

## **Metro Mining Enters into an Agreement to Acquire 80% of the Mahar San Copper/VMS Project in Myanmar**

### **Key Points**

-  Via its 100% owned Myanmar subsidiary, Metro Mining Limited (Metro) has signed a joint venture agreement (JVA) to acquire 80% of the Mahar San copper project in Myanmar.
-  The Mahar San project is highly prospective for copper, gold and base metal mineralization in Volcanic Massive Sulphide (VMS) settings.
-  The project requires minimal cash commitments over the coming 6 months and Metro is engaged in discussions with potential funding parties who have a focus on Myanmar.
-  Metro's key focus is the development of the Bauxite Hills project in Cape York which is on track to commence construction in early 2017 subject to project approvals and funding, both of which are progressing well.

### **Myanmar Background**

Myanmar is one of Asia's great unexplored mineral frontiers with yet to be realized potential for world-class porphyry copper-gold systems as well as a variety of styles of base metal and tin/tungsten mineralisation all contained within a central volcanic belt that stretches for over 1,000km. There has been virtually no modern exploration targeting these commodities and deposit styles undertaken in Myanmar.

As previously announced, Metro has been reviewing greenfields and brownfields exploration opportunities in Myanmar over the past few years. To enable this activity to continue without intruding on management's commitment to progressing the Bauxite Hills project in the most timely manner, an Australian led, Myanmar based geological consulting company was engaged to conduct technical reviews of potential opportunities. This process has led to the identification of Mahar San as a very prospective project.

### **Mahar San Project**

The Mahar San project is located in the Sagaing Region of northern Myanmar, approximately 220 km north-northwest of Mandalay (Figure 1). It lies within the Mesozoic to Tertiary Central Volcanic Magmatic Arc that is prospective for various styles of copper, gold and base metal mineralisation.



**Figure 1. Location of Mahar San project. (Source Google Maps)**

The project consists of four concessions: three 'small mining' concessions for copper (16 to 20 hectares each) and an enveloping, larger copper exploration concession covering 7.5 km<sup>2</sup> (Figure 2). Small-scale mining of gold and copper mineralisation has been intermittently undertaken from three small open-pits since 2010. Gold mining ceased in 2013 and the mining of deeper copper sulphide mineralisation was commenced with a small amount copper metal produced from small leach pads.

Metro believes that the application of modern exploration techniques to better assess the area for gold, copper and other base metal mineralisation provides an attractive opportunity for the company which, with the introduction of funding participants, can be executed without distracting management or diverting funds from the development of the Bauxite Hills project which is the company's primary focus.

**Geology**

Work undertaken to date by Metro's exploration consultants consists of:

-  prospect-specific and grid-based geological mapping,
-  rock-chip and channel sampling of outcropping gossans and sulphide mounds,
-  logging and sampling of three drill holes completed by the Mahar San company,
-  grid-based soil sampling,
-  grid-based ground magnetic surveying, and
-  ground-based TDEM (Time Domain Electromagnetic) surveying.

