



MAYUR RESOURCES LIMITED
(Co. Reg. No. 201114015W)
AND ITS SUBSIDIARIES

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR YEAR ENDED
31 DECEMBER 2020

Directors' report

The directors of Mayur Resources Limited (the “**Company**” or “**Mayur**”) submit herewith the half-year report of the Company and the subsidiaries it controlled (collectively “**Group**”) for the half-year ended 31 December 2020 (“**reporting period**”).

Directors

The following persons were directors of the Company during the whole of the reporting period under review and up to the date of this report, unless otherwise stated:

- Robert Charles Neale
- Paul Levi Mulder
- Timothy Elgon Savile Crossley
- Frank Terranova
- Hubert Hanjausa Namani (appointed on 16 September 2020)
- Wee Choo Peng (appointed on 4 November 2020)
- Lu Kee Hong (resigned on 4 November 2020)

Principal activities and review of operations

Mayur had a positive half-year notwithstanding the ongoing uncertainties posed by COVID-19 with significant progress being made on all projects.

OROKOLO BAY 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. Significant developments during the half-year included:

Completion of DFS¹

- Definitive Feasibility Study (DFS) completed on 11 September 2020.
- 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.
- An operational design with an initial CAPEX of US\$20.48 million has been developed to establish a 1.5 million product tonne per annum mining and processing operation with a forecast pay back of just over one year.
- In July 2020, prior to releasing the DFS, Mayur announced a maiden JORC Ore Reserve for the project estimated at 30.6Mt using a 5.5% Davis Tube Recovery (DTR) (approximately 8.2% Fe cut-off).
- An optimised mine schedule was also completed which resulted in a mine life of 15 years, and an average DTR grade of 10.58% (compared to 12 years and 10.1% respectively from the PFS completed in 2017).
- The higher cut-off grade and longer mine life has increased the in-ground magnetite concentrate (57% Fe) from 5.77Mt to 7.79Mt.
- The Reserve declaration followed a significant JORC Code Compliant Mineral Resource upgrade at the project announced in June.
- China Titanium Resources Holdings (CTRH) is to provide up to \$US25 million in funding for the project and an operational delivery solution to earn up to 49% of the Mayur's wholly owned subsidiary that houses the project and the Company's wider industrial sands portfolio. Irrespective of the COVID limitations CTRH is experiencing, the large existing MRL shareholders remain fully committed to see the project developed.

¹ Refer 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 continue to apply and have not materially changed.

Directors' report

Principal activities and review of operations (continued)

OROKOLO BAY SANDS PROJECT (continued)

Lodgement of Mining Lease application

- Following the completion of the DFS, 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.

Pilot Plant

- The ML application for the Full-Scale project forms part of the arrangement with Joint Venture partner, China Titanium Resources Holdings (CTRH) and is being progressed in parallel with the Pilot Plant operation. Site establishment works for the Pilot Plant have been completed but 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.

CENTRAL CEMENT & LIME PROJECT (CCL)

The Central Cement and Lime (CC&L) project is an advanced greenfield project which involves the quarrying of extensive limestone deposits and the downstream production of clinker, cement, and quicklime for both PNG domestic and export markets. The project is located 25km north of the national capital, Port Moresby, and 7km from the Exxon PNG LNG Refinery. Significant developments during the half-year included:

- 20-year Mining Lease (ML) awarded to Mayur on 19 August 2020. The ML grant is the final statutory approval required to allow construction to begin on the facility.
- Refined project strategy and looking to opportunities to prioritise the delivery of the quicklime production facilities, which would see the clinker and cement facilities developed as part of the second stage of the project.
- Independent work completed that confirmed the ability to produce a high grade, low impurity quicklime product.
- Additional work undertaken to test the suitability of CCL's limestone for burning in Cimprogetti kilns, being a precondition for the potential supply of limestone to Vale in New Caledonia.
- Conducted a tender process 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.

With the Central Cement and Lime (CCL) Project now fully permitted and shovel ready, Mayur is focussed 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.

Directors' report

Principal activities and review of operations (continued)

COPPER & GOLD PROJECTS

During the period, the Mayur Board executed the following interdependent agreements, the effect of which is that Mayur's copper and gold assets will be spun out into a separate entity listed on the TSX Venture exchange ("RTO Transaction"):

- A definitive agreement to acquire Ballygowan and Pacific Arc, two privately-owned companies that hold gold assets in PNG including the Gameta and Wapulu projects on the Fergusson Islands.
- A definitive agreement with XIB (TSX Venture: XIB.P) to vend its consolidated copper and gold portfolio into XIB via a Reverse Takeover Transaction ("RTO") in return for shares in XIB. Mayur will install a new board of directors and management for XIB. On completion of the transaction XIB is to be renamed Adyton Resources Corporation ("Adyton").

The RTO transaction was completed successfully in February 2021. The RTO saw more than C\$10.5 million raised by Adyton via a syndicate of northern hemisphere banks which valued Adyton at circa C\$38 million. Following completion of the RTO, Mayur owns circa 43% of ADY shares on issue, has non-executive representation on the ADY Board and nominated Mr Frank Terranova as Managing Director of Adyton.

