HUNTER CAPITAL ADVISORS

ASX: MYL

MYANMAR METALS LTD

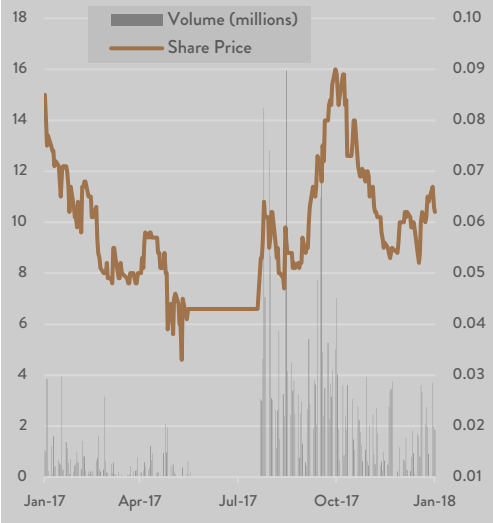
Equity Research

1st February 2018

SPECULATIVE BUY

Price Target	$0.250
Share Price	$0.062

52-Week Range	$0.047 - $0.095
Market Capitalisation	$40.3m
Shares Outstanding	649.8m
MYLO Option Price	$0.025
Listed Options (3¢, Dec 2019)	183.7.m
Performance Rights	42.0m
Cash (31 Dec 2017)	$6.1m
Enterprise Value	$34.2m
Major Shareholders:	
Yandal Investments	13.5%



Myanmar Metals Limited (ASX: MYL) has recently secured the option for a controlling interest in the world-class Bawdwin lead/zinc/silver/copper polymetallic mine lease held by Win Myint Mo Industries Co Ltd ("The Bawdwin Option"). This gives the company the right to acquire a significant base metals mining opportunity in Myanmar.

Research Analyst: J-François Bertincourt

Initiation of Coverage: Resurrecting a Tier 1 Asset

Tier 1 Asset: By both its size and grade, Bawdwin stands out as a world class project. Most of the known mineral resource is also amenable to open pit mining, hence reducing operating costs drastically compared to most lead-zinc mines around the world, which require expensive underground development to initially fund then operate.

Project Benchmarking: Using a number of different analytical charts such as grade vs. tonnage for mineral resource and potential mining inventory, capital intensity and mine life, Bawdwin keeps standing out as a large tonnage, relatively high grade mostly amenable to open pit mining project with a modest capital expenditure required for development and a long mine life in excess of 20 years.

Exploration Upside: Beyond the currently defined mineral resource, it is important to note the absence of modern exploration on this highly prospective tenement package. Also the mineral resource is mostly limited by the extent of the underground workings.

News flow: We anticipate several share price catalysts including the results of the 5,000m drilling program currently underway, metallurgical test work, and outcome of discussions held with the authorities in Myanmar. The results of the drilling program should assist in converting part of the mineral resource into the Indicated Category. This should in turn allow the release of a scoping study or pre-feasibility study around mid-2018, representing a significant price catalyst.

Register: Of note is the substantial position of Mark Creasy, famous prospector and investor who recognised early the potential of the Bawdwin project.

Financial Modelling: Despite the numerous conservative assumptions used including a 50% tax regime on profits (inclusive of royalties and all charges and taxes), the project generates some excellent cash flows. The first two scenarios show some good returns with NPVs generated equal to about two to three times the initial capital expenditure. The last two scenarios indicate the robustness of the project should metal prices seen around the last Global Financial Crisis be repeated and recorded over the 23 year mine life. In those last two cases, the NPV remains positive and above the initial capital expenditure.

Bawdwin project returns using different metal prices scenarios

Scenario	Current	Consensus	Low	Post-GFC
Initial Capex	US$165m	US$165m	US$165m	US$165m
NPV (pre-tax)	US$1,207m	US$1,119m	US$668m	US$554m
IRR (pre-tax)	63%	60%	43%	38%
NPV (post-tax)	US$518m	US$474m	US$249m	US$192m
IRR (post-tax)	37%	35%	24%	21%
NPV (post-tax)	A$664m	A$608m	A$319m	A$246m
Initial Capex	A$212m	A$212m	A$212m	A$212m

Valuation: Our risk adjusted valuation is essentially based on the NPV of the Bawdwin project using the Consensus metal prices scenario. As the company delivers on its plan and strategy, MYL should experience a significant value uplift, towards a price target of $0.25, resulting in a market capitalisation of $162m. Note we have applied a risk factor of 25% to take into consideration the option terms, the early stage of development and the financing required to fund the capital expenditure.

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1. MYL Valuation

MYL Assets

Myanmar Metals Ltd (ASX: MYL) has:

- recently secured the option for a controlling interest in the world-class Bawdwin lead/zinc/silver/copper polymetallic mine lease held by Win Myint Mo Industries Co Ltd; and
- one granted exploration licence highly prospective for base metals in the Northern Territory of Australia.

This report is solely focused on the Bawdwin project.

MYL Valuation

Based on the assumptions and DCF model, we have derived a valuation for MYL based on the Bawdwin project as follows:

Asset	Valuation	A$/share
Bawdwin		
Risked NPV consensus metal prices (25% x A$608m)	$152.0m	$0.234
Production and exploration upside	$10.0m	$0.015
Northern Territory tenement	$1.0m	$0.002
Cash (31 Dec 2017)	$6.1m	$0.009
Evaluation and development costs	($4.0m)	($0.006)
Corporate costs	($2.8m)	($0.004)
Total	$162.3m	$0.250

Beyond the conservative assumptions used to derive the DCF model, we have applied a risk factor of 25% to take into consideration the stage of development and the financing required to fund the capital expenditure. MYL listed options exercisable at 3 cents and expiring in December 2019 should bring additional cash up to $5.5 million if all exercised.

2. MYL Strategy

The recent sustained increase in the price for zinc metal and the strong underlying demand for lead and zinc reinforces the Board's positive outlook for base metals production. The Company therefore seeks to establish itself as a significant regional metals producer based in Myanmar with a focus on base metals and accompanying silver, copper, cobalt, nickel, gold and other by-products.

The polymetallic nature of the project combining three base metals, plus silver offer some potential natural hedge against metal price risk.

Upon exercise of the "Bawdwin Option", Myanmar Metals Limited could ultimately be established as a producer of lead and zinc concentrates and/or metals in Myanmar.

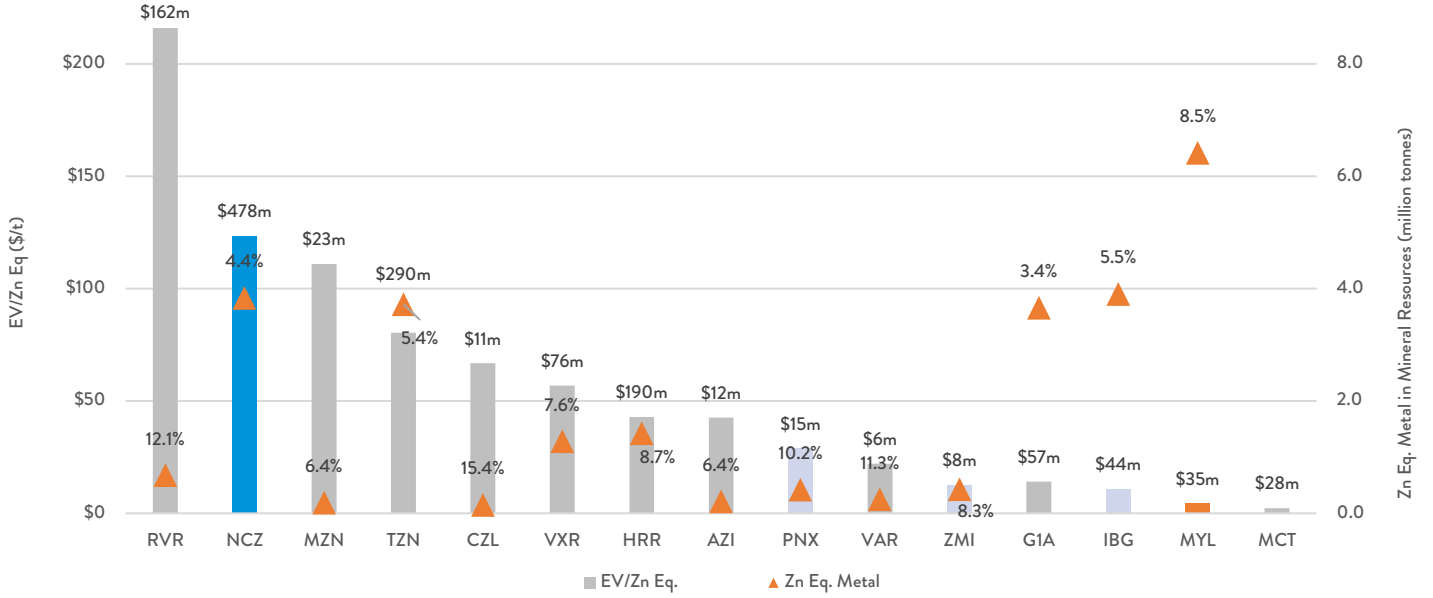
This can be achieved in the short-medium-term by producing metals concentrates (principally lead/zinc/silver) from a potential open pit at Bawdwin and in the longer term by producing metals concentrates from the Great Bawdwin Mine if successful modern exploration shows that Bawdwin can be reopened as a safe, modern, high-productivity underground mine.

