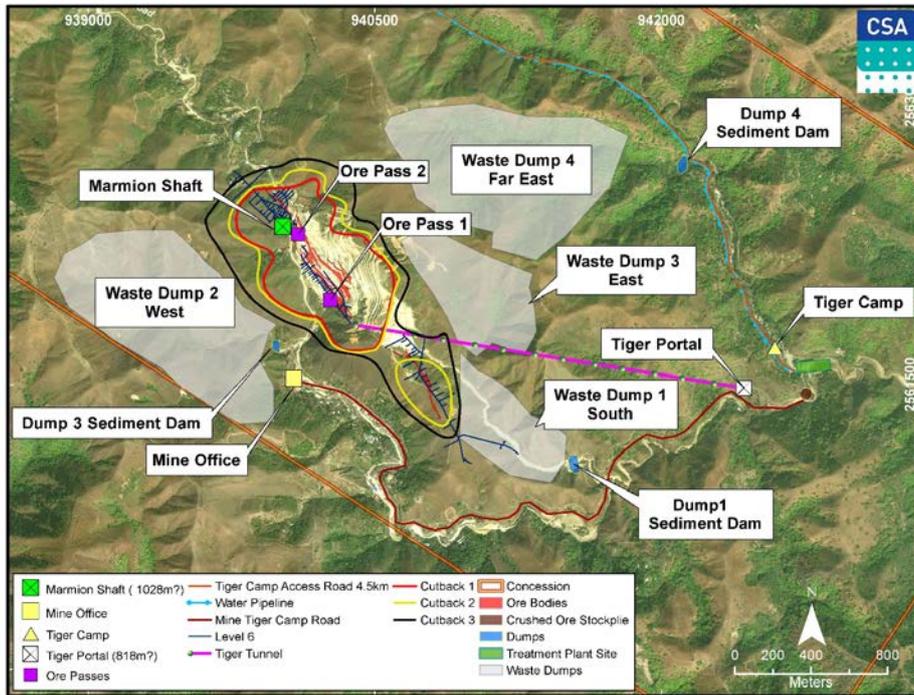


Figure 6. Envisaged infrastructure and areas for potential waste dumps

The timing to develop infrastructure has been divided into several phases to manage capital expenditure and generate a practical sequence. Infrastructure items identified in the study are tabulated in Tables 1 and 2 below:

Table 2: Capital Items – Stage 1 Open Pit

| Capital Items: Open Pit Stage 1 |
|---|
| Access Road Upgrades |
| Potable Water |
| Process Water |
| Open Cut Mine Infrastructure |
| Open cut Mining Equipment Mobilisation |
| Mobile Crushers |
| Ore Pass |
| Chain Curtain Apron Feeder and transfer conveyors |
| Tiger Tunnel Conveyor |
| Tiger Camp Processing Facility |
| Hydro Electrical Power System Restoration |
| Diesel Power Outsourced Mobilisation |
| Pipelines |
| Ground Water Treatment Facility |
| Namtu Grinding Flotation and Smelting Facility |
| Tailings Storage Facility |
| Accommodation |
| Community Waste Disposal Facility |

Table 3: Capital Items – Stage 2 and 3 Open Pit

| Capital Items – Open Pit Stage 2, 3 |
|---|
| Water Diversion Tunnel 1.2 Km |
| Major Catch Bench Diversion Tunnel - 1.2 km |
| Electric Power Upgrade to the National Grid |
| Namtu-Namyao Rail Line Upgrade |
| Replace contractor fleet with own fleet |

Financial analysis

The Scoping Study results provide for industry competitive capital and operating costs for the Bawdwin Project.

The Company notes that there is high demand for zinc and lead concentrates in China and that it has been approached by parties seeking offtake agreements. The location of the project is particularly advantageous to smelter customers located in Yunnan province, with the construction of the Dali-Ruili rail link due for completion in 2018 as part of the strategic China-Myanmar corridor; and the already completed Oriental highway linking Mandalay to the Chinese border at Ruili (via Lashio, the local major centre in the Bawdwin-Namtu region of Shan State).

The analysis presented by CSA Global confirms:

- Low capital intensity
- Low operating costs
- Early ore production and a long mine life
- Scheduling to maintain a steady, low stripping ratio throughout the mine life
- Robust cash generation even under relatively low metal price assumptions

Conclusions

The Scoping Study for the proposed Bawdwin Project has returned positive results for the envisaged open pit mining operation supplying a processing plant producing a zinc concentrate and a combined lead, silver and copper concentrate. It demonstrates that the proposed project has potential to deliver strong operating margins and, accordingly, CSA Global has recommended further development and exploration of the Bawdwin project.

