

Quarterly Report

For the quarter ending
31 December 2020



mayurresources.com

Highlights

Corporate

- Completed a placement to professional and sophisticated investors securing \$5.5 million through the issue of 15,714,290 CDI's @ \$0.35 in November 2020
- Continued to progress the disaggregation strategy to unlock the intrinsic value of Mayur's business divisions, being led by the success to date of the copper gold spin-out

Central Cement & Limestone Project

- Progressing the prioritisation of the quicklime, with various revised EPC bids received for the quicklime plant
- Completed successful limestone metallurgical tests to confirm ability to produce high quality quicklime including completing successful lime burn tests at Cimprogetti's facility in Italy as a pre-condition to potential limestone sales to Vale in New Caledonia

Orokolo Bay Industrial Sands Project

- Submitted Mining Lease application following completion of the DFS and social and land ownership studies

Copper & Gold Assets

- Progress on the transaction to list the Company's copper and gold assets on TSX-V has materially advanced and the Company expects to provide a formal announcement in the coming weeks from the date of this report

Lae Enviro Energy Park Project

- Project approved in principle by National Executive Council (PNG Parliamentary Cabinet) and process commenced to negotiate and finalise Power Purchase Agreement (PPA) through the State Negotiating Team

Overview

Mayur had another positive quarter notwithstanding the ongoing uncertainties posed by COVID-19. A major highlight was the completion of a \$5.5M capital raise in November 2020 and the significant progress made on the proposed spinout of the copper and gold assets.

With the company's key Central Cement and Lime (CCL) Project now fully permitted and shovel ready, the proceeds from the capital raising are enabling Mayur to focus on product offtake, early quarry operation cash flow opportunities and strategic partnerships to enable the project to proceed into production. The company is also now looking to prioritise the delivery of quicklime plant with EPC bids for this element now received.

The submission of a Mining Lease application for the Orokolo Bay Full Scale project was another key milestone for the period. With the easing of access into PNG it is anticipated that re-mobilisation to site in order to begin

construction of the pilot plant should occur in the coming quarters.

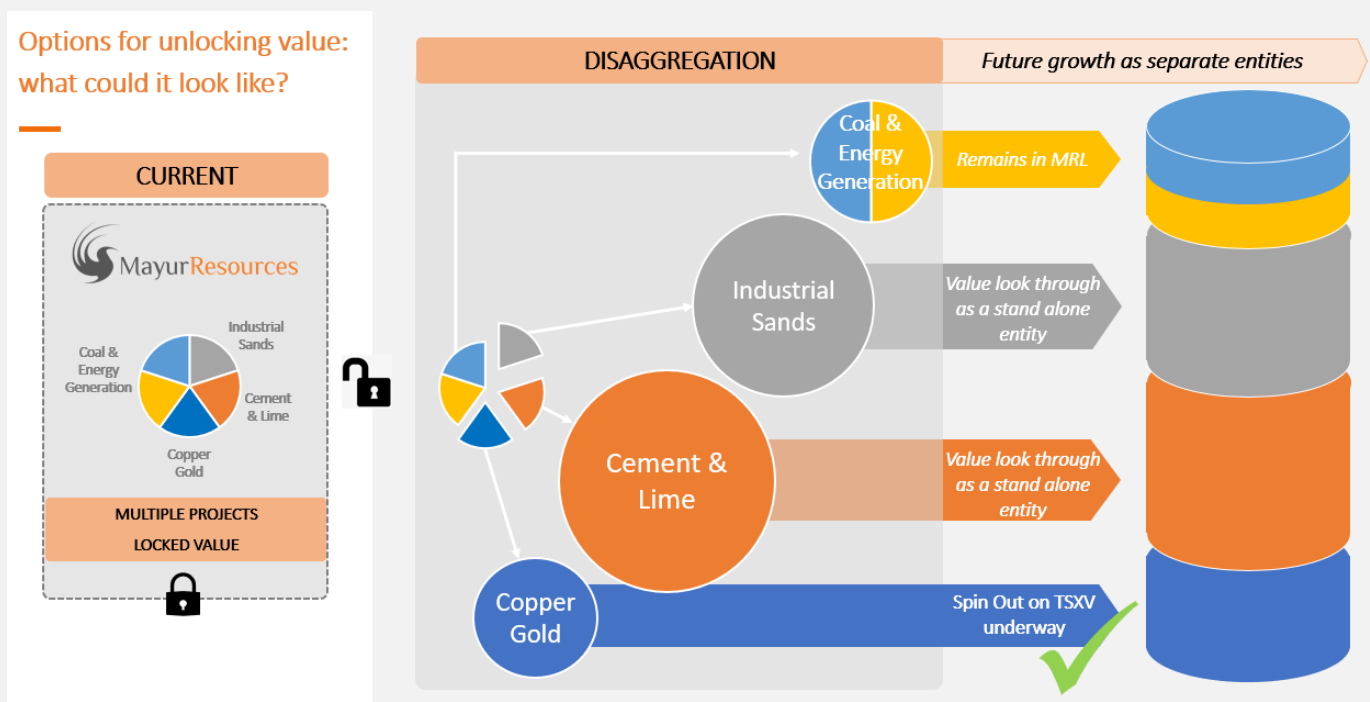
The proposed spin-out of the copper gold assets on the TSX-V continues to progress and interest from investors has demonstrated the value of this disaggregation strategy that the Company articulated in late 2020 for its asset portfolio. As a result, additional demerger scenarios are being assessed to further simplify the Mayur business. The focus for the newly appointed management teams is to deliver this strategy and realise value for shareholders.