Accordingly, the Board remains focused on progressing the "Bawdwin Option" – for a controlling interest in the Bawdwin zinc/lead/silver/copper polymetallic mine lease held by Win Myint Mo Industries Co Ltd.

3. MYL Company Benchmarking

The following chart display ASX-listed lead-zinc polymetallic companies ranked by the ratio Enterprise Value/Zinc Equivalent in mineral resources. As this metric is very imperfect, we added the amount of metal content in zinc equivalent represented by the triangle symbol, the overall grade of the mineral resources displayed as a percentage next to the triangle and finally the market capitalisation in A$ million displayed above the column. The colour indicates the type of operation: grey for underground, light blue for a mix of open pit and underground mining methods and blue for open pit.

Figure 3.1 – MYL Company Benchmarking



Source: S&P Market Intelligence, Terra Studio. Zinc equivalent calculations assume metal prices: Zn $3,000/t, Pb $2,250/t, Cu $6,400/t, Au $1,280/oz, Ag $16.50/oz

Considering the closest peers in terms of mineral resource size, i.e. NCZ, G1A, IBG and MCT, the chart indicates that MYL has the second largest mineral resource (after MCT 11.2Mt Zn Eq. in Mineral Resource, outside plot area), with the best grade and that mineral resource is mostly open pittable. In comparison:

- NCZ Century mineral resource is essentially made of tailings, which could present challenges to process successfully and economically.
- G1A intends to develop an underground operation at Abra.
- IBG Citrönen project in Greenland is very isolated and requires significant infrastructure and capex (>US$500m).
- MCT Admiral Bay project is certainly very large, but mineable resource could be a small fraction of that amount considering the mining challenges of a deep underground operation (1200-1300m below surface).

4. Bawdwin Project Benchmarking

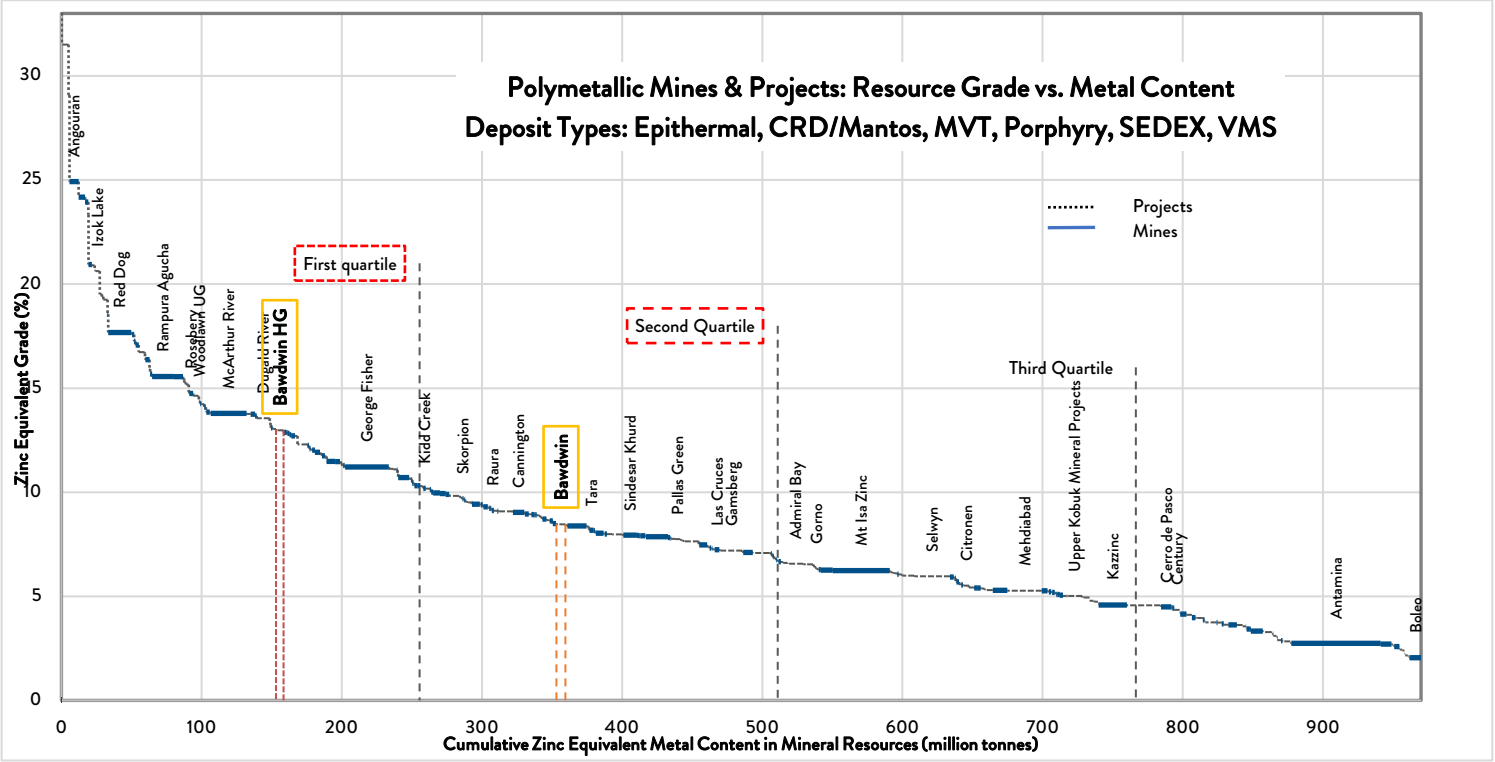
Mineral Resource

On 1st December 2017, MYL released a revised Inferred Mineral Resource of 75.9 Mt at 4.6% Pb, 2.3% Zn, 0.25% Cu and 119 g/t Ag estimated for the Bawdwin project based on a cut-off grade of 0.5% Pb above the 750m RL and a cut-off grade of 2% Pb below the 750m RL.

The revised estimate was increased to include 34 million tonnes of low-grade material within the block model that was not classified in the previous Mineral Resource estimate (ASX release 17 October 2017) as it fell below a 2% Pb cut-off grade. This inclusion was made because the open pit scoping study (results not released) indicates very low costs justifying a decrease of the cut-off grade from 2% to 0.5% Pb for mineralised material above the 750mRL.

The following chart summarises the mineral resource of more than 300 polymetallic projects and mines worldwide. The zinc equivalent grade is plotted against the cumulative metal content in the mineral resources.

Figure 4.1 – Benchmarking of Bawdwin mineral resource



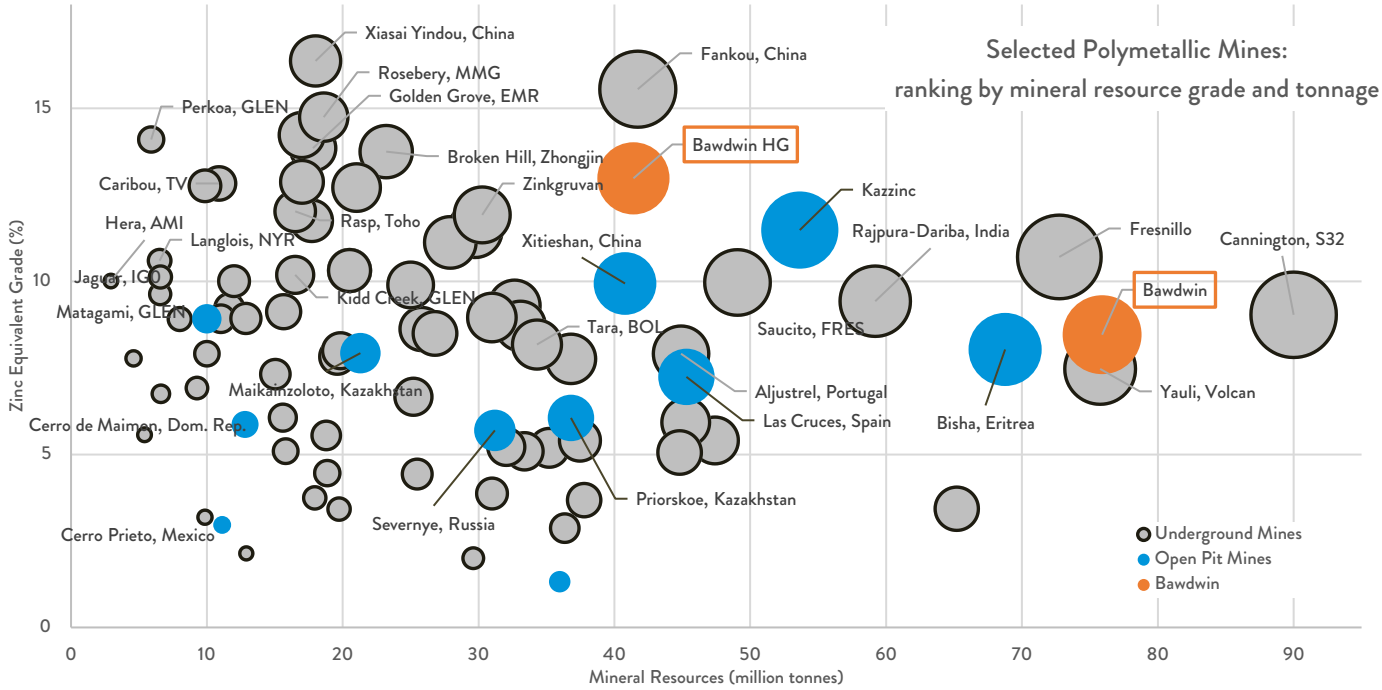
Source: S&P Market Intelligence, Terra Studio. Zinc equivalent calculations assume the following metal prices: zinc $3,000/t, lead $2,250/t, copper $6,400/t, gold $1,280/oz, silver $16.50/oz

Two entries have been made in relation to Bawdwin, with and without the low grade material. According to this metric, Bawdwin sits in line with a number of Tier 1 assets worldwide.

