

15 December 2021

Strategic Corner Stone Investment secured for Orokolo Bay Industrial Sands Project

Mayur Resources Limited (ASX:MRL) has executed a binding Terms Sheet Agreement (“Terms Sheet”) with leading PNG based construction and mining contractor HBS (PNG) Limited (“HBS”) for the delivery of the Orokolo Bay Iron and Industrial Sands Project (“Orokolo Bay” or the “Project”). This follows the grant of the Mining Lease and signing of a magnetite offtake arrangement for the Project as announced on 13 and 14 December 2021 respectively.

The key terms of HBS’s investment and strategic alignment are :

- HBS to invest in Mayur Iron PNG Ltd via the provision of construction works, plant and equipment for the Orokolo Bay Project
- HBS investment represents approximately 27% of the total capital expenditure required to bring Orokolo Bay into full scale production
- In recognition of HBS’s early investment in the Project and commitment as a strategic partner, HBS is to be provided with a discounted 20% equity holding in Ortus Resources Limited, the Orokolo Bay Project holding company, valuing the Orokolo Bay Project at approximately A\$40 million
- Ortus Resources Limited is planned to be listed on ASX in Quarter 1, 2022
- Capital raised from the Ortus IPO to be used to fund the remaining construction of Orokolo Bay
- HBS due to commence construction works at Orokolo Bay in February 2022 prior to the Ortus IPO
- Remainder of construction works and Contract Mining by HBS to occur post completion of the Ortus IPO
- First shipment of products planned for late 2022 / early 2023

Under the Terms Sheet, HBS will complete a staged investment into Mayur’s wholly owned subsidiary, Mayur Iron PNG Ltd for 20% of the issued capital in Ortus Resources Limited (“Ortus”). Ortus Resources has been established as an entity to hold Mayur’s iron and industrial sands portfolio that includes the flagship Orokolo Bay Project.

The HBS funded construction work is estimated to commence in February 2022 and includes the provision of people, plant and equipment to complete an agreed early works package. These construction works will occur prior to the planned Initial Public Offering (“IPO”) of Ortus in Quarter 1, 2022. In the event Mayur does not progress with the development of the Project, or does not complete the IPO, Mayur will cover the costs of this work. Definitive Transaction Documents are to be completed within 60 Days from the execution date of the legally binding Term Sheet, and will include full details of the proposed investment amounts to be provided by HBS along with final structuring aspects of the proposed transaction.

Immediately following the Ortus IPO, HBS will additionally commit to complete further capital works and deliver a mining fleet for on-going developmental and operations of the Project.

HBS, on an arm’s length basis, have agreed to enter into a “Life of Project” mining services contract, which with a longer tenor, enables HBS to provide lower mining costs with more efficient amortisation of plant and equipment costs, compared to ‘short dated’ contract mining services arrangements.

HBS CEO, Mr Jason Zoller, said he and the HBS team are excited about partnering with Mayur to develop Orokolo Bay.

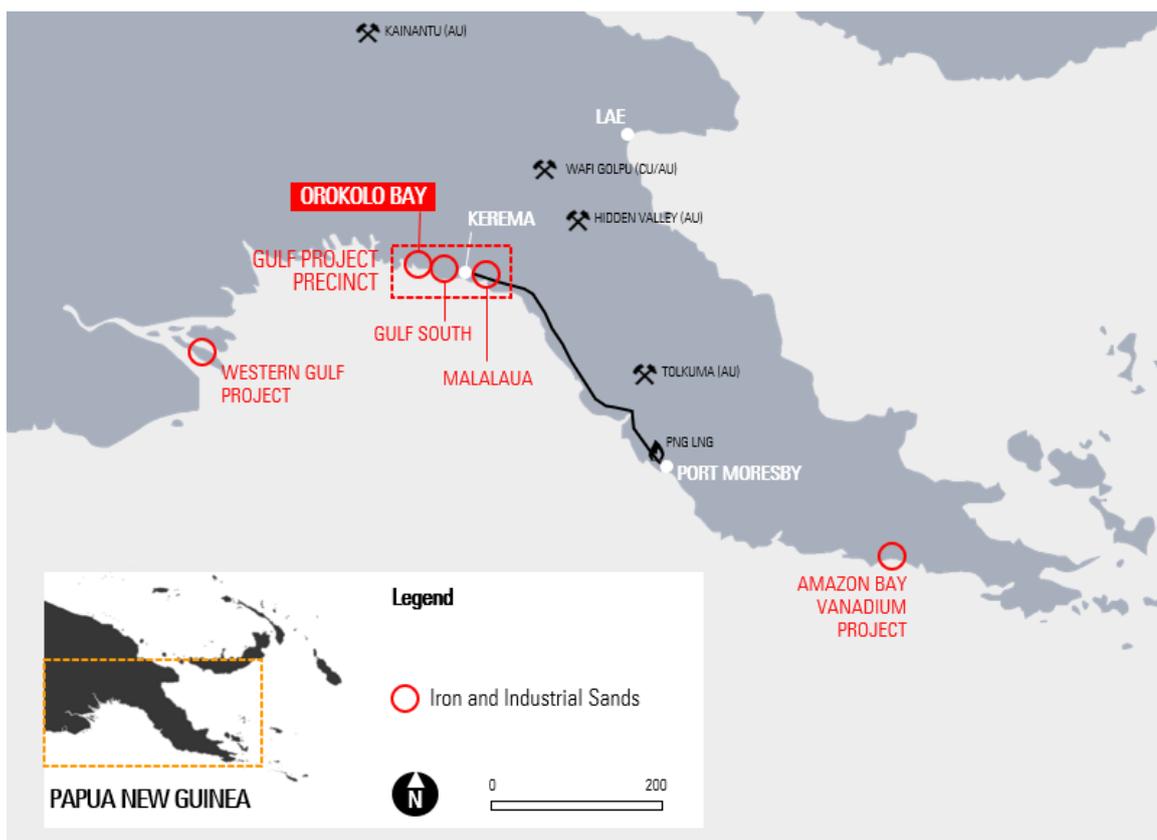
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“HBS has been providing services to the PNG mining industry for multiple decades. We have been looking for the opportunity to use this platform to grow our business via participating as an equity owner in a mining development project that does not compete with our existing mining clients. Following extensive negotiations and due diligence we decided to partner with Mayur at Orokolo Bay. Not only are we extremely confident in the simple operational set up and fundamentals of the Project, but we also believe there are significant benefits that HBS can deliver that enhances the results of the DFS that Mayur announced in September 2020.”