The Company's 52.5MW Enviro Energy Park (EEP) power generation project in Lae received Prime Minister and Ministerial approval in principle in late 2020 together with an outlined process to finalise the associated Power Purchase Agreement (PPA) for the project.

The Company made payments totalling approximately \$0.1 million to related parties representing remuneration paid to Directors.

Disaggregation - unlocking Mayur's value.

Options for unlocking value: what could it look like?



Projects

Central Cement & Lime Project

The proposed Central Cement and Lime (CCL) Project is a vertically integrated manufacturing facility with the ability to meet 100% of PNG's cement, clinker and quicklime requirements, displacing imports, and penetrate nearby export markets in Australia and the South Pacific. The co-located quarry, plant site and deep draft wharf will enable very low operating costs.

Following the award of the Mining Lease in August 2020, the company has refined its strategy for the project and is assessing the opportunity to prioritise the delivery of the quicklime production facilities, given the far lower capital cost and shorter project delivery timelines. This would see the clinker and cement facilities developed as part of the second stage of the project.

This fast tracking of the quicklime production is also being driven by PNG's need for a domestic supply of quicklime to replace imports, and the major structural shifts occurring in Australia's lime industry, together with strong growth in sectors requiring lime as a key input such as gold, alumina, nickel, rare earths and lithium mining and processing.

As released in November 2020, independent work was completed by Bureau Veritas, which performed a suite of specialist metallurgical tests, including limestone decrepitation, that confirmed the ability to produce a high grade, low impurity quicklime product.*

Additional work was also undertaken with Cimprogetti (a leading global kiln supplier) to test the suitability of CCL's limestone for burning in Cimprogetti kilns. This test work was a precondition for the potential supply of limestone to Vale in New Caledonia.

A tender process has been conducted for the quicklime part of the project with various Engineering, Procurement and Construction (EPC) groups including leading international kiln technology providers. Bids have now been assessed for the next stage involving more detailed technical and commercial negotiations. As part of the overall procurement strategy for the project the Company is seeking to procure the ancillary civil works packages (roads, bridges and wharf) via a self-perform delivery model to provide a more cost-effective solution.

**For further information refer to ASX announcement dated 18 November 2020*



Orokolo Bay Industrial Sands Project

The Orokolo Bay Industrial Sands Project in PNG will produce a number of products including titano-magnetite, DMS magnetite, construction sands and a zircon-rich valuable heavy mineral concentrate.