The following chart displays both the total mineral resource and the mineral resource without the lower grade halo mineralisation, i.e. 41.4 Mt at 7.5% Pb, 3.5% Zn, 0.33% Cu and 178g/t Ag at a cut-off of 2.0% Pb. In each case, the Bawdwin mineral resource compares favorably with a large number of operating mines worldwide. Furthermore, while comparable in size and grade to its closest peers, such as Fresnillo, Cannington and Yauli, most of the

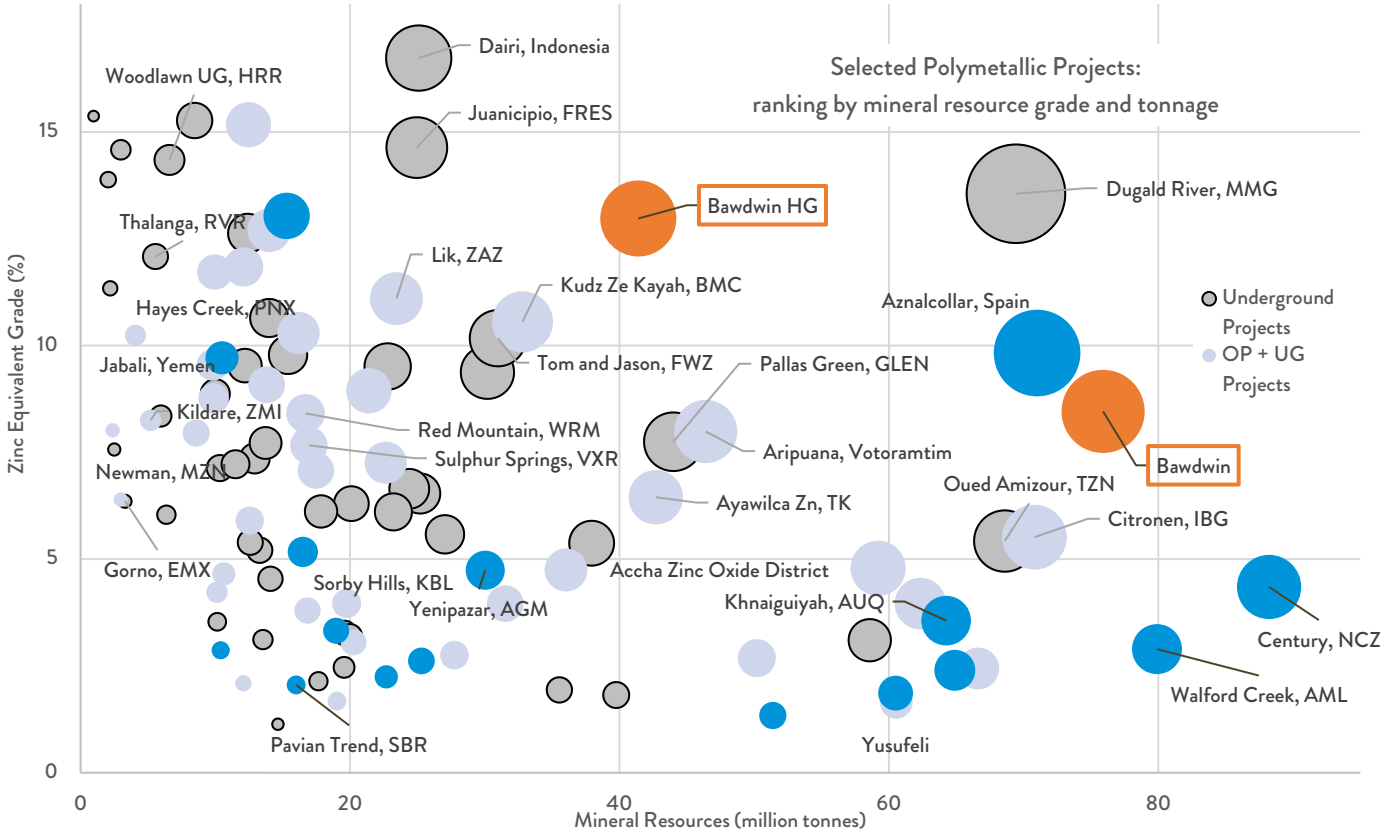
mineral resource has the key advantage of being amenable to open pit mining.

Figure 4.2 – Operating mines - mineral resource grade vs. tonnage



Source: S&P Market Intelligence, Terra Studio. Zn Eq calculations assume metal prices: Zn $3,000/t, Pb $2,250/t, Cu $6,400/t, Au $1,280/oz, Ag $16.50/oz

Figure 4.3 – Projects - mineral resource grade vs. tonnage



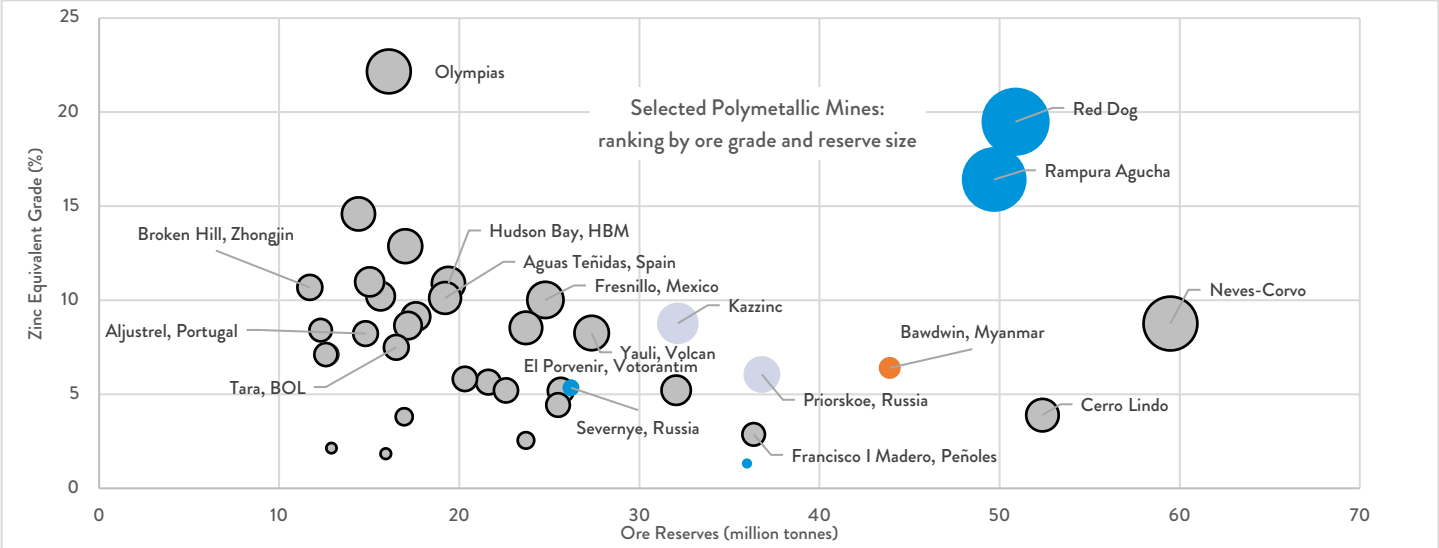
Source: S&P Market Intelligence, Terra Studio. Zn Eq. calculations assume metal prices: Zn $3,000/t, Pb $2,250/t, Cu $6,400/t, Au $1,280/oz, Sn $16.50/oz

Looking at projects rather then operating mines, the Bawdwin mineral resource with or without the lower grade mineralised halo appears significant both in terms of size and grade and compares favorably to its closest peers, particularly considering that most of the mineral resource is amenable to open pit mining.