POWER GENERATION

Mayur's proposed 52.5MW EEP Project comprises an integrated, solar, biomass woodchip, and coal plant in the city of Lae. The co-generation facility will also provide steam by-product for nearby industrial users. It is designed to improve reliability of supply and reduce the cost and environmental footprint of power generation in the city by displacing the current reliance on imported diesel and fuel oil. The EEP will also assist PNG in meeting its electrification target of 70% (currently 13%) by 2030.

The EEP Project 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.

COAL PROJECTS

Mayur holds a prospective coal tenement portfolio in Gulf Province, with a focus on the Depot Creek Project. Significant developments during the half-year included:

- Increase booked in compliant resources at Depot Creek. The Inferred JORC Resource at the project has increased to 12.8 million tonnes (Mt) from 11.5 Mt and includes a higher confidence Indicated Resource component of 3.9Mt².
- Resource modelling work also identified a new exploration target of >100Mt within the project tenement area (excluding adjacent tenements which in aggregate and including Depot Creek have an exploration target of approximately 200 Mt).
- Provides a pathway to potentially underpin future fuel supply to both Mayur's Central Cement and Lime Project and the Enviro Energy Park (EEP) Power Project which will require up to 300,000 tonnes of coal per year, along with utilising other fuel sources such as biomass.
- The proposed Phase 2 drilling at Depot Creek remains on hold as cash and resources are prioritised across other projects in Mayur's portfolio. Delineation of reserves and a more advanced Feasibility Study that could contemplate not only supplying coal to the EEP Power Plant, but also the CCL project and for export, is also pending the outcome of PPA negotiations for the Lae EEP.

² Refer ASX Announcement dated 15 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 continue to apply and have not materially changed.

Directors' report

Principal activities and review of operations (continued)

CORPORATE ACTIVITIES

Significant corporate activities in the half-year included:

- Completed a \$5.5m capital raising via a placement to professional and sophisticated investors through the issue of 15,714,290 CDI's at \$0.35 on 17 November 2020.

OPERATING RESULT

The Company reported a loss after tax of A\$7,431,272 for the half-year ended 31 December 2020 (2019: loss after tax of A\$2,461,686). The operating result reflected the following significant items:

- Under the various agreements that comprise the RTO transactions for the spin out of the copper and gold assets, Mayur is responsible for incurring a range of transaction related costs including legal fees, accounting and taxation fees, technical consultant fees and applicable stamp duties. During the half-year, the Company recognised \$663,504 in RTO related expenses in the Statement of Profit or Loss and Other Comprehensive Income.
- During the half-year, the Company took the decision to relinquish several exploration licences as it refined its focus and allocation of capital. The relinquished exploration licences were ranked as low prospectivity compared to other projects in the Company's portfolio. In the half-year, the Company recognised provisions for impairment of capitalised exploration and evaluation expenditure totalling \$5,484,250 in the Statement of Profit or Loss and Other Comprehensive Income

OUTLOOK

The completion of the spin-out of the copper gold assets on the TSXV in February 2021 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.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent reporting periods, other than those disclosed below:

- On 18 February 2021, the RTO transaction completed. The RTO saw more than C\$10.5 million raised by Adyton via a syndicate of northern hemisphere banks which valued Adyton at circa C\$38 million. Following completion of the RTO, Mayur owns circa 43% of ADY shares on issue, has non-executive representation on the ADY Board and nominated Mr Frank Terranova as Managing Director of Adyton.
- Subsequent to the end of the half-year, the Company decided to relinquish exploration licences EL2267, EL2268 and EL 2297 which were under renewal application on 31 December 2020. The capitalised exploration and evaluation expenditure in relation to these EL's of \$1,577,999 on 31 December 2020 was impaired subsequent to the end of the half-year.

Directors' report

Principal activities and review of operations (continued)

TENEMENT LIST

As of 31 December 2020, the Company had interests in the Exploration Licences (EL) as listed in Table 1, all located in Papua New Guinea.

	EL nr	Province	Commodity focus	Ownership at end of quarter	Km ²
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% ^	307
7	2267*	Gulf	Industrial Mineral Sands	100% ^	1,279
8	2268*	Gulf	Industrial Mineral Sands	100% ^	1,275
10	2297*	Gulf	Industrial Mineral Sands	100% ^	1,279
11	2304*	Gulf	Industrial Mineral Sands	100% ^	269
12	2305*	Gulf	Industrial Mineral Sands	100% ^	259
13	2556*	Milne Bay	Industrial Mineral Sands	100% ^	1,405
14	2303*	Central	Limestone	100%	256
15	2616	Central	Limestone	100%	55
18	1875*	Gulf	Coal	100%	314
19	1876*	Gulf	Coal	100%	317
20	2599	Gulf	Coal	100%	48

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

As noted in Table 1, thirteen Exploration Licences are currently progressing through the statutory assessment and renewal process as prescribed by the PNG Mining Act. The renewal process is proceeding in accordance with the established regulatory processes in PNG. 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 licences not being granted in the ordinary course of business.