Lodgement of Mining Lease application

Following the completion of the Definitive Feasibility Study (DFS) in the previous quarter, a Mining Lease Application was submitted for the project in December 2020.

The application concerns the full-scale development of the project which has a planned saleable production rate of 0.5 million tonnes per annum (Mtpa) of vanadium titano-magnetite (VTM) and Dense Medium Separation magnetite, 1 Mtpa of high-grade silica construction material and 8,000 to 10,000 tpa of a zircon rich heavy mineral concentrate.

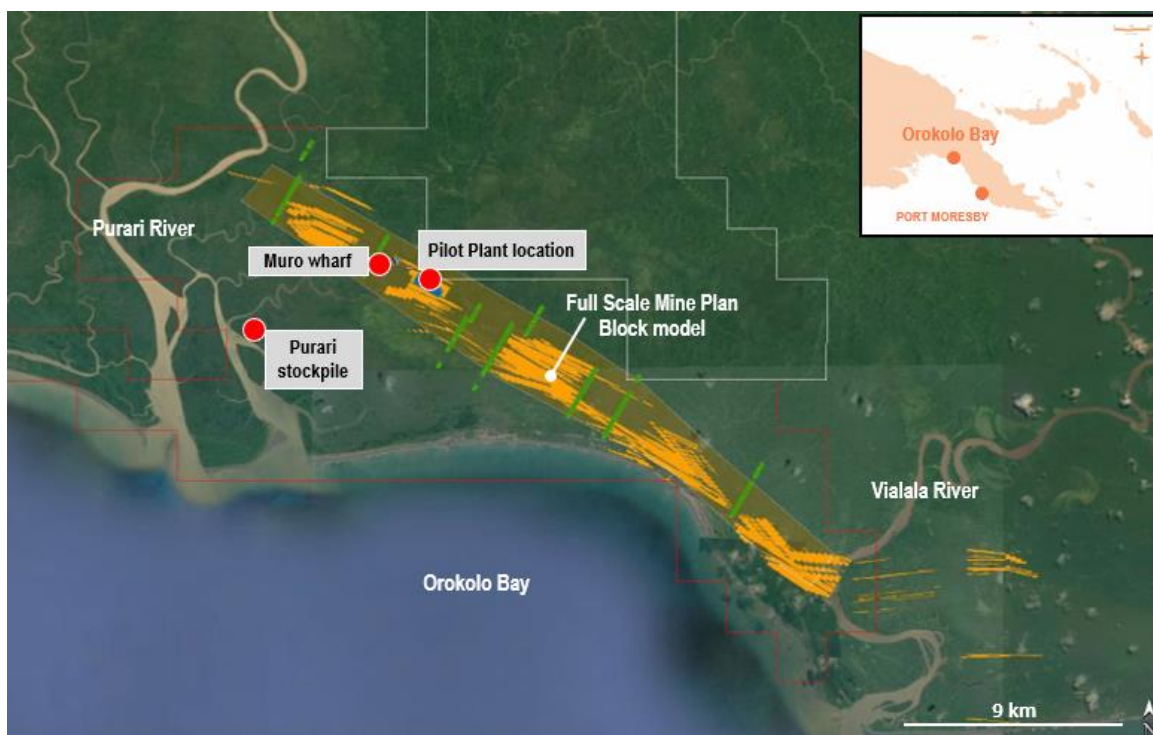
The DFS* confirmed that the project will produce a post-tax (real) NPV of US\$131 million (10% discount rate) and an IRR of 103.7% with Mayur's 51% share in the project valued at circa US\$67 million.

The financial analysis in the DFS used a pricing assumption for the VTM product based on a conservative long-term iron ore price of US\$66.30/t (62% Fe CFR China). This compares to a current iron ore prices above US\$150/t offering a major potential upside to the economics of the project.

