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**Pre-Quotation disclosure**

The following information is provided to ASX Limited (**ASX**) for release to the market in connection with the admission to the official list and official quotation of the fully paid ordinary shares of Mayur Resources Limited ARBN 619 770 277 (**the Company**) in the form of CHESS Depository Interests (CDIs).

Capitalised terms not defined in this document have the meanings given to them in the prospectus lodged by the Company with the Australian Securities and Investments Commission (**ASIC**) on 21 July 2017 (**Prospectus**). As in the Prospectus, the terms "Shares" and "CDIs" may be used interchangeably.

**1. Status of EL 2096 and EL 2150**

EL2096 was granted to Mayur Exploration PNG Ltd on 26 July 2017 and will expire on 18 December 2018 at which date it will be subject to renewal.

EL2150 was granted to Mayur Iron PNG Ltd on 26 July 2017 for a period of 2 years and will expire on 4 Aug 2018 at which date it will be subject to renewal.

**2. Loyalty Options**

For every two Shares issued under the Offer, the Company will issue and allot for no further consideration to Shareholders, one Loyalty Option exercisable at a 40% premium to the price of the Shares under the Offer.

19,404,145 Loyalty Options will be issued to Shareholders effective from Quotation.

The Loyalty Options will vest in four (4) separate tranches as follows:

- 25% of the Loyalty Options will vest on the date that is 3 months after Quotation;
- 25% of the Loyalty Options will vest on the date that is 6 months after Quotation;
- 25% of the Loyalty Options will vest on the date that is 9 months after Quotation; and
- 25% of the Loyalty Options will vest on the date that is 12 months after Quotation .

As long as a Shareholder holds at least the same number of Shares at the vesting date of each tranche as they were issued on Quotation, then 100% of the Loyalty Options issued to that Shareholder will vest.

Shareholders are free to trade their Shares during the 12-month period over which the Loyalty Options vest. The below shows a worked example of Shareholder XYZ who has 5,000 Shares at the Listing Date (and is issued 2,500 Loyalty Options) and chooses to trade in Shares over the 12-month period following Quotation. The Listing Date for the worked example is assumed to be 1 October 2017.

| Date      | Shareholding of XYZ (Running total) | Change XYZ's Shareholding | % of Holding at List date (T) | Loyalty Options Vesting (4 Tranches over 12 months) | Loyalty Options granted to Shareholder XYZ | Comment   |
|-----------|-------------------------------------|---------------------------|-------------------------------|---|--|---|
| 01-Oct-17 | 5,000                               |                           | 100%                          |   |  |   |
| 01-Nov-17 | 4,000                               | - 1,000                   | 80%                           |   |  | XYZ sells 1000 Shares   |
| 01-Dec-17 | 4,000                               | -                         | 80%                           |   |  |   |
| 01-Jan-18 | 5,000                               | 1,000                     | 100%                          | 625   | 625  | XYZ buys 1,000 Shares before 1 Jan 2018 then still qualify for 100% of Tranche 1 (being 625 Loyalty Options)  |
| 01-Feb-18 | 5,000                               | -                         | 100%                          |   |  |   |
| 01-Mar-18 | 5,000                               | -                         | 100%                          |   |  |   |
| 01-Apr-18 | 1,000                               | - 4,000                   | 20%                           | 625   | 125  | XYZ sells 4,000 Shares before 1 April 2018 then only qualify for 20% of Tranche 2 (being 625 Loyalty Options) |
| 01-May-18 | 1,000                               | -                         | 20%                           |   |  |   |
| 01-Jun-18 | 1,000                               | -                         | 20%                           |   |  |   |
| 01-Jul-18 | 4,000                               | 3,000                     | 80%                           | 625   | 500  | XYZ buys 3,000 Shares before 1 July 2018 then still qualify for 80% of Tranche 3 (being 625 Loyalty Options)  |
| 01-Aug-18 | 4,000                               | -                         | 80%                           |   |  |   |
| 01-Sep-18 | 4,000                               | -                         | 80%                           |   |  |   |
| 01-Oct-18 | 5,000                               | 1,000                     | 100%                          | 625   | 625  | Buy 1,000 Shares before 1 Oct 2018 then qualify for 100% of Tranche 4 (being 625 Loyalty Options)             |
|           |                                     |                           |                               | 2,500   | 1,875                                      |   |

If the Shareholder in the worked example above then exercises all of their Loyalty Options before 1 October 2019, their shareholding will increase by 1,875 Shares.