Directors' report

Principal activities and review of operations (continued)

TENEMENT MAP

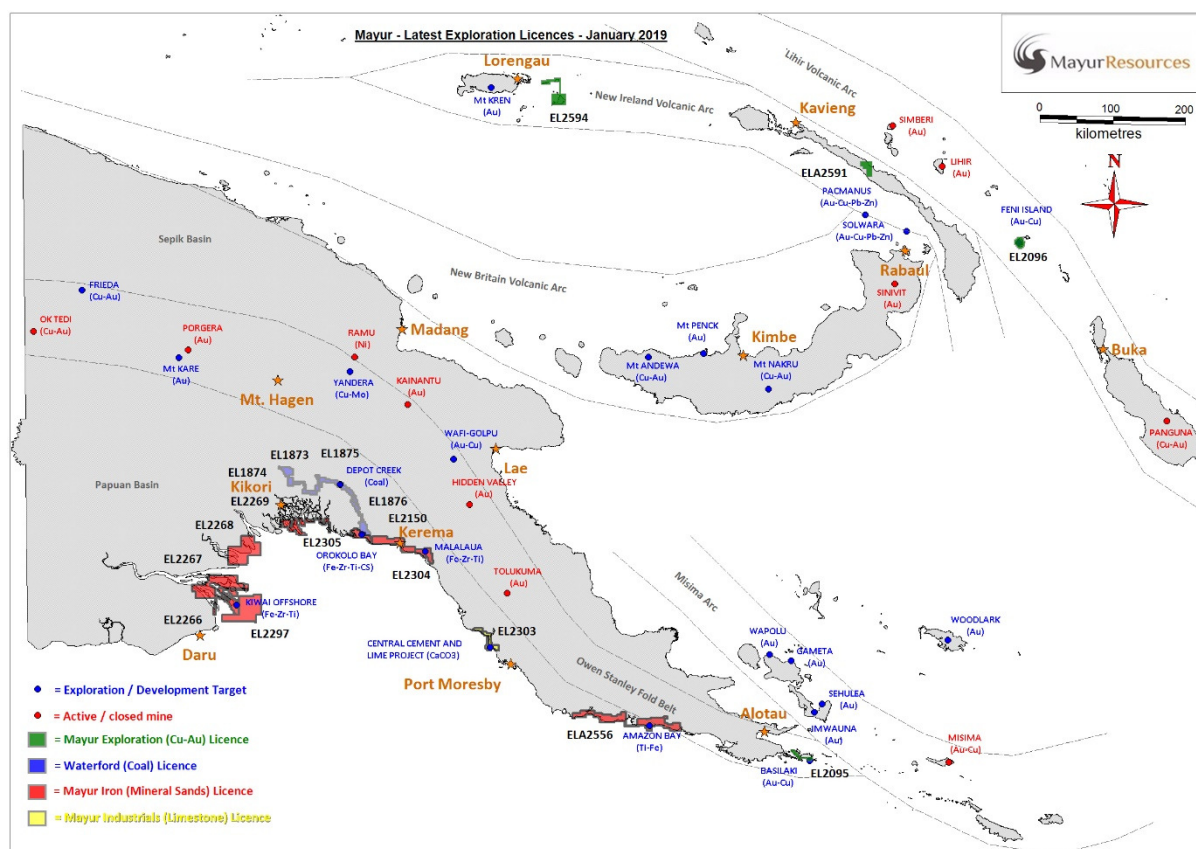


Figure 1 - Exploration Licence map

This report is made in accordance with a resolution of directors.

Paul Levi Mulder
Managing Director
Brisbane, 15 March 2021

Robert Charles Neale
Chairman
Brisbane, 15 March 2021

Directors' declaration

In the directors' opinion:

- (a) the attached interim financial statements and notes are in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34, *Interim Financial Reporting*; and give a true and fair view of the Group's financial position as of 31 December 2020 and of its performance, as represented by the results of its operations and its cash flows and changes in the equity for the half-year ended on that date;

and

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Paul Levi Mulder
Managing Director
Brisbane, 15 March 2021



Robert Charles Neale
Chairman
Brisbane, 15 March 2021

**MAYUR RESOURCES LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
ON INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Report on Review of Interim Financial Statements

We have reviewed the accompanying interim financial statements of Mayur Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 9 to 23, which comprise the condensed consolidated balance sheet of the Group as at 31 December 2020, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the half-year then ended, and selected explanatory notes.

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34, *Interim Financial Reporting* ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the interim financial statements. As of 31 December 2020, the Group incurred a loss for the period of A\$7,431,272 and net cash outflows from operating activities of A\$1,437,082. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern depends on its ability to generate cash flows from financing activities.