Pilot Plant

The ML application for the Full-Scale project forms part of the arrangement with our Joint Venture partner, China Titanium Resources Holdings (CTRH) and is being progressed in parallel with the Pilot Plant operation. Whilst the site establishment works for the Pilot Plant have been completed the key plant and equipment has yet to be shipped to site from China due to the COVID-19 restrictions.

CTRH is to provide up to US\$25 million in funding to bring the project (that includes both the Pilot Plant and Full Scale stages) into operation and earn up to 49% of Mayur's wholly owned subsidiary that holds the project and the company's wider industrial sands portfolio. This does not preclude the Company examining the disaggregation or potential listing of this Iron ore/mineral sands project and a CEO candidate for such initiative has already been shortlisted.



* For further information refer to Orokolo Bay DFS ASX announcement dated 11 September 2020. 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 on continue to apply and have not materially changed.

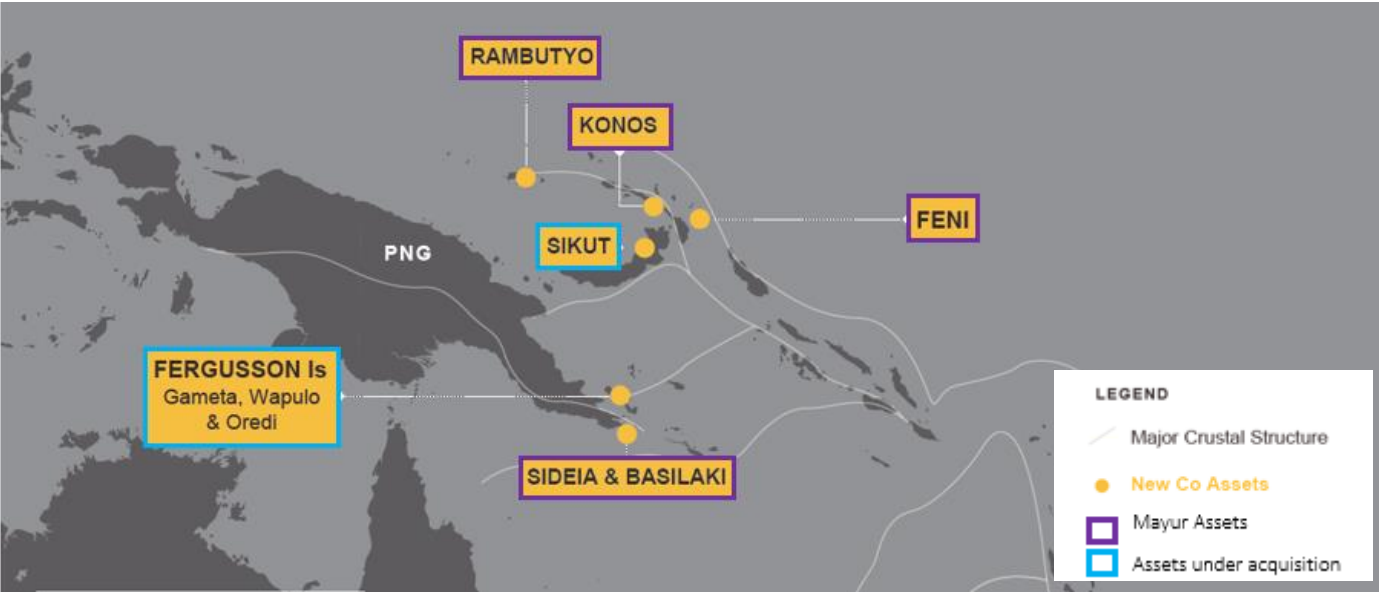
Copper & Gold Assets

Mayur has continued to advance the demerger of its copper and gold assets on the TSX Ventures Exchange (TSX-V) via a Reverse Takeover (RTO) of XIB Capital Corp (TSX Venture: XIB.P).

Following the appointment of a syndicate of investment banks good progress has been made in raising capital and the Company expects to provide a formal announcement in the coming weeks from the date of this report.

