Capital Raising – Advancing the Core Central Cement and Lime Project and Looking to Add Value by Disaggregating and Simplification

Mayur Resources Limited's (MRL) long-term goal is to deliver shareholder value by becoming a crucial player in the supply of critical inputs required for the development of Papua New Guinea (PNG). MRL's high-quality diversified portfolio includes cement and lime, industrial and battery minerals, power generation, coal, and copper/gold projects.

MRL Raises A$5.5m at 35c - Advancing CCL – Early Cash Flow Opportunities from Limestone Quarry Operation

MRL has raised A$5.5m at 35c per share. The capital raising has the major purpose of advancing the core Central Cement and Lime Project (CCL Project). Mayur are looking to develop the CCL in 2 stages. Stage 1 being a low capex lime kiln/s and stage 2 the clinker and cement. This will enable Mayur to generate cash flow earlier and with a lower capex up front. MRL will also be focusing on offtake agreements, early quarry operation cash flow opportunities and strategic partnerships to enable the project to proceed into production.

The CCL Projects large-scale, high-quality resource and locational advantages will give it a structural cost advantage over existing northern hemisphere suppliers and it is well placed to win significant market share in the regions lime, cement and clinker markets. In PNG Mayur will replace existing significant volumes of both lime and cement material imports.

Diversified Assets – Strong Options – Investigating Disaggregation and Simplification

MRL has a strong portfolio of assets. In addition to the CCL, the other major assets are the Orokolo Bay Industrial Sands (OBIS) Project and the Lae 'Enviro Energy Park' (EEP) power generation and associated coal projects and a portfolio of Copper / Gold assets. Market feedback has been that the conglomerate nature of MRL detracts from its inherent value, particularly the CCL project. MRL has already commenced the process of disaggregation via the spin out of the Copper/Gold assets and has now commenced the process of investigating the further spin out of CCL and OBIS.

Valuation – A$1.28 Per Share Using SOTP

We value MRL at A$1.28 per share, fully diluted, using a sum-of-the-parts risk-weighted valuation. Our valuation has decreased from A$1.40 at initiation due to the increase in the share count from the recent capital raising.

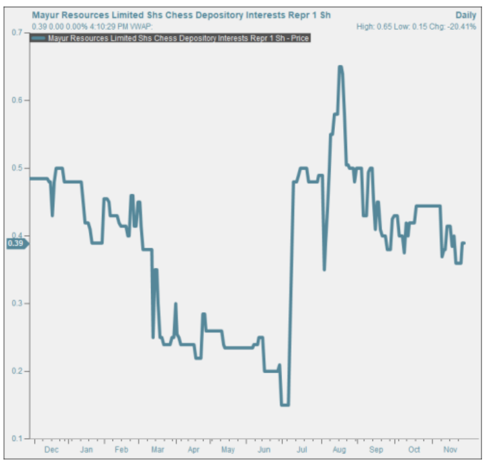
Mayur Resources is an ASX-listed company focused on the development of natural resources in PNG. The asset portfolio spans cement, industrial minerals, power generation, coal, copper and gold.

Stock	MRL.ASX
Price	A$0.36
Market cap	A$69m

Company data	
Net cash (17/11/20)	A$6.1 (inc. raising)
Shares on issue	190.97m
Options and Rights Outstanding	13.6m
Code ASX	MRL
Primary exchange	ASX

Next steps
Off take and Strategic Partner for CCL Project
Accelerated Lime Project
Disaggregation Plan
OBIS Pilot Plant

MRL Share Price (One Year)



Valuation Summary, Risks and Sensitivities

Methodology: Sum-of-the-Parts Valuation to Capture Diverse Projects

MRL has a number of projects that contribute to its valuation. We adopt a sum-of-the-parts valuation methodology (see Exhibit 1).

The key contributor to the valuation is the CCL Project, with meaningful contributions also from the OBIS and EEP projects. We have valued the CCL, OBIS and EEP projects on a risk adjusted NPV basis.

