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# FIRST TAKE

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## Myanmar Metals

### Drilling highlights resource extension potential

Analysts: Matthew Keane | James Wilson

<b>Stock</b>	<b>MYL</b>
<b>Recommendation</b>	<b>SPEC BUY</b>
<b>Current Price</b>	<b>\$0.05</b>
<b>Valuation</b>	<b>\$0.40</b>
<b>Target Price</b>	<b>\$0.20</b>

### Event and First Take | Positive drill results

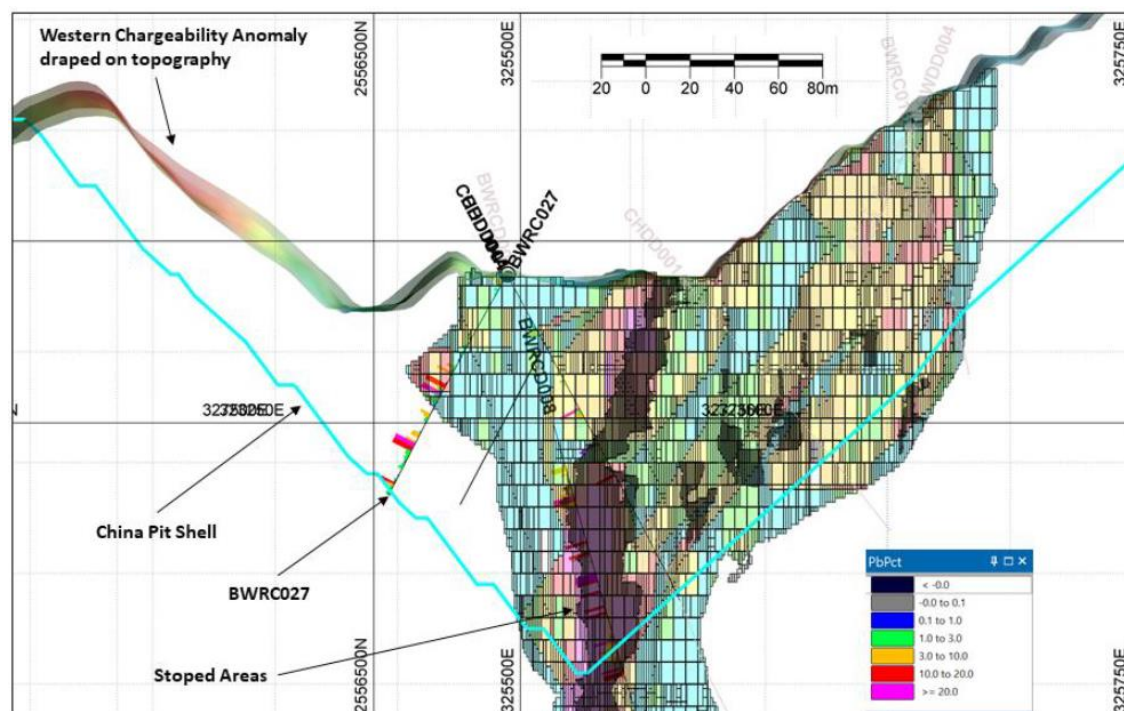
**High grade intercepts outside of current resource:** Myanmar Metals (MYL) reported first results from the current drilling campaign, highlighting high grade beyond the currently defined resource. Better results include (note that silver is stated in oz/t not g/t):

- Hole BWRC027: 21m @ 8.3% Zn+Pb and 5.6oz/t Ag and 32m @ 5.1% Zn+Pb and 2.9oz/t Ag,
  - including 11m @ 10.7% Zn+Pb and 6.6oz/t Ag
- Hole BWRC024: 65m @ 9.5% Zn+Pb and 4oz/t Ag, and 40m @ 6.8% Zn+Pb and 2.6oz/t Ag,
  - including 6m @ 15.4% Zn+Pb and 7.3oz/t Ag
- Hole BWRC033: 2m @ 5.5% Cu, 2.7% Ni, 9.2oz/t Ag, and 0.5% Co and 28m @ 2.9% Pb

#### Turning waste into ore

Hole BWRC027 was drilled west of the existing China Lode Resource, within the existing pit shell, but in an area previously modelled as waste. This intercept is significant as it is likely related to a Gradient Array Induced Polarisation (GAIP) anomaly recently identified to the west of the China Lode. This could be a whole new zone of mineralisation.