If the Group is unable to continue operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that may arise and to reclassify non-current assets as current assets. No such adjustments have been made to these interim financial statements. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Group as of 31 December 2020, and of its financial performance, cash flows and changes in equity of the Group for the half-year then ended in accordance with SFRS(I) 1-34.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

15 March 2021

Baker Tilly TFW LLP (trading as Baker Tilly) is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Baker Tilly TFW LLP (Registration No.T10LL1485G) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

Condensed consolidated statement of profit or loss and other comprehensive income

		<i>For the half-year ended 31 December</i>	
	<i>Notes</i>	<i>2020 A\$</i>	<i>2019 A\$</i>
Interest revenue		43	11,247
Other income		58,494	-
Net foreign exchange gains		-	12,876
Revenue and other income		58,537	24,123
Less: expenses			
Audit fees		(40,950)	(24,377)
Consultants and contractors		(208,353)	(965,525)
Costs related to RTO transaction		(663,504)	-
Depreciation expense		(13,806)	(12,637)
Director and key management personnel remuneration		(161,830)	(219,080)
Finance expenses		(922)	(3,109)
Impairment of exploration and evaluation expenditure	5	(5,484,250)	(219,727)
Insurance		(65,784)	(53,325)
Investor and public relations expenses		(92,327)	(86,394)
Listing and share registry expenses		(52,104)	(164,402)
Net foreign exchange losses		(119,380)	-
Occupancy costs		(69,712)	(92,483)
Other operating expenses		(223,276)	(273,941)
Share based payments expense	7	(205,483)	(202,837)
Travel expenses		(88,128)	(167,972)
Loss before income tax expense		(7,431,272)	(2,461,686)
Taxation		-	-
Loss for the period		(7,431,272)	(2,461,686)
Other comprehensive income for the reporting period, net of tax		-	-
Total comprehensive loss for the period		(7,431,272)	(2,461,686)
Basic and diluted loss per share attributable to owners of the Company (cents per share)	3	(4.06)	(1.48)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Mayur Resources Limited
Interim Financial Report for the half-year ended 31 December 2020

Condensed consolidated balance sheet

		<i>As at</i>	
		<i>31 December</i>	<i>30 June</i>
	<i>Notes</i>	<i>2020 A\$</i>	<i>2020 A\$</i>
Non-current assets			
Property, plant, and equipment	4	2,656,936	2,490,856
Exploration and evaluation expenditure	5	29,208,873	33,260,840
Total non-current assets		31,865,809	35,751,696
Current assets			
Cash and cash equivalents		5,499,377	2,988,147
Prepayments		243,166	-
Other current receivables		195,588	302,579
Total current assets		5,938,131	3,290,726
Total assets		37,803,940	39,042,422
Current liabilities			
Trade and other payables		1,280,688	863,920
Total current liabilities		1,280,688	863,920
Total liabilities		1,280,688	863,920
Net assets		36,523,252	38,178,502
Equity			
Share capital	6	54,240,175	49,048,549
Reserves	7	1,999,094	1,414,698
Accumulated losses		(19,716,017)	(12,284,745)
Total equity		36,523,252	38,178,502

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of changes in equity

2020	Share capital A\$	Reserves A\$	Accumulated losses A\$	Non- controlling interests A\$	Total equity A\$
Balance as of 1 July 2020	49,048,549	1,414,698	(12,284,745)	-	38,178,502
Loss for the half-year	-	-	(7,431,272)	-	(7,431,272)
Total comprehensive loss for the period	-	-	(7,431,272)	-	(7,431,272)
Transactions with owners in their capacity as owners:					
Issue of equity securities	5,476,494	-	-	-	5,476,494
Costs of equity raising	(284,868)	-	-	-	(284,868)
Share based payments	-	584,396	-	-	584,396
Total transactions with owners in their capacity as owners	5,191,626	584,396	-	-	5,776,022
Balance as of 31 December 2020	54,240,175	1,999,094	(19,716,017)	-	36,523,252

2019	Share capital A\$	Reserves A\$	Accumulated losses A\$	Non- controlling interests A\$	Total equity A\$
Balance as of 1 July 2019	36,976,495	2,720,951	(8,564,346)	716,908	31,850,008
Loss for the half-year	-	-	(2,461,686)	-	(2,461,686)
Total comprehensive loss for the period	-	-	(2,461,686)	-	(2,461,686)
Transactions with owners in their capacity as owners:					
Issue of equity securities	11,516,824	-	-	-	11,516,824
Costs of equity raising	(2,554,360)	-	-	-	(2,554,360)
Acquisition of non-controlling interests in subsidiaries	3,089,148	(2,372,240)	-	(716,908)	-
Share based payments	-	613,287	-	-	613,287
Total transactions with owners in their capacity as owners	12,051,612	(1,758,953)	-	(716,908)	9,575,751
Balance as of 31 December 2019	49,028,107	961,998	(11,026,032)	-	38,964,073

