



MYANMAR METALS LTD

ASX ANNOUNCEMENT

Date 15 September 2021

ASX Code: MYL

BOARD OF DIRECTORS

Mr John Lamb
Executive Chairman, CEO

Mr Rowan Caren
Executive Director

Mr Jeff Moore
Executive Director

Mr Paul Arndt
Non-Executive Director

Mr Andrew Teo
Non-Executive Director

ISSUED CAPITAL

Shares	1,901 m.
Unlisted Options	53 m.

CHAIRMAN'S LETTER TO SHAREHOLDERS

In accordance with ASX Listing Rule 3.17.1, Myanmar Metals Limited ("MYL" or "the **Company**") provides a copy of a Chairman's Letter which is to be distributed to shareholders directly.

Authorised for release to the ASX by

John Lamb
Executive Chairman and CEO

About Myanmar Metals Limited

Myanmar Metals Limited (ASX: MYL) is an explorer and mine developer listed on the Australian Securities Exchange. The Company holds a majority 51% participating interest in the Bawdwin Project in joint venture with its two local project partners, Win Myint Mo Industries Co. Ltd. (WMM) and EAP Global Co. Ltd. (EAP). Shareholder approval for the sale of its interests in the Bawdwin Project to WMM is to be sought at a General Meeting to be held on Friday 24 September 2021.

September 15th, 2021

Dear Shareholder,

I am writing to you today to further explain the company's position and the decisions taken by the Board of Directors in recent weeks. I also want to address a number of questions raised by shareholders and to provide clarity and further background to the decisions that shareholders will need to make on September 24th at MYL's General Meeting (GM).

Before I begin, I would like to say that every member of our Board and senior management team is disappointed by the turn of events in Myanmar. We genuinely believed that MYL would bring Australian know-how to bear on a great mineral deposit and everyone would benefit. We are of course saddened at events in Myanmar and frustrated for shareholders, who have seen the value of their investment in our company put into question. But over the journey, we developed one of the most capable, close-knit, highly competent and professional teams that I have ever had the privilege to work with.

Despite the setback, this team has set its sights on finding a new project and finishing the job that shareholders asked us to do. I have been humbled by the many messages of support that we have received from shareholders, and it is my great desire to repay the trust shareholders have shown in us.

Exiting Myanmar

Let me begin with the decision to exit Myanmar: Why has the Board chosen to sell Bawdwin now?

To establish a long term, sustainable mining operation you need the support of the host government, local stakeholders, favorable mine technical and economic parameters, a stable operating environment, and the ability to finance the development of the project. Despite the high quality and robustness of the Bawdwin asset, the Board sees no prospect of there being an operating environment in Myanmar conducive to an ASX-listed company seeking to procure project finance in the short to medium term.

In consideration of the unstable operating environment and the inability to raise finance a 'hold strategy', which relies on the hope of a more favorable operating and financing environment to return to Myanmar, is not a prudent strategy. In addition, the Bawdwin project has ongoing holding costs which will diminish the Company's cash reserves and make the Company more vulnerable to delays or adverse movements in markets.

In this context, the Board assessed MYL's options and decided that the best path forward for the Company was to seek to divest its interests in the Bawdwin project. The Board expected that this might entail either divesting our 51% interest in the Bawdwin asset, or alternatively shareholders selling their shares to a third party through a formal takeover process. In either case, our key considerations were, and remain, to seek a transaction that offers the best value for shareholders with the shortest and

simplest path to completion. It is clear that in a deteriorating commercial environment, offers with non-binding terms or multiple conditions precedent, present additional risks.

MYL has run a structured and expedited sales process to seek offers from potential acquirers with businesses in or close to Myanmar. As you will have seen in our recent announcements a conditional, non-binding indicative proposal to acquire all shares in MYL was received from Yintai Gold Co. Ltd. (Yintai) and a binding cash offer to acquire MYL's 51% interest in the Bawdwin project was received from our in-country partner, Win Myint Mo Industries Co. Ltd. (WMM).