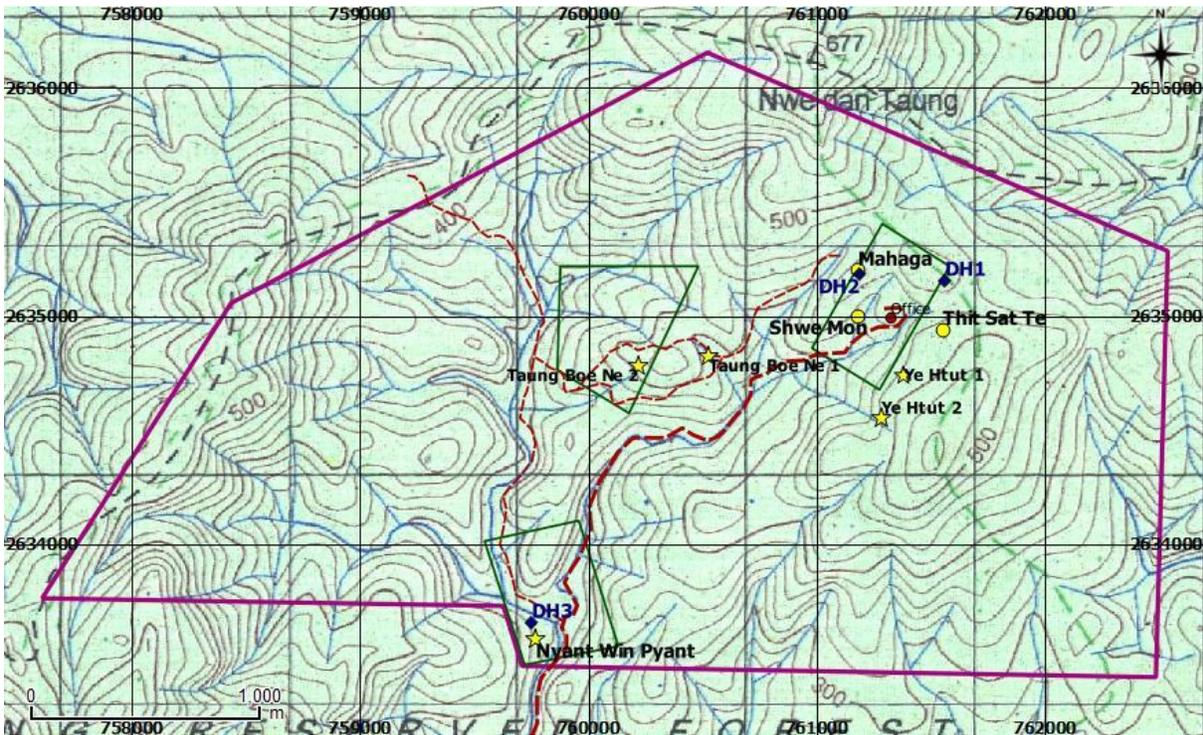


Figure 2. Mahar San exploration concession area showing locations of prospects. (Grid lines are spaced at 1 km).

High grades of copper, gold, silver, lead and zinc were returned from rock-chip and channel sampling of sulphide mounds within the Mahaga open pit with the best result being a channel sample of 4m at 6.7 g/t Au, 261 g/t Ag, 1.35% Cu, 2.63% Pb and 11.6% Zn. Resampling and assaying of core from a pre-existing drill hole (DH2) at the south end of the open pit, returned 4m at 10.1 g/t Au, 254 g/t Ag, 0.58% Cu, 0.7% Pb and 9.96% Zn from 13.6m to 17.6m (Figure 3). The poly-metallic nature of the mineralisation, as well as its geological setting in andesitic volcanic rocks, is indicative of a Volcanic Massive Sulphide (VMS) system. Examples of VMS deposits within Australia are the Hellyer and Que River mines in western Tasmania and the Woodlawn mine in central NSW.

#### SUMMARY OF THE ROCK CHIP SAMPLING AND CHANNEL SAMPLING RESULTS

Sample from	Sample to	Site	Sample Type	Channel, Drill Hole	From (m)	To (m)	Interval (m)	Average Grade
277102	277105	Mahaga	Channel	MSCH_1	2	10	8	0.48 g/t Au, 1.33% Cu
277109	277110	Mahaga	Channel	MSCH_1	16	20	4	6.7 g/t Au, 261 g/t Ag, 1.35% Cu, 2.63% Pb, 11.6% Zn
2777111	277112	Mahaga	Channel	MSCH_2	0	4	4	0.68 g/t Au
2777127		Mahaga	Channel	MSCH_3	16	18	2	0.79 g/t Au, 1.78% Cu
277129	277131	Mahaga	Channel	MSCH_3	20	26	6	0.95 g/t Au
277135		Managa	Grab					1.51 g/t/Au
277136	277145	Thit Set Te	Channel	MSCH_4			2	1 g/t Au, 0.68% Cu
277146	277152	Shwe Mon	Channel	MSCH_6			2	0.39 g/t Au, 1.01% Cu
277154	277156	Mahaga South	Drill Core	DH_2	13.6	17.6	4	10.1 g/t Au, 254 g/t Ag, 0.58% Cu, 0.7% Pb, 9.96% Zn
277159	277168	Other prospects	Grab, channel					Maximum 0.45 g/t Au, 0.24% Cu