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of cash flows

	<i>For the half-year ended 31 December</i>	
	<i>2020</i>	<i>2019</i>
	<i>A\$</i>	<i>A\$</i>
Loss before tax	(7,431,272)	(2,461,686)
<u>Adjustments for:</u>		
Interest income	(43)	(11,247)
Impairment of exploration expenditure	5,484,250	219,727
Depreciation expense	13,806	12,637
Finance expenses	922	3,109
Share based payments expense	205,483	202,837
Unrealised foreign exchange differences	86,066	(12,876)
Total adjustments	5,790,484	414,187
Operating cash flows before changes in working capital	(1,640,788)	(2,047,499)
<u>Changes in working capital:</u>		
Increase in receivables	(66,071)	(136,440)
Increase in prepayments	(70,110)	(64,097)
Increase in trade and other payables	339,844	252,722
Total changes in working capital	203,663	52,185
Cash flows used in operations	(1,437,125)	(1,995,314)
Interest received	43	11,247
Net cash flows used in operating activities	(1,437,082)	(1,984,067)
Cash flow from investing activities		
Payments for property, plant, and equipment	(132,859)	(312,907)
Payments for exploration and evaluation expenditure	(1,023,467)	(2,271,242)
Net cash used in investing activities	(1,156,326)	(2,584,149)
Cash flow from financing activities		
Proceeds from share issue	5,476,494	9,445,093
Capital raising costs	(284,868)	(513,691)
Repayment of borrowings – Siecap	-	(1,182,015)
Finance expenses	(922)	(3,109)
Net cash generated from financing activities	5,190,704	7,746,278
Reconciliation of cash and cash equivalents		
Cash and cash equivalents on 1 July	2,988,147	2,799,951
Net increase in cash and cash equivalents	2,597,296	3,178,062
Foreign exchange difference on cash and cash equivalents	(86,066)	12,720
Cash and cash equivalents on 31 December	5,499,377	5,990,733

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year ended 31 December 2020 has been prepared in accordance with Singapore Financing Reporting Standards (International) (“SFRS(I)”) 1-34, Interim Financial Reporting.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting half-year. Those public announcements may be viewed on the Company’s website www.mayurresources.com or at www.asx.com.au under the code MRL.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below.

In the reporting period, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or financial position of the Group for the reporting period.

The functional and presentation currency used in the preparation of these financial statements is the Australian dollar (“A\$”).

Going Concern

As of 31 December 2020, the Group had cash reserves of A\$5,499,377 (30 June 2020: A\$2,988,147), net working capital of A\$4,657,443 (30 June 2020: A\$2,426,806) and net assets of A\$36,523,252 (30 June 2020: A\$38,178,502). The Group incurred a loss for the half year ended 31 December 2020 of A\$7,431,272 (2019: A\$2,461,686) and net cash outflows from operating activities of A\$1,437,082 (2019: A\$1,984,067).

The ability of the Group to continue as a going concern is principally dependent upon the following: ·

- the ability of the Company to raise additional funding in the future; and ·
- the successful exploration and subsequent exploitation of the Group’s tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

Based on the success of previous capital raisings combined with the potential to attract farm-in partners for projects, the potential sale of the current portfolio of exploration assets held and the ability of the Group to reduce or defer uncommitted expenditure, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors are confident of securing funds as and when necessary to meet the Group’s obligations as and when they fall due.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Notes to the financial statements

1. Basis of preparation of half-year report (continued)

Impact of COVID-19

The outbreak of the COVID-19 pandemic in early 2020 and the subsequent travel and trade restrictions imposed by the governments of numerous countries including Australia and Papua New Guinea have caused disruption to businesses and economic activity. The Board and Management of the consolidated entity have considered the impact of the COVID-19 pandemic on the consolidated entity's operations and financial performance and have determined that the consolidated entity has not been materially impacted by the COVID-19 pandemic at this stage. Restrictions on international travel and disruptions to international supply chains have caused some delays in the consolidated entity's exploration and development programs but have not had a significant impact on the consolidated entity's operations or results to the date of these financial statements.

In preparing the consolidated financial report, management has considered the impact of COVID-19 on the various balances in the financial report, including the carrying values of trade receivables and finite life non-current assets. Management determined that there was no significant impact of COVID-19 on the abovementioned balances and accounting estimates.

2. Segment information

For management purposes, the Group is organised into the following business units:

- Industrial minerals which includes the Port Moresby Lime Project.
- Iron which includes construction sands, magnetite sands, heavy mineral sands, and limestone. The focus of this business unit is the development of the Orokolo Bay Industrial Sands Project located along the southern coast of Papua New Guinea and
- Copper and gold comprising the Group's interests in the Feni Island Project in the New Ireland Province of Papua New Guinea, the Basilaki / Sideia project in Milne Bay Province and the Sitipu Project in the Eastern Highlands province of Papua New Guinea.
- Coal and power comprising the Depot Creek coal resource in the Gulf Project of Papua New Guinea and which is developing a proposal for vertically integrated domestic power projects in Papua New Guinea with an initial focus on the Lae region.
- Corporate which provides Group-level corporate services and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on actual expenditure incurred, including capitalised expenditure which differs from operating profit or loss reported in the consolidated financial statements.

The Chief Operating Decision Maker assesses the performance of the operating segments based on a measure of gross expenditure that includes both expenditure that is capitalised in these financial statements and expenditure that is expensed in the income statement in these financial statements. The measurement of gross expenditure does not include the impairment of exploration expenditure or non-cash items such as depreciation expense and share based payments expense. Interest and other items of revenue are allocated to the Corporate segment. Inter-segment assets and liabilities are excluded.