BENCHMARKING: BAWDWIN RATES AS GLOBAL TIER ONE

World-class lead-zinc deposits combine the attributes of **low-cost** (open cut or large-scale underground mining); **high-grade** (above 10% zinc-equivalent); and **large-scale** (above 30 million tonnes).

Research firm Terra Studio has compared Bawdwin to zinc-lead mines (figure 7) and development projects (figure 8) globally, placing it in the top tier for resource tonnes and grade. Furthermore, the company notes that the low operating cost confirmed in the scoping study ensures **Bawdwin's position amongst the very best base metals assets in the world**. The Board expects Bawdwin's position amongst its global peers to improve further when exploration commences on the site.

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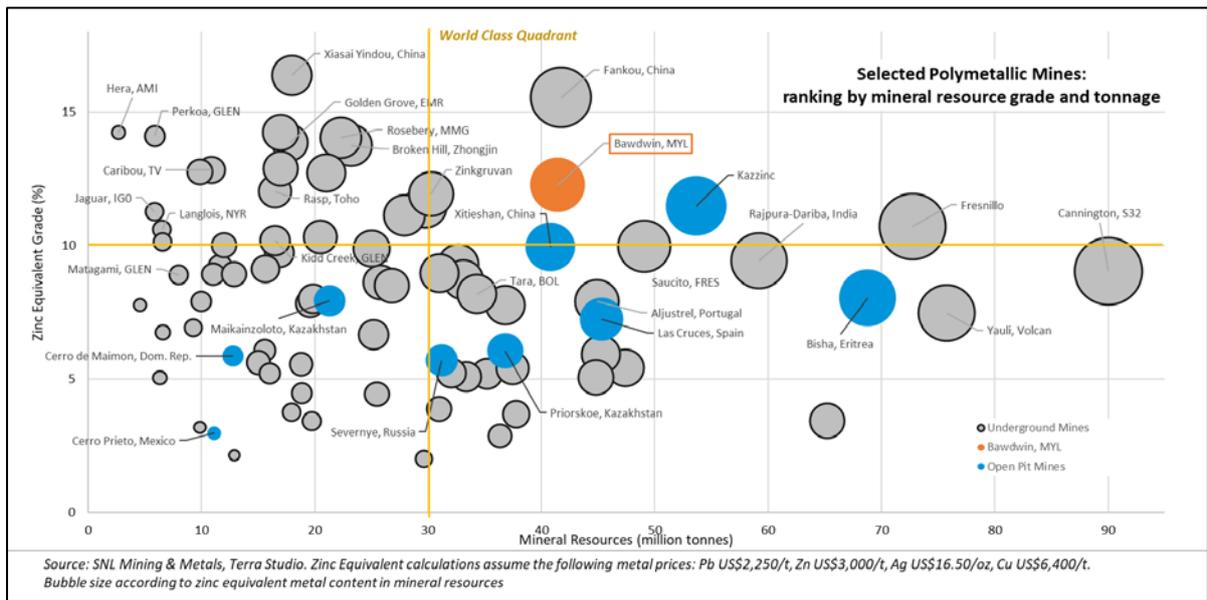


Figure 7: Resource tonnes and grade comparison of global zinc-lead mines (Terra Studios, 2017)