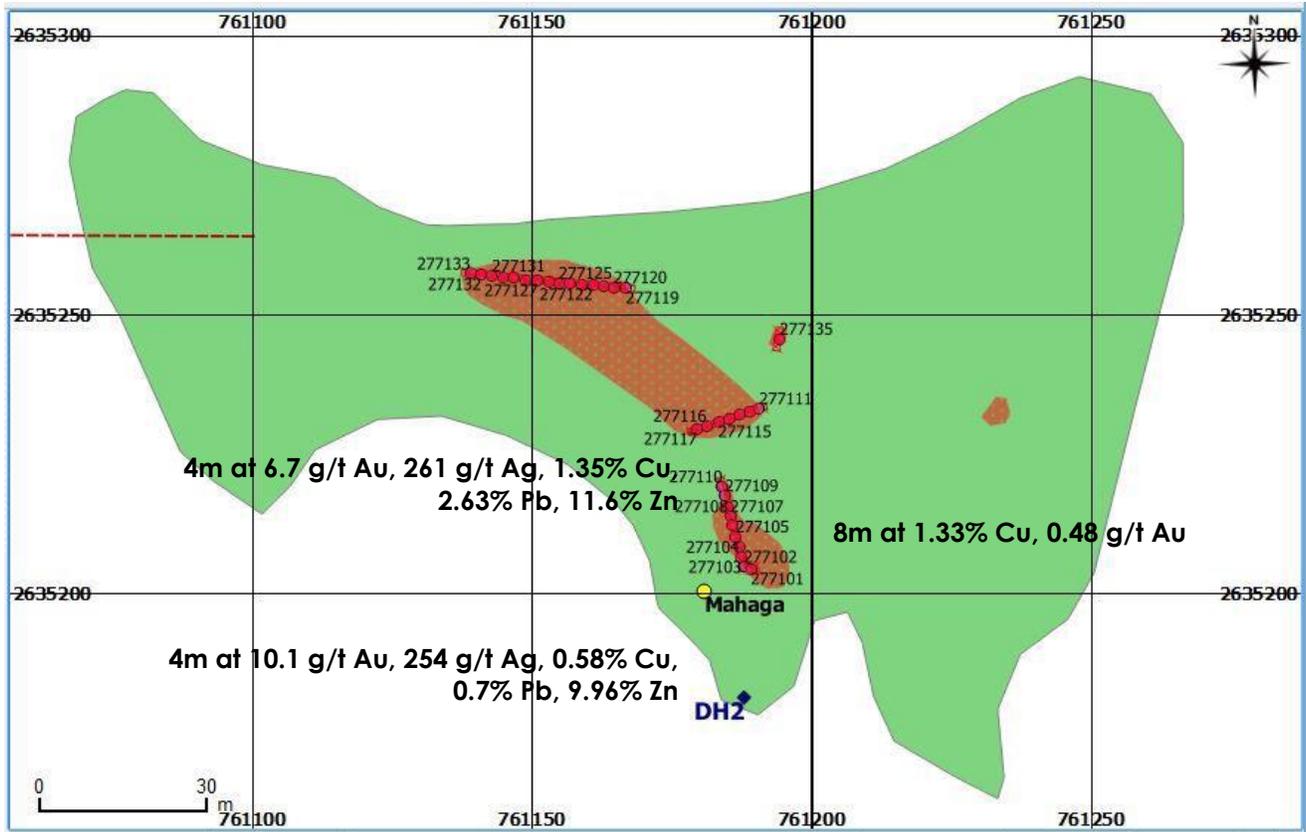


Figure 3. Locations of selected high grade sample results from the Mahaga open pit (shaded green)

Given the poor outcrop within the concession area and the nature of the VMS-style mineralisation, Metro commissioned a ground magnetic survey to assist in understanding the structure and geology; a grid-based soil sampling program to outline any geochemical anomalism; and a ground-based Time Domain Electromagnetic (EM) survey to detect conductive sulphides that may be associated with poly-metallic mineralisation. The soil sampling and EM survey were focused on a northeast-trending corridor that included the existing open pits as well as other areas of gossan and sulphide mineralisation within the andesitic volcanic sequence. EM is regarded as one of the most effective tools for detecting VMS mineralisation, particularly in areas where outcrop is poor.