Mining Inventory

Based on the analysis detailed in section 5, the following chart summarises the comparative analysis of polymetallic projects showing the assumed mining inventory defined at Bawdwin compared to operating mines (Figure 4.4) and projects yet to be developed (Figure 4.5).

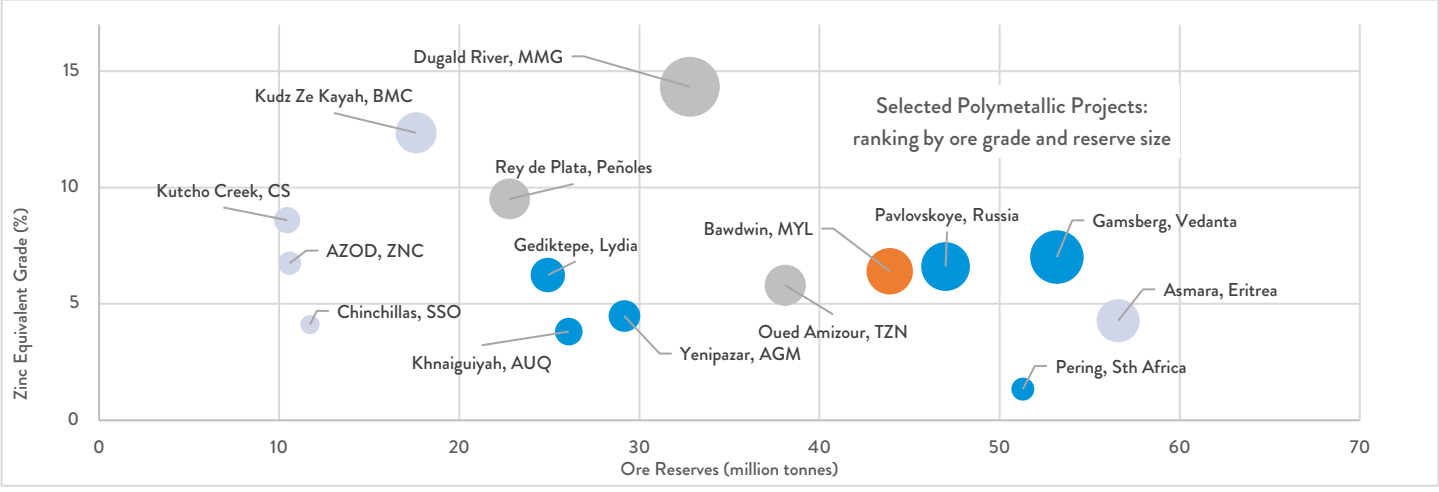
Figure 4.4 – Bawdwin assumed mining inventory vs. operating mines



Source: S&P Market Intelligence, Terra Studio. Zn Eq. calculations assume metal prices: Zn $3,000/t, Pb $2,250/t, Cu $6,400/t, Au $1,280/oz, Sn $16.50/oz. Projects with Ore Reserves or mining inventory below 10 Mt are not displayed. Blue = open pit, Light blue/grey + OP + UG, Grey = underground.

In Figure 4.4, note that the mining inventory includes only the portion of the mineral resource amenable to open pit mining. Based on our conservative assumptions, the Bawdwin project does not display the highest tonnage or grade, but one should note that the ability to mine with open pit method will have a very significant impact on operating costs.

Figure 4.5 – Bawdwin assumed mining inventory vs. project peers



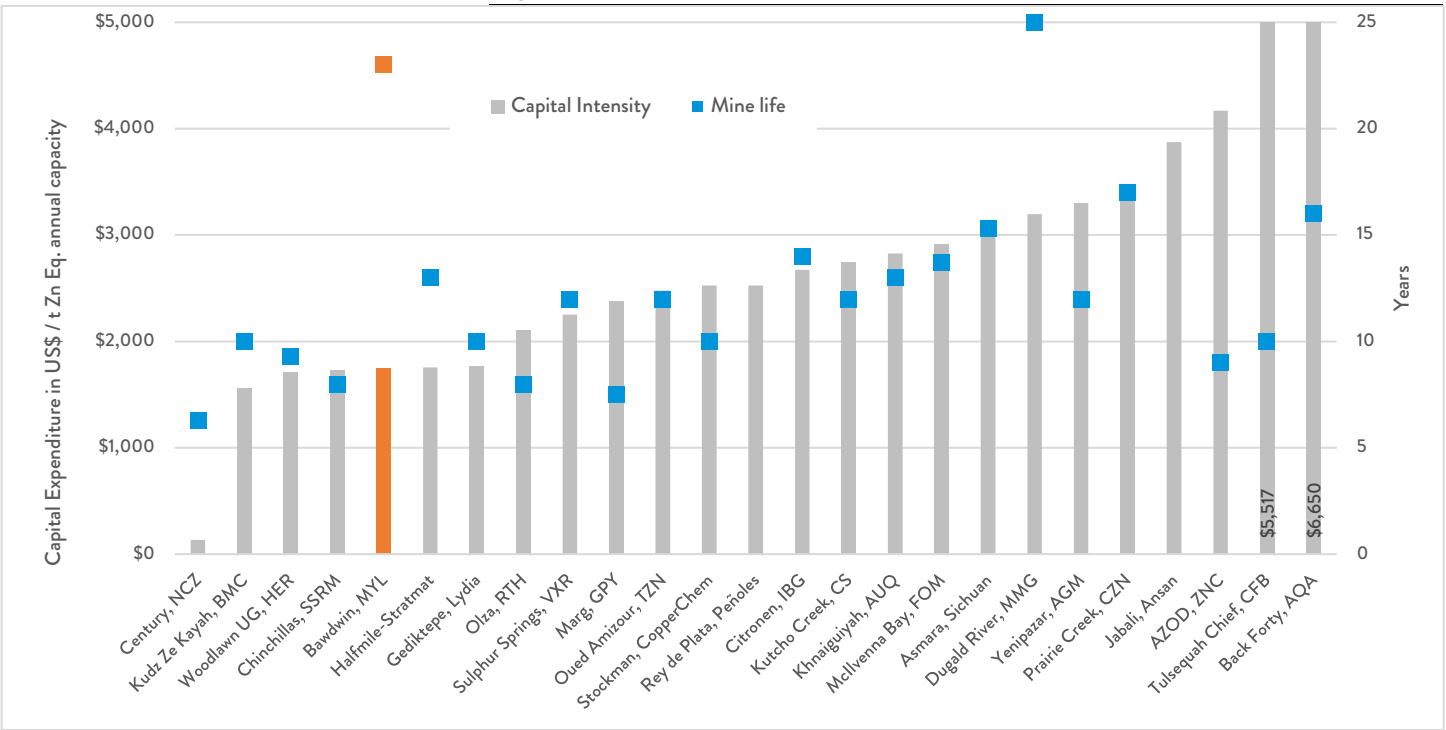
Source: S&P Market Intelligence, Terra Studio. Zn Eq. calculations assume metal prices: Zn $3,000/t, Pb $2,250/t, Cu $6,400/t, Au $1,280/oz, Sn $16.50/oz. Projects with ore reserves or mining inventory below 10 Mt are not displayed. Blue = open pit, Light blue/grey + OP + UG, Grey = underground

In Figure 4.5, the same mining inventory (open pit only) compares favorably with other projects amenable to open pit mining and a fortiori to underground projects of similar size.

Capital Intensity Mine Life

Based on the assumptions and analysis detailed in section 5, the following chart summarises the comparative analysis of polymetallic projects showing capital intensity, i.e. capex divided by annual metal production (in zinc equivalent) and the expected mine life.

Figure 4.7 – Capital Intensity and Mine Life



Source: S&P Market Intelligence, Terra Studio. Zn Eq. calculations assume metal prices: Zn $3,000/t, Pb $2,250/t, Cu $6,400/t, Au $1,280/oz, Sn $16.50/oz

Bawdwin combines a low capital intensity and an extended mine life (based on the open pittable mining inventory only).

5. Bawdwin Lead-Zinc-Copper-Silver Project

Ownership & Tenure

Bawdwin was a globally significant producer of lead, silver and zinc during the 1930's, before the mine was heavily damaged and production ceased during World War II.

The Bawdwin Mine was nationalised in the 1960s and was owned and operated until 2009 by No. 1 Mining Enterprise, an entity under the Ministry of Natural Resources and Environmental Conservation of the Government of Myanmar.

In 2009, the mining lease was acquired by Asia World under a Mining and Production Sharing Agreement with No. 1 Mining Enterprise, signed in December 2009. The mining lease is currently held under the same Mining and Production Sharing Agreement by WMM, a company divested by Asia World and a wholly owned subsidiary of National Infrastructure Holdings Company Ltd (NIHC). The Mining Concession covers approximately 38 km^2 around the Bawdwin mine.

We see a successful outcome as a key catalyst for a significant re-rating of MYL shares.

In May 2017, Myanmar Mining entered an option agreement with WMM giving it a sole and exclusive right to acquire an 85% interest in the Bawdwin Mine during the option period, initially for a term of 6 months and extendable for a further 6 months. The exercise of MYL's option is subject to receiving approval from the Ministry of Natural Resources and Environmental Conservation (MONREC) and the Myanmar Investment Commission.