Our valuation has decreased from A$1.40 at initiation to A$1.28. The sole contributor to this decrease in valuation relates to the is the increase in share count by 15.7m from the capital raising.

We have not considered the accelerated limestone project in our valuation at this point and await further developments regarding the size and scope of the project to take it into consideration. We continue to value the CCL as a consolidated project.

Exhibit 1 – Mayur Resources Valuation Summary

Project Valuation	Unrisked Equity A$m Valuation	Risked Equity A$m Valuation	Unrisked Equity A$ Valuation per Share	Risked Equity A$ Valuation per Share	% of Unrisked Enterprise Valuation	MRL Equity Share of Project	% of Risked Project Equity Valuation	Valuation Methodology
Equity Value CCL Project	$ 330.6	$ 165.3	$1.58	$0.79	113%	50%	57%	NPV_{10} Project Risked
Equity Value OBIS Project	$ 83.7	$ 55.8	$0.40	$0.27	29%	51%	19%	NPV_{10} Project Risked
Equity Value EEP Project	$ 85.4	$ 42.7	$0.41	$0.20	29%	70%	15%	NPV_{10} Project Risked
Gold / Copper Assets	$ 23.2	$ 23.2	$0.11	$0.11	8%	100%	8%	EV/Resource
Depot Creek Coal	$ 6.6	$ 6.6	$0.03	$0.03	2%	100%	2%	$/Tonne plus cost
EQUITY VALUE PROJECTS	**$ 529.4**	**$ 293.5**	**$2.54**	**$1.40**	**$1.40**			
Add: Net Cash (30 Sep 2020)	$ 1.9	$ 1.9	$0.01	$0.01	$0.00			
EQUITY VALUE PRE SG&A	**$ 561.0**	**$ 295.4**	**$2.55**	**$1.41**	**$1.40**			
SG&A	-$ 27.0	-$ 27.0	($0.14)	($0.13)	($0.13)			
EQUITY VALUE MRL	**$ 534.0**	**$ 268.4**	**$2.41**	**$1.28**	**$1.28**			
Number of shares outstanding (m)	195.08							
Number of unlisted shares (m)	13.60							
Fully diluted Share Base (m)	**208.68**							

Source: MST estimates

Spot Iron Ore Prices – Orokolo Bay Iron Sands (OBIS) Project – Significant Upside

The OBIS project is fully funded through an earn in JV with a Chinese partner. OBIS is a simple surface magnetite sand mining operation.

Our current valuation for the OBIS project on a risked basis is A$0.27 per share. If we apply a spot iron ore price to the project, we obtain a risked value of A$0.43 per share, an uplift of 59%. The valuation of MRL as a whole increase to A$1.45 an uplift of 13%.

The project represents strong leverage on iron ore prices but will be dependent on the JV partners ability to execute on construction and deliver into the market.

Our valuation indicates an unrisked valuation on a 100% basis on spot iron ore prices of A$271m for the project.

Risks and sensitivities

Key risks for the company across all projects include:

- Delays in funding and/or strategic investor in projects
- Delays in accelerated lime project
- Increases in capital costs
- Construction delays
- Delays or cessation of disaggregation process

Project-specific risks include:

- CCL Project: delay or non-completion of strategic partner agreement and product offtake agreements currently under negotiation
- OBIS Project: pilot plant delays or poor outcomes.
- EEP Project: delay or non-completion of Power Purchase Agreement (PPA).

Key sensitivities for our valuation are:

- Product pricing (cement, clinker, quicklime, industrial minerals, power)
- Operating and capital costs
- Exchange rate fluctuations (USD, AUD).

