

**China Titanium Resources Holdings to provide up to US\$25m for development of Orokolo Bay Industrial Sands Project – Pilot Plant & Full Scale Operation**

**HIGHLIGHTS:**

- **Mayur Resources Limited (MRL) has secured up to US\$25 million in funding from China Titanium Resources Holdings Limited (CTRH) for a 49% stake in MR Iron PNG Pte Ltd (MIPP)**
- **MIPP is a 100% owned subsidiary of MRL and holds the Orokolo Bay Project as part of a highly prospective industrial mineral sands portfolio in Papua New Guinea (PNG)**
- **Legally Binding Term Sheet signed with Definitive Transaction Documents expected to be completed by end of January 2019**
- **CTRH has secured exclusivity and made a legally binding commitment to co-fund the Orokolo Bay Pilot Plant and fund the Full-Scale Operation up to US\$25 million**

**Mayur Resources Ltd (ASX:MRL)** is pleased to announce that its 100% owned subsidiary MR Iron PNG Pte Ltd (**MIPP**) has signed a legally binding term sheet with **China Titanium Resources Holdings Limited (CTRH)** relating to the development of Mayur's Orokolo Bay Industrial Mineral Sands project in Gulf Province with Pilot scale bulk sampling planned to commence in Q3 of the 2019 calendar year.

The Orokolo Bay Project is proposed to be developed in two stages:

1. **Stage 1 - Pilot Plant.** Comprising the construction, commissioning and operation of a Pilot scale bulk sample that is already environmentally permitted to produce up to 100,000 tonnes of iron ore sands per annum (over a 2-year period) principally for the purpose of providing test scale shipments of product to potential off takers, with the endeavour they will then sign legally binding long-term offtake agreements for the Full-Scale Plant.
2. **Stage 2 - Full Scale Plant.** Subject to the outcomes of the Pilot Plant Bulk Samples including customer acceptance of product, obtaining the required permits and landowner consents for the Full-Scale Operations, as well as the Definitive Feasibility Study, it is proposed to expand the capacity of the Pilot Plant to achieve total production capacity of 800 tonnes per hour run of mine (ROM) feed rate. In addition, a processing circuit is to be installed to separately produce construction sands and crude zircon concentrates (in separated form) (**Full Scale Plant**).

Pursuant to the Legally Binding Term Sheet, CTRH has agreed to provide up to US\$25 million in funding for the construction of the Pilot Plant and Full-Scale Plant on the following terms:

- a) CTRH to fund 50% of the Maximum Budget for the Stage 1 Pilot Plant that is to be agreed between the parties. MRL will provide the remaining 50% of the Maximum Budget for the Stage 1 Pilot Plant but may at its sole option defer payment of half (50%) of its funding obligation for the Stage 1 Pilot Plant, in which case CTRH will fund 75% of the Maximum Budget for the Stage 1 Pilot Plant. CTRH will be solely responsible for funding any expenditure in excess of the Maximum Budget that is required to construct the Stage 1 Pilot Plant.

- b) Should the conditions precedent for proceeding to the Stage 2 Full Scale Plant be met (refer Stage 2 description above) CTRH will fund the capital expenditure for the Stage 2 Full Scale Operation subject to the total funding provided by CTRH for both the Stage 1 Pilot Plant and the Stage 2 Full Scale Operation not exceeding US\$25 million.
- c) CTRH will receive a 2% equity interest in MIPP for each US\$1 million in funding contributed by CTRH, provided that CTRH's total equity interest in MIPP is capped at 49%.
- d) CTRH will be solely responsible for funding the operating costs of the Stage 1 Pilot Plant and the related bulk sampling program during the operation of the Stage 1 Pilot Plant.
- e) Although it is considered extremely unlikely, to the extent that additional funding above US\$25 million is required for the construction of the Stage 2 Full Scale Project, MRL shall provide loans to MIPP with those loans being repaid, on a priority basis, from the cash flows generated by MIPP from the operation of the Stage 2 Full Scale Plant.

This agreement has been successfully concluded following a number of years of discussions, site visits (PNG and China) and detailed due diligence by both parties.

