
ASX RELEASE: 30 April 2019

LETTER TO OUR SHAREHOLDERS

To the Shareholders of Mayur Resources,

I wanted to take the opportunity to provide an update on the Company as a supplementary addition to our March 2019 quarterly activities report. It has now been just over 18 months since Mayur Resources listed on the ASX, and for those shareholders who have remained with us since our IPO in September 2017, I thank you for your continued support.

We would also like to thank the new shareholders that have joined the register over our relatively short time as a publicly listed entity. This includes those who participated in our capital raise in April 2018. Mayur Resources, like many other non-revenue generating project development companies, has faced significant market headwinds over the last year however we have continued to work tirelessly on advancing and executing against the strategic road map and milestones we outlined at the IPO.

We continue to see option value in having a diversified portfolio of projects in PNG's vibrant developing economy as it continues to amplify its profile and influence on the doorstep of Asia's powerhouse economy. Our focus is still very much on leveraging the 'nation building' opportunities we have generated to help diversify PNG's extractives and industrial manufacturing sector via the in-country downstream processing of its vast energy and mineral resources. This includes the provision of cement/lime, industrial mineral sands products and power generation from the Company's portfolio – all of which are critical components for PNG's future economic development.

The following sections of this letter set out some of the main deliverables, achievements and future objectives across the various divisions of our business.

CENTRAL CEMENT AND LIME PROJECT (100% owned by MRL)

At the time of listing in late 2017 the Company was already actively exploring the extensive deposits of high-grade limestone at Kido and Lea Lea, near the coast to the north of Port Moresby. This was proven by the completion of a drilling programme which ultimately delineated a huge limestone Resource of 382 Mt in early 2018¹ (whereby the drilling only covered a portion of the at surface massive limestone outcrop). The Company's initial strategy to monetise this discovery was based on the establishment of a new quicklime business to supply to the domestic PNG gold mining sector. However, further analysis and assessment of the strategic opportunity determined that the most value accretive business model would be to establish a fully integrated quicklime and Clinker/Cement facility – the first of its kind in PNG. This strategy aims to displace PNG's reliance on expensive imports and penetrate neighbouring import markets of Australia (whereby PNG would be the closest exporter to such markets being up to 3 times closer versus other exporting competitors originating from other parts of Asia). Working with this business concept we quickly compiled a definitive feasibility study team involving global experts from as far afield as the UK. Within just 12 months of releasing our maiden limestone resource, our Definitive Feasibility Study was released in January 2019 coupled with

¹ Refer to ASX release dated 10 January 2018 – Maiden JORC Resource Declared. The company confirms it is not aware of any new information or data that materially effects the previously disclosed information and that all material assumptions and technical parameters underpinning the estimates in that information continue to apply and have not materially changed.

our maiden mining Reserve that underwrote the resource inventory required for the life of the project). The key outputs are summarised in the table below.

CCL Project DFS Outcomes²	
Estimated Life of Project (LOP)	30 years
Project CAPEX	USD 331 m
Post-tax NPV (9%) Real, ungeared	USD 352 m
Internal Rate of Return ungeared (IRR)	23.9 %
Project payback	5.2 years

The CCL project, underpinned by its huge high-grade Resource and Reserve, is now clearly the Company's flagship project as demonstrated by the above economics and the potential of the Resource to support a multi-generation cement and lime industry for PNG and its near neighbours. The project has the potential to be a game changer for both PNG and the Company. It comprises a low-cost quartile 1, long life (multi-decade) industrial manufacturing facility located on the coast adjacent to deep water and advantageously positioned to serve PNGs expanding cement and lime industry, other pacific nations and east coast Australia which has a growing demand for cementitious imports.