The Loyalty Options will be exercisable on or before the second anniversary of the Listing Date. For example, if the Listing Date is 1 October 2017 all of the Loyalty Options will expire on 1 October 2019.

Loyalty Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price of A\$0.56 per Loyalty Option in cleared funds. Upon the valid exercise of the Loyalty Options, the Company will issue Shares ranking *pari passu* with the existing Shares.

### 3. Independent Technical Assessment Report

The Company is disclosing the following matters in relation to the Independent Technical Assessment Report in the Prospectus now as pre-quotation disclosure to satisfy a condition precedent to listing required by the ASX.

The Company has satisfied the general disclosure test. The following matters in this section 3 do not require supplementary disclosure under Chapter 6D of the Corporations Act.

#### 3.1. Orokolo Bay Project – drill hole information

The spatial and sample information for the 1177 drill-hole sample points at Orokolo Bay was not included in the Prospectus as it would not provide investors with material information relevant to the Offer. When considered in the context of the Prospectus, providing the voluminous spatial information in the form of a spreadsheet is impractical and of limited use as it would only act as a

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cross check for the information already provided in the drill hole location map on page 118 of the Prospectus. This drill location map was disclosed and the bulk of the holes are less than three metres in depth so a separate table setting out the information outlined in ASX Listing Rule 5.7.2 was determined not to be material to understanding the Orokolo Bay Project.

### **3.2. Reporting of exploration results**

The resource areas for each of the projects as they relate to page 192, 208 and 209 have a Previous Work section in the Prospectus documented which describes the work completed in some detail:

- for Orokolo Bay, refer Sections 3.1.6 to 3.1.9; and
- for Kabang, refer Section 4.1.4.

#### **3.2.1. Previous Work Completed - Orokolo Bay**

Previous and historical work completed relevant to as reported on by Hellman and Scofield (H&SC) includes:

- Aeromagnetic survey from historical exploration archives;
- Auger/case sludged drilling from historical exploration archives;
- February and September 2013 exploration drilling completed by Mayur at Uamai/Aivau (Aivau is 20km east of Orokolo Bay);
- Mineralogy study and QEMSCAN mineral analysis of drill samples by Mayur; and
- Submission of six tonne mini-bulk sample processed using 2013 drilling samples by Mayur.

#### **3.2.2. Work Completed by Mayur - Orokolo Bay**

Work completed by Mayur as part of updating the 2016 resource estimate has included:

- Extensions to the airborne magnetic survey including geophysical re-interpretation;
- Case sludged drilling of 1,177 holes for 4,082 metres of drilling; and
- Further testing of the high-grade bulk sample for metallurgical purposes;

#### **3.2.3. Previous Resource Estimates Orokolo Bay**

H&SC completed a maiden resource estimate for the Orokolo Bay Industrial Sands Project in 2014. While very early in the genesis of the project an Inferred Resource of 64 million tonnes at 8% Fe, using an XRF 5% cutoff for iron, was estimated. Minor credits of Cr 0.02%, and K 0.7%, were noted.

A series of aspects were itemised by H&SC that would likely have a negative impact on the resource quality and its classification and which have subsequently been addressed to contemporary standards and aligned with JORC reporting requirements.

H&SC also noted that it was important to reiterate that not all the iron is present as magnetite/titanomagnetite. The correlation equation for the iron assays and recovered magnetic fraction for Kerema suggested that between 4-4.5% of the iron assay is not due to magnetite and is

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resultant of the presence of other mafic minerals such as amphiboles, and garnets etc.

There are no other resource estimates reported for the site, apart from the H&SC work that we are aware of.

