

Environmental Permit granted for international export of coal from PNG

HIGHLIGHTS:

- **First ever environmental approval granted for bulk sample extraction of coal in PNG**
- **Will enable Mayur to provide coal for technical and market acceptance testing in power generation in Asia**
- **Key milestone for the development of PNG’s extensive coal resources for both export and domestic power generation, quicklime and cement production**

Mayur Resources Ltd (ASX:MRL) is pleased to announce that it has been granted an Environmental Permit for coal bulk sample extraction from EL1875 including the Depot Creek project in PNG. EL1875 is owned by the Company’s subsidiary in PNG (Waterford Ltd) and is situated in Gulf Province.

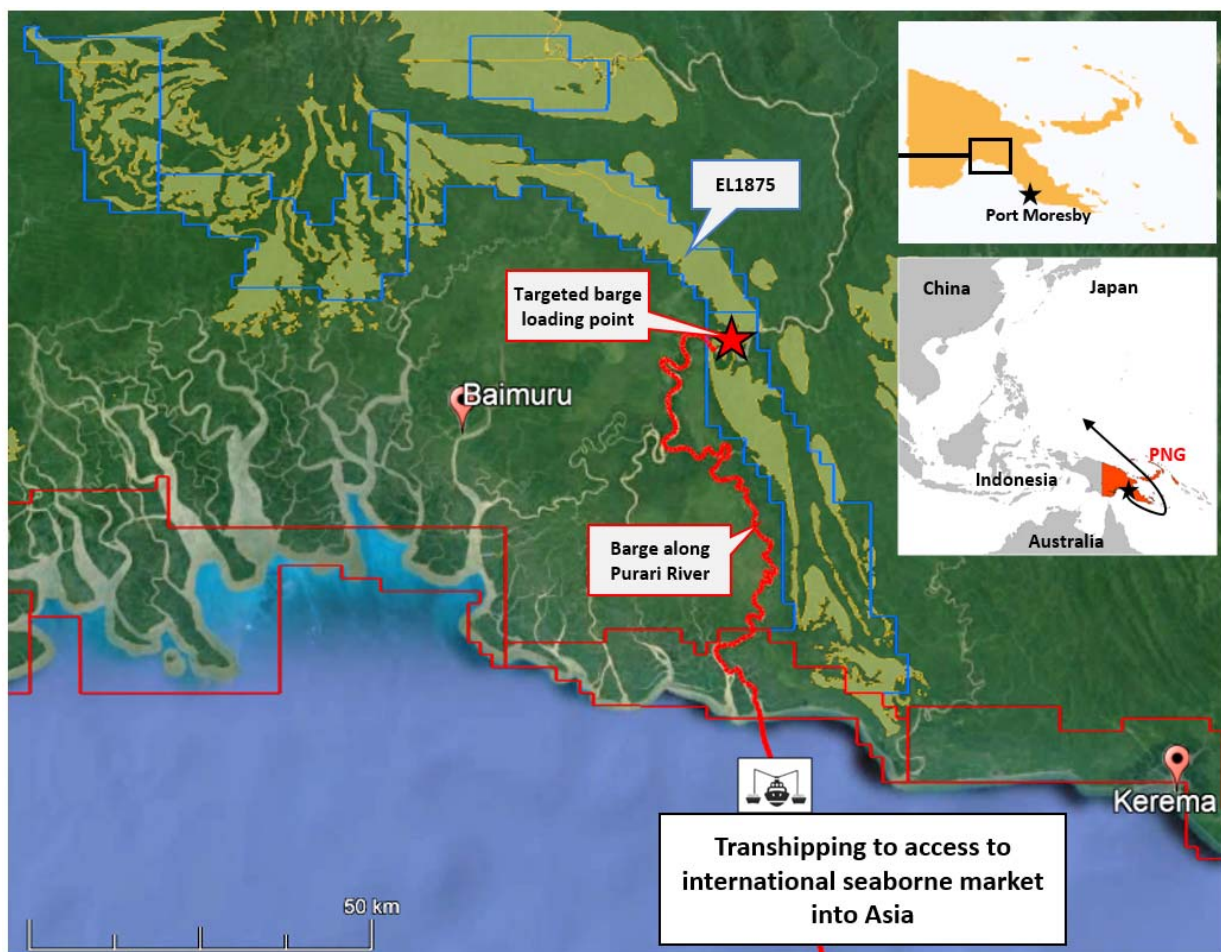


Figure 1 – Potential logistics and transport route for export of coal from EL1875 in Gulf Province of PNG

This is the first time that the Conservation and Environmental Protection Authority (CEPA) has issued an Environmental Permit for coal bulk sampling in PNG to enable commercial grade shipments. The conditions of the permit include the submission and implementation of a robust Environmental

Management Plan (EMP). The Permit enables the provision of bulk samples of coal for market and end user testing. The objectives of which would be to secure bankable and legally binding offtake contracts with various Asian markets that have been seeking to secure coal for power generation from PNG as an alternative supply jurisdiction with the benefit of the coal being low in environmental contaminants.

MRL MD, Paul Mulder stated “this is an exciting step in bringing PNG coal to the international market as a potential new source of energy coal. The coal from PNG is attractive as it possesses very low in situ ash content of 3-10%, sulphur of around 0.5%, and tests to date have yielded good energy values without the need for washing¹. Therefore, this type of thermal coal has strong demand in Asia. It is of superior quality and cleaner compared to, for example, much of the thermal coal that Australia utilises for its own power generation requirements. Coal still provides most of Australia’s critical baseload power via the provision of reliable, affordable and sustainable electricity supply to support its first world living standards. Coal is also the dominant fuel source in China and India as well as in SE Asia.”