As a recap our key deliverables over last 18 months for the CCL project are summarised as follows:

- Released a Maiden JORC Resource (382 Mt) and Ore Reserve (78Mt)³
- Completed Definitive Feasibility Study (DFS) (including EPC tender for the integrated quarry, clinker/cement and lime plant)
- Signing a Gas Supply MOA with Kumul Petroleum⁴
- Secured 25-year Environmental Permit for project
- Secured full written support from the Central Governor for the project
- Engaged with the customer base for product off take (cement, clinker and quicklime)
- Commenced project financing debt and equity raising process with multiple parties now undertaking due diligence

OROKOLO BAY PROJECT & INDUSTRIAL MINERAL SANDS PORTFOLIO (100% moving to 51%)

The completion of the transaction with China Titanium Resources Holdings (CTRH), as announced in January 2019, has provided the Company with both a funding and operational delivery solution for the Orokolo Bay project⁵. As our development partner, CTRH bring considerable expertise and the transaction enables them to earn up to 49% of the Company's wholly owned subsidiary that in turn owns the Orokolo Bay project and the wider industrial sands portfolio. The deal with CTRH has enabled the Company to retain control and also 51% of the 'Future Economics' of the Orokolo Bay Project – being USD\$106m NPV post tax @ 10% DCF (i.e. @51% equating to US\$54m (~AUD76m))⁶. This has been without the need to seek additional funding or diluting Mayur Resources Shareholders. MRL's

² Refer to ASX release dated 24 January 2019 – DFS Completed for CCL Project in PNG

³ Refer to ASX release dated 24 January 2019 – DFS Completed for CCL Project in PNG

⁴ Refer to ASX release dated 10 January 2018 – MOU signed with Kumul Petroleum

⁵ Refer to ASX release dated 7 January 2019 – Transaction completed with CTRH

⁶ Refer to page 97 of the Mayur Prospectus dated 21 July 2017 and released in MRL's prequotation disclosure on 19 September 2017.

MRL confirms that all material assumptions underpinning the USD\$106m NPV estimate of the Orokolo Bay project continue to apply and have not materially changed

51% share of the Orokolo Bay project, on a standalone basis only, is therefore similar to the current market capitalisation of the entire MRL group. Hence, the current market capitalisation is placing limited value on any of the other projects held in Company's portfolio as outlined in this letter, including the CCL project.

The final design of the Orokolo Bay pilot plant continues to progress well with a detailed construction design package well advanced, this will be procured by CTRH and then construction is due to commence in late 2019, subject to receipt of requisite regulatory approvals. The project consists of a relatively simple onshore, surface sand mining and processing operation (magnetic and gravity circuits to extract a number of end products including titano-magnetite, DMS magnetite, construction sands and a zircon rich valuable heavy mineral concentrate). We are also continuing to work with the Mineral Resources Authority (MRA), Provincial Government and the local communities to bring this operation into reality.

Concerning the wider mineral sands portfolio, the successful recent granting of Amazon Bay EL2556 in Milne Bay province, also constitutes an exciting addition to the portfolio with significant potential for titanomagnetite and vanadium. Given the large amount of historic work that has been undertaken by previous explorers at Amazon Bay over many years, we see this as an 'advanced exploration project' bringing synergies with Orokolo Bay.

Given the above we have also taken the opportunity to review Mayur Iron's tenement portfolio, with a view to prioritise the most attractive targets and thus ultimately rationalise the number of mineral sands exploration licenses held, yet still provide a long-term pipeline of future mineral sands project targets.

Below is a summary of the key deliverables in last 18 months across the industrial mineral sands division of the Company:

- Completed 250-hole drill programme for bulk sample pit at Orokolo Bay
- Design of bulk sample plant at Orokolo Bay
- DFS in-fill drilling programmes underway at Orokolo Bay
- Signed Letters of Intent for product offtake for the Orokolo Bay project⁷
- Secured a Life of Mine Environmental Permit for the Orokolo Bay project
- Signed binding offtake agreement for magnetite for the Orokolo Bay project⁸
- Completed other regional exploration programmes across the portfolio
- Secured Amazon Bay EL with vanadium and magnetite potential
- Completed the transaction with CTRH for Orokolo bay Project

LAE ENVIRO ENERGY PARK (EEP) PROJECT (89%)

The Lae EEP project is another high impact project we are developing for PNG where we saw an immediate need and have subsequently delivered a technically robust and commercially sound solution in response to a real problem for the country. Moreover, this was in response to an official request in writing from PNG Power for a Power Purchase Agreement (PPA) proposal from Mayur. PNG suffers from chronic power generation problems in terms of cost and reliability, and this is particularly acute in Lae with regular back / brown outs, not to mention that only 13% of PNG's population has

⁷ Refer to ASX release dated 16 July 2018

⁸ Refer to ASX release dated 13 March 2019

access to electricity. Despite the above it is disappointing to report that our Lae EEP project has not progressed as quickly as we would have liked in the last 18 months.