Financial Summary

Exhibit 2 – Mayur Resources Financial Summary

Profit & Loss Statement A$'000	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Revenue	**59**	**155**	**0**	**0**	**46,055**	**124,921**
Operating Costs	(3,415)	(3,890)	(3,239)	(3,200)	(27,529)	(72,114)
EBITDA	**(3,356)**	**(3,735)**	**(3,239)**	**(3,200)**	**15,335**	**49,604**
D&A Expense	(19)	0	(2,962)	(2,962)	(4,499)	(40,203)
EBIT	**(3,375)**	**(3,735)**	**(6,202)**	**(6,162)**	**10,835**	**9,401**
Net Interest Expense	67	15	80	740	1,490	432
Tax	0	0	0	0	0	0
Significant Item - Profit on Sale of Assets	0	0	34,018	204,109	0	0
NPAT (Reported)	**(3,309)**	**(3,720)**	**27,896**	**198,687**	**12,326**	**9,833**
NPAT (Underlying)	**(3,309)**	**(3,720)**	**(6,122)**	**(5,422)**	**12,326**	**9,833**
EPS (Underlying)	**(0.02)**	**(0.02)**	**(0.03)**	**(0.03)**	**0.07**	**0.05**

Balance Sheet A$'000	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Cash	2,800	2,988	36,994	243,206	62,726	81,224
Trade and Other Receivables	148	303	303	303	303	303
Current Assets	**2,948**	**3,291**	**37,297**	**243,509**	**63,028**	**81,527**
PP&E	31,101	35,752	30,266	219,564	391,601	352,351
Non-Current Assets	**31,101**	**35,752**	**30,266**	**219,564**	**391,601**	**352,351**
Total Assets	**34,050**	**39,042**	**67,563**	**463,073**	**454,629**	**433,878**
Trade and Other Payables	2,200	864	864	864	864	864
Current Liabilities	**2,200**	**864**	**864**	**864**	**864**	**864**
Borrowings	0	0	0	180,494	152,921	122,337
Non-Current Liabilities	**0**	**0**	**0**	**180,494**	**152,921**	**122,337**
Total Liabilities	**2,200**	**864**	**864**	**181,358**	**153,785**	**123,201**
Share Capital & Reserves	39,697	50,463	59,797	76,125	82,929	82,929
Retained Earnings	(8,564)	(12,285)	15,612	214,299	226,624	236,457
Total Equity	**31,850**	**38,179**	**75,408**	**290,424**	**309,553**	**319,386**

Cash Flow Statement A$'000	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Operating Cash Flow + Change in WC	**(2,709)**	**(3,193)**	**(3,239)**	**(3,200)**	**15,335**	**49,604**
PPE	(6,473)	(4,543)	(3,604)	(192,260)	(176,536)	(953)
Investing Cash Flow	**(6,473)**	**(4,543)**	**(3,604)**	**(192,260)**	**(176,536)**	**(953)**
Proceeds from shares / Selldown	309	8,931	39,518	220,438	6,804	0
Debt Raised (repaid)	0	(1,036)	0	180,494	(27,573)	(30,584)
Debt Repaid	(1,080)	0	0	0	0	0
Interest and Finance Costs	67	15	80	740	1,490	432
Financing Cash Flow	**(704)**	**7,910**	**39,598**	**401,672**	**(19,279)**	**(30,152)**
Net Increase/Decrease	(9,756)	174	32,755	206,212	(180,481)	18,499
Net Foregin exchange differences	23	14	0	0	0	0
Cash and Cash equivalents at period start	12,533	2,800	3,998	36,994	243,206	62,726
Closing Cash Balance	**2,800**	**2,988**	**36,994**	**243,206**	**62,726**	**81,224**

Source: MST estimates

Capital Raising – A$5.5m at 35c per Share – Going the Next Step

Mayur announced on 17 November 2020 that they had completed a placement to professional and sophisticated investors raising $5.5 million through the issue of 15,714,290 CDI's (shares) at A$0.35.

The raising was to advance the core CCL Project and to examine further opportunities by disaggregating the current conglomerate into standalone businesses.

