

MYANMAR METALS LIMITED

ABN 48 124 943 728

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Corporate Directory

DIRECTORS	John Lamb – Executive Chairman and CEO Rowan Caren – Executive Director and CFO Jeffrey Moore – Executive Director Paul Arndt – Non-Executive Director
COMPANY SECRETARY	Rowan Caren
REGISTERED OFFICE	Suite 4, 38 Colin Street West Perth WA 6005 Australia
TELEPHONE	+61 8 6147 8100
EMAIL	info@myanmarmetals.com.au
WEBSITE	www.myanmarmetals.com.au
AUDITORS	Grant Thornton Audit Pty Ltd Level 43, Central Park 152-158 St Georges Terrace Perth WA 6000 Australia
SOLICITORS	DLA Piper Australia Level 31, Central Park 152-158 St Georges Terrace Perth WA 6000
SHARE REGISTRY	Automic Group Level 2 267 St Georges Terrace PERTH WA 6000 www.automic.com.au T: 1300 288 664
AUSTRALIAN STOCK EXCHANGE	The Company's securities are quoted on the official list of the ASX Ltd (ASX), the home exchange being: The ASX (Perth) Ltd Level 40, Central Park 152-158 St Georges Terrace, Perth WA 6000
ASX CODE	MYL
ACN	124 943 728

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Directors' Report

Your directors submit the financial report for the half-year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the half-year:

Mr John Lamb

Mr Jeffrey Moore

Mr Rowan Caren

Mr Paul Arndt

Mr Bruce Goulds – Ceased 11 January 2020

Review of Operations

During the half-year the Company, in conjunction with its partners in the Bawdwin Joint Venture, advanced project feasibility studies and is in the process of securing a foreign investment permit from the Myanmar Investments Commission for the Bawdwin site, with construction expected to commence in 2020.

The Group has recorded a net loss during the half-year to 31 December 2019 of \$8,245,528 (31 December 2018: \$7,639,233) primarily arising from the Group's accounting policy of expensing exploration and evaluation expenditure until completion of a bankable feasibility study. Exploration and evaluation expenses during the half-year totalled \$6,375,744 (2018: \$6,436,364).

At 31 December 2019, the Group had \$18.4 million in cash (30 June 2019: \$22.9 million).

Significant Changes in the State of Affairs

During the period,

- Listed option series MYLO expired on 31 December 2019. A total of 10,117,221 options expired unconverted and a total of 165,207,011 ordinary shares were issued on the conversion of listed options during the period raising \$4,956,211;
- Entered into an option agreement with Locrian Precious Metals Company Limited (Locrian) to acquire up to an 85% equity interest by the way of phased investment. Locrian holds applications for two gold/copper exploration licences in eastern Shan State, Myanmar; and
- Issued 13,000,000 unlisted options to a Director and an employee.

In the opinion of the Directors there were no other matters that significantly affected the state of affairs of the Group during the period, other than those matters noted above or referred to in the overview above.

Significant Events After the Balance Date

Mr Bruce Goulds, Non-Executive Director, passed away on 11 January 2020. Until that date Mr Goulds was a Non-Executive Director of the Company.

Other than as noted above, since 31 December 2019, no events have arisen that have materially affected the operations of the consolidated entity, the results of the consolidated entity or the state of affairs of the consolidated entity.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Rowan Caren
Director