After being invited by PNG Power to submit a Power Purchase Agreement (PPA) proposal in 2015 Mayur responded expeditiously and submitted a PPA in March 2016. In parallel with this Mayur worked with PNG Ports to secure a 27-hectare site for the 2x25MW (50MW) power station at the new world class Lae Western Tidal Basin (where we have the full support in writing from the PNG Ports Board). Since 2016 Mayur has also submitted several variations to refine the proposal and provide a lowest cost power tariff to PNG Power.

Importantly Mayur has also demonstrated the environmental credentials of the project, including independent studies to show how Lae's ambient air quality will be improved via replacing the current prolific use of diesel and HFO for power generation. This will also result in a net reduction in CO₂ greenhouse gas emissions. We must remember that climate change movements such as the Paris Agreement, to which PNG is a signatory, are not anti-coal, oil or gas *per se*, it's about reducing emissions. The Lae EEP will deliver on this objective by replacing the prolific use of high cost, high polluting heavy fuel oil being predominantly burned for power generation. In addition to demonstrating technical and environmental credentials, the Company has been able to validate the financial capacity to build multiple such size power plants with evidence of unencumbered funds held by one of our seed investors with the National Australia Bank.

Despite the strong support for the project by businesses in Lae, very senior ranking State Ministers and both local Governors and MP's, there remains obstruction from some of the new leadership at PNG Power. We are still confident that these issues will ultimately be resolved by the entire Board of PNG Power when they are provided the full information package by Mayur. In fact we have sought fresh EPC bids in anticipation of a need to address any of PNG Power's questions, and subsequently PNG Power acknowledging ministerial direction of accepting the weight of support the project has and therefore re-engage with the Company to further discuss the submitted power purchase agreement. We are essentially construction ready with the Lae EEP project and will continue to advocate the undeniable benefits it will bring.

Finally, the recent public announcement by the PNG Government and French oil and gas major TOTAL regarding the Papua LNG project contemplates a 5% domestic market obligation (DMO) and a target price of USD4.75 / GJ for the gas from the Papua LNG project. This therefore represents a further potential opportunity for the use of gas (as a dual fuel option with coal) at the Lae EEP.

A summary of the key deliverables over last 18 months is provided as follows:

- Continuous dialogue with all government and industry stakeholders for the Lae EEP project
- Completed detailed air modelling studies demonstrating the proposed technology for Lae EEP will drastically improve the current air quality in Lae in terms of Nitrogen Oxide, Sulphur Dioxide and Particulate Matter emissions (versus the use of diesel / HFO)
- Signed a MOA with Morobe Provincial Government to support the development of the Lae EEP
- Signed a MOA with Gulf Provincial Government to Support the development of the Gulf Coal resources to vertically integrate into the Lae EEP
- Provided PNG Power with formal variations to our PPA proposal relating to requested price tariff reduction initiatives
- Continued intensive stakeholder management and engagement for the Lae EEP Power Purchase Agreement (PPA)

COAL EXPLORATION PROJECTS (89%)

Mayur has pioneered coal exploration in PNG. Our coal exploration activities are somewhat linked to the abovementioned power station project, hence whilst we have conducted various exploration programmes, other project development plans have progressed a slower pace than anticipated. We are keen to see PNG benefit from the responsible and sustainable use of its own domestic coal energy resources, to replace the current reliance on imports of expensive and more polluting diesel and heavy fuel oils.