#### **3.2.4. Previous Mining - Orokolo Bay**

There has been no documented previous mining at Orokolo Bay.

#### **3.2.5. Previous Work - Kabang**

A total of 45 holes for 5,289m and 2,590 gold assays were used in the resource estimate comprising predominantly diamond coring with some RC and Aircore drilling (1,460m). The sampling length varies between approximately 0.1 and 15 meters, due to various phases of drilling by different companies. Drill spacing is irregular with a nominal spacing of 100m in the central part of the deposit increasing to 150-200m further out.

H&SC constructed a topographic surface from 2.5m and 5m contour LIDAR data which was provided by Mayur. A total of 2,355 two-metre drill hole gold composites (unconstrained data selection) were used to estimate the mineralised bedrock (Domain 2) and 555 composites were used to estimate the tephra unit (Domain 1) for the area of the intended block model. Comparison of copper and gold sample grades indicated no correlation.

Drilling for the general Kabang deposit area comprises a mixture of Aircore, RC and diamond drilling completed by various companies since the 1970s. A total of 45 holes for 5,289m and 2,590 gold assays have been used in the resource estimate, comprising predominantly diamond coring with some RC and Aircore drilling (1,460m).

The drilling information was supplied in the AGD66 Zone 56 grid coordinate system for the easting and northings. The location method is unknown but appears to be at least from hand held GPS. H&SC did not verify or validate the hole positions. The Kabang deposit has been drilled on an irregular basis, at a nominal spacing of 100m in the central part of the deposit increasing to 150-200m further out. Twelve of the holes are inclined at 50 degrees to 60 degrees with the remainder, 33 holes, drilled vertically.

### **3.3. Further assumptions for the Orokolo Bay PFS**

The following assumptions that underlie the Orokolo Bay PFS are not material to the production target disclosed for the Orokolo Bay Project. The material assumptions used in calculating the NPV of USD 106 million were disclosed in section 10 of the Prospectus.

#### **3.3.1. Margin of error of study range of production target values**

| <b>Base Case Option</b>                     | <b>Real Ungeared (post tax)</b> |              |                      |
|---|---------------------------------|--------------|----------------------|
|   | <b>NPV US\$M</b>                | <b>IRR %</b> | <b>Payback (Yrs)</b> |
| <b>Magnetite + VHMC + Cons. Sands + DMS</b> | <b>106</b>                      | <b>93.5</b>  | <b>1.0</b>           |

Table 1 – Project NPV ('base case')

NPV sensitivity analysis was completed for the **Base case** (Magnetite + VHMC + Cons. Sands + DMS) and presented as a tornado chart below.

