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## ASX ANNOUNCEMENT

25 May 2018

ASX Code: MYL

### Board of Directors

Mr John Lamb  
Executive Chairman & CEO

Mr Rowan Caren  
Executive Director

Mr Jeff Moore  
Non-Executive Director

### Issued Capital

Shares 664m.

Options 184m.

Performance rights 28m.

Current share price A\$0.058 (24 May 2018)

Market capitalisation A\$38.5m.

Cash ~ A\$4m. (31 March 2018)

Debt Nil

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# STRATEGIC ALLIANCE WITH PERILYA AND BINDING FINANCING COMMITMENTS OF \$19.1M TO FULLY FUND OPTION EXERCISE

## Highlights

- MYL fully funded for its share of the Bawdwin option exercise
- Binding agreement with Perilya for a cornerstone investment of up to A\$14.9 million at A\$0.06 per share to emerge with a 19.9% shareholding as part of a proposed share placement to raise up to A\$35 million
- Binding commitment from Mr Mark Creasy (Yandal) to invest an additional A\$4.2 million to hold a 12.6% shareholding post A\$35 million placement
- Placement price represents a 6% premium to 10 day VWAP<sup>1</sup>
- Strategic alliance with Perilya to provide technical assistance together with procurement, processing and market support
- Non-binding Letter of Support for up to US\$150 million for future construction of Bawdwin received from Perilya

Myanmar Metals Limited (“MYL” or “the Company”) is delighted to announce that it has executed definitive and binding documentation (“Agreements”) with Perilya Limited (“Perilya”) that encompasses a maximum A\$14.9 million cornerstone investment whereby Perilya will become a 19.9% shareholder in MYL and a strategic alliance to support the optimal development and financing of the Bawdwin Concession.

Under the Agreements, Perilya will subscribe for new ordinary MYL shares via a A\$14.9m deposit that will, subject to the satisfaction of certain conditions, become a 19.9% shareholding in MYL at A\$0.06 per share on the later of settlement of the proposed A\$35 million placement and the receipt of all necessary regulatory approvals (“Share Subscription”).

In addition, MYL has received a binding commitment from its current largest shareholder Mr Mark Creasy (Yandal) to invest an additional A\$4.2 million at an issue price of A\$0.06 per share to hold a 12.6% shareholding post completion of the proposed A\$35 million placement.

The binding commitments from Perilya and Yandal mean that MYL’s A\$18.5 million<sup>2</sup> (US\$13.9 million) share of the Bawdwin option exercise is now fully funded, subject to satisfaction of the conditions.

Upon completion of the placement, MYL will be well-funded to complete feasibility studies and apply for development approvals from MONREC for the Bawdwin mine together with its partners EAP and WMM. MYL will retain a 51% controlling interest in the concession.

John Lamb, Executive Chairman and CEO stated:

*“After a comprehensive global process, we are delighted to have secured Perilya as our cornerstone 19.9% shareholder. Perilya is an ideal strategic investor with a wealth of experience in zinc, lead and silver mining operations and metals marketing. These strategic benefits are backed by Perilya’s parent company, Zhongjin Lingnan, China’s largest integrated zinc producer with a market capitalisation in the order of CNY22.5b.*

*In combination with the ongoing support of major shareholder Mr Mark Creasy, Myanmar Metals is now fully funded for imminent exercise of the Bawdwin option.*

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1. 10 day VWAP calculated on 24 May 2018  
2. Assumes an AUDUSD exchange rate of 0.7500

*Perilya's investment in MYL further validates the world class nature of the Bawdwin Concession. MYL has now successfully assembled a partnership with WMM, EAP and Perilya, collectively three major strategic in country and international groups. MYL looks forward to working alongside its partners to expedite redevelopment of the high grade, large scale polymetallic Bawdwin deposit that is ideally located on China's doorstep.*

*Importantly MYL has been able to attract significant financing while retaining a controlling operatorship of the Bawdwin Concession with the valuable future marketing and off-take rights remaining 100% unencumbered. The future value to be unlocked from Bawdwin is likely to be immense when considering that at present only a relatively small, historic area in the overall Concession has been subject to modern exploration and drilling."*

Perilya's Managing Director and CEO, Paul Arndt, said:

*"Perilya's investment in MYL sits well with our strategic goal of identifying and developing quality base and precious metals deposits, leveraging off the Perilya Group's wide experience in the development, mining and extensions of base metals mines as well as the broader group's metal marketing and procurement teams. Our team has a long and successful history of extending mine life and developing new projects in multiple jurisdictions and we look forward to applying those skills and contributing to the development of the Bawdwin project.*

