



MAYUR RESOURCES LTD
(Co. Reg. No. 201114015W)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 June 2018

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Mayur Resources Ltd (the 'Company'), and its subsidiaries (collectively the 'Group') and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 10 to 45 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Robert Charles Neale
Paul Levi Mulder
Paul McTaggart
Timothy Elgon Saville Crossley
Frank Terranova
Lu Kee Hong (appointed 11 September 2018)

In accordance with Article 91 of the Company's Articles of Association, Messrs Neale and Terranova retire and, being eligible, offer themselves for re-election.

The following persons served as directors during the financial year but are not serving as directors as at the date of this statement:

Andrew McCasker Stuart	(resigned 3 July 2017)
Khoo Chin Lee	(resigned 17 July 2017)
Lee Wei Hsuing	(resigned 11 September 2018)

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of, nor at any time during, the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The Company has established a shared-based Employee Incentive Plan (EIP) to assist in the motivation, retention and reward of contractors and employees. The EIP is designed to align the interests of executives and senior management with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company.

The EIP permits the grant of the following types of awards:

- performance rights;
- options; and
- loan funded shares.
(collectively referred to as "awards")

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT (continued)

Arrangements to enable directors to acquire shares and debentures (continued)

During the year ended 30 June 2018 and since the inception of the EIP, the Company issued the following awards under the EIP:

	<i>Number issued</i>	<i>Exercise Price</i>
Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (i)	607,171	Nil
Long term incentive rights subject to vesting conditions (ii)	6,250,000	Nil
Loan funded shares (iii)	4,575,000	Nil
Options (iv)	3,000,000	Nil

(i) Salary sacrifice rights

Performance rights are granted to non-executive directors, employees and contractors to receive shares in respect of a portion of their agreed remuneration. Each performance right will entitle the holder to receive one share. The performance rights vest annually over four equal instalments and can be exercised for no consideration at any time after being granted but prior to the expiry date of the rights.

The number of performance rights to be issued at each grant date is determined by dividing the salary amount to be paid in the form of performance share rights divided by the prevailing share price.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in salary sacrifice rights of the Company as stated below:

Name of directors	Salary sacrifice rights registered in the name of directors	
	At 1.7.2017	At the date of this statement
Paul Levi Mulder	-	320,103
Timothy Elgon Saville Crossley	-	165,452

(ii) Long term incentive rights

Performance rights are also offered as part of a Long-Term Incentive Plan to employees, executive and non-executive directors, contractors, and consultants, to acquire shares in the Company. The rights will vest subject to the relevant performance measures being met and the participant remaining employed.

The performance rights have a \$nil exercise price and an expiry date of 5 years from the grant date and are subject to the following vesting conditions that will be measured over a vesting period of three years from the date the Shares were first quoted on the Australian Stock Exchange ("ASX").

- **Tranche 1 (50% weighting):** For Tranche 1 Awards to vest, the Share price at any time within the three-year vesting period must be at a price 50% above the initial public offering price for the volume-weighted average price (VWAP) period for 10 days. The Tranche 1 performance rights met the VWAP vesting condition during the year ended 30 June 2018;
- **Tranche 2 (25% weighting):** For Tranche 2 Awards to vest, the Delivery Engineering and Project Development Milestones as outlined in the Prospectus must be achieved within the vesting period. The vesting condition for the Tranche 2 performance rights was not met during the year ended 30 June 2018; and
- **Tranche 3 (25% weighting):** For Tranche 3 Awards to vest, there must be a material uplift to geological resource and reserve delineation as outlined in the Prospectus within the vesting period. The vesting condition for the Tranche 3 performance rights was not met during the year ended 30 June 2018.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT (continued)

Arrangements to enable directors to acquire shares and debentures (continued)

(ii) Long term incentive rights (continued)

Should any of the Vesting Conditions not be met, the Awards related to that specific Tranche will lapse and be forfeited.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in long term incentive sacrifice rights of the Company as stated below:

Name of directors	Long term incentive rights registered in the name of directors	
	At 1.7.2017	At the date of this statement
Paul Levi Mulder	-	3,000,000
Timothy Elgon Saville Crossley	-	1,125,000

(iii) Loan funded shares

During the year the Company issued loan funded shares to eligible employees (including employees, executives and contractors) selected by the Board.

Pursuant to the terms of the Employee Incentive Plan, employees are granted an interest free limited recourse loan to assist in the purchase of Shares, with the Shares acquired at their market value. The loan is limited recourse so that at any time the employee may divest their Shares in full satisfaction of the loan balance.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in long term incentive sacrifice rights of the Company as stated below:

Name of directors	Loan funded shares in registered in the name of directors	
	At 1.7.2017	At the date of this statement
Frank Terranova	-	1,125,000
Timothy Elgon Saville Crossley	-	1,125,000

(iv) Options

During the year the Company issued options to the Managing Director in lieu of the Managing Director receiving loan funded shares. The options have an expiry date of 21 September 2022 and an exercise price of \$nil.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in options of the Company as stated below:

Name of directors	Long term incentive rights registered in the name of directors	
	At 1.7.2017	At the date of this statement
Paul Levi Mulder	-	3,000,000