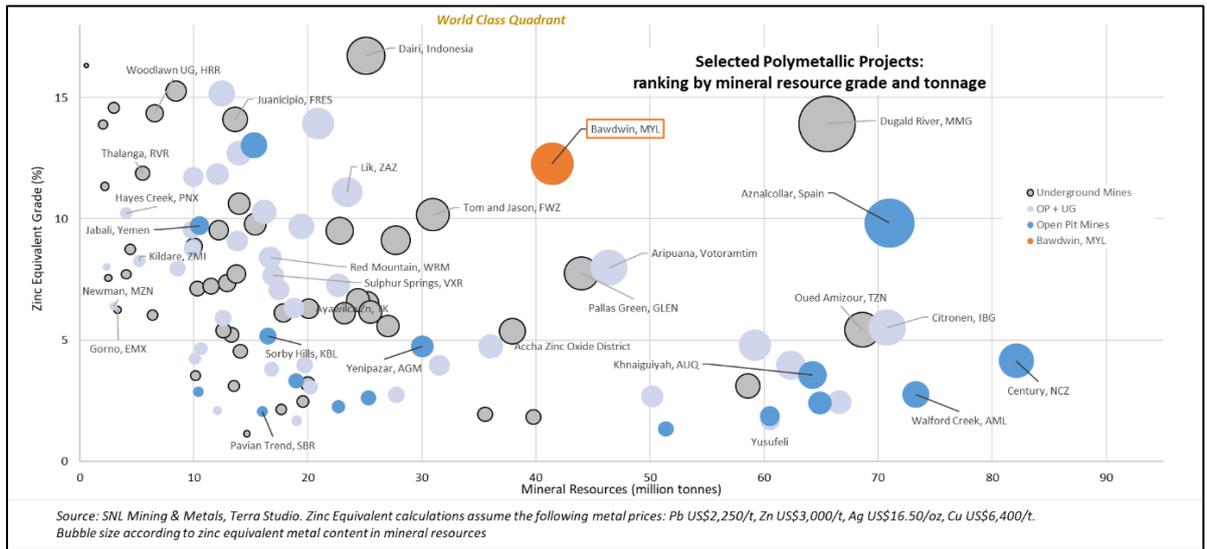


Figure 8: Resource tonnes and grade comparison of global zinc-lead projects (Terra Studios, 2017)

“Bawdwin was one of the world’s great mines and was a world-class deposit in full production before being interrupted by World War 2. It stands to reason that it is still a great deposit: I am not surprised that the maiden JORC Code 2012 resource has jumped into the top echelon of lead-zinc-silver resources globally.” – John Lamb, Chairman and CEO

MYANMAR GOVERNMENT RELATIONS

The Chairman and CEO, accompanied by Dr. Neal Reynolds from CSA Global and U Maung Kyay, Managing Director for partner company Win Myint Mo, visited the Ministry of Natural Resources and Environmental Conservation (MONREC) in December and presented the development plans for the Bawdwin Mine including cost, revenue and profit projections; and the findings of the Scoping Study.

This was very well-received and has been followed up by further communication with both MONREC and the Myanmar Investment Commission (MIC), the latter providing detailed advice confirming that the joint development of the mine by MYL and WMM is permissible under the applicable MIC rules and Myanmar Union laws.

Discussions are continuing ahead of schedule with MONREC and a decision in relation to the final permissions necessary for exercise of the option is expected during the coming quarter.

“The company, with the great assistance of our partner Win Myint Mo, has made excellent progress and has held positive and constructive discussions with the relevant Myanmar authorities. This dialogue and the overall advancement made to date is encouraging.” – Rowan Caren, Non-executive Director, CFO and Company Secretary

INFILL DRILLING PROGRAM (IN PROGRESS)

As announced on 18 January, work is underway on an infill drilling program involving one reverse circulation (RC) rig and two diamond drill rigs.

Due for completion by the end of March, the program comprises approximately 5,000 metres of RC and diamond drilling and aims to provide sufficient density in the upper portion of the Bawdwin Deposit to establish a classification of “Indicated” in accordance with the JORC Code 2012 edition.

In addition, metallurgical and geotechnical information will be gathered. The program has been designed by CSA Global to suit the next phase of geological modelling and mine design and is being undertaken by Titeline drilling with geological support by Valentis Resources and sample preparation and analysis by Intertek in their Manila laboratory. Drill results will become available from mid-February onwards.

“The Board is delighted with the way in which the drilling work has commenced. Our intention throughout is to operate in line with Australian practices and we are pleased to note that the mobilisation to site was smooth and the attention to safety and quality by the crews has been high from the outset.” – Jeff Moore, Non-Executive Director

METALLURGICAL TESTWORK (IN PROGRESS)

Approximately 250kg of composite samples were collected from drill core from the 2017 drilling program held on site at Bawdwin.

At the date of writing these samples are moving through the Myanmar customs process and will then be delivered to ALS in Perth for analysis under the guidance of metallurgical consultant Battery Limits. Results are expected by mid-March.



Figure 9: RC rig setting up on site; diamond rig visible in the background (MYL, January 2018)



Figure 10: Diamond hole underway on the floor of the existing open pit (MYL, January 2018)

GEOLOGICAL PROJECT MANAGER APPOINTED

In late December and following a comprehensive search, MYL appointed experienced Australian geologist **Tony Chisnall** as Project Manager and Site Representative. Mr Chisnall is working alongside representatives of WMM and senior Valentis staff to oversee drilling and resource development work for the Bawdwin project.