The bulk sampling test works will also help to confirm suitability of the coal for use in domestic power generation. MRL other subsidiary (Mayur Power Generation PNG Ltd) is also developing a proposed 50MW power station outside PNG’s industrial port city of Lae at the Western Tidal Basin, and would propose to use largely domestic coal as a fuel source for this power station². Lae currently suffers from chronic power supply issues and has significant reliance on burning diesel and HFO for its power needs. The Lae project aims to provide a new supply of baseload power and help the PNG government achieve its electrification targets of 70% by 2030 (currently just 13%).

Given coal has never been mined in PNG, any future production and subsequent exports from PNG would represent just a tiny fraction of the international seaborne market that is dominated by the likes of Australia (exporting over 200 million tonnes per year) and Indonesia (exporting over 350 million tonnes per year). Moreover, for context, at 50MW the Lae power project is also very small by world standards and would only require around 300,000 tonnes of coal per annum.

Various major Asian countries use seaborne imports to supplement the use of their own domestic coal, others that do not have access to domestic coal resources rely solely on these imports. Although PNGs exports would only contribute in a small way in supporting Asia’s energy needs, the key is that these coals are of favourable quality with low sulphur and ash characteristics and will provide foreign currency inflows and economic growth opportunities for improvements in employment and education in the Gulf region of PNG.

¹ Refer to Prospectus dated 21 July 2017, the Company is not aware of any new info that materially affects the information included in that Announcement

² Refer to Prospectus dated 21 July 2017 for further details of the Lae Power Project and MRL Presentation dated 4 April 2018 the Company is not aware of any new info that materially affects the information included in that Announcement



Figure 3 – example of coal outcrop in Gulf province

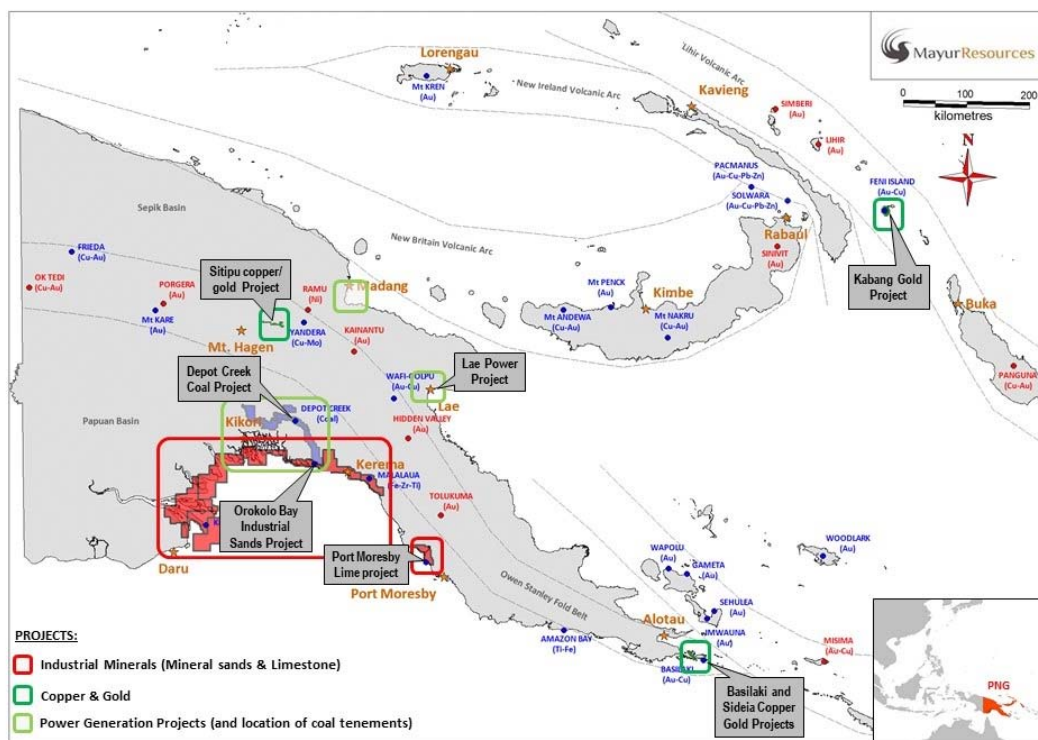
About Mayur Resources

Mayur Resources is a diversified mineral exploration, development and energy company operating in Papua New Guinea (PNG) across three main divisions:

(a) Industrial Minerals (construction sands, magnetite sands, heavy mineral sands and limestone) The Company is advancing the Orokolo Bay Industrial Sands Project along the southern coast of PNG. A pre-feasibility study has been completed which identified an opportunity to establish a project producing fine grain construction sands, titanomagnetite (iron sands) and a zircon-rich Valuable Heavy Mineral Concentrate by-product. The next steps include preparation of a Definitive Feasibility Study and construction of a pilot demonstration plant. The other key project in this portfolio is the Port Moresby Limestone Project, located close to the national capital, which seeks to produce high grade limestone together with the development of a vertically integrated downstream processing quicklime and clinker / cement plant for domestic (import replacement) and export markets.

(b) Copper and Gold. The Company holds the Feni Island Project in New Ireland Province as well as the prospective Basilaki/ Sideia project in Milne Bay Province and the Sitipu project located in the Eastern Highlands region of the prolific Owen Stanley Fold Belt.

(c) Power Generation. The Company is developing a vertically integrated domestic power project at PNG's second largest city of Lae. A detailed Power Purchase Agreement has been submitted to PNG Power, the state-owned power entity, for a 52.5MW (net) power facility (with future scalability to 200MW). A definitive feasibility study has been completed for the Lae project that contemplates the use of multi fuels (Enviro Energy Park) including renewables and potentially coal from the Company's Depot Creek project in Gulf Province.



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