Dated this 28 day of February 2020

Auditor's Independence Declaration

To the Directors of Myanmar Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Myanmar Metals Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 28 February 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Finance income		123,588	110,655
Net foreign exchange (loss)/gain		(7,791)	185,982
Exploration and evaluation expenses		(6,375,744)	(6,436,364)
Corporate and administration expenses	2	(1,980,601)	(1,499,506)
Finance expenses		(4,980)	-
Loss before income tax expense		(8,245,528)	(7,639,233)
Income tax expense		-	-
Loss after income tax expense attributable to members of Myanmar Metals Limited		(8,245,528)	(7,639,233)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		47,359	(44,540)
Other comprehensive income/(loss) for the half-year, net of income tax		47,359	(44,540)
Total comprehensive loss for the half-year attributable to the owners of Myanmar Metals Limited		(8,198,169)	(7,683,773)
Loss per Share attributable to ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)		(0.51)	(0.61)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents		18,417,539	22,881,004
Trade and other receivables	3	252,188	133,571
Total current assets		18,669,727	23,014,575
<i>Non-current assets</i>			
Trade and other receivables	4	3,230,586	3,104,645
Plant and equipment		100,808	95,292
Right-of-use asset	11	100,686	-
Exploration and evaluation assets	5	19,616,523	19,579,997
Total non-current assets		23,048,603	22,779,934
Total assets		41,718,330	45,794,509
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		1,322,842	2,418,227
Lease liability	11	62,620	-
Provisions		218,644	119,233
Total current liabilities		1,604,106	2,537,460
<i>Non-current liabilities</i>			
Lease liability	11	36,039	-
Total non-current liabilities		36,039	-
Total liabilities		1,640,145	2,537,460
Net assets		40,078,185	43,257,049
Equity			
Share capital	6	92,606,479	87,467,468
Other equity		777,194	777,194
Reserves		2,309,801	2,382,148
Accumulated losses		(55,615,289)	(47,369,761)
Total equity		40,078,185	43,257,049

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Share Capital	Other Equity	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2019	87,467,468	777,194	2,382,148	(47,369,761)	43,257,049
Loss for the period	-	-	-	(8,245,528)	(8,245,528)
Other comprehensive loss for the period, net of tax	-	-	47,359	-	47,359
Total comprehensive loss for the period, net of tax	-	-	47,359	(8,245,528)	(8,198,169)
<i>Transactions with owners, recorded directly in equity:</i>					
Exercise of options	5,143,011	-	(186,800)	-	4,956,211
Share based payment expense	-	-	67,094	-	67,094
Transaction costs arising from share issues	(4,000)	-	-	-	(4,000)
Total transactions with owners	5,139,011	-	(119,706)	-	5,019,305
Balance at 31 December 2019	92,606,479	777,194	2,309,801	(55,615,289)	40,078,185
Balance at 1 July 2018	65,075,576	777,194	3,928,102	(31,007,017)	38,773,855
Loss for the period	-	-	-	(7,639,233)	(7,639,233)
Other comprehensive loss for the period, net of tax	-	-	(44,540)	-	(44,540)
Total comprehensive loss for the period, net of tax	-	-	(44,540)	(7,639,233)	(7,683,773)
<i>Transactions with owners, recorded directly in equity:</i>					
Issue of shares on conversion of performance rights	1,120,000	-	(1,120,000)	-	-
Grant of options	-	-	50	-	50
Exercise of options	119	-	-	-	119
Share based payment expense	-	-	432,610	-	432,610
Total transactions with owners	1,120,119	-	(687,340)	-	432,779
Balance at 31 December 2018	66,195,695	777,194	3,196,222	(38,646,250)	31,522,861

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(9,522,586)	(5,575,353)
Receipt for reimbursement of exploration expenditure	-	1,955,878
Interest received	123,588	97,093
Net cash used in operating activities	(9,398,998)	(3,522,382)
Cash flows from investing activities		
Amounts placed on deposit	-	(30,660)
Refunds of deposits	-	148,500
Payments to acquire other non-current assets	(56,247)	(56,085)
Net cash (used in)/from investing activities	(56,247)	61,755
Cash flows from financing activities		
Finance costs paid	-	(127)
Proceeds from issue of equity securities	4,956,211	169
Equity securities issue transaction costs	(4,000)	(58,345)
Net cash from/(used in) financing activities	4,952,211	(58,303)
Net decrease in cash and cash equivalents	(4,503,034)	(3,518,930)
Cash and cash equivalents at 1 July	22,881,004	16,580,163
Effect of currency changes on cash and cash equivalents	39,569	160,646
Cash and cash equivalents at 31 December	18,417,539	13,221,879

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the half-year ended 31 December 2019

1. Basis of Preparation

This half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Myanmar Metals Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

New Standard Adopted as at 1 July 2019

The group has adopted the new accounting pronouncements which have become effective this year and are as follows;

AASB 16 Leases

The Group has adopted AASB 16 *Leases* from 1 July 2019 retrospectively but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. AASB 16 replaces AASB 117 *Leases*. Under the new standard, right of use assets are recognized along with the related lease liability in connection with all operating leases except for those identified as low-value or having a lease term of less than 12 months.