Notes to the financial statements

2. Segment information (continued)

31 December 2020	Industrial Minerals A\$	Copper and Gold A\$	Iron A\$	Coal and Power A\$	Corporate A\$	Total A\$
<i>Results:</i>						
Interest income	-	-	-	-	43	43
Impairment of exploration and evaluation expenditure	-	-	(2,710,798)	(2,773,452)	-	(5,484,250)
Segment loss	(1,890)	(48,110)	(2,813,011)	(2,846,954)	(1,721,307)	(7,431,272)
<i>Assets:</i>						
Exploration and evaluation expenditure	6,497,111	2,789,437	14,994,848	4,927,477	-	29,208,873
Segment assets	6,502,467	2,885,899	15,589,516	8,364,913	4,461,145	37,803,940
<i>Segment assets include:</i>						
Non-cash expenditure capitalised	74,938	23,783	203,746	29,381	-	331,848
Additions to property, plant, and equipment	-	-	-	179,886	-	179,886
Segment liabilities	87,084	3,933	237,538	79,759	872,374	1,280,688
31 December 2019	Industrial Minerals A\$	Copper and Gold A\$	Iron A\$	Coal and Power A\$	Corporate A\$	Total A\$
<i>Results:</i>						
Interest income	-	-	-	-	11,247	11,247
Impairment of exploration and evaluation expenditure	(219,727)	-	-	-	-	(219,727)
Segment loss	(212,526)	(79,822)	(40,224)	9,129	(2,183,243)	(2,461,686)
<i>Assets:</i>						
Exploration and evaluation expenditure	5,836,976	2,647,645	15,481,634	7,394,281	-	31,360,536
Segment assets	5,840,176	2,828,872	16,808,438	9,570,587	5,245,123	40,293,196
<i>Segment assets include:</i>						
Non-cash expenditure capitalised	667,003	135,854	799,146	574,916	-	2,176,919
Additions to property, plant, and equipment	-	-	12,855	328,965	-	341,820
Segment liabilities	20,409	47,004	163,020	149,387	949,303	1,329,123

Notes to the financial statements

3. Earnings per share

The earnings per share was calculated based on net loss attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same, as the Company did not have any dilutive potential ordinary shares on issue during the reporting period covered by these financial statements.

The following tables reflect the loss and share data used in the computation of basic and diluted earnings per share.

	<i>For the half-year ended 31 December</i>	
	2020	2019
	A\$	A\$
Loss for the reporting period attributable to owners of the Company	(7,431,272)	(2,461,686)
Basic and diluted loss per share attributable to owners of the Company (cents per share)	(4.06)	(1.48)
	2020	2019
	Number of shares	Number of shares
Weighted average number shares - basic and diluted	182,891,101	165,794,409

Options on issue at the end of the half-year (refer Notes 7 and 7(b)) have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

4. Property, plant and equipment

	<i>31 December</i>	<i>30 June</i>
	2020	2020
	A\$	A\$
Net carrying value:		
Power plant assets, at cost (a)	2,286,333	2,106,447
Property, plant and equipment, net of depreciation (b)	370,603	384,409
	2,656,936	2,490,856

(a) Power plant assets at cost

The Group continued feasibility studies and negotiations to obtain approvals for a coal fired electricity power plant to operate in Lae, Morobe Province and supply electricity to PNG Power Limited. The capitalised costs relate to expenditure incurred as of 31 December 2020 and 30 June 2020 in respect of the proposed project. The Power Plant assets have not been put to use, hence no depreciation is charged.

Notes to the financial statements

4. Property, plant and equipment (continued)

(a) Power plant assets at cost (continued)

	<i>Half-year ended 31 December 2020 A\$</i>	<i>Year ended 30 June 2020 A\$</i>
Reconciliation of movements in power plant assets		
Balance at the beginning of the reporting period	2,106,447	1,758,588
Additions (i)	<u>179,886</u>	<u>347,859</u>
Balance at the end of the reporting period	<u>2,286,333</u>	<u>2,106,447</u>

(i) Additions include \$47,065 (2020: \$22,228) settled by way of share-based payments (Note 7(b)).

(b) Property, plant and equipment, net of depreciation

Reconciliation of movements in other property, plant and equipment

Balance at the beginning of the reporting period	384,409	359,822
Additions	-	51,029
Depreciation	<u>(13,806)</u>	<u>(26,442)</u>
Balance at the end of the reporting period	<u>370,603</u>	<u>384,409</u>

Non-cash transactions

Aggregate cost of power plant expenditure	179,886	347,859
Aggregate cost of property, plant and equipment	-	51,029
Less: Share-based payment (ii)	(47,065)	(73,732)
Add/less: Change in other payables for additions	<u>38</u>	<u>(12,249)</u>
Net cash outflow for exploration and evaluation expenditure	<u>132,859</u>	<u>312,907</u>

(ii) Prior period additions at 30 June 2020 includes \$51,504 settled by way of shares (note 6) and \$22,228 settled by way of options (note 7(b)).

Notes to the financial statements

5. Exploration and evaluation expenditure

	<i>31 December 2020 A\$</i>	<i>30 June 2020 A\$</i>
Exploration and evaluation expenditure	<u>29,208,873</u>	<u>33,260,840</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Reconciliation of movements in exploration and evaluation assets

	<i>Half-year ended 31 December 2020 A\$</i>	<i>Year ended 30 June 2020 A\$</i>
Balance at beginning of the reporting period	33,260,840	28,983,036
Exploration and evaluation expenditure capitalised during the reporting period	1,432,283	4,497,531
Impairment of exploration and evaluation expenditure (i)	<u>(5,484,250)</u>	<u>(219,727)</u>
Balance at the end of the period	<u>29,208,873</u>	<u>33,260,840</u>

- (i) During the period, the two Coal and Power tenements (EL 1873 and 1874) and two Iron tenements (EL 2266 and 2269) were relinquished and the associated capitalised exploration and evaluation expenditure was impaired.