Mr Mulder Managing Director of Mayur Resources said "CTRH bring core operational capability in mining these types of projects, and in addition to providing development capital funding CTRH will also take on working capital and operational risk through the Orokolo Bay pilot plant phase while agreeing to take on funding responsibility up to US\$25 million and build the Stage 2 Full Scale Plant. This is a positive outcome for Mayur Shareholders where an external funding pathway has been secured whilst Mayur retains a 51% stake in the potential future economics of the USD\$106m NPV of the Orokolo Bay project as documented in the Pre-Feasibility Study that was included in the Mayur Prospectus<sup>1</sup>.

MRL still also retains a 51% interest in the mineral sands exploration license portfolio that MIPP holds across the Gulf of Papua that offers the potential for further expansion projects. Having the operational expertise of CTRH, with their proven capability in low cost mining and quarrying, will assist Mayur in putting PNG on a fast track process to becoming a mineral sands exporter. Bilateral ties will increase with Australia, Japan and China with multiple products coming from the mineral sands operation. Our focus is to bring employment, spin off business opportunities for the people of Orokolo Bay and work with the people to ensure there will be clarity in detail around what such an operation will mean. Now having secured an operating and funding partner we will progress the project alongside CTRH whilst progressing our National Building and Import displacement strategy for PNG".

The legally binding term sheet is expected to be converted into definitive transaction documents before the end of January 2019.

The Orokolo Bay project is extremely simple with no requirement for chemical processing, grinding or tailings dams. The process involves simple near surface ripping and then sand extraction that is separated by gravity spirals and low intensity magnets (LIMS), with the vast majority of the sand being placed back from where it was taken, enabling rehabilitation to occur almost immediately after mining, leaving a minimal foot print.

CTRH 's Director Mr Chen Hui said "As a strategic partner we are excited to develop the Papua New Guinea Industrial Mineral Sands operation together with Mayur, a team with great entrepreneurship and professionalism. We are confident that we will deliver Vanadium Titano Magnetite (VTM) and Construction Sands fit for the market demand at a low cost. We are also visioning for future downstream integrated steel production and expecting to bring long term value for our shareholders and the people of PNG. Having been to the site numerous times and having spent time in PNG to understand its

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<sup>1</sup> See page 97 of the Mayur Prospectus dated 21 July 2017 and released in MRL's pre-quotations disclosure on 19 September 2017. MRL confirms that all material assumptions underpinning the USD\$106m NPV estimate of the Orokolo Bay project continue to apply and have not materially changed.

provisions we are confident in the Provincial and State governments commitment to encouraging investment and diversifying the PNG economy. Very importantly we must see benefit go to the communities that we work in and as such will adopt a very inclusive management style.

The intention of the Stage 1 pilot plant operations is to demonstrate to the international community that PNG can be taken seriously as a reliable, quality supplier of minerals that range from products for steelmaking, tiles, ceramics, concrete/cement, golf clubs, medical prothesis and smart phone screens. Upon Stage 1 testing successfully gaining customer acceptance and Stage 2 Permits and Landowner consents being received, we have already committed to fund the development of Stage 2 full scale operation.

The Governor of Gulf Province has been very supportive to provide new employment and job opportunities for the people of Orokolo Bay, and we are committed to localization of human resources and will bring and transfer expertise and skills together with Mayur.

CTRH and Mayur have already started ordering equipment for the Stage 1 trial plant and will further refine the definitive feasibility study (DFS) from the pilot plant findings that will inform the final Stage 2 Full Scale Plant. We will also second resources into MIPP to finalise the DFS while executing the Stage 1 pilot plant.

Mulder concluded “We hope this success is just the first in a pipeline of other similar type mineral sands projects slated for the Gulf of Papua region, and moreover the replication time should be drastically reduced once this plant is up and running at Orokolo Bay”

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### About Mayur Resources

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

- (a) **Industrial Mineral Sands (construction sands, magnetite sands, heavy mineral sands)** 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.
- (b) **Lime and Cement.** The company is undertaking a DFS which contemplates the quarrying of 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.
- (c) **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
- (d) **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.
- (e) **Coal Exploration.** The Company holds a portfolio of exploration licenses in Gulf Province that includes the Depot Creek Coal project.

