

Binding offtake agreement signed for magnetite product from the Orokolo Bay Industrial Sands project

HIGHLIGHTS:

- **Binding offtake agreement signed with customer in China for vanadium titano-magnetite (VTM) sands from the Orokolo Bay project**
- **Offtake agreement for 200,000 tonnes per annum of VTM product over 2 years**
- **Binding agreement to underpin the product sales strategy for the project and the first export of magnetite and mineral sands from Papua New Guinea**

Mayur Resources Ltd (ASX: MRL) is pleased to announce that it has entered into a condition precedent binding offtake agreement (Agreement) with Qingdao Shinebest (Shinebest) for the vanadium titano-magnetite (VTM) iron sands product (Product) from the Orokolo Bay Industrial Sands Project in Gulf Province.

Shinebest was established in 2004, and is a company specializing in research, production and sales of furnace maintenance / protecting solvent and titanium concentrate. It is the largest deep - processing enterprise of tailing re-utilization of vanadium-titanium magnetite ore in northern China. Shinebest has a well-established relationship with the steel making industry and has won wide recognition over the last 10 years based on its product quality.

The Agreement covers the initial requirement for a bulk sample of VTM, that is subject to statutory approvals, from the Orokolo Bay Stage 1 (Pilot Plant) to be used for commercial scale acceptance testing. The Agreement also includes a commercial framework for the offtake of 200,000 tonnes of Product per annum. This framework is to apply upon acceptance of product quality from the Pilot Plant stage testing, and when the project is expanded to a full-scale production (Stage 2).

The key terms of the Agreement include the following:

- Conditional upon a successful commercial scale trial of at least 25,000 tonnes, Shinebest is to purchase a minimum contract volume of 200,000 tonnes of VTM Product annually for an initial 2-year period, with annual contract extensions thereafter;
- Product pricing formula is based on the prevailing Platts 62% Fe iron ore pricing index (IODEX) then applying a discount factor to adjust for the iron (Fe) content of the VTM product (targeting 57% Fe), and also the titanium content of the VTM product;
- Pricing is subject to roof and floor price mechanism and to be negotiated annually based on agreed specifications of the delivered Product;
- Conditions precedent include successful customer acceptance testing of the trial shipment, granting of all regulatory approvals (including a Mining Lease for the Stage 2 Full Scale

Production), and a positive final investment decision (FID) in respect of the Orokolo Bay project (that the Company has already secured the funding for¹);

- Agreed product quality and specifications within defined parameters;
- CFR Incoterms apply under the Agreement;
- Force Majeure and other internationally recognised standard commercial terms included in the Agreement.

Mayur's Managing Director, Paul Mulder stated

"the signing of this first binding offtake agreement for up 40% of the VTM product from the Orokolo Bay project once in full production, provides further impetus for the development of the project and follows in quick succession to our recently announced deal with CTRH, our JV partner for the Project. It is also encouraging that the VTM product may also give the project exposure to the recent surge in iron ore prices.

We are continuing with our efforts to convert the other VTM letters of intent we have in place, together with the LOIs for the other products, into similar binding commercial arrangements with which to further secure the future product order book for the Orokolo Bay project²."