About the Offers

Only one binding offer has been received. MYL's local Bawdwin Joint Venture (BJV) partner WMM has presented MYL with an all-cash offer of US\$30 million (A\$40.8 million, at today's exchange rate) to purchase MYL's rights to the Bawdwin asset. WMM's offer is subject only to approval by MYL shareholders and any regulatory approvals (if required). This offer would allow MYL to continue its business with substantial cash, c.\$50 million on hand, acquire a new project and rebuild shareholder value.

The proposal from Yintai to acquire all the shares in MYL at A\$0.035 per share was disclosed in June. After deducting MYL's cash it amounts to an offer for the Bawdwin asset of US\$40.4 million (A\$55 million). However, the proposal is non-binding and subject to a lengthy due diligence process and numerous conditions, so that it presents with considerable uncertainty. As previously noted, there is no guarantee that Yintai would make a binding offer, that any such offer would reflect the indicative proposal, or that any such offer would receive all relevant approvals (such as Foreign Investment Review Board approval in Australia). To the best of our knowledge at the time of writing this letter, Yintai has not completed its due diligence activities, has not visited site and has not made contact with the other members of the BJV.

The Board has considered both offers and believes that only the binding cash offer from WMM represents an acceptable combination of value and risk reduction. Accordingly, that offer has been accepted, subject to shareholder approval to be sought on September 24th, and is recommended to shareholders.

The offer is fully detailed in the Notice of Meeting released on the exchange platform on August 26th. MYL will receive cash in tranches that reflect reimbursement of acquisition costs, transfer of intellectual property, repayment of loans and purchase of our shares in BJV. Completion of the sale has a time limit of 40 Myanmar business days from the date of shareholder approval. WMM's offer provides shareholders with certainty and a timely exit from Myanmar and, perhaps to labour a point already made, taking the shortest path to the completion of a transaction reduces exposure to further adverse events.

I urge all shareholders to cast your vote **FOR** the sale to WMM at the forthcoming EGM.

Our Future

The sale of Bawdwin allows the Company to make a fresh start. Not what we had planned, but if we look to the future there is cause for optimism: we have a great team, supportive shareholders, a strong cash balance and we believe that good quality assets are available.

I will take the liberty of assuming your support on September 24th, so that I may paint a thumbnail sketch of our future to you. Shareholders have asked for details of the project that will replace Bawdwin, and while my crystal ball is not quite that well-tuned, I can certainly provide some details about the kind of projects we will seek and the kind of company that we aim to be:

We will seek either operating assets that are cash generating and growing, or assets that can be developed and brought into production in a reasonable period of time. We will prioritise commodities that we believe have a strong future. We will focus on jurisdictions that are workable and safe. We want to find a quality asset – maybe a collection of assets – with good upside potential.

Getting there is an asset-led process. We will initially focus on the characteristics and quality of the asset and then apply a set of filters, such as jurisdiction and stage of life, in a phased approach to distil the highest priority opportunities from the rest. We have at our disposal some of the best mining brains in Australia, and I can assure you that we will work hard within our networks, amongst our shareholder base, and with our consultants and industry contacts, to find opportunities beyond those out there with the “For Sale” sign already firmly planted.

In our search, we will play to our strengths and honour our corporate DNA. We are an explorer-developer with a track record in base, battery, and precious metals. We can handle tricky geology, metallurgy, topography, logistics, geotechnics, and challenging permitting processes. We are not traders, financiers, investors, contractors nor land bankers. If we take a position in an asset, we look for control.

What is also in our corporate DNA but is sometimes less visible, is sound Environmental, Social and Governance (ESG) principles. Our work in this area at Bawdwin had aimed to reset the standards in Myanmar. ESG factors are increasingly a relevant driver in our industry and this will be integrated into our search for a new asset. Commodities exposed to clean energy and battery metals are prized and will also be a focus for our team.