Interpretation of the EM data has highlighted several anomalies which may represent mineralisation (Figure 4). The most significant conductive response is Anomaly A which is regarded as a high-priority drill target. Anomaly A lies at depth within the general area of the small open pits. Anomalies B, D and G are other conductors that warrant drill testing. Anomaly G is further enhanced by its association with soil geochemistry anomalous in copper, zinc, lead and gold.

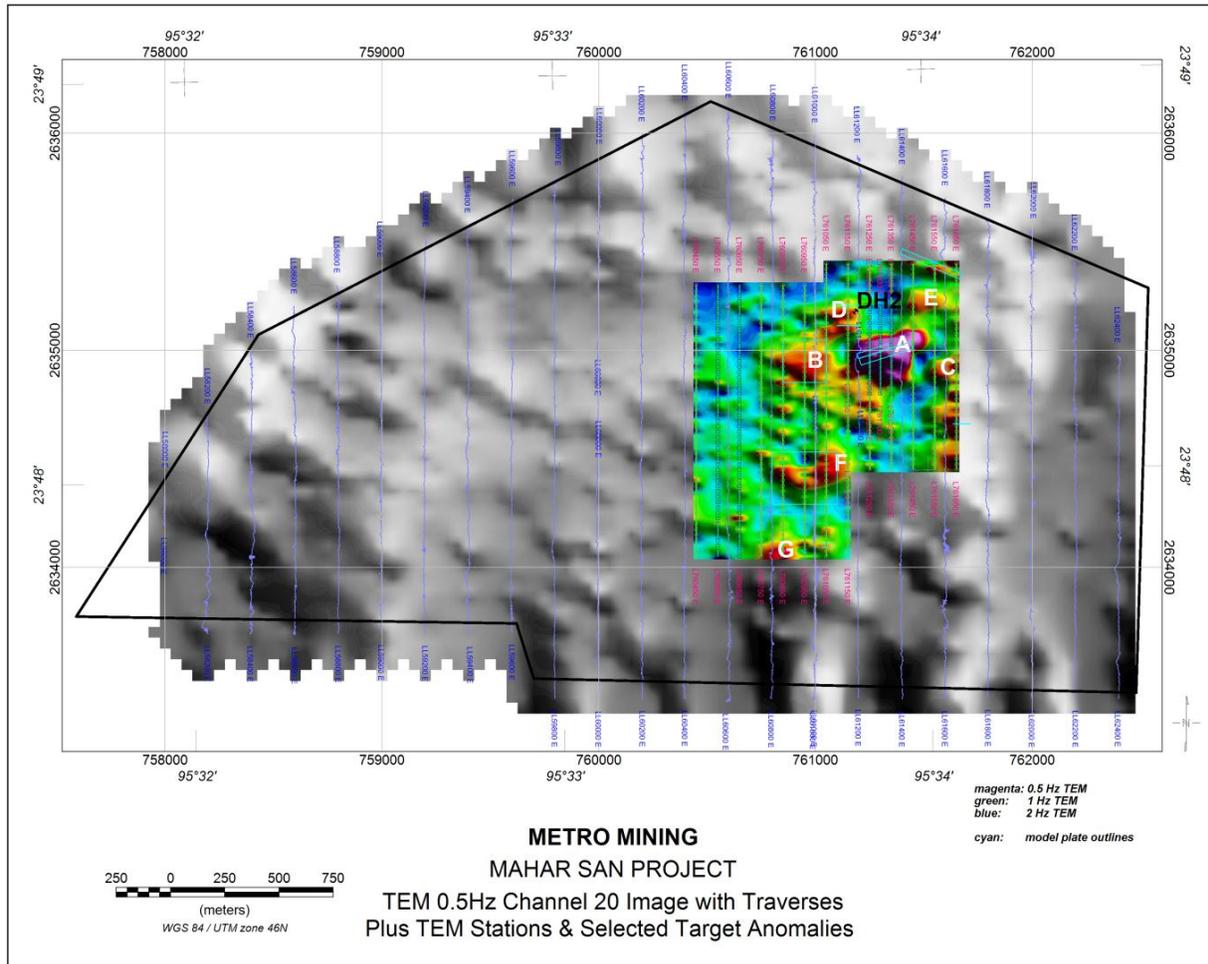


Figure 4. A coloured image of channel 20 of the EM data against a greytone image of the magnetic data showing the defined conductors.