Figure 1: Drillhole BWRC027 intercepting ore to the west of the current resource with a coincident chargeable anomaly



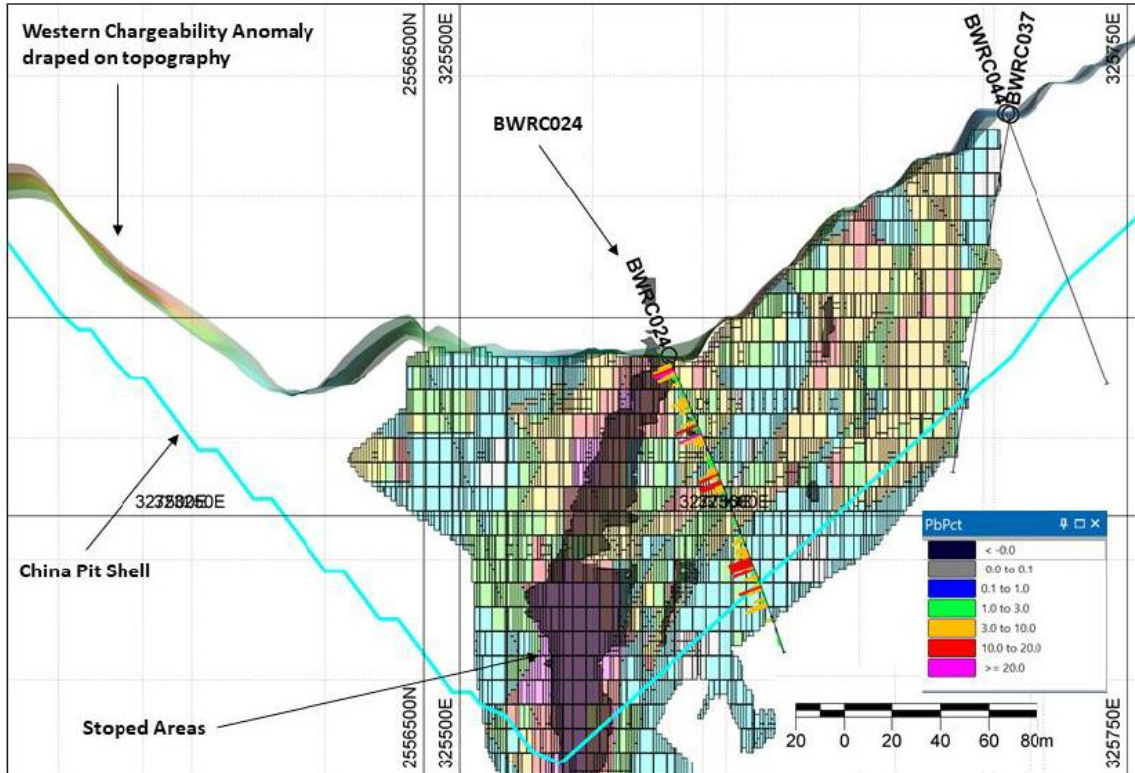
Source: MYL

Please refer to important disclosures from page 4

### Turning low grade to high grade

Drill hole BWRC024, into the footwall of the China Lode intercepted a high-grade zone previously modelled as low grade as well as a long 40m intercept of lower grade mineralisation.

Figure 2: Drillhole BWRC024 intercepting high grade ore in the China Lode footwall previously modelled as low grade



Source: MYL

### Defining discrete Ni-Cu-Co rich zones

Hole BWRC033 into the northeast of the China Lode targeted one of the known zones of high-grade Cu-Ni-Co mineralisation. We highlight that while the copper grade in the global Bawdwin resource is only 0.2%, there is a coincident higher-grade copper rich resource of 4.2Mt @ 3.0% Cu, 5.4oz/t Ag and 7.8% Zn+Pb. To date, nickel and cobalt have not been included in the resource due to a lack of assaying for these metals in historic samples. This presents significant value upside to the deposit with known zones of Cu-Ni-Co mineralisation, particularly in the Shan Lode and deeper parts of the Meingtha lode.