It is proposed, subject to final regulatory approvals, that the RTO entity will exist as a standalone company owning 100% of Mayur’s existing copper gold assets and the Gameta and Wapulu projects on the Fergusson Islands acquired from Ballygowan and Pacific Arc.

Map of the copper gold projects to be held by the RTO entity



Enviro Energy Park (EEP) Project

Mayur's proposed 52.5MW EEP Project concerns an integrated power station utilising a mix of traditional thermal energy, solar, biomass woodchip, that will generate more reliable and far cheaper electricity than existing alternatives. Being adjacent to the city of Lae, the EEP will also provide steam by-product for nearby industrial users, and the future dual fuel systems will also enable the utilisation of gas.

Cabinet in principle approval was received in late 2020 together with an outlined process to finalise the associated Power Purchase Agreement (PPA) for the project underlines the support for the project.

By displacing the current reliance on diesel and heavy fuel oil in Lae, the EEP will deliver drastically reduced power costs, enhanced reliability, energy security and improvement in the environmental footprint of power generation in the region.

The joint venture with the local Lae University (UNITECH) focuses on maximising the use of renewable sources and technology through the EEP. Discussions are continuing with the Australian Government on how their emission reduction commitment in the Pacific can also assist the EEP.

Depot Creek Project

Mayur holds a prospective thermal energy tenement portfolio in Gulf Province, with a focus on the Depot Creek Project.

The Inferred JORC Resource at the Depot Creek project is 12.8 million tonnes (Mt) and includes an Indicated Coal Resource component of 3.9Mt. Additionally, there is an exploration target of >100Mt within the project tenement area.

As PNG like the rest of the world, transitions to a more sustainable energy supply this thermal energy source forms part of PNG's backup supply in providing a low-cost, diversified energy mix and improved energy security.

Tenement Interests

As at 31 December 2020 the Company had interests in the Exploration Licences (EL) as listed in Table 1, all located in Papua New Guinea. In addition to this the Company holds 100% of Mining Lease (ML) 526 for the CCL Project.

During the quarter a decision was taken to relinquish EL1873 EL1874 as the Company reviewed its focus and allocation of capital. Subsequent to the end of the quarter, a further decision was taken to relinquish EL2267, EL2268 and EL2297. These ELs were ranked as a lower prospectivity in the portfolio compared to other higher priority projects.

As noted in the table, various Exploration Licences are under renewal, and are progressing in accordance with the regulatory processes as prescribed by the PNG Mining Act.

The Company believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Company's application for renewal of the exploration licence not being granted in the ordinary course of business.

	EL nr	Province	Commodity Focus	Ownership	Area Km2
1	2095*	Milne Bay	Copper / gold	100%	150
2	2096*	New Ireland	Copper / gold	100%	95
3	2594*	Manus	Copper / gold	100%	522
4	2591	New Ireland	Copper / gold	100%	252
5	2150*	Gulf	Industrial mineral sands	100%^	256
6	2267	Western	Industrial mineral sands	100%^	1,279
7	2268	Western	Industrial mineral sands	100%^	1,279
8	2297	Western	Industrial mineral sands	100%^	1,279
9	2304*	Gulf	Industrial mineral sands	100%^	256
10	2305*	Gulf	Industrial mineral sands	100%^	256
11	2556*	Central	Industrial mineral sands	100%^	1,405
12	2303*	Central	Limestone	100%	256
13	2616	Central	Limestone	100%	55

Table 1 - Exploration Licences (*EL currently under renewal; ^all industrial mineral sands ELs are subject to the JV farm in deal with CRTH)

Company profile

Mayur Resources is an ASX-listed company focused on the development of natural resources in Papua New Guinea. The maturation of Mayur's diversified asset portfolio, which spans industrial minerals, power generation, coal, copper and gold, will contribute to nation-building and job creation in a country experiencing a significant growth trajectory. Mayur's unique portfolio of projects, many in close proximity to world-class producing mines, are located on or near to the coast enabling ease of access for development and seaborne markets.

