

SPEC BUY

Current Price	\$0.07
Valuation	\$0.40
Target Price	\$0.20

Ticker:	MYL	
Sector:	Metals and Mining	
Shares on Issue (m):	1,261.2	
Options (m):	232.1	
Market Cap (\$m):	90.8	
Net Cash (\$m):	10.0	
Enterprise Value (\$m):	80.8	
52 wk High/Low:	\$0.09	\$0.05
12m Av Daily Vol (m):	2.35	

Bawdwin Total JORC Resource

Tonnes	Silver	Zinc + Lead	Copper
Mt	oz/t	%	%
94.2	3.4	6.2	0.2

Bawdwin Primary High Grade Resource (inclusive)

Tonnes	Silver	Zinc + Lead	Copper
Mt	oz/t	%	%
45.0	5.7	10.6	0.3

Bawdwin Discrete Copper Resource (inclusive)

Tonnes	Copper	Zinc + Lead	Silver
Mt	%	%	oz/t
4.4	3.0	7.8	5.7

Development Stage Scoping Study

Key Metrics (Argonaut Assumptions)

Capex Estimate	US\$190m
Steady State EBITDA (100% Basis)	US\$424m
Project NPV ₁₂ (100% Basis)	A\$967m

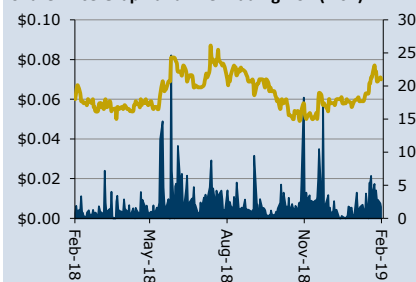
Board

John Lamb	Executive Chairman and CEO
Jeffrey Moore	Non-Executive Director
Rohan Caren	Executive Director and Secretary
Bruce Goulds	Non-Executive Director
Paul Arndt	Non-Executive Director

Substantial Shareholders

Perilya Ltd	19.8%
Yandal Investments	12.5%

Share Price Graph and Ave Trading Vol. (msh)



Please refer to important disclosures at end of the report (from page 3)

Wednesday, 13 February 2019

Myanmar Metals

Significant Resource Upgrade

Analysts | Matthew Keane | James Wilson

Quick Read

Myanmar Metals (MYL) released a resource upgrade for the Bawdwin polymetallic deposit in Myanmar (51% MYL). Total resources increased by 15% to 94.2Mt @ 3.4oz/t Ag, 6.3% Zn+Pb and 0.2% Cu. This update included a significant confidence upgrade to the high-grade core (45.0Mt @ 5.7oz/t Ag, 10.7% Zn+Pb and 0.3% Cu) with 40% now in the indicated category. Importantly, newly discovered mineralisation in the Yegon Ridge and Meingtha Gap zones was not incorporated in this resource and add significant upside for future updates. A PFS on the Bawdwin deposit is due for completion in early April and will likely be accompanied by a Maiden Reserve. MYL recently strengthened its Board with the appointment of former Mineral Resources (MIN) CFO Bruce Goulds. We see Mr Gould's as a valuable addition which should contribute an ethos of innovation which was key to MIN's success. SPEC BUY recommendation maintained with a \$0.20 target price.

Event & Impact: Resource upgrade | Positive

Significant resource upgrade: MYL provided a resource upgrade for the Bawdwin deposit with a 15% increase to the total resource and a significant confidence increase to the high-grade core, now 40% (18.1Mt) in the Indicated category. Bawdwin hosts the largest primarily lead resource and the 9th largest silver resource globally. In addition, the deposit has discrete high-grade copper/nickel/cobalt zones grading ~6% Cu Eq.

New discoveries not included: Recent discoveries including the Meingtha Gap, a faulted zone between the China and Meingtha lodes, and Yegon Ridge, running parallel to the China Lode, were not included in the resource update. Better results from the Meingtha Gap include; 45m @ 4.3oz/t Ag, 12.3% Zn+Pb and 16m @ 3.6oz/t Ag, 6.2% Zn+Pb and .15% Co, including 3m @ 15oz/t Ag, 23% Zn+Pb, 1.4% Cu, 0.68% Co and 1.6% Ni. The discovery hole into the Yegon Ridge intercepted 16m @ 4.7oz/t Ag, 8.5% Zn+Pb and 0.9% Cu. Sizable geophysical anomalies including the ER Valley and Yegon Deeps are either awaiting assays or drilling. All of these areas highlight the tangible resource growth potential of Bawdwin. MYL is the first company to apply modern exploration to the region and we expect numerous additional discoveries with ongoing drilling and geophysical surveys.

Upcoming PFS: The Company is due to release a PFS in early-April. This should be coincident with a Maiden Reserve which we estimate will be ~30Mt at a grade similar to the high-grade core resource. Given the discovery of new mineralisation in areas previously considered to be waste. We expect that the Scoping Study strip ratio of ~2.8:1 will decline, significantly improving mine economics. Future studies are likely to include underground mines into the Shan and Meingtha lodes and potential satellite open pits in areas such as the ER Valley. Yegon Ridge could be a possible 3rd underground mine.

Recommendation

Argonaut maintains a SPEC BUY recommendation. Our \$0.40 valuation is discounted 50% to account for permitting, financing and country risks to achieve a \$0.20 target price.

Resource Upgrade

Bawdwin Resource increased by 15%...