Location and infrastructure

Bawdwin is located about 60 km from Lashio, the capital of the northern Shan State. Lashio is about 150 km from the Chinese border on the highway that links Yunnan to Mandalay and is the location of the Lashio Zinc Refinery.

Bawdwin can be accessed by sealed road from the major regional centre of Lashio via Namtu where the old process plant and smelter are located. Namtu is approximately 71 km northwest of Lashio and the Bawdwin mine is 37 km from Namtu. Transit time from Lashio to Bawdwin is about one and half hour's drive.

The proximity to the Chinese border is seen as a competitive advantage for sourcing capital items, Chinese base metal smelters are also the obvious off-takers for the future base metal concentrates produced at Bawdwin.

Figure 5.1 – Bawdwin Project location map

Source: MYL

The historic processing facilities at Bawdwin and Namtu while diligently maintained over many years are now out of date and no longer maintainable or useable for future processing.

Regional Geology

Bawdwin is located in the Northern Shan State on the northern edge of the Shan Plateau, which was uplifted during Indian collision with Asia in the Eocene-Oligicene. The Shan plateau reflects a rigid crustal block that forms the core of the Sibumasu terrane in Myanmar and Thailand and extending north into Yunnan. The Sibumasu terrane is one of a number of crustal blocks that originated in Gondwana in the Palaeozoic and amalgamated between the Permian and Cretaceous to form South-East Asia.

Bawdwin is hosted in a Lower Palaeozoic sedimentary and volcanic sequence that was deposited while Sibumasu as part of Gondwana, probably located close to northwest Australia.

Deposit Geology

The two distinct mineralised types, i.e. lodes and halo, provide options to adjust the mine plan according to the fluctuations of metal prices.

Bawdwin is a structurally-controlled massive to disseminated sulphide deposit which is dominated by Pb, high-grade Ag, significant Zn, low grade Cu, and minor Co and Ni. The host rocks are volcanics, volcaniclastic sediments, and rhyolite porphyry within the Bawdwin Volcanic Centre. Mineralisation occurs in structurally-controlled massive to semi-massive sulphide "lodes" as well as lower grade mineralisation in "halo" zones characterised by disseminated, breccia and vein mineralisation within the Bawdwin Tuff unit.

Figure 5.2 – Geology of the Bawdwin deposit

Source: Gardiner et al., after Brinckman and Hinze, 1981

The Bawdwin deposit is fundamentally controlled by the Bawdwin Fault zone, with the historically-mined Chinaman, Meingtha and Shan lodes lying along 4 km of strike of the zone. The Bawdwin Fault zone comprises a complex northwest-trending, southwest-dipping, array of faults, splays and relays.

Figure 5.2 shows the high grade mined lodes and the extensive lower-grade mineralisation in the Chinaman Lode area.

The Shan Lode has been interpreted to be an offset continuation of the Chinaman Lode along the north-south trending Yunnan fault zone. This fault is mineralised and is considered more likely to be an element of the relay zone than a later fault.

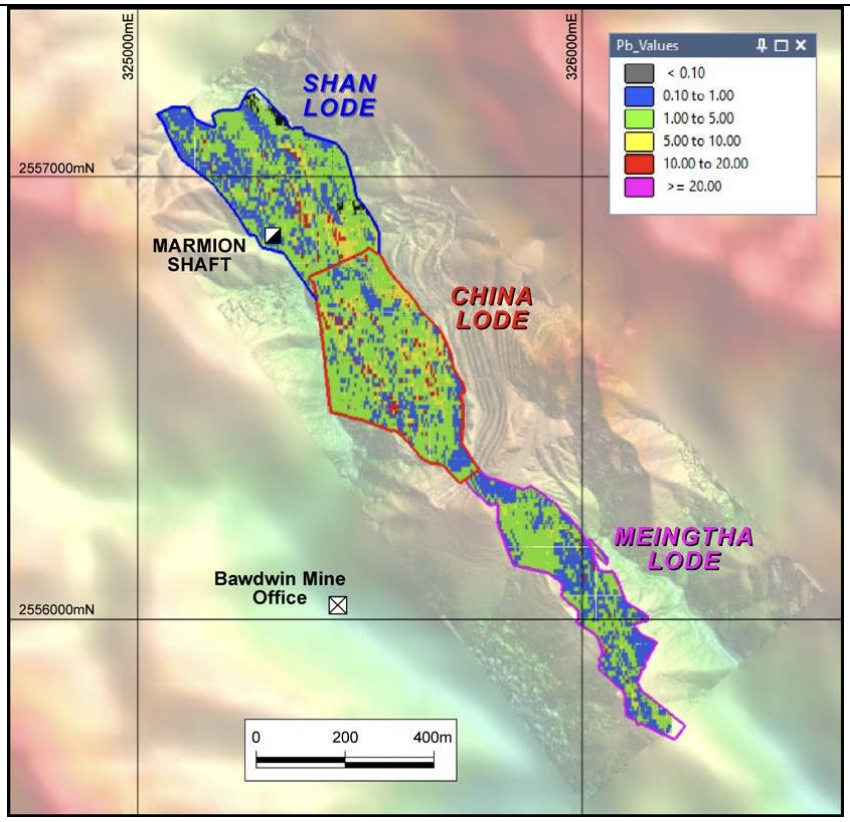
The Meingtha Lode is offset from the Chinaman Lode along the northwest trending Hsenwi Fault. This may be a later fault zone.

The current manifestation of the Bawdwin Fault zone is clearly later than the rhyolite porphyry bodies as well as the host sediments and volcanics. However, it is possible that the fault zone has an older history and was a controlling structure for the volcanic centre.

Mineralisation

The Mineral Resource is contained in three separate zones, termed the Shan Lode, Chinaman Lode, and Meingtha Lode. Each includes high-grade massive sulphide "lode" zones that were mined historically underground and lower-grade "halo" mineralisation; the latter is best developed in a structural relay zone in the footwall of the Chinaman Lode that was exploited by open pit from 1980 to 2009.

Figure 5.3 – Plan view of the Bawdwin block model for Pb



Source: MYL.. Background is made of a detailed DTM from a 2017 drone survey surrounded by a low-resolution DTM derived from SRTM data

Weathering and oxidation is deep on the ridges (20–50 m), but much thinner in the valleys. The existing open pit at Bawdwin has largely removed the weathered zone and fresh sulphides occur at surface in massive sulphide lodes in the pit. Only 6% of the estimated Mineral Resource is in the transitional and oxidised zones. The oxidation surface is not well constrained by the limited drilling to date and will be more accurately demarcated by the next phase of planned drilling.

The Bawdwin lead-zinc-silver-copper deposit represents a large hydrothermal mineralising event that affected a huge volume of rock within the Bawdwin Volcanic Centre. The deposit is unusual in its style and chemistry and, although previously described as a structurally-modified VHMS (volcanic-hosted massive sulphide) deposit, the deposit is strongly structurally controlled and alternative interpretations have also been proposed.

The Bawdwin lead-zinc-silver-copper deposit represents a large hydrothermal mineralising event that affected a huge volume of rock within the Bawdwin Volcanic Centre.

Deposit previously described as a structurally-modified (VHMS) deposit.

Deposit is strongly structurally controlled with massive and disseminated sulphide mineralisation dominated by lead, with subordinated zinc, high grade silver and minor copper.

Figure 5.4 – High grade massive galena and sphalerite (SHDD0001, 228.6m)

Source: MYL

Sulphide mineralisation is characterised by argentiferous galena, sphalerite, and pyrite together with smaller amounts of chalcopyrite, covellite and cobaltite. Copper mineralisation occurs with lead and zinc, but also separately where it can be associated with nickel and cobalt. Sulphides are generally coarse grained in massive lodes and when disseminated in altered tuff.

The weathering profile is deeper in areas that are mineralised, historically extending up to 70 m below surface, although much of this material has now been mined.

Exploration History

The deposit and district has had no systematic modern exploration. The principal exploration method was by development and channel sampling of underground driven 50–200 m east and west from the main mined lodes.

The deposit and district has had no systematic modern exploration. The principal exploration method was by development and channel sampling of underground crosscuts driven 50–200 m east and west from the main mined lodes. These data are critical in estimating the current Mineral Resource, however this exploration was limited in its reach and the system has barely been tested peripherally, along strike, or in depth. It is expected that targeting through a combination of structural mapping and interpretation, geochemical sampling and alteration mapping, and modern geophysics will be highly effective in defining and prioritising drill targets to extend resources at Bawdwin and to test new targets.

Mining History

The name "Bawdwin" is derived from "silver mine" in the local Shan language and mining of silver at Bawdwin dates at least to the 15th Century and estimated historical production is estimated at c.10 Moz of Ag.