Mr. Chisnall is a Member of the Australasian Institute of Mining and Metallurgy and a Competent Person as defined in the 2012 edition of the JORC Code. His career of over 20 years includes senior roles with Western Metals in Australia and Padaeng Zinc in Thailand. He holds a BSc from Canterbury University in New Zealand and a MSc in Ore Deposit Geology from UWA. His experience working in Thailand is of note and will be instrumental in helping MYL advance Bawdwin's development.

CORPORATE UPDATE

STRATEGIC FOCUS OF THE COMPANY

The Board continues to hold its strongly positive view of the company's prospects and reaffirms to shareholders the company's strategic focus, which has three limbs:

1. Zinc and lead, together with commonly associated minerals such as copper, silver and gold to be the company's **commodity focus**. These metals are experiencing good market performance and are within the company's areas of expertise.
2. Myanmar to be the company's **geographic focus**; and
3. The mining, production and sale of metals (from exploration, through project development and processing), either as concentrate or in ingot form, to be the company's **operating focus**.

The company's very clear strategic aim is to become a **regionally significant metals producer based in Myanmar**.

The Board is confident that with its expertise in these areas, the calibre of the asset under consideration, the great market interest in Myanmar; and the strong forward prospects for the selected commodities, the Company will be strongly positioned for success.

HEAVILY OVER-SUBSCRIBED CAPITAL RAISING

During the Quarter the Company completed a placement of 100 million Ordinary Shares as approved by Shareholders at a General Meeting held 23 August 2017 and again at the AGM held 23 October 2017.

Investor demand was high and the placement, managed by Triple C Consultants, was over-subscribed by approximately 50%.

FINANCIAL OUTLOOK AND BAWDWIN PROJECT FUNDING

MYL's Cash and Debt Position

MYL is in a strong position with cash of A\$6.3 million at quarter-end and no debt, having retired A\$2.75 million of debt in the period since 1 July 2017. The Company, under the new Board, has a history of successful capital raisings and its substantial shareholders comprise high-quality institutional investors, including Mark Creasy's Yandal Investments ('Yandal'), which recently converted loans and interest with a combined value of \$2,745,000 into fully paid ordinary shares in MYL, giving Yandal a shareholding comprising approximately 13.5%.

Robust Project, Strong Fundamentals, Staged Delivery

A key dimension of the Company's strategy is the staged development and funding of the Bawdwin Project. Successful delivery of key development milestones, such as Pre-Feasibility and Definitive Feasibility Studies with appropriate economic metrics, are expected to support ongoing convergence of the Company's market capitalisation with its future funding requirements.

The Company has already demonstrated this approach by delivering first a JORC 2012 compliant Mineral Resource estimate in October and a completed Scoping Study in December; followed by a substantial drilling program (underway) that is designed to deliver a JORC 2012 compliant Indicated Mineral Resource estimate over a significant portion of the deposit.

The Project's positive technical and economic fundamentals as delivered in the Scoping Study, together with favourable commodity prices, provide a platform for MYL to advance discussions with potential strategic partners and traditional financiers. The company will also consider offtake partner financing in due course, in particular for working capital.

Market Outlook

The three key metals at Bawdwin all have strong market fundamentals for the 3-5 years ahead and give the company confidence of favourable price conditions in which to develop the Bawdwin project:

- Global lead and zinc prices are historically high driven by strong demand for these important metals (in traditional uses such as corrosion-protection and in the rapidly growing battery sector) against tight supply. The LME holds less than one week's supply of both metals and, despite privately held stocks and those warehoused on behalf of other metals exchanges, zinc and lead remain in short supply globally. The Company does not expect this situation to change markedly in the medium term.
- Silver has been in global deficit since 2000 and remains below its 10-year average price. Demand for silver is increasing both as a store of value and in industrial and medical uses and the company expects the current price level to be maintained, or increase, in the medium-term.

Also, owing to the natural hedge against commodity price fluctuations provided by polymetallic ores as well as the high grade and low cost of the project, Bawdwin exhibits robust financial performance throughout the commodity price cycle.

It is one of the few zinc-lead-silver projects globally that could withstand GFC price levels.

Project Funding

Given the above, including the positive results from the Scoping Study, the Company has concluded it has a reasonable basis to expect that the Project's development capital cost could be funded following exercise of the option, the completion of a positive Definitive Feasibility Study and obtaining the necessary project approvals.

The Project's positive technical and economic fundamentals, together with favourable commodity prices, provide a platform for MYL to advance discussions with potential strategic partners and traditional equity and debt financiers. Offtake partner financing would also be considered, particularly for working capital.