Enquiries

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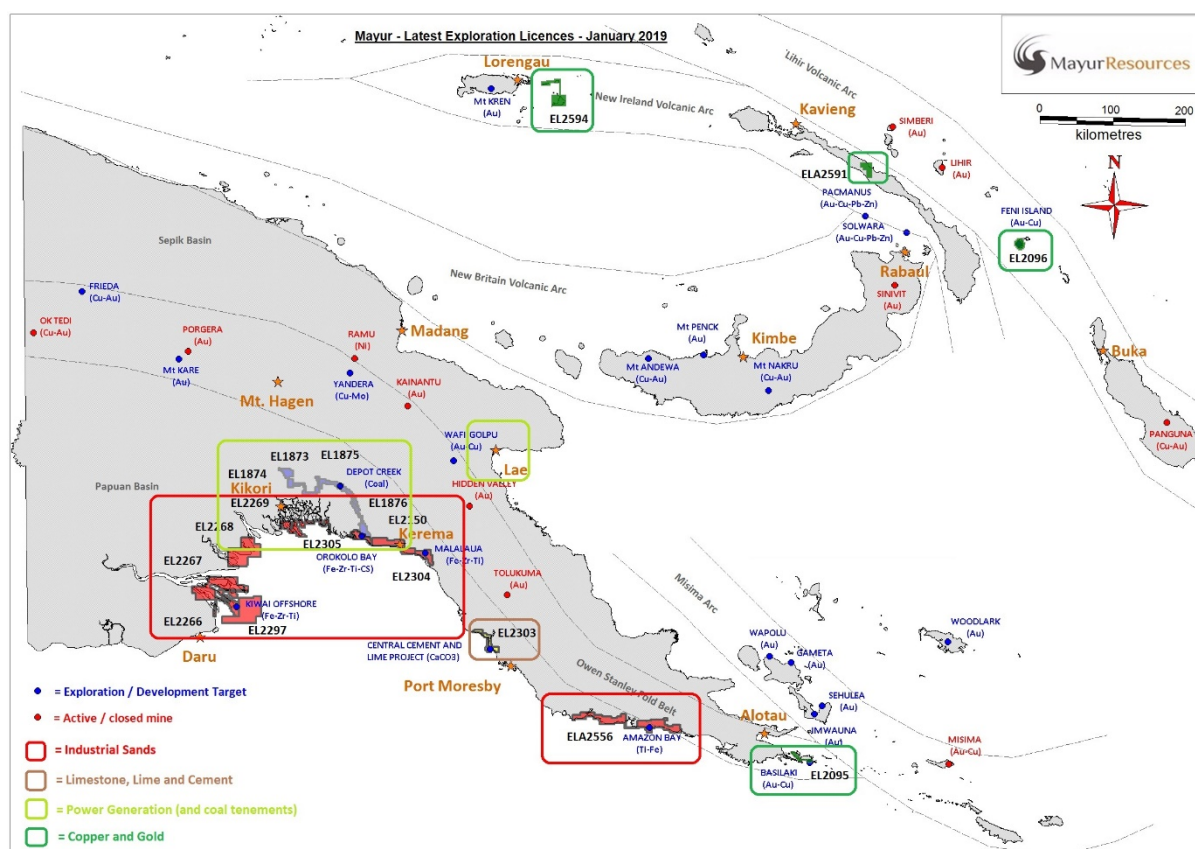
¹ Refer to ASX announcement dated 7 January 2019 – 'CTRH to provide funding for Orokolo Bay project'

² Refer to ASX announcement dates 16 July 2018 'LOIs signed for Product Offtake from Orokolo Bay Industrial Sands project'

About Mayur Resources

Mayur Resources is a diversified mineral exploration and energy development company operating in Papua New Guinea (PNG) across the following divisions:

- Industrial Mineral Sands (construction sands, magnetite sands, heavy mineral sands).** The Company is advancing the Orokolo Bay Industrial Sands Project along the southern coast of PNG. A pre-feasibility study has been completed which identified an opportunity to establish a project producing fine grain construction sands, titanomagnetite (iron sands) and a zircon-rich Valuable Heavy Mineral Concentrate by-product. The next steps include preparation of a Definitive Feasibility Study and, subject to the requisite regulatory approvals, the construction of a pilot scale demonstration plant.
- Lime and Cement.** The company has completed a DFS for the Central Cement and Lime Project which contemplates, subject to the requisite regulatory approvals, the quarrying of large-scale high-grade limestone deposits together with the development of a vertically integrated downstream processing quicklime and clinker / cement plant for domestic (import replacement) and export markets.
- Copper and Gold.** The Company holds exploration licences at the Feni Islands in New Ireland Province as well as Basilaki and Sideia Islands in Milne Bay Province.
- Power Generation.** The Company has proposed a vertically integrated domestic power project at PNG's second largest city of Lae. A detailed Power Purchase Agreement has been submitted to PNG Power, the state-owned power entity, for a 52.5MW (net) power facility (with future scalability to 200MW). A definitive feasibility study has been completed for the Lae project that contemplates the use of multi fuels (Enviro Energy Park) including renewables and potentially coal, subject to the requisite regulatory approvals, from the Company's Depot Creek project in Gulf Province.
- Coal Exploration.** The Company holds a portfolio of exploration licenses in Gulf Province that includes the Depot Creek Coal project.



Mayur's mineral exploration licence (EL) and project portfolio in PNG