### Mahar San Joint Venture Agreement (JV)

A Summary of the JVA between Metro Myanmar and Mahar San Company is below:

- 
 Covers exploration and mining of Yar Taung Mine project, comprising 1853.5 acres.
- 
 A joint venture company will be established, with Metro to contribute US\$62,500 for an 80% interest and Mahar San to contribute its tenements.
- 
 Metro will loan at least US\$100K per year to the JV company to undertake drilling, resource definition, feasibility studies and other evaluations.
- 
 The Parties may not sell, transfer, pledge, encumber or transmit any of their rights or obligations arising out of this Agreement except in certain cases.



Significant obligations of Metro are:

- to make necessary capital contributions as set out in the JVA;
- to carry on the relevant exploration activities and pre-feasibility study including Environmental Impact Assessment, Social Impact Assessment and Mine Closure Plan at the relevant time;
- to report exploration results, mineral resources, ore reserves and feasibility study of the Project in accordance with the JORC Code 2012; and
- to perform all the activities in relation to the public, regulatory and corporate affairs of the Company.



Metro is able to terminate the JVA at any time if exploration results are deemed unsatisfactory.

The JVA is subject to certain conditions precedent which include the transfer of the Mahar San tenements to the joint venture company and the completion of technical due diligence.

Metro will carry out its joint venture activities through a number of contractors. This will enable Metro to keep its immediate focus on the development of the Bauxite Hills project in Cape York, which is on track to commence construction in early 2017 subject to project approvals and funding, which are both progressing.

Metro will also seek to involve other investors who have a focus on Myanmar at certain points throughout the Mahar San project development.



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**Competent Person Statement:** The information in this report that relates to Exploration Results is based on information compiled by Neil McLean who is a consultant to Metro Mining and a Fellow of the Australian Institute of Mining and Metallurgy (F.AusIMM). Mr McLean has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on information in the form and context in which it appears.



# JORC Code, 2012 Edition – Table 1 report

## Mahar San Project – Exploration Results

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation - DSO (“Direct Shipping Ore”)	Commentary
<b>Sampling Techniques</b>	<ul style="list-style-type: none"> <li>▪ Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>▪ Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>▪ Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>▪ In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<p>Sampling consists of 57 channel samples, 6 grab and rock chip samples, 5 drill core samples and 222 soil samples.</p> <p>Channel samples are between 1m and 2m in length and were collected by pick over a continuous interval. Grab and rock sample samples were collected by geological hammer or pick. The drill core samples were selectively collected by hand from very broken and pre-sampled drill core. Soil samples were collected from the B to C soil horizons from holes approximately 20cm to 40cm deep.</p> <p>Channel, rock chip and grab samples were selectively collected from gossaneous and sulphide-rich material where it was exposed in open pits or observed during geological mapping and as such are only representative of mineralised material.</p> <p>Soil samples were collected systematically on a 200m by 50m grid except from areas where obvious surface disturbance had occurred. As such they are regarded as being representative.</p>
<b>Drilling Techniques</b>	<ul style="list-style-type: none"> <li>▪ Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<p>The company has not undertaken any drilling. Selective sampling of drill core from 1 of 3 existing diamond drill holes was undertaken.</p>
<b>Drill Sample Recovery</b>	<ul style="list-style-type: none"> <li>▪ Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>▪ Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>▪ Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<p>Although the company has not undertaken any drilling selective drill core sampling was undertaken from 1 of 3 existing diamond holes. The core was broken and core loss was evident therefore the results from the sampling cannot be taken as being fully representative of the interval that was drilled and subsequently sampled.</p>
<b>Logging</b>	<ul style="list-style-type: none"> <li>▪ Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>▪ Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> </ul>	<p>The company has not undertaken any drilling. Core from 3 existing diamond drill holes were qualitatively logged.</p>