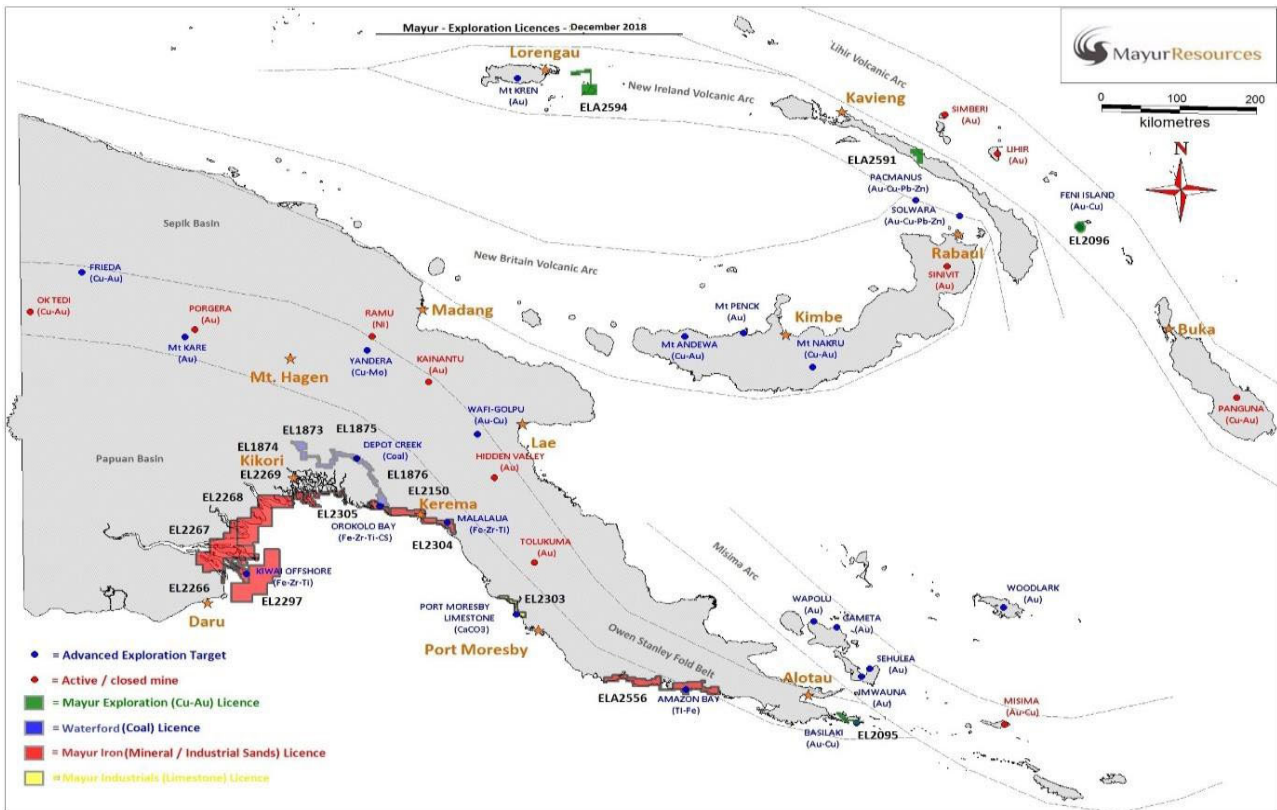


Figure 1- Mayur's exploration licence map

### About CTRH

CTRH's principal activities include overseas investment in mining, focusing on minerals sands. Currently CTRH's major shareholders are Mr. Chen Hui and Mr Chen Weidong and Mr Jason Chen whom have been working in mining, engineering, off-shore mining and land reclamation, blasting, earth working since 1996. Their current business activities include quarry operations and sand mining where run of mine production over the last three years exceeds 33 million cubic metres.

### Enquiries

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