*We are very excited to be able to take a strategic stake in MYL and partner with MYL's strong management team to develop this project to its full potential. Perilya believes that the Bawdwin Primary resource ranks amongst the world's best undeveloped base-metal deposits and, given its long open pit and underground mining history, has the potential to be developed into a truly world class long-life polymetallic mine. I look forward to working with John and his team on this world class project for the benefit of all MYL shareholders."*

## **Perilya Investment Details**

Perilya is an Australian base metals mining and exploration company. Perilya is owned 100% by Shenzhen Zhongjin Lingnan Nonfermet Co. Limited ("Zhongjin Lingnan"), China's largest integrated zinc producer. Both Perilya and its parent, Zhongjin Lingnan, have a global focus with mining operations, smelting operations, exploration and development projects in Australia, Dominican Republic, Canada, Malaysia, Ireland, Africa and the People's Republic of China. Further background information is set out in Appendix A.

Pursuant to the Agreements, Perilya will pay a deposit of approximately A\$14.9 million by 1 June 2018 to be held in escrow. Upon receipt of shareholder approval for Resolutions 1 and 2 at the General Meeting to be held on 5 June 2018, and the receipt by MYL of binding commitments under the proposed placement for at least A\$25 million (including the Share Subscription), as well as customary conditions, the deposit will become available to MYL for drawdown.

Perilya will be issued MYL ordinary shares at an issue price of \$0.06 per share on the later of settlement of the proposed A\$35 million placement and the receipt of all necessary regulatory approvals including Foreign Investment Review Board ("FIRB"). Perilya lodged the requisite FIRB application on 4 May 2018.

In the event that MYL raises less than A\$35 million under the placement, the portion of the Perilya deposit that will become MYL shares will be reduced such that Perilya's relevant interest in MYL shares equals 19.9%. The balance of the Perilya deposit in this instance will be repaid in cash within 5 business days of the shares being issued.

In the event that the Share Subscription conditions are not satisfied, then MYL will have a 3 month period to repay the Perilya deposit. Should repayment in full not occur within this 3 month period

then Perilya may elect, subject to any regulatory or other approvals required, to convert the Perilya deposit into a shareholding in Myanmar Metals' Myanmar subsidiary Bright Mountain.

The Agreements include a number of conditions precedent, representations and warranties, undertakings and covenants considered standard for transactions of this type.

### Strategic Alliance

MYL and Perilya have also entered into a Strategic Alliance ("Alliance") to support the optimal development and financing of the Bawdwin Concession.

The Alliance includes provisions for MYL to gain technical assistance, future financial support and assistance with procurement, processing and metals marketing from Perilya and its parent Zhongjin Lingnan.

In support of the Alliance, Perilya has provided MYL with a non-binding Letter of Support to assist in arranging finance of up to US\$150 million for the future construction of the Bawdwin project.

The Agreements also provides Perilya with the right to nominate a representative to the Board of MYL and a representative on the project committee to be established by MYL for the purposes of assessing and reviewing the overall progress of the Bawdwin project and, in particular, to consider and provide advice to the Board in respect of the technical, legal, financial, financing, environmental, permitting and stakeholder engagement/social aspects of the Bawdwin project. It is expected that Mr Paul Arndt, Perilya's Managing Director and CEO will join the MYL Board post the placement.

The Agreements also contains an anti-dilution right (subject to receipt of an ASX waiver) to enable Perilya to maintain its equity interest in MYL on the issue of further shares. Perilya's rights are subject to Perilya maintaining at least a 10% shareholding in the Company.

MYL and Perilya have also agreed that whilst Perilya remains a strategic shareholder with a shareholding of at least 10% in Myanmar Metals on an undiluted basis then Perilya will not compete in respect of any identified natural resources related acquisition, investment or related transaction in Myanmar ("Myanmar Transaction"). In return for this undertaking, Myanmar Metals has granted Perilya a first right, but not the obligation, to be a partner on an arm's length commercial basis in any such Myanmar Transaction should Myanmar Metals seek an offshore partner.

Perilya will also be subject to a standstill in relation to acquiring a shareholding of greater than 25% in MYL for a period of 2 years. The standstill is on customary conditions for arrangements of this nature.

### Placement Update & Next Steps

MYL is undertaking a placement to raise up to A\$35 million at A\$0.06 per share upon receipt of shareholder approval to be sought at the Company's General Meeting to be held on 5 June 2018.

The placement will enable MYL to fund its A\$18.5 million<sup>2</sup> (US\$13.9 million) share of the Bawdwin option exercise. The balance of funds will be used to accelerate exploration and development activities ahead of a feasibility study targeted for Q1 2019.

An amendment to the Notice of Meeting is to be issued to confirm that the pricing of the proposed placement will be no less than 6 cents per share.

