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End of Financial Year and the Way Forward for Mayur's Nation Building Platform in PNG

This past financial year has been marked by unprecedented market turbulence but as a new financial year begins Mayur Resources (ASX:MRL) remains tireless in advancing its nation building portfolio in Papua New Guinea (PNG) for the benefit of all stakeholders. I wanted to share the board's strategy and guidance on how it will realise the true value of its project portfolio in PNG.

The MRL share register is tightly held by management together with loyal, longstanding sophisticated private investors and fund managers. While there has been a material downward trend in the share price, albeit on very small traded volumes, it is with note that there is now a disconnect between the company's market capitalisation and the value created from the cash invested to develop and de-risk our projects.

MRL is totally committed to delivering value for its shareholders and continues to assess the relative valuation of the group (i.e. ASX:MRL Mayur Resources 'parent company' stock) versus the 'sum of the parts' of its various subsidiaries and assets. On a 'sum of the parts' basis it is clear that the market is not valuing MRL's assets anywhere near the value that would be realised should they be housed in different standalone vehicles.

Recent announcements relating to our Orokolo Bay mineral sands project are not being fully recognised by the market. These include completion of pilot plant enabling works, key equipment procurement, significantly upgraded resources, a maiden ore reserve and extended mine life (announced just last week), ahead of a soon to be delivered bankable feasibility study. Additionally our deal with development partner China Titanium Resources Holdings (CNTI) has enabled Mayur to retain control and 51% of the 'future economics' of the Orokolo Bay project without the need to seek additional funding or diluting company shareholders where CNTI will invest up to US\$25 million valuing MRL shareholders stake at slightly more than the recent market capitalisation of the company. This therefore ascribes very little value to our flagship cement and lime project, our copper gold portfolio, our coal deposits and our Lae Enviro Energy Park (EEP) power generation project.

In July 2019 we lodged a Mining Lease Application for our flagship Central Cement & Limestone (CCL) Project and are in advanced discussions with a shortlist of large scale international strategic investors via our advisors (KPMG) whom are looking for a stake in the project that will serve growing markets throughout the Asia Pacific region including Australia and PNG.

Meanwhile, our impressive portfolio of copper and gold assets resides in a proven geological address - the Pacific Rim 'ring of fire' and includes the Feni Gold Project (hosting an inferred resource of 650,000 ounces of gold) in close proximity to Lihir, the world's fourth largest gold mine. In addition, we have all known JORC resources of coal in PNG, that is linked to the development of our Lae EEP to provide much-needed cleaner, cheaper and more reliable power supply for Lae.

*Nation building
in Papua New Guinea*



For all our projects in PNG, we are grateful for the support and strong relationships we share with the government, communities and landowners and remain committed to repaying their trust through our nation-building agenda and the associated benefits that will flow from this.

As a recap during the 2019/20 financial year MRL announced the following achievements:

- Completed \$9.7 Million Capital Raising with participation from new and existing shareholders
- Lodged full Mining Lease Application for CCL Project
- PNG Prime Minister meeting and support on our key industrial minerals and energy nation building portfolio
- Appointed CCL Project KPMG Debt and Equity Financing Team and advanced various interested parties to shortlisted term sheet stage
- Completed Social Mapping and Wardens Hearing for CCL Project
- Agreed compensation agreements with landowners for the CCL project
- Completed Depot Creek Coal Drilling Programme
- Completed Geophysical Surveys at Orokolo Bay and Depot Creek
- Built Camp ready for construction crew at Orokolo Bay Pilot Plant site
- Completed Design and Equipment Procurement for Orokolo Bay Pilot Plant with JV partner
- Released expanded JORC Resource estimate at Orokolo Bay Project

In the remainder of calendar year 2020, and subject to abating impacts of COVID-19, we look forward to announcing:

- Material Upgrade to mine life and reserve grade at Orokolo Bay Mineral Sands project – already announced
- Expansion of coal resources at Depot creek and further expansion of other known exploration targets
- Granting of the Central Cement and Lime project (CCL) Mining Lease
- Continuing with KPMG on the shortlisted investor partners for the Lime and Cement Project – building on the interest being received from lime customers in Australia seeking new low-cost supply, being driven by recent changes in the dynamics of lime supply into Western Australia’s alumina industry
- Delivery of a bankable feasibility study for the Orokolo Bay mineral sands operation supporting the pilot plant
- Submission of the Mining Lease application for Orokolo Bay Project
- Construction of the Orokolo Bay pilot plant and first trial shipment
- Mineral/Iron Sand Customer trial outcomes (subject to the above)
- Bringing in EPC and a Large-Scale Energy investment partner into our Coal/Biomass/Gas/Steam power plant
- Spin out of the copper gold assets into a separate listed entity to unlock value for Mayur shareholders (plus assess further spinout of other assets where we deem this as the most value accretive action for shareholders)

With the backdrop of the achievements and upcoming announcements mentioned above, and the company being significantly undervalued, MRL has commissioned independent third party research to assess the businesses in order to communicate to all shareholders and the market the real value of the company’s Nation Building Portfolio.

We have been able to reduce our spending whilst still achieving significant progress and to extend our cash runway through to early calendar year 2021. During this period as noted above MRL plans to deliver the significant value accretive outcomes of its CCL project ML and announce a strategic partner for the CCL project, mobilise its Chinese partner to Orokolo Bay commencing pilot scale production and progress if not conclude the spinout of its copper/gold portfolio.

As Mayur’s Managing Director and MRL’s largest shareholder, I’m encouraged by the continuing and steadfast support I’ve received from our PNG stakeholders, the Board, our leadership team and major shareholders who contribute to my confidence for the future. You can be sure we remain committed to our nation building agenda in PNG and realising



the country's incredible potential and will pursue a course to ensure such assets realise the true value that they represent.

Yours sincerely

Paul Mulder
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