Advancing the CCL Project

The CCL project is core to MRL and represents most of the valuation of the company as exists now. The CCL is fully approved and is ready for construction. The capital raised will allow MRL to advance the project and review opportunities of early cash flow generation from quarry operations.

Potential Offtake Agreements

The finalisation of offtake agreements, particularly with Australia-based clinker and cement customers, is an important step in the development of the project. Binding offtake agreements are preferable although not essential for the project to go ahead. The agreements give potential strategic partners added confidence to the legitimacy of the CCL's markets and are important in achieving final funding of the project.

Strategic Partners

MRL's preferred operating model for the CCL Project is to have a strategic investor invest in the project. MRL's preferred level of equity in the project for the strategic investor is circa 50%. The strategic investment has several key requirements:

- Injection of equity into the project, reducing MRL's debt requirements and covering the entirety of the equity portion funding of the project (70% debt/30% equity)
- Provision of EPC services and performance guarantees to enable project development
- Market insights and assistance with customer offtake finalisation
- Assisting in the execution of the debt funding plan for the project

The strategic partners have been shortlisted by KPMG and will continue the due diligence process once Covid related travel restrictions have been lifted.

The signing of a strategic investor will be a major milestone for the project and will represent a large step to having the project fully funded.

CCL Early Cashflow Opportunities via fast tracked development of Lime

MRL has the option to commence with a small quarry to support raw feed requirements for its 600 tpd lime kiln. This approach would have lower upfront capex and earlier cash flow generation. MRL would seek funding independent of a strategic equity partner for this option. MRL would also assess an additional option to build more than one kiln if the market conditions warranted it.

MRL has successfully completed independent test work verifying the production of premium quality quicklime from the CCL. A lime burn test of approximately 50 Kg of limestone from the Kido quarry area at the CCL project. The lime burn was undertaken to confirm previous work conducted as part of the CCL definitive feasibility study and to provide quicklime samples for analysis and testing by prospective offtake parties. The key results of the testing were:

- production of an extremely high-grade quicklime with an average Calcium Oxide (CaO) content of 95.9% (across four tests).
- Very high available CaO of 95.2%.
- Excellent slaking (hydrating) properties.
- All quicklime samples yielded very low impurity levels.