The British mining era commenced c.1906 when Great Eastern Mining Company started exploiting old mine slags. Burma Corporation was established in 1914 (by Herbert Hoover), and developed the Chinaman Tunnel, Marmion Shaft and Tiger Tunnel to access deeper sulphide ore. Peak production occurred from 1919 to 1940 with total production reported as 12.68M tonnes. Grades mined in the 1930's were typically c.20% Pb, 15% Zn, 0.3% Cu, and 500g/t Ag. Significant Ni and Co was also present in parts of the mine but resource and production figures are not available. A ROM (run-of-mine) sample reported by Dunn (1973) had grades of 21% Pb, 15% Zn, 0.3% Cu, 0.23% Ni, 0.08% Co, 550 g/t Ag, and 1.2% Sb.

The plant and smelter were worked by the Japanese after invasion but were destroyed during the war. The operation was re-opened in 1951 and continued under British ownership until 1965 when the mine was nationalised. Following nationalisation, the mine was run down and starved of capital investment. To illustrate the progressive decline, refined lead metal production fell from 77,700 tonnes in 1938 to 16,518 tonnes in 1960 and 4,843 t in 1974/75.

The first documented exploration programme occurred from 1955-57 when Hunting completed geophysical and geochemical exploration around Bawdwin. They were engaged by Burma Corporation to discover new deposits motivated by declining grades and production from the main lodes.

Before WW2, Bawdwin was one of the richest mines in the British Empire. In 1938, the Bawdwin reserve was quoted at 10.8 Mt at 22.8% Pb, 13.9% Zn, 1.05% Cu and 670 g/t Ag, which is unusually high Pb:Zn ratio for a VHMS deposit.

Figure 5.5 – The Tiger Tunnel and the Marmion Shaft headframe

Source: MYL. Note: Photographs taken on 5 October 2017

Mineral Resource

The mineral resource independently estimated by CSA Global is summarised below:

Bawdwin Inferred Mineral Resource Estimate

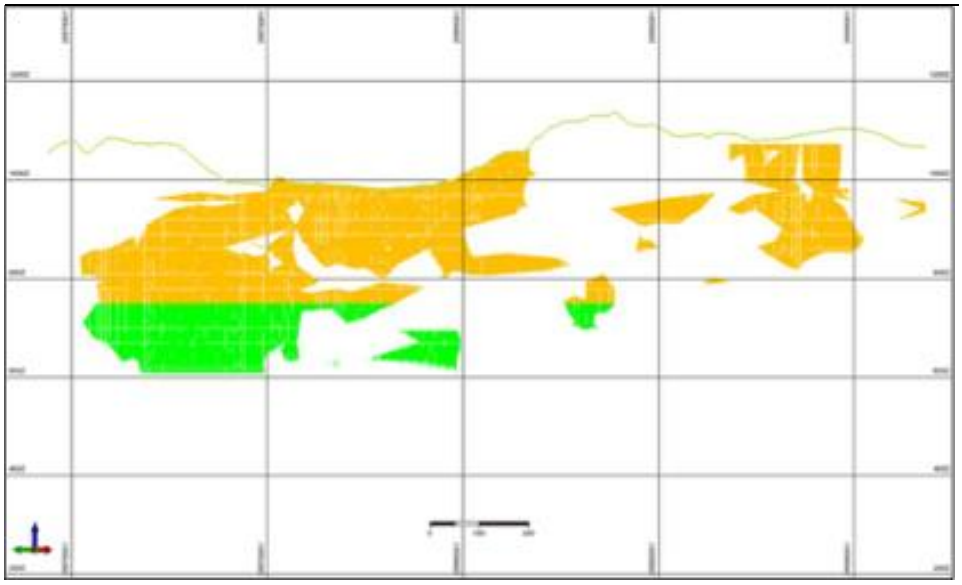
Area	Oxidation	Mt	Pb %	Zn %	Cu%	Ag ppm	Pb t	Zn t	Cu t	Ag Moz
Mineral Resources above 750m RL Cut-off 0.5% Pb										
Shan	Transition	1.5	2.0	0.2	0.45	47	30,000	3,000	6,750	2.3
	Fresh	21.5	4.1	2.1	0.31	100	881,500	451,500	66,650	69.1
	Total	23.0	4.0	1.9	0.32	97	920,000	437,000	73,600	71.7
China	Oxide	0.1	9.0	1.1	0.27	140	9,000	1,100	270	0.5
	Transition	1.9	4.7	1.3	0.50	135	89,300	24,700	9,500	8.2
	Fresh	26.3	4.9	2.9	0.20	132	1,288,700	762,700	52,600	111.6
	Total	28.3	4.9	2.8	0.22	132	1,386,700	792,400	62,260	120.1
Meingtha	Oxide	0.7	1.0	0.04	0.07	88	7,000	280	490	2.0
	Transition	1.9	1.7	0.3	0.07	102	32,300	5,700	1,330	6.2
	Fresh	12.6	3.4	1.6	0.26	99	428,400	201,600	32,760	40.1
	Total	15.2	3.1	1.4	0.23	99	471,200	212,800	34,960	48.4
Subtotal	Oxide	0.8	1.7	0.1	0.09	93	13,600	800	720	2.4
	Transition	5.3	2.9	0.6	0.33	99	153,700	31,800	17,490	16.9
	Fresh	60.4	4.3	2.3	0.25	114	2,597,200	1,389,200	151,000	221.4
	Total	66.5	4.2	2.2	0.25	112	2,793,000	1,463,000	166,250	239.5
Mineral Resources below 750m RL Cut-off 2% Pb										
Shan	Fresh	4.9	9.2	4.0	0.19	206	450,800	196,000	9,310	32.5
China	Fresh	4.0	6.3	2.9	0.09	118	252,000	116,000	3,600	15.2
Meingtha	Fresh	0.5	7.0	1.5	1.16	147	35,000	7,500	5,800	2.4
Subtotal	Fresh	9.4	7.9	3.4	0.20	165	742,600	319,600	18,800	49.9
Total Mineral Resource										
Shan	Transition	1.5	2.0	0.2	0.45	47	30,000	3,000	6,750	2.3
	Fresh	26.4	5.1	2.4	0.29	120	1,346,400	633,600	76,560	101.9
	Total	27.9	4.9	2.3	0.29	116	1,367,100	641,700	80,910	104.1
China	Oxide	0.1	9.0	1.1	0.27	140	9,000	1,100	270	0.5
	Transition	1.9	4.7	1.3	0.50	135	89,300	24,700	9,500	8.2
	Fresh	30.3	5.1	2.9	0.18	130	1,545,300	878,700	54,540	126.6
	Total	32.3	5.1	2.8	0.20	130	1,647,300	904,400	64,600	135.0
Meingtha	Oxide	0.7	1.0	0.04	0.07	88	7,000	280	490	2.0
	Transition	1.9	1.7	0.3	0.07	102	32,300	5,700	1,330	6.2
	Fresh	13.1	3.6	1.6	0.30	101	471,600	209,600	39,300	42.5
	Total	15.7	3.2	1.4	0.26	101	502,400	219,800	40,820	51.0
Total	Oxide	0.8	1.7	0.1	0.09	93	13,600	800	720	2.4
	Transition	5.3	2.9	0.6	0.33	99	153,700	31,800	17,490	16.9
	Fresh	69.8	4.8	2.5	0.24	121	3,350,400	1,745,000	167,520	271.5
	Total	75.9	4.6	2.3	0.25	119	3,491,400	1,745,700	189,750	290.4

Source: CSA Global, MYL

The long section (together with the cross section, Figures 5.6 and 5.7) highlight the shallow nature of the deposit with the overwhelming majority of the mineral resource located within 300 to 350m of the current natural surface, being the valley floor, the current road and the 1980's pit floor.

The mineral resource is basically limited to the extent of underground workings

Figure 5.6 – Bawdwin block model long section



Source: MYL. Change of colour indicates the 750mRL boundary for reporting at 0.5% Pb or 2% Pb cut-off grade

Potential Mining Inventory

To determine the potential mining inventory, we researched various base metals projects to calculated a resource to reserve conversion ratio as follows:

Base Metals Projects Summary

Project	Country	Operator	Mineral Resource	Ore Reserve *	Conversion Ratio	Main Mining Method
Asmara	Eritrea	Eritrean Mining	92.2 Mt	56.6 Mt	61%	Open Pit
Century	Australia	New Century Zinc	82.1 Mt	77.3 Mt	94%	Open Pit
Citronen	Greenland	Ironbark Zinc	70.8 Mt	45.6 Mt	64%	Underground
Oued Amizour	Algeria	Terramin	68.6 Mt	38.1 Mt	56%	Underground
Dugald River	Australia	MMG	69.4 Mt	32.8 Mt	47%	Underground
Yenipazar	Turkey	Aldridge Minerals	30.0 Mt	29.2 Mt	97%	Open Pit
Knaiguiyah	Saudi Arabia	Alara Resources	64.3 Mt	26.1 Mt	41%	Open Pit
Gediktepe	Turkey	Lidya Medencilik	37.9 Mt	24.9 Mt	66%	Open Pit
McIlvenna	Canada	Foran Mining	25.2 Mt	23.7 Mt	94%	Underground
Kudz Ze Kayah	Canada	BMC Minerals	20.9 Mt	17.7 Mt	85%	Open Pit
Olza	Poland	Rathdowney Res.	24.4 Mt	16.1 Mt	66%	Underground
Back Forty	USA	Aquila Resources	17.5 Mt	16.1 Mt	92%	Open Pit
Bawdwin	Myanmar	Myanmar Metals	66.5 Mt	*39.9 Mt*	← *60%*	Open Pit

*Source: company announcement, Terra Studio. * or mining inventory*

The mineral resources above 750m RL can a priori be mined by open pit method. Considering similar size projects (in terms of resources/reserves) using open pit as the main mining method, a conversion ratio of 60% from mineral resource to mining inventory appears adequate for the Bawdwin project.