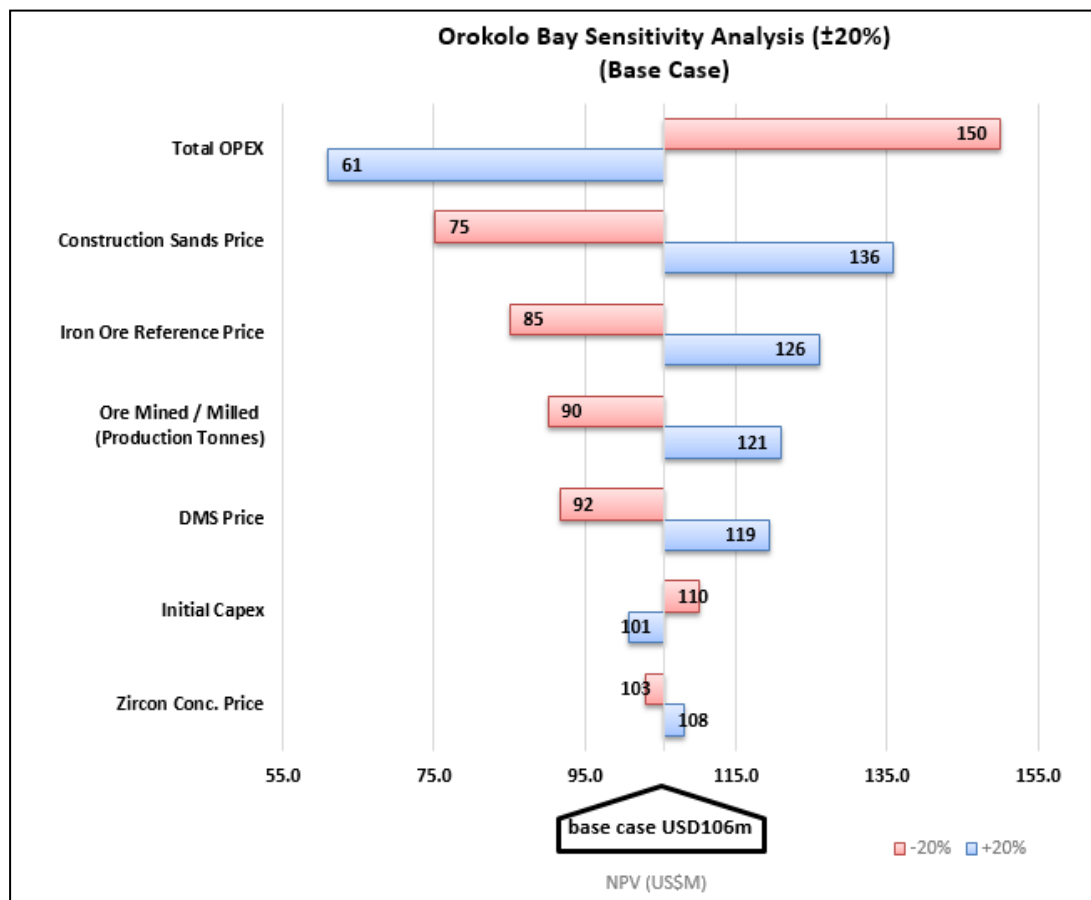


Figure 2 – ‘Base Case’ NPV Sensitivity Analysis (5 Mt/a Magnetite, VHMC, Construction Sands and DMS)

As illustrated above the Orokelo Bay Project is most susceptible to fluctuations in total operating costs, the price of the construction sand, and the iron ore reference price (as this determines the price of the Magnetite product).

Given the stage of the project being a PFS level of study, the margin of error of all estimates is 20% to 25%.

### 3.3.2. Mine Sequencing

A mining study together with scheduling and mine plans was developed by MEC Mining consultants for development of an onshore 5 Mt/a mining operation.

The mine planning methodology and estimation of the operating and capital costs was based upon a broad assessment of the available geological data that was used to plan a variety of land based mining options.

MEC investigated both excavator and dredge mining methods, as summarised below:

| Parameter            | Units | Option 1  | Option 2 |
|----------------------|-------|-----------|----------|
| Equipment            | Type  | Excavator | Dredge   |
| Throughput           | Mtpa  | 5         | 5        |
| Throughput per unit  | tph   | 375       | 375      |
| Number of Units      | No.   | 2         | 2        |
| Minimum Mining Depth | m     | 0.5       | 2.5      |
| Minimum Mining Width | m     | 20        | 40       |

Table 3 – Mining Options Evaluated (preferred case in red)

The dredge mining option was assessed but with the latest geological information the excavator mining was preferable. The relative economics of a dry mining excavator based method allowed better access to the shallower resource, and offered more flexibility and mobility in mining the deposit compared to the dredge.

It is proposed excavators will mine a small two to four metre face that would feed a trailing floating or skid mounted land based heavy mineral and magnetic separation plant where both tailings and product shall be dispersed.

Figure below shows a simplified representation of how the Excavator and semi-mobile mining and processing system would operate.