Directors:

Chairman - Rob Neale
 Managing Director - Paul Mulder
 Executive Director - Tim Crossley
 Non-Executive Director – Hubert Namani
 Non-Executive Director - Frank Terranova
 Non-Executive Director - Wee Choo Peng

ASX Code: MRL

Company Secretary (Australia):

Jonathan Hart
 Phone: +61 413 890 032

Ordinary shares: 195 million (31 December 2020)

Office locations:

Australia (principal administrative office):
 Level 7, 300 Adelaide St, Brisbane, Qld 4000
 Phone +61 7 3157 4400

Singapore (registered address):

80 Robinson Road, #02-00
 Singapore 068898

Website: www.mayurresources.com



Disclaimer

Competent Person's Statement

Statements contained in this announcement relating to Mineral Resources and Ore Reserves estimates for the **Central Cement and Lime Project** are based on, and fairly represents, information and supporting documentation prepared by Mr. Rod Huntley, who is a member of the Australian Institute of Geoscientists. Mr. Huntley has sufficient and relevant experience that specifically relate to the style of mineralisation. Mr Huntley qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Huntley is an employee of Groundworks Pty Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Huntley takes responsibility for the form and context in which this initial Ore Reserves Estimate prepared for the Central Cement and Lime Project appears.

Statements contained in this announcement relating to Ore Reserves for the **Oroko Bay Mineral Sands Project** Western Area are based on, and fairly represents, information and supporting documentation prepared by Mr Troy Lowien, a Member of The Australasian Institute of Mining and Metallurgy. Mr Lowien qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Lowien is an employee of Groundworks Pty Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Lowien takes responsibility for the form and context in which this initial Ore Reserves Estimate prepared for the Oroko Bay Project Western Area appears.

Statements contained in this announcement relating to Mineral Resource estimate for the **Feni (Kabang) Gold project** are based on, and fairly represents, information and supporting documentation prepared by Mr. Simon Tear, who is a member of the Australian Institute of Geoscientists. Mr. Tear has sufficient and relevant experience that specifically relate to the style of mineralisation. Mr Tear qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Tear is an employee of H&S Consultants Pty Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Tear takes responsibility for the form and context in which the Mineral Resource Estimate prepared for the Feni Gold Project appears.

Statements contained in this announcement relating to Mineral Resource estimates for the **Depot Creek Coal Project** are based on, and fairly represents, information and supporting documentation prepared by Mr. Kerry Gordon, a Member of The Australasian Institute of Mining and Metallurgy. Mr. Gordon has sufficient and relevant experience that specifically relate to the style of mineralisation. Mr Gordon qualifies as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Gordon is an employee of Verum Ltd contracted as a consultant to Mayur Resources and consents to the use of the matters based on his information in the form and context in which it appears. As a competent person Mr Gordon takes responsibility for the form and context in which the Mineral Resource Estimate prepared for the Depot Creek Coal Project appears.

Forward-Looking Statements

All statements other than statements of historical fact included in this Announcement including, without limitation, statements regarding future plans or objectives of Mayur Resources Ltd are forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are no guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

Mayur Resources Ltd cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Announcement, except where required by law and existing stock exchange listing requirements.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MAYUR RESOURCES LIMITED

ARBN

619 770 277

Quarter ended ("current quarter")

31 DECEMBER 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(117)	(262)
	(e) administration and corporate costs	(417)	(647)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(9)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	38
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(346)	(346)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(69)	(126)
	(d) exploration & evaluation (if capitalised)	(549)	(1,102)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(618)	(1,228)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,476	5,476
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(285)	(285)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,191	5,191

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,945	2,987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(889)	(1,226)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(618)	(1,228)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,191	5,191

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (six months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(131)	(226)
4.6	Cash and cash equivalents at end of period	5,498	5,498

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,498	1,945
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,498	1,945

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

104

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(889)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(549)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,438)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	5,498
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,945
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.82

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Not applicable.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Not applicable.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Not applicable.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2021

Authorised by: **By the Board**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.