Applying a 10% ore loss and 10% mining dilution factor results in the following mining inventory estimate:

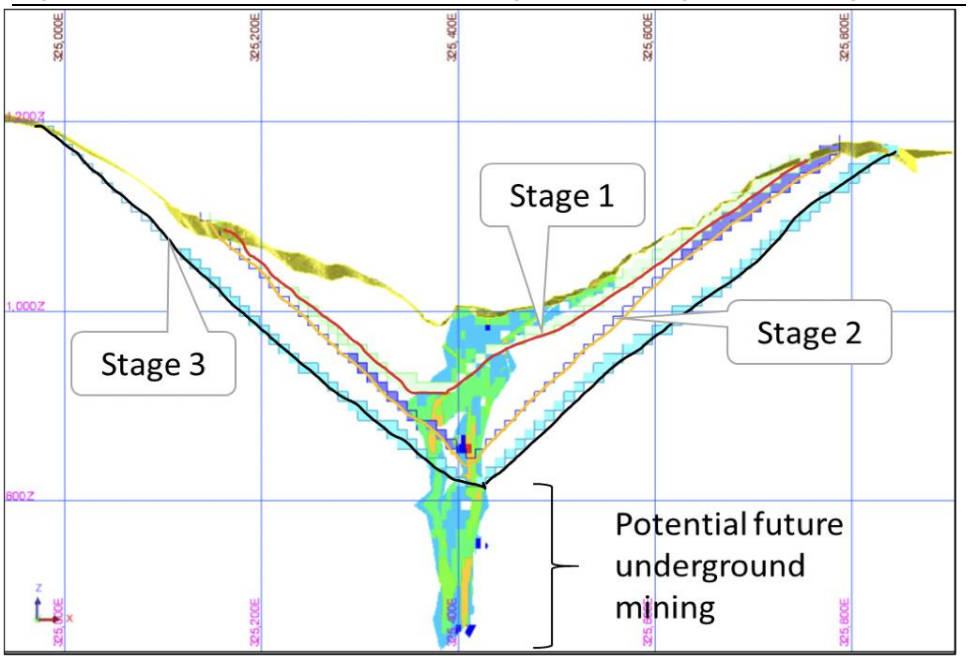
Ore losses and ore dilution

Mining inventory	Mt	Pb %	Zn %	Cu%	Ag ppm	Pb t	Zn t	Cu t	Ag Moz
Total	39.9	4.2	2.2	0.25	112	1,675,800	877,800	99,750	144
10% ore loss						(167,580)	(87,780)	(9,975)	(14)
10% mining dilution	4.0								
Plant feed	43.9	3.4	1.8	0.20	92	1,508,220	790,020	89,775	129

Potential Strip Ratio

The analysis of other large open pit projects indicate strip ratio values ranging from 1.7:1 to 5.2:1. Nevertheless, to estimate a strip ratio for Bawdwin, the approach has to be project specific. We shall examine a combination of the cross section below provided in ASX announcement (19 Dec 2017) and the long section in Figure 5.6.

Figure 5.7 – Cross section 2,556,800N, looking North, showing conceptual stage pits

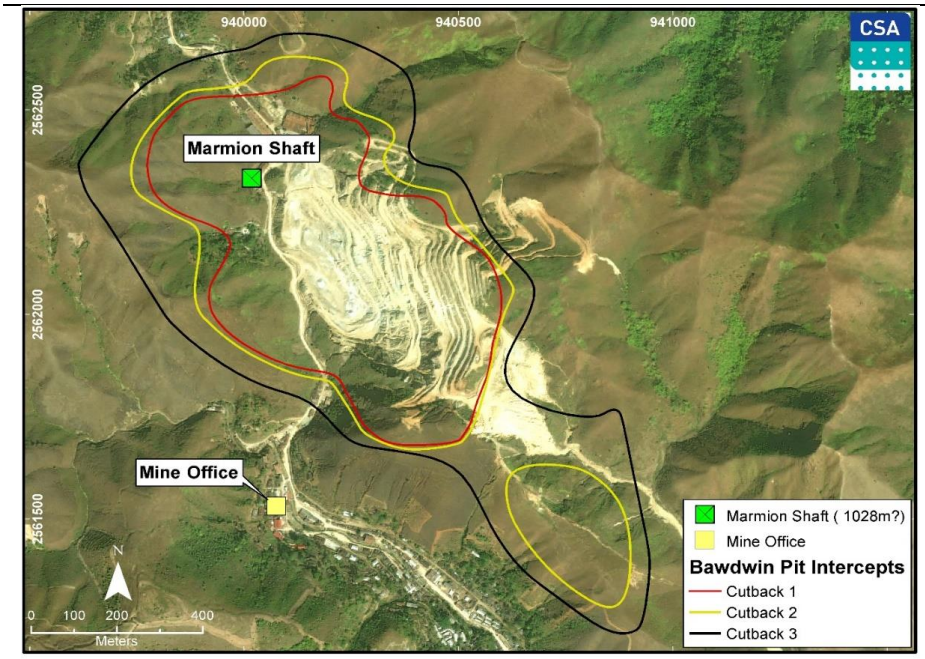


Source: MYL

On the 2,556,800N section, a "2D strip ratio" for Stages 1 & 2 appear to be around 3:1, possibly less. For Stage 3, the "2D strip ratio" appears much higher, possibly 10:1 or more.

In plan view, Cutback 1 and 2 appears relatively uniform along the strike of the ore body. Cutback 3 shows more variation, particularly in relation to the actual topography.

Figure 5.8 – Plan of staged pits



Source: MYL

Considering the extended geometry of the deposit along strike, the conceptual stage pits profile should repeat for most of the sections. Overall, we have set a highly simplified mine plan as follows:

- Year 1: pre-stripping 10,000,000 t, no ore mined
- Year 2-3: strip ratio of 2.5
- Year 3-17: strip ratio of 3
- Year 18- 21: strip ratio of 4
- Year 21-23: strip ratios of 3, 2 and 1 respectively

MYL indicates that the 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.

Potential Ore Mining Rate / Processing Plant Throughput

Again, we researched similar size projects with parameters as follows:

Base Metals Projects Summary

Project	Country	Operator	Ore Reserve *	Throughput *(Mtpa)*	Mine Life *(years)*	Capex *(US$m)*	Notes
Asmara	Eritrea	Asmara Mining	56.6 Mt	3.4	15.3	$505	Open Pit
Century	Australia	New Century Zinc	77.3 Mt	15.0	6.3	$38	Tailings
Citrönen	Greenland	Ironbark Zinc	45.6 Mt	3.3	14	$514	On an island
Oued Amizour	Algeria	Terramin	38.1 Mt	4.0	12	$579	Block caving
Dugald River	Australia	MMG	32.8 Mt	1.7	25	$620	Block caving
Yenipazar	Turkey	Aldridge Minerals	29.2 Mt	2.5	12	$230	Open Pit
Knaiguiyah	Saudi Arabia	Alara Resources	26.1 Mt	2.0	13	$257	Open Pit
Gediktepe	Turkey	Lidya Medencilik	24.9 Mt	2.3	10	$120	Open Pit
McIlvenna	Canada	Foran Mining	23.7 Mt	1.8	14	$199	Underground
Kudz Ze Kayah	Canada	BMC Minerals	17.7 Mt	2.0	10	$298	Open Pit
Olza	Poland	Rathdowney Res.	16.1 Mt	2.2	8	$227	Underground
Back Forty	USA	Aquila Resources	16.1 Mt	1.9	16	$261	Open Pit
Bawdwin	Myanmar	Myanmar Metals	*39.9 Mt*	*2.0*	-	-	Open Pit

*Source: company announcement, Terra Studio. * or mining inventory*

Projects with large resources and mining inventory tend to have processing throughput in excess for 3.3 Mtpa, except Dugald River, which is an underground mine. Considering the underground production potential at Bawdwin, we have opted for a relatively modest throughput of 2 Mtpa, so that the plant is not constrained by the future underground mining rate.

Capital Expenditure

Using the list of capital items provided by MYL, we have combined the items to facilitate comparisons with other projects and derive some capital expenditure assumptions as follows:

The capital amount assigned for the treatment plant assumes Western sourced components.