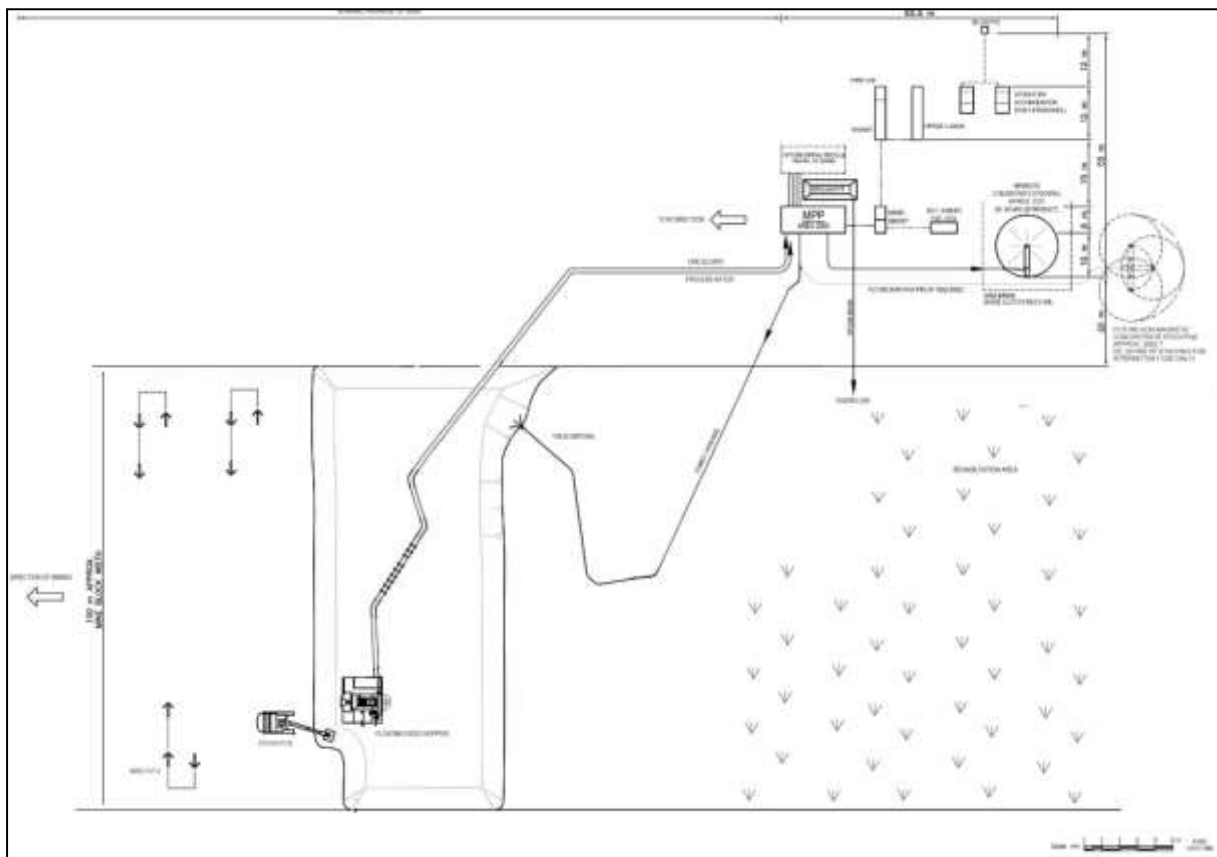


Figure 4 – Dry mining methodology using an excavator and land based plant

Options were run for various mining scenarios in total which represent the combinations of mining, processing and product options. Each of these options were optimised and scheduled to generate an optimal mining scenario within the resource model.

Considering the relative metrics of both the excavator and dredge options, the excavator option was considered as the strongest, utilising the 2 excavators to target all products of construction sands, magnetite and VHMC. The mining block model for the excavator option is shown below:



Figure 5 - Potential JORC mining Schedule by year - Excavator

As disclosed in the Prospectus, at an average mining rate of 5 Mtpa, the Indicated portion of the Resource (being 30.8Mt) allows for completion of the first six years of mining (i.e. 6 years at 5Mtpa = 30 Mt). During this time the peripheral (and Inferred Resource) areas can be upgraded in confidence levels (and JORC category) via additional infill drilling etc.