We are fully aware of the current global sentiment in the developed western world, but coal still has a fundamental role to play in providing cheap, reliable power through Asia and beyond. Moreover, the 50MW Lae EEP would only require around 300,000-400,000 tonnes of coal per annum – on the global scale it would be a relatively miniscule sized coal mining operation, when you consider Australia produces around 300 million tonnes per annum and the world's largest coal miner (Coal India) produces around 600 million tonnes per annum and is targeting 1 billion tonnes by 2026. Whilst there is no denying the rapid rise in use of renewables in global power generation, coal will continue to provide fundamental base load power for the majority of the world's population. Why should PNG not be able to benefit from this in a diversified energy mix?

Our key deliverables in last 18 months are summarised below:

- Secured Environmental Permit for coal bulk sample at Depot Creek (EL1875) – the first in PNG⁹
- Completed successful regional coal mapping programme
- Completed further field mapping and surface coal outcrop sampling across the coal exploration portfolio in Gulf Province. Numerous coal intersections up to 8 metres in thickness encountered at surface¹⁰
- Signed non-binding Letter of Intent for coal offtake¹¹
- Set up infill resource/reserve delineation drilling program for execution in 2019

COPPER/GOLD (100%)

Since listing we have completed a diamond drill programme on a specific target on Basilaki Island with a funding partner and although the rock alterations looked encouraging the grades were not sufficient enough to warrant further exploration on this specific target however there is still a number of other targets that remain on the Sideia /Basilaki Islands exploration license. However, the Company still holds and has acquired additional copper/gold assets in the highly prospective Lihir and New Ireland volcanic arcs and we are in active discussions with several potential strategic funding partners to progress exploration programmes.

Our key deliverables in last 18 months are summarised below:

- Extended letter agreement with developer for Basilaki project (EL2095)
- Completed Diamond drill program completed at Basilaki project
- Pre-mobilisation for Feni project Drilling programme
- Flew airborne magnetic survey across Sideia Island (EL2095) project in Milne Bay province

⁹ Refer to ASX release dated 18 June 2018 – Bulk Sample Permit Granted

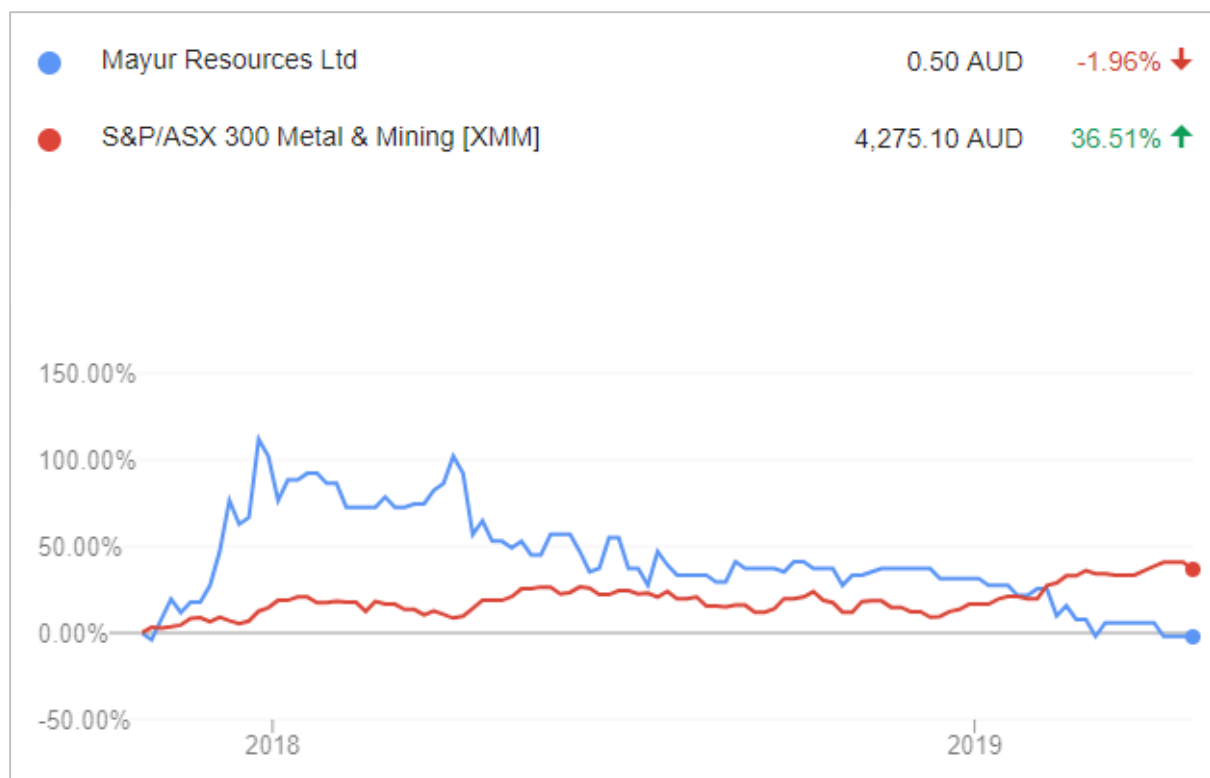
¹⁰ Refer to ASX release dated 18 June 2018 – Successful Coal mapping completed