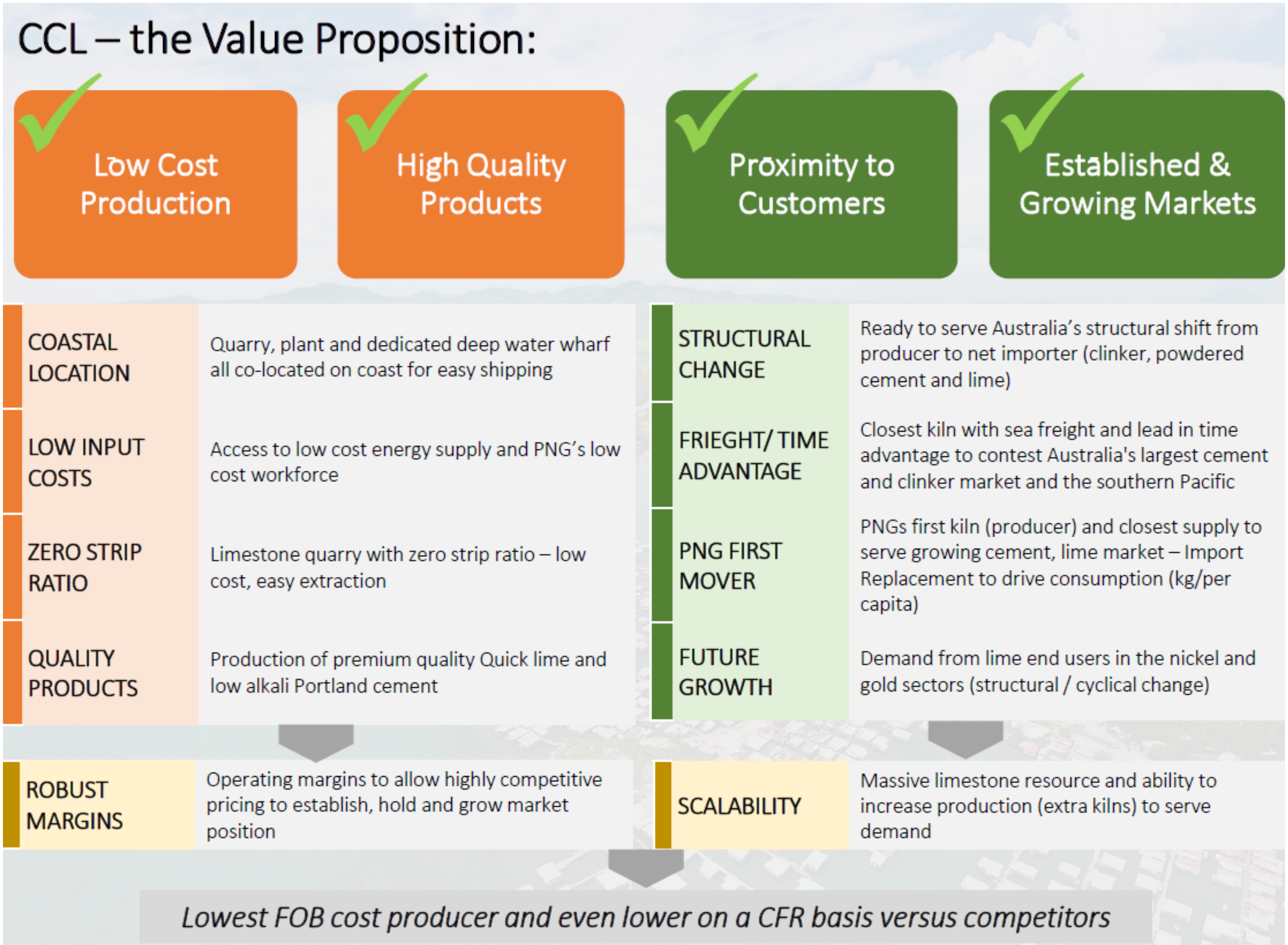
The market opportunity for lime is strong for MRL.

Recent developments in the Australian market have appeared for MRL with Alcoa in Western Australia recently cancelling a 50-year local sourcing relationship with Adbri to move to quick lime imports. MRL will be well placed to compete for these imports once its project is up and running. MRL will also be in strong position to compete for supply to Alcoa's near neighbour Worsley Alumina along with demand from the gold sector, water treatment and road stabilisation sectors both in Queensland and WA.

Other potential opportunities in the region near to CCL include Vale's Goro Nickel (New Caledonia), which is a large consumer of limestone (circa 1mtpa). Given the proximity to New Caledonia CCL could provide a competitive solution. This is in addition to the growing market in PNG, whereby Mayur will provide a new high quality, low cost domestic supply for customers that currently rely on imports from as far away as Malaysia and Vietnam.