Leading up to the Ortus IPO, HBS’s multi decade construction execution and mine based operational track record in PNG, coupled with becoming a material investor, will significantly de-risk the projects development. Post the Ortus IPO, investors shall also have the comfort that HBS as a large minority investor, will be aligned to deliver and operate the Orokolo Bay project.



Location of the Orokolo Bay Project and Mayur’s Iron and Industrial Sands portfolio

Mayur Managing Director, Mr Paul Mulder, said “Whilst acknowledging HBS’s investment represents a discount to the NPV in the project’s feasibility study, their deep in country operating experience will pay this back to shareholders in spades”. Mr Mulder went on to say “This strategic partnership significantly de-risked the delivery of the Project and ensures that via the engagement of HBS and Landowners the development can commence in early 2022”.

“We are delighted to be partnering with HBS, with their founder having 40 years of experience in PNG and their organisation having 1,000 employees, HBS’s reputation of delivery across PNG made them the obvious choice. Mayur’s senior executives toured the HBS facilities and it was clear that their established resources, strong in country network and on the ground operating systems in PNG will ensure that we can hit the ground running at Orokolo Bay early in the new year, building on an established camp and river landing facility and a decade long presence and engagement with Landowners. Prior to HBS and Mayur conducting any construction works we shall ensure that



Landowners are kept fully involved, offered employment on a direct and indirect basis, whilst ensuring appropriate and agreed compensations are paid”

“The proposed investment from HBS will make up a part of the overall funding package to develop Orokolo Bay that is planned to commence production in the second half of calendar year 2022. This strategic partnership and investment not only de-risks the development and operations of the Project, it will also reduce the IPO financing requirements for the Ortus IPO that is planned for early 2022”.

Final documentation is subject to conditions precedent typical of a transaction of this nature, and is due to be concluded by early February 2022. The grant of the mining lease, as announced earlier this week and offtake arrangement satisfies critical conditions precedent.

This agreement with HBS replaces the previously announced partnering agreement with China Titanium Resources Holdings Limited (“CTRH”). CTRH have been unable to perform their obligations, having been materially hampered for a number of reasons including by restricted logistics and availability of staff and equipment within and from China due to the Covid pandemic. Despite not pursuing a partnership with CTRH, Mayur is in dialogue to potentially agree the purchase equipment from CTRH if assessed to be economically beneficial.

**This announcement was authorised by Mr Paul Mulder, Managing Director of Mayur Resources Limited.
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ABOUT MAYUR RESOURCES

Mayur Resources is focused on the development of natural resources in Papua New Guinea. Our diversified asset portfolio spans iron sands, lime and cement, battery minerals and renewable power generation. Mayur also holds a 43% interest in copper gold explorer/developer Adyton Resources, a company listed on the TSX-V (TSXV:ADY).

Mayur’s strategy is to serve PNG and the wider Asia Pacific region’s path to decarbonisation by developing mineral projects that deliver higher quality, lower cost, and coupled with our renewable and carbon abatement initiatives achieve “net zero” inputs for the mining and construction industries, whilst expanding a renewable energy portfolio of solar, wind, geothermal, carbon mitigation, and battery storage.

Mayur is committed to engaging with host communities throughout the lifecycle of its projects, as well as incorporating internationally recognised Environmental, Social and Governance (ESG) standards into its strategy and business practices.

ABOUT MAYUR IRON

A business division of Mayur Resources, Mayur Iron is responsible for the development of the company’s iron sands and industrial minerals portfolio in Papua New Guinea. Mayur Iron’s flagship project is the Orokolo Bay Project which will produce a number of products including titano-magnetite, DMS magnetite, construction sands and a zircon-rich valuable heavy mineral concentrate. A Definitive Feasibility Study has been completed for 100-percent owned project which has an initial CAPEX of US\$20.4 million to establish a simple mining and processing operation, with a forecast pay back of just over one year and a mine life of over 15 years.

ABOUT HBS

HBS (PNG) Ltd is Papua New Guinea's largest privately owned mining services contractor, having supported over 80% of the large-scale mines in country and providing services to top tier miners including Newcrest, Ok Tedi Mining and Harmony. At the core of



HBS's business has been its machinery dealership that provides a competitive edge to equipment solutions both internally and to the greater resource & energy, oil & gas, transport and infrastructure markets.

HBS has a solid track record of operational results and provides a strong forward trajectory as being a vendor of choice for PNG's mining industry. The strategic approach for HBS is to invest resources in supporting current and upcoming developers in unlocking viable solutions for project delivery.

HBS encourages local investment and strongly commits to community participation through engaging in aligned business relationships and human resource development. The framework of international standards that HBS has adopted, delivers our clients a unique offering through our diverse machinery dealership, mining and construction services.