Non-cash transactions

Aggregate cost of exploration and evaluation expenditure	1,432,283	4,497,531
Less: Share-based payment	(331,848)	(481,817)
Less/add: Change in other payables for additions	<u>(76,968)</u>	<u>207,320</u>
Net cash outflow for exploration and evaluation expenditure	<u>1,023,467</u>	<u>4,223,034</u>

Notes to the financial statements

6. Share capital

	<i>Half-year ended</i> 31 December 2020 A\$	<i>Year ended</i> 30 June 2020 A\$
Issued and paid up capital - ordinary shares	54,240,175	49,048,549

Ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

Movements in ordinary shares on issue are summarised below.

	Half-year ended 31 December 2020		Year ended 30 June 2020	
	Number	A\$	Number	A\$
At beginning of the reporting period	177,017,923	49,048,549	151,009,373	36,976,495
Issuance of shares pursuant to capital raising	15,647,127	5,476,494	13,271,673	7,432,133
Issuance of shares in settlement of capital raising costs	-	-	3,791,214	2,040,672
Issuance of shares on exercise of options and performance rights	2,885,964	-	3,109,566	1,412,960
Issuance of shares as partial payment for services received	-	-	115,451	51,504
Acquisition of non-controlling interests in subsidiaries	-	-	5,720,646	3,089,148
Funds received on sale of Loan Funded Shares	-	-	-	600,000
Cost of issuing shares	-	(284,868)	-	(2,554,363)
At end of the reporting period	195,551,014	54,240,175	177,017,923	49,048,549

Options issued

The Company did not issue any options during the half-year ended 31 December 2020.

The following table illustrates the number and movements in Share Options issued during the reporting period:

	Loyalty Options		Advisor Options	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
On issue at beginning of period	-	12,189,637	-	1,337,856
Options exercised	-	(2,934,392)	-	-
Options lapsed	-	(9,255,245)	-	(1,337,856)
On issue at end of period	-	-	-	-

The options do not have any voting rights, any entitlement to dividends or any entitlement to the proceeds on liquidation in the event of a winding up.

Notes to the financial statements

7. Reserves

	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2020</i>
	<i>A\$</i>	<i>A\$</i>
Capital reserve	(6,635,402)	(6,635,402)
Share based payments reserve	8,634,496	8,050,100
	1,999,094	1,414,698

(a) Capital reserve

No movements occurred in the capital reserve during the current reporting period.

	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2020</i>
	<i>A\$</i>	<i>A\$</i>
Balance at the beginning of the reporting period	(6,635,402)	(4,263,162)
Fair value of shares in parent entity issued to acquire the NCI	-	(3,089,148)
NCI in subsidiaries	-	716,908
Balance at the end of the reporting period	(6,635,402)	(6,635,402)

(b) Share based payments reserve

The share-based payments reserve is used to record the fair value of shares or options issued to employees/contractors and other service providers. Movements in the share-based payments reserve during the reporting period were:

	<i>Half-year ended</i>	<i>Year ended</i>
	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2020</i>
	<i>A\$</i>	<i>A\$</i>
Balance at the beginning of the reporting period	8,050,100	6,984,113
Share based payments made during the reporting period	584,396	1,065,987
Balance at the end of the reporting period	8,634,496	8,050,100

The share-based payments made during the reporting period were accounted for as follows:

Recognised as share-based payments expense in the Statement of Profit and Loss and Other Comprehensive Income	205,483	561,942
Capitalised as exploration and evaluation expenditure	331,848	481,817
Capitalised as property, plant, and equipment	47,065	22,228
	584,396	1,065,987

Notes to the financial statements

7. Reserves (continued)

(b) Share based payments reserve (continued)

The following share-based payment transactions were recognised during the half-year:

	<i>Half-year ended 31 December 2020 Number</i>	A\$	<i>Year ended 30 June 2020 Number</i>	A\$
Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (i)	1,063,742	411,185	2,823,768	904,968
Long term incentive rights subject to vesting conditions (LTI Performance Rights) (ii)	8,700,000	114,250		-
Amounts recognised in relation to share based payments issued in the current year		525,435		904,968
Amounts recognised in the current year in relation to share based payments issued in previous financial years		58,961		161,019
		584,396		1,065,987

i. Salary sacrifice rights

Performance rights are granted to employees and contractors to receive shares in respect of a portion of their agreed remuneration. Each performance right will entitle the holder to receive one share. The performance rights vest annually over four equal instalments and can be exercised for no consideration at any time after being granted but prior to the expiry date of the rights.

The number of performance rights to be issued at each grant date is determined by dividing the salary amount to be paid in the form of performance share rights divided by the prevailing share price (rounded down to the nearest whole number).

Any new employees/contractors or employees/contractors that have not worked on behalf of the Company for a minimum of 12 months shall be restricted in exercising their performance rights until such time they have worked for and/or on behalf of the Company for a year of 12 months.