## Awakening a Giant

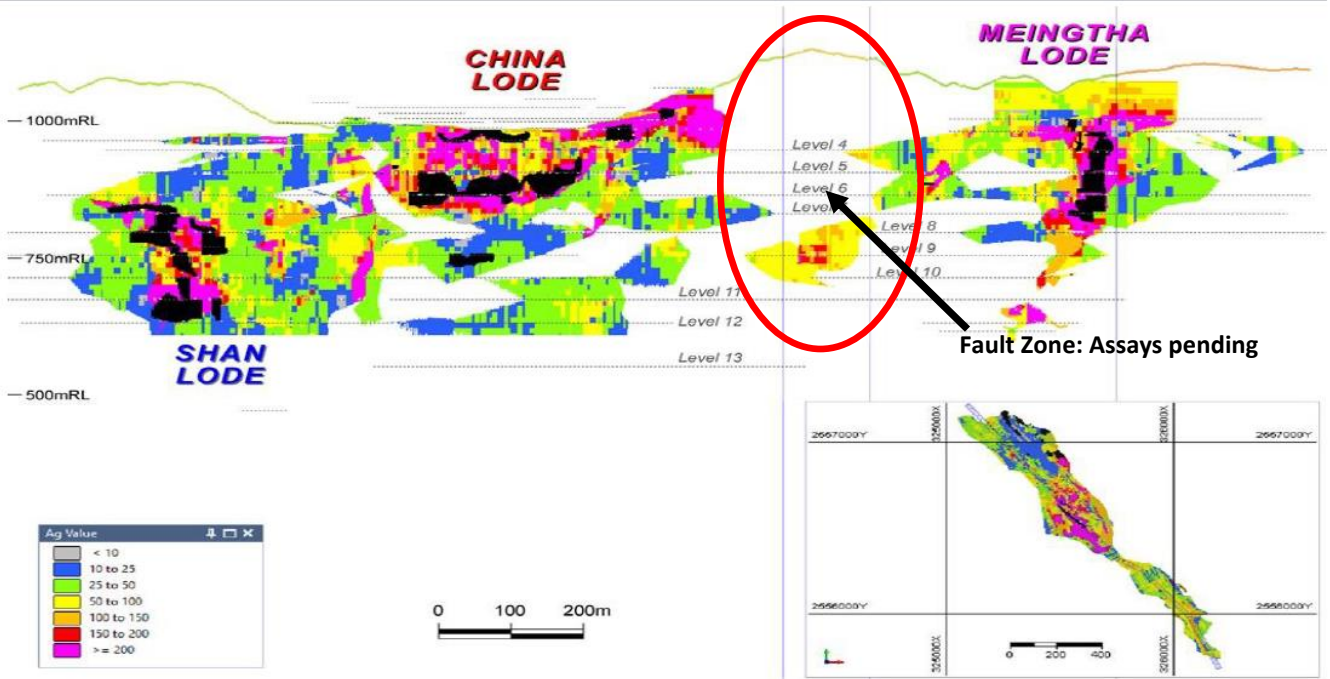
We titled our initiation report for MYL "[Awakening a Giant](#)". That is exactly what the current drilling and geophysical programs are doing. We regard Bawdwin as the best underexploited polymetallic deposit globally. It has a number of compelling attributes including open-pittable high grade ore, <3:1 strip ratio, as a result of its location in a valley, proven extractability from historic processing and key transport routes already in place (via historic tunnels and rail). We stress that prior to MYL taking control of the project, the deposit was virtually undrilled with no modern geophysics. Historically, ore was defined by exploration drives and face sampling. The recent GAIP survey highlighted at least three new zones of potential mineralisation, including the ER Valley which could be a continuation/offset of the Meingtha Lode (see report: [Geophysics shows more upside](#)). We expect MYL to drill new exploration targets in early 2019.

### Excited by the prospects of mineralisation between the China and Meingtha lodes

Drilling results for the zone between the China and Meingtha lodes are expected imminently. This zone is currently modelled as waste as historic drilling and underground workings had difficulty penetrating the faulted/alterated rocks therein. We believe drilling may link the resource between the two lodes and potentially define remobilised or later pulses of higher-grade mineralisation.

Figure 3: Long section showing the void in defined mineralisation in a fault between the China and Meingtha lodes

Long Section (Silver)



Source: MYL

## Recommendation

Argonaut maintains a Speculative Buy recommendation with a \$0.20 target price. Our \$0.40 valuation is discounted by 50% to account for country and permitting risk.



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**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. Argonaut acts 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.

One of the Analysts owns shares in MYL

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