*The MYL Directors unanimous recommend shareholders vote in favour of the placement resolution at the Company's General Meeting and confirm that each Board member intends to vote, or procure the voting of, their Director shares in favour of this resolution.*

In addition to Perilya's investment of A\$14.9 million as part of the placement, MYL has received a binding commitment from its current largest shareholder Mr Mark Creasy (Yandal) to invest a further A\$4.2 million at an issue price of A\$0.06 per share in the placement to hold a 12.6% shareholding.

As a result, MYL now has total existing placement commitments for A\$19.1 million. Upon receipt of shareholder approval, MYL intends to undertake an institutional equity raising for the balance of funds.

MYL confirms that it expects to announce its updated Scoping Study (subject to final ASX approval) in coming weeks.

Argonaut acted as exclusive financial adviser to Myanmar Metals in relation to the Perilya financing and is exclusive financial adviser and lead manager to the proposed A\$35 million placement.

John Lamb

Executive Chairman and CEO

**For More Information:**

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**Forward Looking Statements**

*The announcement 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.*

**Compliance Statement**

*The information in this announcement which relates to mineral resources for the Bawdwin Concession was first released by the Company on 22 May 2018. The Company confirms that it is not aware of any new information or data that materially affects the information in the announcement dated 22 May 2018 and, in the case of the mineral resource estimate, that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.*

**About Myanmar Metals**

Myanmar Metals Limited (ASX:MYL) holds an exclusive option to acquire an operating 51% interest in the Bawdwin Concession in Shan State, Myanmar alongside its major local partners, Win Myint Mo Industries Co., Ltd (WMM) and East Asia Power (Mining) Company Limited (EAP).

The Bawdwin Concession contains a global Tier 1 polymetallic deposit with a maiden JORC compliant Indicated and Inferred Mineral Resource of 82.0 Mt at 4.7% Pb, 119g/t Ag, 2.4% Zn and 0.2% Cu, (0.5% Pb cut-off above 750m RL, 2% Pb below 750m RL) comprising a high-grade primary resource and low-grade halo in the open-pittable zone, above 750mRL (refer to previous announcement dated 22 May 2018).

The Company has completed its 2018 drilling program and has recently declared a maiden JORC-compliant Indicated Mineral Resource of 20.2Mt at 5.0% Pb, 130g/t Ag, 2.6% Zn and 0.23% Cu (0.5% Pb cut-off above 750m RL, 2% Pb below 750m RL). The Company expects to announce an updated Scoping Study by mid-June.

## Appendix A: About Perilya

Perilya, an unlisted Australian public company, is an Australian base metals' mining and exploration company. Perilya owns and operates:

- the iconic “Southern Operations” zinc, lead and silver mine in Broken Hill, New South Wales, Australia;
- the “Potosi/Silver Peak” zinc, lead and silver mine (also in Broken Hill); and
- the Cerro de Maimón copper, gold and silver mine in the Dominican Republic.

In addition, in 2016 Perilya re-opened and commissioned its “Northern Operations” zinc, lead and silver mine (also in Broken Hill) and has just commenced development of an underground polymetallic (copper, zinc, gold & silver) mine in the Dominican Republic.

Perilya also has a number of projects currently the subject of development studies including: a zinc silicate project in South Australia; a copper/cobalt project in Queensland; and the Cumpié Hill nickel laterite project in the Dominican Republic.

Perilya is owned 100% by Shenzhen Zhongjin Lingnan Nonfermet Co. Limited (“Zhongjin Lingnan”), China’s largest integrated zinc producer. Zhongjin Lingnan is listed on the Shenzhen Stock Exchange and, as at 2 May 2018, has a market capitalisation in the order of CNY22.5 billion with production of lead and zinc contained metal of 305kt in 2017. Zhongjin Lingnan controls approximately 1.4% of the zinc metal production of the world (FY2016).

Zhongjin Lingnan’s major shareholder is Guangdong Rising Assets Management Co., Ltd (“Guangdong Rising”). Incorporated in 1999, Guangdong Rising is a State-owned assets management company and manages a diversified portfolio of assets on behalf of the Guangdong Provincial Government. Guangdong Rising holds direct and indirect interests totalling approximately 32% of Zhongjin Lingnan. Apart from its investment holding in Zhongjin, Guangdong Rising has investment holdings in several companies across various sectors (including telecommunications, manufacturing and commercial property) located in Guangdong Province and the rest of China.

Both Perilya and its parent, Zhongjin Lingnan, have had a global focus with mining operations, smelting operations, exploration and development projects in Australia, Dominican Republic, Canada, Malaysia, Ireland, Africa and the People’s Republic of China.