Criteria	JORC Code explanation - DSO (“Direct Shipping Ore”)	Commentary
	<ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	
<b>Sub-Sampling Techniques and Sample Preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	Core from 1 of the existing 3 diamond drill holes was selectively sampled by hand picking from broken core that had been pre-sampled. As a result of the pre-disturbance it was not possible to apply appropriate quality control procedures.
<b>Quality of Assay Data &amp; Laboratory Tests</b>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<p>All samples were prepared at SGS’s laboratory in Yangon, Myanmar. 150g pulps were then transported to SGS’s Perth, Australia laboratory where analyses were carried out.</p> <p>Au was assayed by Fire Assay on a 30g charge (SGS code FAA303). All other elements were analysed by ICPAES (SGS code ICP40Q). Over limit grade samples were reanalysed by AAS42S. These analytical techniques are regarded as being total.</p> <p>No analytical results have been quoted using geophysical tools and other handheld instruments.</p> <p>Two standard reference samples for gold-copper were obtained from Ore Research &amp; Exploration (OREAS 504b and OREAS 602). Four of the reference samples were submitted with the initial batch of 65 rock samples and 8 were submitted with the soil sample batch. This was regarded as an appropriate measure of the accuracy of the laboratory. For the soil samples the results were all within two standard deviations of the certified values. For the rock samples although some of the non copper and gold elements were just outside tolerance limits, the overall results were considered reliable.</p> <p>No blanks or field duplicates were submitted with any of the batches.</p>
<b>Verification of Sampling and Assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<p>No drilling has been undertaken by the company and hence verification protocols do not apply.</p> <p>Digital data received from the laboratory has been merged with locational data. No assay data has been adjusted.</p>
<b>Location of</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and</li> </ul>	All geochemical sample locations have been located using handheld

Criteria	JORC Code explanation - DSO ("Direct Shipping Ore")	Commentary
<b>Data Points</b>	<p>down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <ul style="list-style-type: none"> <li>■ Specification of the grid system used.</li> <li>■ Quality and adequacy of topographic control.</li> </ul>	<p>Garmin GPS units. The coordinate system used is WGS84 Zone 46. X and Y coordinate data is regarded as being acceptable for the purposes of locating the sample sites. Topographic control is not regarded as being critical at this stage of exploration.</p> <p>For the ground magnetic survey the instrument used (GSM -19W Overhausen Fast Sampling Magnetometer) has an integrated GPS receiver system.</p> <p>The TDEM survey was undertaken on grid lines that were put in using handheld GPS units.</p>
<b>Data Spacing &amp; Distribution</b>	<ul style="list-style-type: none"> <li>■ Data spacing for reporting of Exploration Results.</li> <li>■ Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>■ Whether sample compositing has been applied.</li> </ul>	<p>Soil samples were collected at 50m intervals along north-south oriented lines 200m apart over an area of 1.65km<sup>2</sup>.</p> <p>Ground magnetic data were collected on north-south lines 200m apart.</p> <p>TDEM data were collected at 50m intervals on north-south lines 100m apart using 100m by 100m transmitter/receiver loops. Lines were closed to 50m apart over Anomaly A.</p> <p>None of the data collected is appropriate for use in calculating Mineral Resources and Ore Reserves.</p>
<b>Orientation of Data in Relation to Geological Structure</b>	<ul style="list-style-type: none"> <li>■ Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>■ If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<p>Soil sampling, magnetic surveying and TDEM surveying were undertaken on north-south oriented lines on the basis of structures that potentially control mineralisation trend northeast and northwest.</p>
<b>Sample Security</b>	<ul style="list-style-type: none"> <li>■ The measures taken to ensure sample security.</li> </ul>	<p>Adequate security was employed in the collection, storage and transport of samples.</p>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>■ The results of any audits or reviews of sampling techniques and data.</li> </ul>	<p>No independent audits have been undertaken of the sampling techniques and data as it is not deemed necessary at this stage of exploration.</p>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
<b>Mineral Tenement and Land Tenure</b>	<ul style="list-style-type: none"> <li>■ Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites,</li> </ul>	<p>The Mahar San project consists of one Mining Exploration concession of 7.5km<sup>2</sup> and three enclosed Small Mining concessions of 0.16km<sup>2</sup>, 0.18km<sup>2</sup> and 0.2km<sup>2</sup> owned by a small Myanmar company called Mahar San.</p>