There is an opportunity to reduce that amount significantly (30%-40%) by sourcing it from China.

Initial Capital Expenditure Estimate

Capital Item	US$m
Stage 1	
Pre-development costs including	$25
access road upgrades, all water treatment facilities	
hydro electrical power restoration and accommodation	
Open cut mine infrastructure & mobilisation	$5
Treatment plant (2 Mtpa throughput) including	$100
mobile crushers, ore pass, apron feeder, conveyor, pipelines	
Tailings storage facility	$10
Pit pre-stripping (10 Mt @ $2.50/t)	$25
Total	$165
Stage 2 & 3	
Water diversion tunnel (1.2 km @ $5,000/m)	$6
Electric Power Upgrade to National Grid (24 km @ $1,000/m)	$24
Namtu-Namyao Rail Line Upgrade (24 km @ $500/m)	$12
Total	$42

Source: MYL, Terra Studio

The project assumes the services of a mining contractor.

Our financial model also includes $20m for a new underground access and $20m for underground mining infrastructure toward the end of the open pit mine schedule. This additional capital expenditure is funded by the cash flow generated from the project.

With regards to sustaining capital expenditure, we assumed 3% of the total operating expenditure per annum to be spent on sustaining capital.

Metallurgical Recoveries, Concentrate Grade and Payabilities

Metallurgical testwork should be completed in the first quarter of 2018. Awaiting the results, metallurgical recoveries, concentrate grades and payabilities have been assumed as follows:

Metallurgical Recoveries, Concentrate Grade and Payabilities

Metal	Recovery	Concentrate Grade	Payability
Lead	80%	65%	95%
Zinc	80%	52%	85%
Silver	80%	1,500 g/t	95%
Copper	80%	3%	90%

Source: Terra Studio

The refinery treatment cost has been assumed at US$250/tonne. Spot treatment charges (TC) for lead-zinc concentrates averaged $37/dmt over 2017 while the 2017-2018YTD contract TC amounts to $172/dmt. While this assumption includes the cost of trucking the concentrates 300 km ($36/t) to a Chinese smelter, it appears conservative considering the outlook for zinc (and lead) in the foreseeable future.

Royalties and Tax Rate

The royalties have been included in an all-encompassing tax rate of 50%, including corporate tax, all charges, fees and royalties.

Operating Costs

Operating costs have been assumed as follows:

Operating Costs in US dollars

Item	Cost
Mining costs	$2.50/t mined or $8.75/t milled
Processing costs	$17.00/t milled
General & administration	$5.00/t milled
Selling costs	$17.45/t milled
Operating costs	$48.20/t milled

Source: Terra Studio

Processing costs are conservative when compared to other projects such as:

Operating Costs Comparison (US$)

Project	Capacity	Milling Costs	G&A Costs
Asmara, Eritrea	3.4 Mtpa	$17.64/t milled	$2.21/t milled
Gediktepe, Turkey	2.3 Mtpa	$10.89/t milled	$3.66/t milled
Khnaiguiyah, Saudi Arabia	2.0 Mtpa	$7.33/t milled	$5.53/t milled
Kudz Ze Kayah, Yukon	2.0 Mtpa	$17.50/t milled	$7.54/t milled
McIlvenna, Turkey	1.8Mtpa	$10.77/t milled	$3.30/t milled
Yenipazar, Turkey	2.5 Mtpa	$17.06/t milled	$3.70/t milled
Bawdwin, Myanmar	2.0 Mtpa	$17.00/t milled	$5.00/t milled

Source: company announcements, Terra Studio

Metal Prices

We have selected the following metal prices scenarios:

- "Current" metal prices (slightly rounded down)
- "Consensus": average of 2018 to 2020 consensus price forecasts
- "Low": downcycle metal prices recorded in 2015 (yearly average)
- "post-GFC": exceptionally low prices recorded post-GFC (2009 yearly average)

For each scenario, the metal prices are set flat over the life of mine.

Metal prices assumptions

US$	Current	Consensus	Low	Post-GFC
Lead	$2,400/t	$2,300/t	$1,790/t	$1,720/t
Zinc	$3,300/t	$2,900/t	$1,940/t	$1,680/t
Copper	$7,200/t	$6,300/t	$5,500/t	$5,000/t
Silver	$16.9/oz	$18.0/oz	$15.7/oz	$14.7/oz

Source: Bloomberg, Terra Studio

Cashflow Model

A cashflow model was built using the final assumptions as follows:

- Myanmar tax regime of 50%
- Discount rate of 10% per annum
- AUD/USD exchange rate of 0.78

The 50% tax rate can be seen as a worst case scenario. The tax regime of the operation will need to be discussed with the Government of Myanmar.

Results for the different scenarios are summarised below:

Bawdwin project returns using different metal prices scenarios

Scenario	Current	Consensus	Low	Post-GFC
Initial Capex	$165m	$165m	$165m	$165m
NPV (pre tax)	$1,207m	$1,119m	$668m	$554m
IRR (pre tax)	63%	60%	43%	38%
NPV (post tax)	$518m	$474m	$249m	$192m
IRR (post tax)	37%	35%	24%	21%
NPV (post tax)	A$664m	A$608m	A$319m	A$246m
Initial Capex	A$212m	A$212m	A$212m	A$212m

Source: Terra Studio

Despite the numerous conservative assumptions used, the project generates some excellent cash flows. The first two scenarios show some good returns with NPVs generated equal to about two to three times the initial capital expenditure. The last two scenarios indicate the robustness of the project should metal prices seen around the last Global Financial Crisis be repeated and recorded over 23 year mine life. In those last two cases, the NPV remains positive and above the capex amount.

Production of Metals in Concentrate

With the assumptions detailed above, Bawdwin should deliver about 51,000 tonnes of lead, 25,000 tonnes of zinc, 4.5 million ounces of silver and 2,300 tonnes of copper in concentrates annually.

Financing

Even if the capital expenditure can be significantly reduced, it makes sense for MYL to find a partner to assist in financing and developing this project. A 50/50 joint venture, whereby MYL is free carried or with limited participation to project development would still bring a substantial return to MYL shareholders.

6. Directors & Management Team

MYL Board of Directors and management combines the business, financial and technical skills to develop the Bawdwin project.

John Lamb, Chairman and Chief Executive Officer

B. Surv(IT) | Grad.Dip.Man | MBA | M.AusIMM(CP) | GAICD

Mr Lamb is an experienced business leader in the mining, construction, forestry and transport sectors. His career of over 25 years includes Chief Executive roles for Shaw Contracting (civil construction) and Lloyds North (transport and forest services); general management roles at the Rosebery (underground polymetallic) and Century (open cut zinc/lead) mines and many years of business and technical management, principally in the minerals sector.

John Lamb has built and managed mining operations throughout Australia and has served as a director on the boards of industry bodies, regional land management councils, a large pastoral company and several small businesses. He has consulted widely in the fields of business improvement, risk management and strategic planning.

A qualified surveyor, he also holds degrees in management and business; is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and an Order of Merit Graduate of the AICD Company Directors course.

Mr Lamb was a director of the Tasmanian Minerals and Energy Council for six years, operates a private business consultancy and is chairman of business broking firm Tasmania Invest..

Jeffrey Moore, Non-Executive Director

B.Sc. | MAusIMM | MGSA

Mr Moore is a geologist with extensive technical, managerial and project finance experience in exploration and mining for publicly listed companies.

During his career, he has generated, managed and developed projects for commodities including precious metals, base metals, diamonds, nickel and industrial minerals throughout Australia, Central and South America, Africa and Asia.

Mr Moore has held previous directorships and Chief Executive roles with significant companies including Allied Gold Limited from 2004 to 2008, Abra Mining Limited from 2006 to 2011 and is currently Executive Chairman of Riedel Resources Limited (ASX: RIE). Mr Moore is also a corporate member of the Australasian Institute of Mining and Metallurgy and a member of the Geological Society of Australia.

Rowan Caren, Non-Executive Director & Company Secretary

B Com. | CA

Mr Caren has 25 years of commercial experience as a Chartered Accountant, having qualified with PricewaterhouseCoopers in 1992. He has been involved in the minerals exploration industry for over twenty years and in 2004 created a specialist company secretarial and advisory consultancy, Dabinett Corporate Pty Ltd.

Mr Caren has provided financial and corporate services to several listed and unlisted companies involved in the resources sector. Mr Caren graduated with a Bachelor of Commerce (Accounting) from the University of Western Australia and is a Member of the Institute of Chartered Accountants in Australia.

7. Investment Risks

MYL is exposed to a number of risks including:

- **Geological risk**: the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues MYL will derive through the sale of base metal concentrates expose the potential income to metals price risk. The prices of copper, lead, silver and zinc fluctuate and are affected by many factors beyond the control of MYL. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue MYL derives from the sale of metal products exposes the potential income to exchange rate risk. International prices of various commodities are denominated in United States dollars, whereas the costs base and financial reporting currency of MYL is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD and the AUD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk**: an experienced and skilled management team is essential to the successful development and operation of mining projects.

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