Based on an average annual mining rate of 5Mtpa, the total ore requirements for the 12 year LOM is approximately 60Mt (much smaller than the 173 million tonnes of JORC resources). As outlined in the Prospectus, the current level of Indicated resources is 30.8 Mt and as such equates to circa 50% of this LOM requirement. This helps to provide reasonable grounds that a production target can be declared for the project. In addition to the 30.8Mt of Indicated Resources, there is 141.9 Mt of Inferred Resource. The remaining 6 years of the mine life would require approximately another 30Mt of ore, hence this Inferred Resource is a far larger level of Resource than is needed to cover the remainder of the 12-year planned mine life. The mine planning model and associated NPV has prioritised the use of the Indicated Resources for the early years of the mine life.

### 3.3.3. Project Development and Timeline

The Project comprises the development of a 5 Mtpa ROM mining project with multiple products, plus associated transshipping infrastructure located in the Gulf Province of PNG. The scope of works to be completed under this Project would provide infrastructure and operating systems necessary for the efficient operation of mine, processing, stockpiling and transshipping facilities.

This PFS has determined the Project execution schedule with milestone dates shown below and has scheduled the first product sales in 2019 (or earlier if trial mining bulk sample program is deployed).

| Milestone Activity  | Date      |
|---|-----------|
| Feasibility Study Complete  | Q3 2018   |
| Financial Investment Decision<br>(conditional on Final Project Approvals of Environmental and Mining Lease) | Q1 2019   |
| Construction Commences  | Q1 2019   |
| Commissioning and Commencement of Production  | Q3/4 2019 |

Table 6 – PFS Forecast Development timeline final time line subject to change conditional upon DFS outcomes)

### 3.3.4. Infrastructure

For the purposes of the PFS the on-shore activities are based on bulk materials handling practices and at small scale transshipping jetty facilities (akin to similar operations widely-used in Kalimantan-Indonesia) with production of nominally 1 Mtpa of product with the potential for expansion to 3 Mtpa. Adopting this approach, the out loading facilities design comprises:

- Product receipt:
  - feed from the processing plant;
  - stockyard material handling (e.g. cyclone stackers);
- stockyard:
- minerals product hardstand/pad;
- out-loading:
  - out-loading conveyors and mobile equipment (FEL);
  - wharf with nominal berth depth of two to four metres which is suitable up to 1,500 DWT shallow draft transportable barges; and
- transshipping equipment to enable the loading of handymax and supramax vessels.

The main components of the port (jetty) loading facility comprise:

- jetty stockpile area,
- product stacking utilising cyclone dewatering of process plant product,
- mobile FELs to transport product from stockpiles to reclaim hoppers,
- reclaim hopper, and
- telestacker to convey product onto barges.



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Currently there is no fixed infrastructure at the project site, however given the relative simplicity of the operation (i.e. surface mining and non-chemical mineral processing) the infrastructure requirements are not extensive and mainly concern mobile equipment and access roads. The project would also make use of existing river / water access and logging tracks in the area. The main fixed infrastructure includes construction of a jetty (rudimentary in nature for barge loading / unloading operations) to be installed within proximity to the mining area on the banks of the existing river network, various hard standings and stockpiling areas and access / haul roads.

The PFS has also allowed for a camp, workshops, administration facilities, maintenance facilities, accommodation, power, water, fuel, waste and communications. Whilst raw water has been assumed to be readily available on site, all other infrastructure and utilities would be constructed and installed by Mayur. Most materials (including fuel) and equipment would need to be barged to site from either Kerema (Gulf Provincial Capital, 280km by road from Port Moresby) or direct from Port Moresby as there is no road access to the project site.