	\$
Total operating lease commitments disclosed at 30 June 2019:	117,691
Foreign exchange adjustment	25,861
Finance lease liabilities before discounting	143,552
Discounted using incremental borrowing rate of 8%	(12,412)
Total lease liabilities recognised under IFRS 16 at 1 July 2019	131,140

Other Pronouncements

Management has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2019. It has been determined that there is no material impact of the new and revised Standards and Interpretations on its business and, therefore, no material change is necessary to Group accounting policies.

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2019

1. Basis of Preparation (Continued)

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019.

2. Income and expenses

	31 December 2019 \$	31 December 2018 \$
Corporate and administration expenses include the following share based payment expenses	67,093	432,610

3. Current trade and other receivables

	31 December 2019 \$	30 June 2019 \$
Prepayments and statutory receivables	186,664	68,056
Deposits	65,524	65,515
Total trade and other receivables	252,188	133,571

4. Non-current trade and other receivables

	31 December 2019 \$	30 June 2019 \$
Loan receivable ¹	5,222,690	5,222,690
Provision for impairment of loan receivable ¹	(5,222,690)	(5,222,690)
Receivables due to the Group from participants to the Bawdwin Project ²	3,230,586	3,104,645
Total trade and other receivables – non-current	3,230,586	3,104,645

Notes

¹ This loan is not yet due and continues to be fully provided for as at 31 December 2019.

² These amounts are due to the Group from another participant in the Bawdwin project for reimbursement of their share of costs incurred that have been paid by the Group and are repayable from future dividends from the Bawdwin project (except on the occurrence of certain specified events at which time they become immediately repayable). The carrying value of these receivables has been calculated based on cash flows discounted using a current lending rate of 8%.

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2019

5. Exploration and Evaluation Assets

	31 December 2019 \$	30 June 2019 \$
Projects in Shan State, Myanmar		
Bawdwin Project	19,579,997	19,579,997
Locrian Precious Metals Project	36,526	-
Total exploration and evaluation assets¹	19,616,523	19,579,997

Notes:

¹ The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

6. Equity Securities Issued

a) Ordinary Shares

	31-Dec-19 No. Shares	30-Jun-19 No. Shares	31-Dec-19 \$	30-Jun-19 \$
Movement in ordinary shares during the half-year:				
Opening balance	1,603,385,930	1,247,181,166	87,467,468	65,075,576
Conversion of performance rights	-	28,000,000	-	2,240,000
Exercise of listed options	165,207,011	8,327,616	5,143,011	249,828
Capital raising at \$0.065 per share	-	319,877,148	-	20,792,015
Transaction costs on share issues	-	-	(4,000)	(889,951)
Total ordinary shares on issue	1,768,592,941	1,603,385,930	92,606,479	87,467,468

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2019

6. Equity Securities Issued (Continued)

b) Options

	31-Dec-19 No. Options	30-Jun-19 No. Options	31-Dec-19 \$	30-Jun-19 \$
Movement in options during the half-year:				
Opening balance	223,824,232	253,651,848	2,253,060	3,930,786
Options granted to consultants	-	5,000,000 ¹	-	143,835
Options granted to employees	13,000,000 ³	1,500,000 ²	74,294	65,512
Option premium received	-	-	-	50
Options exercised	(165,207,011)	(8,327,616)	(186,800)	-
Options expired	(10,117,221)	-	(7,200)	-
Performance rights granted to directors	-	-	-	352,877
Performance rights converted to shares	-	(28,000,000)	-	(2,240,000)
Total options	61,500,000	223,824,232	2,133,354	2,253,060

¹ Exercisable at 7.8 cents each and expiring on 15 June 2022;

² Exercisable at 6 cents each and expiring on 30 June 2021; and

³ Exercisable at 6.5 cents each and expiring on 7 November 2022.

The outstanding balance of options granted as share based payments on issue as at 31 December 2019 is represented by:

- 40,000,000 unlisted options exercisable at 7.8 cents each and expiring on 15 June 2022;
- 1,500,000 unlisted options exercisable at 6 cents each and expiring on 30 June 2021;
- 7,000,000 unlisted options exercisable at 7 cents each and expiring on 30 November 2020; and
- 13,000,000 unlisted options exercisable at 6.5 cents each and expiring on 7 November 2022.