Our search will undoubtedly turn up some good earlier stage or second-tier assets as well, and we won't ignore these. Many successful companies grow by combining and developing good assets to make great ones and I want shareholders to be assured that we will, as ever, wear our practical and pragmatic hat in finding our next venture.

We will retain the good bits from our time in Myanmar: the team and its amazing ability to deliver in adversity, our know-how, and the fact that we are Australian. That is incredibly well-respected globally in the minerals sector and something that we want to hold high. And, pragmatic as we are, we will ditch the baggage: hence, a name change and consolidation of shares. I know that won't be popular with all, but I believe it is essential.

What's in a Name?

I have been entertained lately by the various theories put forward about Mallee Resources. I can tell you that it is pretty simple: "Mallee" is a quintessential Australian name. Nobody on the planet could confuse it for a word from anywhere except Australia, and so it ticks the box of linking our identity to our origins and to Australia's mining prowess. Mallees are ubiquitous: you will find them on mountains in Tasmania and on the edge of the desert in the west; in outback Queensland and northern Victoria. They are tough little battlers, and they survive in the harshest environments. And as a bonus, it is close enough to suit our existing ticker code "MYL" which we will retain.

I urge all shareholders to cast your vote **FOR** the change of company name at the forthcoming EGM.

Consolidation

I am well aware of both the potential risk shareholders may perceive from a consolidation, and the necessary benefit to our company. Theoretically, the market price of each share following the Consolidation should increase by 10 times its current value. Practically, as you may know from experience, the actual effect on the market price of each share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, the market price of each share following Consolidation may not reflect this theoretical position. Having said that, this is something that we need to do. You may be surprised to hear the extent to which having a credible share price counts. Financiers, major brokers and large corporate business partners shun "penny stocks". With 2 billion shares on issue, our share price is only a few cents and that is likely to hold us back. A share consolidation was likely, were we to proceed with the project financing of Bawdwin. That isn't going to happen now, but the problem remains.

I put it to you that our present situation is anything but normal and requires bold steps to be taken. Our value going forward is in our cash and our team. We need a new name and a distinctly different share price, and I ask for your support to allow me and my team to get the best deal for shareholders that we can going forward.

I urge all shareholders to cast your vote **FOR** the consolidation at the forthcoming EGM.

Return to Quotation

The last issue that I would like to cover in this rather long letter is the return to quotation of MYL shares.

The company has liaised with ASX since the military coup on 1 February, and I want to make it clear to shareholders that the decision on a resumption of trading ultimately rests with the ASX. At the time of writing this letter, we are unable to trade because the ASX has directed that we first require a new project, in order to do so. The Company is committed to returning to quotation as soon as possible and I will keep shareholders informed of our progress.

Concluding remarks

Bawdwin remains one of the world's great mineral deposits. Regrettably, we believe the company cannot progress this project and cannot continue to hold its 51% of the Bawdwin asset. Accordingly, the Board and senior management team is fully committed to exiting Myanmar as we believe it represents the best outcome for shareholders.

On a personal note, I am disappointed as a shareholder, director, mining professional and as a friend of the Myanmar people with this turn of events. My aim is to rebuild our Company with a new asset and finish the job that you have asked me to do. I need your help, your approval, to do this.

On Friday 24th September, and before if you are voting by proxy or electronically, I ask that you vote "FOR" all three resolutions:

1. Approval of Disposal of Main Undertaking
2. Approval of Consolidation
3. Change of Company Name

Should circumstances change, shareholders who vote early by way of proxy will have the ability to change their vote up to 2 days before the General Meeting should they wish to or alternatively to attend the meeting in person or via corporate representative if they are able.

I thank all shareholders for your trust, support and encouragement and I ask now for your wisdom as well. I don't like losing, and I'll be damned if that is going to happen here. With your help, we can rebuild and relaunch.

With my kindest regards,



John Lamb

Executive Chairman