¹¹ Refer to ASX release dated 16 October 2018

- Secured new Rambutyo Exploration Licence (EL2594) and applied for the Mt Miles Exploration Licence in New Ireland (ELA2591)

CONCLUSION

As I have outlined above it has been an extremely busy period in the last 18 months since listing, operating on many fronts, during which time we have seen the MRL share price reach a high of \$1.10 and is currently sitting around \$0.50 compared to our listing price of \$0.40. Recently the MRL share price performance has fallen below the S&P/ASX 300 Metals & Mining index for the first time in early 2019 (see chart below). This is despite the company achieving its most value accretive milestone yet, being the completion of the DFS for the CCL project. However, with a clear funding plan for the CCL project at the asset level that limits dilution and contemplates a far superior look through economics for Shareholders versus the current share price, is something that we find hard to understand and would anticipate seeing corrected later in 2019.



MRL share price performance to date since IPO vs ASX300 Metal Mining Index (source Google Finance)

Whilst we feel the market is not reflecting the underlying value of the company's assets, we understand that with such a large portfolio of projects the true option value of this diversification can be difficult to fully appreciate. We recognise the company is not a pure play mineral exploration business and has evolved from the business it was at IPO. The value of being an industrial mineral and energy player in a rapidly developing country in need of industrialisation activity to occur, as well as being favourably located proximate to the huge Asia Pacific market, should not be underestimated.

As shareholders we are currently contemplating a situation whereby we have spent circa AU\$20 million since IPO on hugely value accretive activities, yet the share price is almost at its lowest point since listing – however this in itself presents an opportunity as we are now entering an exciting and potentially highly rewarding phase of development. As the single biggest shareholder in the company

I believe the plan is working. Demonstrable progress is being made with valuations above expectation. I have continued only acquiring MRL stock where the opportunity enables me to do so, and notably our seed investors have not sold one share to date. We remain totally committed to the strategic direction and deliverables of the company and would only consider a loosening of the share register should industry specific parties wish to become material shareholders thus adding clear strategic value adding attributes to all of us as shareholders (large and small). We therefore will continue to focus on our diversified and vertically integrated industrial mineral and energy platform whilst reviewing options to unlock value via initiatives such as spinning out complementary business unit assets at the appropriate time.

Overall, we feel the Company is well positioned to convert the opportunities that have been created, we will continue to be tenacious and resilient in our execution but remain focussed on increasing value and positive outcomes for all our stakeholders. Securing ongoing funding to ensure the Company has a clear runway to advance the key project assets to financial investment decision remains a priority. We are looking at various options and capital markets in Australia and internationally, and our corporate structure provides the ability to do so at both the corporate and asset levels.

Again, on behalf of the Company, I would reiterate the appreciation of your ongoing support and we look forward to providing further updates and successful outcomes in the future.

Yours Sincerely



Paul Mulder

Managing Director – Mayur Resources