7. Segment Reporting

During the period, the consolidated entity operated predominantly in one reportable business segment, managed by one segment manager and in one geographical location. The operations of the consolidated entity consist of minerals exploration, within Myanmar.

The information disclosed in the financial statements is the same information utilised in internal reporting by the chief operating decision maker. Accordingly, no additional quantitative or qualitative disclosures are required.

8. Commitments and Contingent Liabilities

The Company and Group have no significant commitments or contingent liabilities as at 31 December 2019 (30 June 2019: nil).

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2019

9. Related Party Disclosures

During the half-year ended 31 December 2019, 8,000,000 unlisted options were granted to Mr Bruce Goulds under the Company's Employee Securities Incentive Plan as approved by Shareholders at the Annual General Meeting held 24 October 2019.

No other significant related party transactions have occurred during the half-year ended 31 December 2019.

10. Interests in Other Entities

During the year ended 30 June 2018, the Group acquired a 51% participating interest in the Bawdwin polymetallic project, in Shan State, Myanmar. The cost of acquisition of the rights to the Bawdwin project of \$19,579,997 have been capitalised as exploration and evaluation assets. All subsequent expenditure on the project is being expensed until completion of a bankable feasibility study.

During the half-year ended 31 December 2018, BJV Service Company Limited ("BJV") was incorporated in Myanmar to undertake the activities of the Bawdwin project.

The Group holds a 69.375% interest in BJV, reflective of its funding interest in the project during the feasibility study stages. Due to the nature of the voting arrangements of BJV, the Group does not control, nor have joint control of, BJV.

The Group has recognised its share of the assets and liabilities of BJV as at 31 December 2019 and has expensed its share of the costs of BJV for the half-year ended 31 December 2019 in accordance with the Group's accounting policy for exploration and evaluation expenditure.

As required by Myanmar legislation, BJV has a financial year end of 31 March.

At 31 December 2019, the Group's share of the assets and liabilities of BJV included in the consolidated statement of financial position are as set out below:

	31 December 2019 \$	30 June 2019 \$
Cash and cash equivalents	2,315,667	2,160,508
Other current assets	92,154	33,980
Plant and equipment	85,492	80,573
Right-of-use asset	100,686	-
Current liabilities	(1,061,036)	(2,165,640)
Non-current liabilities	(36,039)	-

Notes to the Financial Statements (Continued)

For the half-year ended 31 December 2019

11. Leases

	31 December 2019 \$	30 June 2019 \$
Right-of-use asset		
Balance at 1 July	128,788	-
Additions/adjustments	-	-
Amortisation charge for the period	(28,102)	-
Balance at 31 December	100,686	-
Lease liabilities		
Maturity analysis-contractual undiscounted cashflows		
Lease payments less than 1 year	(70,311)	-
Lease payments 2-5 years	(38,085)	-
Lease payments 5+ years	-	-
	(108,396)	-
Lease liability		
Current	(62,620)	-
Non-current	(36,039)	-
Total lease payments	(98,659)	-
Amounts recognised in profit or loss		
Interest on lease liabilities	4,980	-
Amortisation	28,102	-
Variable lease payments not included in the measurement of the lease liabilities	3,703	-
Total	36,785	-
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	35,109	-
Total	35,109	-

12. Subsequent Events

Mr Bruce Goulds, Non-Executive Director, passed away on 11 January 2020. Until that date Mr Goulds was a Non-Executive Director of the Company.

Other than as noted above, since 31 December 2019, no events have arisen that have materially affected the operations of the consolidated entity, the results of the consolidated entity or the state of affairs of the consolidated entity.

Directors' Declaration

The directors of Myanmar Metals Limited declare that, in the directors' opinion:

- (a) the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors dated this 28th day of February 2020.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, enclosed within a large, irregular oval shape.

Rowan Caren
Director

Independent Auditor's Report

To the Members of Myanmar Metals Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Myanmar Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2019, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Myanmar Metals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Myanmar Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



L A Stella
Partner – Audit & Assurance

Perth, 28 February 2020