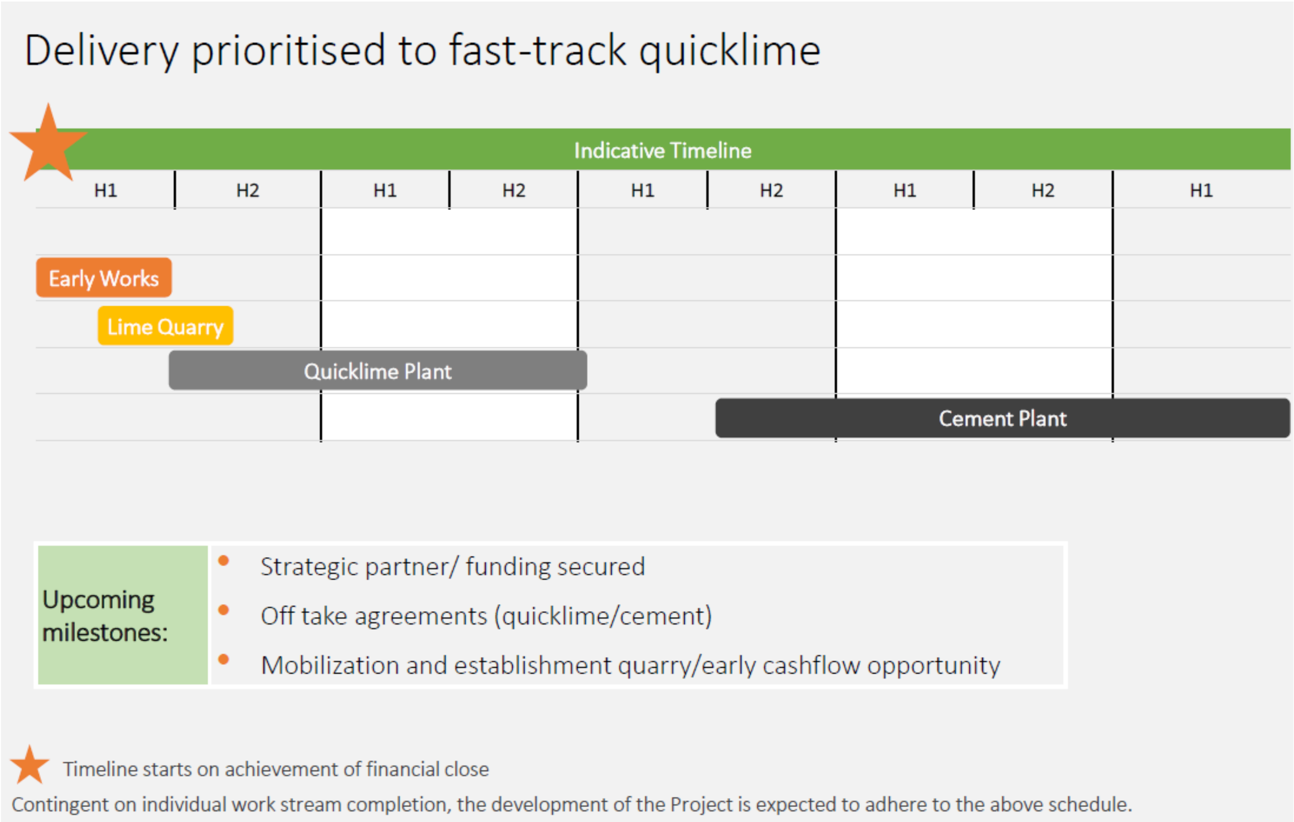
By MRL assessing the opportunities in the lime market and for funding that is independent of strategic CCL partners, a low capex early cash flow generation limestone project presents a robust option for MRL

Exhibit 3 – MRL – Early Limestone Opportunity



Source: MRL, MST estimates

Exhibit 4 – MRL – CCL Construction Timetable – with Early Lime option



Source: MRL

Opportunities for Simplification and Disaggregation

MRL is considering the potential for the further disaggregation of the current conglomerate, such as the recently announced copper/gold spin out, to enable these assets to be valued by the market as standalone businesses and to be taken forward to full development with a management team that has a singular purpose and focus.

Market feedback has consistently been that the conglomerate nature of MRL detracts from its inherent value, particularly the CCL, and as a result MRL does not attract investor interest to the degree it may if the company was broken up into individual assets. Analysis and valuation would be simpler and having focussed management would be a more attractive option to investors.