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
<b>Status</b>	<p>wilderness or national park and environmental settings.</p> <ul style="list-style-type: none"> <li>▪ The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	Metro has signed a joint venture agreement that entitles it, after a payment of US\$100,000 to 80% of the JV company that owns the property.
<b>Exploration Done by Other Parties</b>	<ul style="list-style-type: none"> <li>▪ Acknowledgment and appraisal of exploration by other parties.</li> </ul>	The Mahar San company, that owns the concessions, has undertaken small-scale mining in three small open pits and produced small quantities of copper (reported to be around 4 tonnes) and gold (reported to be around 4 to 5kg) from leaching operations. Three diamond drill holes were completed by the Mahar San company with one hole intersecting poly-metallic Au-Cu-Pb-Zn-Ag mineralisation.
<b>Geology</b>	<ul style="list-style-type: none"> <li>▪ Deposit type, geological setting and style of mineralization.</li> </ul>	On the basis of geological mapping, poly-metallic mineral associations and the presence of pods of massive sulphides the style of mineralisation is interpreted as Volcanic Massive Sulphide (VMS). The host geology is dominated by andesitic and dacitic volcanic rocks and associated volcanoclastic rocks.
<b>Drill Hole Information</b>	<ul style="list-style-type: none"> <li>▪ A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>▪ easting and northing of the drill hole collar</li> <li>▪ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>▪ dip and azimuth of the hole</li> <li>▪ down hole length and interception depth</li> <li>▪ hole length.</li> </ul> </li> <li>▪ If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	The company has not drilled any holes. Information pertaining to the three holes drilled by the Mahar San company is incomplete.
<b>Data Aggregation Methods</b>	<ul style="list-style-type: none"> <li>▪ In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>▪ Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>▪ The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	For the reporting of the channel sampling results normal weighted averaging has been used where sample lengths vary from 1m to 2m. High values have not been truncated. A lower cut-off grade has not been applied; instead a visual cut-off has been applied as the mineralisation boundaries appear to be quite sharp.
<b>Relationship between Mineralization</b>	<ul style="list-style-type: none"> <li>▪ These relationships are particularly important in the reporting of Exploration Results.</li> <li>▪ If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.</li> </ul>	<p>The company has not drilled any holes.</p> <p>The channel sampling of sulphide mounds exposed in the open pits is controlled more by the distribution of the outcrop than the geology of the</p>

Criteria	JORC Code explanation - BH6 DSO ("Direct Shipping Ore")	Commentary
<b>Widths and Intercept Lengths</b>	<ul style="list-style-type: none"> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	mineralisation. The quoted length of the mineralisation from channel sampling results does not necessarily reflect the true thickness of the mineralisation.
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	See diagrams in the report.
<b>Balanced Reporting</b>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	A table is included in the report presenting a range of results from the rock chip and channel sampling.
<b>Other Substantive Exploration Data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<p>A ground magnetic survey of 54.4 line km was undertaken over the entire concession area on 200m spaced north-south lines. The data has provided information on the geological structures and potential trends of mineralisation.</p> <p>Time Domain Electromagnetic (TDEM) surveying was undertaken on north-south lines over an area of 1.65km<sup>2</sup>. The survey identified at least 4 conductors that could represent massive sulphide mineralisation and warrant drilling.</p> <p>Soil sampling was undertaken at 200m by 50m centres on north-south lines over the same 1.65km<sup>2</sup> area as the TDEM survey. The survey produced areas of multi-element anomalism that, in part, coincided with the TDEM conductors.</p>
<b>Further Work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<p>The next stage of work that is proposed is the drill testing of the most high-priority of the TDEM conductors.</p> <p>Additional soil sampling is proposed to close off some anomalous areas.</p>