During the period, 1,063,742 salary sacrifice rights were issued in respect of remuneration totalling A\$411,185 (30 June 2020: 2,823,768 salary sacrifice rights issued in respect of remuneration totalling A\$904,968).

ii. LTI performance rights

On 16 December 2020, following approval from shareholders at the Company AGM, the Group issued 8,700,000 long term incentive rights to Directors. The rights were issued across 6 tranches, subject to certain milestones as follows:

1. 870,000 rights on the financial closure of the Central Cement & Lime Project.
2. 870,000 rights on the financial close for the Lae Power Project.
3. 1,740,000 rights on the Company's share price achieving a 120-day VWAP of \$0.80 or in the event of an IPO, the combined value look through is equivalent to the MRL share price plus the new IPO Company.
4. 1,740,000 rights on the Company's share price achieving a 120-day VWAP of \$1.20 or in the event of an IPO, the combined value look through is equivalent to the MRL share price plus the new IPO Company.
5. 1,740,000 rights on the Company's share price achieving a 120-day VWAP of \$1.80 or in the event of an IPO, the combined value look through is equivalent to the MRL share price plus the new IPO Company.
6. 1,740,000 rights on the completion of the Copper Gold spin out by 30 March 2021 that results in a look monetisation value of additional shares of at least 20% on top of MRL's value on a 120-day VWAP prior to spin out.

Notes to the financial statements

7. Reserves (continued)

(b) Share based payments reserve (continued)

ii. LTI performance rights (continued)

Tranche	Number of LTI rights granted	Expiry Date	Value per LTI	% recognised on 31 December 2020
Milestone 1*	870,000	30/06/2021	\$ 0.340 ^a	8%
Milestone 2*	870,000	30/09/2021	\$ 0.340 ^a	5%
Milestone 3 [^]	1,740,000	30/06/2021	\$ 0.014	8%
Milestone 4 [^]	1,740,000	30/12/2021	\$ 0.026	4%
Milestone 5 [^]	1,740,000	30/12/2021	\$ 0.009	4%
Milestone 6*	1,740,000	30/03/2021	\$ 0.340	14%

*The performance condition associated with these LTIs are non-market conditions. Non-market conditions are considered by adjusting the number of rights included in the measurement of the transaction amount so that, ultimately, the amount recognised shall be based on the number of rights that eventually vest.

[^] The market conditions associated with these LTIs, upon which vesting is conditioned, have been considered when estimating the fair value of the rights granted.

^a Before probability of occurrence applied

8. Subsidiaries

Subsidiaries of Mayur Resources Limited:	Country of incorporation	Principal Activity	Ownership interest held by the group	
			31 December 2020	30 June 2020
MR Exploration PNG Pte Ltd	Singapore	Investment	100%	100%
MR Iron PNG Pte Ltd	Singapore	Investment	100%	100%
MR Energy PNG Pte Ltd	Singapore	Investment	100%	100%
MR Industrials PNG Pte Ltd	Singapore	Investment	100%	100%
MR Power Generation Pte Ltd	Singapore	Investment	100%	100%
Mayur Exploration PNG Limited	Papua New Guinea	Mineral exploration	100%	100%
Mayur Iron PNG Limited	Papua New Guinea	Mineral exploration	100%	100%
Mayur Energy PNG Ltd	Papua New Guinea	Coal exploration	100%	100%
Mayur Industrials PNG Ltd	Papua New Guinea	Industrial minerals	100%	100%
Mayur Power Generation PNG Limited	Papua New Guinea	Power generation	100%	100%
Waterford Limited	Papua New Guinea	Coal exploration	100%	100%

Notes to the financial statements

9. Events occurring after the reporting half-year

No matter or circumstance has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent reporting periods, other than those disclosed below:

- During the period, the Mayur Board executed the following interdependent agreements, the effect of which is that Mayur's copper and gold assets were spun out into a separate entity listed on the TSX Venture exchange ("RTO Transaction"):
 - A definitive agreement to acquire Ballygowan and Pacific Arc, two privately-owned companies that hold gold assets in PNG including the Gameta and Wapulu projects on the Fergusson Islands.
 - A definitive agreement with XIB (TSX Venture: XIB.P) to vend its consolidated copper and gold portfolio into XIB via a Reverse Takeover Transaction ("RTO") in return for shares in XIB. On completion XIB was renamed Adyton Resources Corporation ("Adyton").
- On 18 February 2021, the RTO transaction was completed. The RTO saw more than C\$10.5 million raised by Adyton via a syndicate of northern hemisphere banks which valued Adyton at circa C\$38 million. Following completion of the RTO, Mayur owns circa 43% of Adyton shares on issue, has non-executive representation on the Adyton Board and nominated Mr Frank Terranova as Managing Director of Adyton.
- Subsequent to the end of the half-year, the Company decided to relinquish exploration licences EL2267, EL2268 and EL 2297 which were under renewal application on 31 December 2020. The capitalised exploration and evaluation expenditure in relation to these EL's of A\$1,577,999 on 31 December 2020 was impaired subsequent to the end of the half-year.

10. Authorisation of interim financial statements

The interim financial statements of the Group for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors dated 15 March 2021.