### **3.4. Assumptions for the MEC NPV Study**

The differences in the assumptions used for the MEC NPV as a benchmarked NPV (per page 135 of the Prospectus) and the selected go forward NPV in the PFS were deemed to be small and not material in the context that, the MEC NPV was being utilised as a benchmark. The differences in the MEC NPV against the selected go forward NPV in the PFS were:

- a) MEC long term iron ore price of USD\$57/t CFR China where the Final go forward PFS assumption taken was a long term Iron ore price USD\$59/t CFR China;
- b) in MEC NPV industrial construction sand price of USD\$26/t delivered to Sydney was used where the Final go forward PFS assumption taken was a construction sand price was of USD\$28/t delivered to Sydney; and
- c) MEC had not factored Dense Medium Separation (DMS) material as a potential product line in their NPV it was assumed 100% (i.e. 500ktpa) of the magnetite product would go to China and Japan for use in steel making, however further market investigations by Mayur post the MEC study identified the opportunity to sell a portion (i.e. 100ktpa, or 20% of the total 500ktpa of the magnetite product) as DMS into the Australian market at a superior price point to the magnetite product going to China/Japan. This is outlined in the Prospectus page 129 (product flow chart) and page 265 discloses the various LOI's for the DMS product, thus the independent expert was comfortable to include such DMS product line in the NPV.

All of the material assumptions for the MEC NPV were same as those used for the PFS and were disclosed in the Prospectus.

### **3.5. Resources underpinning the production targets of the PFS and MEC NPV Study**

The resource model utilised in the analysis of both NPVs was the same. The differences in the assumptions used for the PFS benchmarked against the MEC NPV are outlined in section 3.4 above.

The resource model was disclosed in the Prospectus and is elaborated on in section 3.3.2 above. Based on an average annual mining rate of 5Mtpa, the total ore requirements for the 12 year LOM is approximately 60Mt (much smaller than the 173 million tonnes of JORC resources). As outlined in the Prospectus, the current level of Indicated resources is 30.8 Mt and as such equates to circa 50% of this LOM requirement.

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### 3.6. Reporting of the PFS and the MEC NPV Study as forecast financial information

Subject to the minor differences in the assumptions used for the PFS benchmarked against the MEC NPV as outlined in section 3.4 above, the material assumptions on which the go-forward NPV and the MEC NPV were based were the same and the production target from which those forecasts were derived is the same.

#### 4. Advisor Options

1,337,856 Adviser Options will be issued to Bell Potter within 14 days of the Listing Date.

#### 5. Confirmation of payments

The Company confirms that the Offer was fully subscribed and the following payments will be made as disclosed in the Prospectus:

- \$350,000 will be paid to Power Gen Developers Pty Ltd;
- \$246,658 will be paid to TESC Pty Ltd in accordance with the development agreements;
- \$1,000,000 will be paid to Siecap Pty Ltd in accordance with the Siecap Pty Ltd Loan as part of the IPO Bridging Loan Repayment; and
- \$1,000,000 will be repaid to existing shareholders (DTJ Co Pty Ltd, MAYPNG, QMP Nominees and Charlton Family Trust) under the Shareholder Loan as part of the IPO Bridging Loan Repayment.

#### 6. Restricted and Voluntary Escrow Securities

The number of Shares subject to ASX escrow restrictions and the escrow period applied to those Shares is set out below:

| Shareholder   | Number of Restricted Securities | Period of Escrow |
|---|---------------------------------|------------------|
| DTJ Co Pty Ltd as trustee for the Paul Mulder Family Trust  | 50,000,000                      | 24 Months        |
| MAYPNG Pty Ltd  | 946,636                         | 24 Months        |
| QMP Nominees Pty Ltd as trustee for the QFL Agencies Trust  | 946,636                         | 24 Months        |
| Thomas Jonathan Charlton as trustee for the Charlton Family Trust                                   | 5,555,556                       | 24 Months        |
| One Management Investment Funds Limited as trustee for the Mayur Resources Employee Incentive Trust | 8,885,714                       | 24 Months        |
|   | <b>66,334,542</b>               |                  |

The number of Shares subject to voluntary escrow and the escrow period applied to those Shares is set out below:

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| Shareholder                 | Number of Restricted Securities - Voluntary Escrow | Period of Escrow |
|-----------------------------|--|------------------|
| Level 280 Riverside Pty Ltd | 5,000,000  | 12 Months        |

The period of escrow for all the restricted securities commences on Quotation.

If you have any questions in relation to the above please contact the Company at [info@mayurresources.com](mailto:info@mayurresources.com) or +61 7 3157 4400.