Copper / Gold Spin-out in Progress

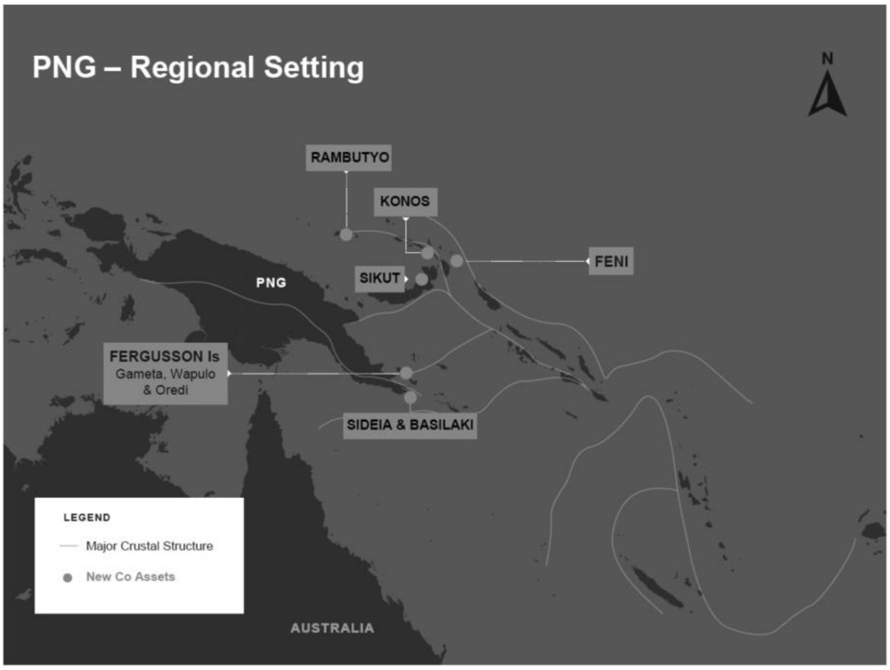
MRL Transaction to Spin Out Copper Gold Assets

MRL holds a prospective gold and copper exploration portfolio in PNG. The company currently holds four copper/gold exploration licences in New Ireland Province (Feni Island project and Konos project), Milne Bay Province (Sidiea/Basilaki projects), and Manus Province (Rambutyo project). Since its IPO in 2017, the company has completed a diamond drill program on Basilaki Island with a joint venture funding partner.

Mayur has has reached an agreement to list its PNG copper and gold assets on the TSX Ventures Exchange via a Reverse Takeover (RTO). The transaction also involves the acquisition of additional copper gold assets. Mayur will acquire all the shares in Ballygowan Limited and Pacific Arc, two privately-owned companies that hold highly prospective gold assets in PNG including the Gameta and Wapolu projects on the Fergusson Islands). The acquisition of the assets is in exchange for 30% of the vehicle that holds the entire Mayur Gold copper gold asset portfolio.

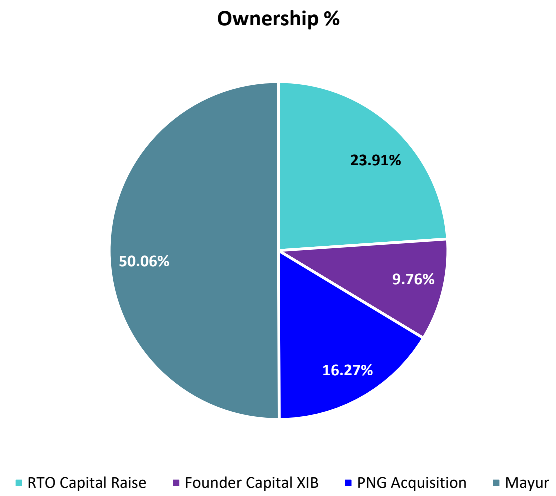
Mayur have also indicated that subject to listing rules Mayur's shareholding will ultimately be transferred to its shareholders through an in-specie distribution.

Exhibit 5– Copper Gold Assets Post Acquisition



Source: MRL

Exhibit 6 – Ownership Structure of "NewCo"



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