The Company notes that the nature of a polymetallic deposit such as Bawdwin is to provide revenue stability in the form of a natural hedge against price movements. For example, 10-year average prices for zinc and lead are both lower than the current market price; whilst for silver, the 10-year average spot price is considerably higher than the current price. The net effect is very similar project financials whether the long or short-term price sets are used.

The Company is in discussions regarding a possible local equity partner to share project funding and development costs, as announced to the ASX in the Quarterly Reports for June and September 2017, among others.

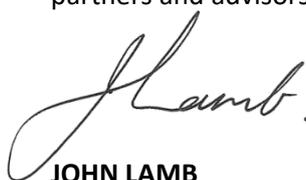
The Company is also actively engaging with suitable funding partners in relation to the option fee and projected future construction costs.

NEXT STEPS

The Company will continue its fast pace of activity in the next quarter with the following key activities planned:

- Completion of the drilling program by 31 March 2018 with final assay and resource modelling to follow;
- Completion of formal discussions regarding planning and permitting with the Myanmar Government;
- Completion of discussions with potential equity partners for the development of the Bawdwin project;
- Completion of metallurgical and environmental studies based on findings in the scoping study; and
- Preparation of the necessary agreements and documents in readiness to exercise the Bawdwin Option in the second quarter of calendar 2018.

The Board looks forward to another successful quarter and thanks the company's shareholders, partners and advisors for their ongoing support.



JOHN LAMB

Executive Chairman and Chief Executive Officer

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 Dr Neal Reynolds, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Dr Reynolds is employed by CSA Global Pty Ltd, independent resource industry consultants. Dr Reynolds 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'. Dr Reynolds consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based, and fairly reflects, information compiled by Serikjan Urbisnov, who is a Member of the Australian Institute of Geoscientists. Mr Urbisnov is employed by CSA Global Pty Ltd, independent resource industry consultants. Mr Urbisnov 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 Urbisnov consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mineral Tenements

| Title Reference | Status | Party name | MYL Interest |
|---------------------------------------|-----------------------------|-------------------------------|--|
| Myanmar | | | |
| Bawdwin | Production Sharing contract | Win Myint Mo Industries | Option to acquire 85%, subject to 5% buyback |
| Northern Territory - Australia | | | |
| EL 30051 | Granted | Myanmar Metals Ltd | 100% |
| EL 26206 | Granted | Merlin Diamonds Ltd | 100% (non-diamonds) |
| EL 10189 | Granted | Merlin Operations Pty Ltd | 100% (non-diamonds) |
| EL 28066 | Application | Merlin Diamonds Ltd | 100% (non-diamonds) |
| EL 28067 | Application | Merlin Diamonds Ltd | 100% (non-diamonds) |
| EL 28068 | Application | Merlin Diamonds Ltd | 100% (non-diamonds) |
| EL 6532 | Application | Rio Tinto Exploration Pty Ltd | 100% (non-diamonds) |

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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 2017

| 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 | (444) | (676) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (29) | (59) |
| (e) administration and corporate costs | (392) | (674) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 5 | 6 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | | |
| 1.8 Other | (45) | (45) |
| 1.9 Net cash from / (used in) operating activities | (905) | (1,448) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | (27) |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |

Mining exploration entity and oil and gas exploration entity quarterly report

| 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 – Bawdwin Option Extension Fee | (1,986) | (1,986) |
| 2.6 | Net cash from / (used in) investing activities | (1,986) | (2,013) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 7,000 | 10,000 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | 422 | 422 |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (473) | (781) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | (100) |
| 3.7 | Transaction costs related to loans and borrowings | - | (5) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 6,949 | 9,536 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,046 | 29 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (905) | (1,448) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1,986) | (2,013) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 6,949 | 9,536 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 6,104 | 6,104 |

Mining exploration entity and oil and gas exploration entity quarterly report

| 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 | 6,104 | 2,046 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 6,104 | 2,046 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 125 |
| 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 | |

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

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 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 | |

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|--|---|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) see below | - | - |
| 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. | | |

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| 9. Estimated cash outflows for next quarter | | \$A'000 |
|---|--------------------------------------|--------------|
| 9.1 | Exploration and evaluation | 1,200 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 100 |
| 9.5 | Administration and corporate costs | 400 |
| 9.6 | Other (provide details if material) | |
| 9.7 | Total estimated cash outflows | 1,700 |

| 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 | - | - | - | - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

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 2018

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

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Mining exploration entity and oil and gas exploration entity quarterly report

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.

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