The Bawdwin resource has increased by 15% to 94.2Mt @ 3.4oz/t Ag, 6.3% Zn+Pb and 0.2% Cu (previously 81.8Mt @ 3.8oz/t Ag, 7.2% Zn+Pb and 0.2% Cu). This update includes a significant confidence upgrade to the high-grade core, now 45.0Mt @ 5.7oz/t Ag, 10.7% Zn+Pb and 0.3% Cu with 40% in the indicated category. The majority of Indicated Resources are in the open pitable component of the central China lode. The Mineral Resource is quoted at a cut-off grade of 0.5% Pb above the 750mRL (considered to be the open pitable zone) and 2.0% Pb below the 750mRL (the underground mining zone).

Table 1. Updated Baldwin Mineral Resource

Oxidation	Class	Tonnage (Kt)	Pb (%)	Zn (%)	Cu (%)	Ag (g/t)
Transition	Indicated	3,556	3.69	1.77	0.24	121
	Inferred	1,898	1.61	1.72	0.08	80
	Total	5,454	2.97	1.75	0.18	107
Deep Oxides	Indicated	1,184	4.99	3.33	0.11	116
	Inferred	498	4.55	0.99	0.13	143
	Total	1,682	4.86	2.64	0.12	124
Fresh	Indicated	32,473	4.35	2.37	0.22	113
	Inferred	54,542	4.20	1.88	0.23	103
	Total	87,016	4.26	2.06	0.23	107
Total	Indicated	37,214	4.31	2.35	0.22	114
	Inferred	56,939	4.12	1.86	0.22	103
	Total	94,152	4.19	2.05	0.22	107

...with 40% of the high-grade core now in the Indicated status

Source: MYL

Valuation

Argonaut does not value the Bawdwin asset based on this Scoping Study alone, recognising that the China Pit represents just a fraction of the exploitable resource. Our asset model incorporates a 25-year mine life and assumes an average throughput rate of 2.0Mtpa. We do not model any underground mining scenarios and do not account for potential nickel or cobalt extraction. We apply 70:30 debt to equity funding and assume equity capital is raised at an average \$0.08/sh resulting in maximum shares on issue of 1,761m. We apply a 50% discount to our \$0.40/sh NAV valuation to account for development, financing and sovereign risk to achieve a \$0.20/sh target price.

Table 2: Argonaut's valuation Summary

NAV Valuation		
Sum of Parts	AUD M	AUD / Share
Bawdwin Share	492.9	0.28
Unmined Resources	186.0	0.11
Exploration Upside	100.0	0.06
Corporate NPV	(89.1)	(0.05)
Cash	10.0	0.01
Debt	-	-
Sub Total	700	0.40
Risk Weighting		50%
Target Price		0.20

12% discount rate applied to the Bawdwin project

Source: Argonaut

RESEARCH:

Ian Christie | Head of Research
+61 8 9224 6872 ichristie@argonaut.com

Matthew Keane | Director, Metals & Mining Research
+61 8 9224 6869 mkeane@argonaut.com

James Wilson | Analyst, Metals & Mining Research
+61 8 9224 6835 jwilson@argonaut.com

Helen Lau | Analyst, Metals & Mining Research
+852 3557 4804 hlau@argonaut.com

Michael Eidne | Director, Research
+61 8 9224 6831 meidne@argonaut.com

INSTITUTIONAL SALES - PERTH:

Chris Wippl | Executive Director, Head of Sales
+61 8 9224 6875 cwippl@argonaut.com

Damian Rooney | Director Institutional Sales
+61 8 9224 6862 drooney@argonaut.com

John Santul | Consultant, Sales & Research
+61 8 9224 6859 jsantul@argonaut.com

Ben Willoughby | Institutional Dealer
+61 8 9224 6876 bwilloughby@argonaut.com

Josh Welch | Institutional Dealer
+61 8 9224 6868 jwelch@argonaut.com

George Ogilvie | Institutional Dealer
+61 8 9224 6871 gogilvie@argonaut.com

INSTITUTIONAL SALES – HONG KONG:

Damian Rooney | Director Institutional Sales
+61 8 9224 6862 drooney@argonaut.com

CORPORATE AND PRIVATE CLIENT SALES:

Glen Colgan | Managing Director, Desk Manager
+61 8 9224 6874 gcolgan@argonaut.com

Kevin Johnson | Executive Director, Corporate Stockbroking
+61 8 9224 6880 kjohnson@argonaut.com

James McGlew | Executive Director, Corporate Stockbroking
+61 8 9224 6866 jmclew@argonaut.com

Geoff Barnesby-Johnson | Senior Dealer, Corporate Stockbroking
+61 8 9224 6854 bj@argonaut.com

Rob Healy | Dealer, Private Clients
+61 8 9224 6873, rhealy@argonaut.com

Cameron Prunster | Dealer, Private Clients
+61 8 9224 6853 cprunster@argonaut.com

James Massey | Dealer, Private Clients
+61 8 9224 6849 jmassey@argonaut.com

Chris Hill | Dealer, Private Clients
+61 8 9224 6830, chill@argonaut.com

Important Disclosure

Argonaut acted as Lead Manager to the Placement that raised \$35M in June 2018 and received fees commensurate with this service. Argonaut acted as exclusive Financial Adviser to MYL in relation to the Perilya financing and continues to act as Financial Adviser to MYL and will receive fees commensurate with this service. Argonaut holds or controls 1M MYL shares and 35M MYL Options exercisable at \$0.078 on or before 15 June 2020. The analyst(s) owns shares in MYL

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