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT (continued)

Directors' interests in shares, options and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in shares of the Company as stated below:

Name of directors	Shareholdings registered in the name of directors		Number of ordinary shares Shareholdings in which a director is deemed to have an interest	
	At 1.7.2017	At the date of this statement	At 1.7.2017	At the date of this statement
Robert Charles Neale	-	149,228	-	150,000
Paul Levi Mulder	-	293,829	50,000,000	58,885,714
Paul McTaggart	-	6,250	-	5,000
Timothy Elgon Saville Crossley	-	1,130,000	-	1,702,968
Frank Terranova	-	1,125,000	-	-

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Act, an interest in shares of the Company as stated below:

Name of directors	Options registered in the name of directors		Number of options Options in which a director is deemed to have an interest	
	At 1.7.2017	At the date of this statement	At 1.7.2017	At the date of this statement
Robert Charles Neale	-	74,614	-	75,000
Paul Levi Mulder	-	3,000,000	-	-
Paul McTaggart	-	3,125	-	2,500
Timothy Elgon Saville Crossley	-	2,500	-	624,375

Except as disclosed in the above tables, there was no change in any of the above-mentioned interests in the Company between the end of the financial year and the date of this statement.

Except as disclosed in this report, no director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (ARCC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and the assistance given by the Group and the Company's management to the external auditors.
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors.
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls.
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARCC.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT (continued)

Audit, Risk and Compliance Committee (continued)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor.
- Reviewed the nature and extent of non-audit services provided by the external auditor.
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit.
- Reported actions and minutes of the ARCC to the board of directors with such recommendations as the ARCC considered appropriate.

The ARCC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The ARCC convened two meetings during the year with full attendance from all members. The ARCC has also met with the external auditors, without the presence of the Company's management, at least once a year.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



Paul Levi Mulder
Director
24 September 2018



Robert Charles Neale
Director
24 September 2018



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAYUR RESOURCES LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mayur Resources Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 10 to 45, which comprise the balance sheets of the Group and of the Company as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF
MAYUR RESOURCES LTD (continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
<p>Impairment of exploration and evaluation expenditure</p> <p><i>Refer to Notes 2(p), 3 and 10 to the financial statements</i></p>	
<p>The Group is involved in exploration and evaluation activities with a focus on Industrial Minerals, Copper/Gold and Coal. The Group has exploration licences and prospective projects in Papua New Guinea.</p> <p>Exploration and evaluation expenditure totalling A\$20,496,395 as disclosed in Notes 3 & 10 represent a significant balance recorded in the consolidated balance sheet.</p> <p><i>FRS 106 Exploration for and Evaluation of Mineral Resources</i> requires the exploration and evaluation assets to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.</p> <p>As described in Note 3 to the financial statements, management performed an impairment assessment at 30 June 2018 in accordance with the accounting policy disclosed in Note 2(p) which required management to make certain estimates and assumptions as to future events and circumstances.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Evaluating the group’s accounting policy to ensure the policy complies with the requirements of <i>FRS 106 Exploration for and Evaluation of Mineral Resources</i>; ▪ Obtained an understanding of the status of ongoing exploration programmes and future intentions for the areas of interest, including future budgeted spend and related work programmes; ▪ Enquired of management and reviewed ASX announcements and minutes of directors’ meetings to ensure the group had not decided to discontinue exploration and evaluation at its areas of interest; ▪ Considered the director’s assessment of potential indicators of impairment; ▪ Verified a sample of additions to the Group’s exploration and evaluation assets for the financial year ended 30 June 2018 to support evidence of activities carried out; and ▪ Verified that each exploration licence remains valid in respect of each tenement through the review of official government documentation. <p>We also assessed adequacy of the related disclosures made in Note 10 to the financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the financial year ended 30 June 2018, but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MAYUR RESOURCES LTD (continued)**

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, Management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As part of an audit in accordance with the SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MAYUR RESOURCES LTD (continued)**

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Khor Boon Hong.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

24 September 2018

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 30 June 2018

	Notes	Group	
		2018	2017
		\$	\$
Revenue and other income	4	123,290	6,572,873
Less: expenses			
Impairment of exploration and evaluation expenditure	10	(702,332)	(837,671)
Consultants and contractors		(686,895)	(223,899)
Professional fees		(33,798)	(78,919)
Other cost related to initial public offering		(277,518)	(305,591)
Auditors' remuneration	5	(180,666)	(111,000)
Depreciation expense		(18,160)	-
Net foreign exchange loss		(61,560)	-
Remuneration expenses		(410,468)	-
Insurance		(130,935)	-
Listing and share registry expenses		(47,843)	-
Other operating expenses		(725,006)	(246,638)
Share-based payments expense	17	(1,569,034)	-
(Loss) / profit before income tax expense		(4,720,925)	4,769,155
Tax expense	7	-	-
(Loss) / profit for the year		(4,720,925)	4,769,155
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / income for the year		(4,720,925)	4,769,155
(Loss) / profit for the period attributable to:			
- Owners of the Company		(4,713,215)	5,033,021
- Non-controlling interests		(7,710)	(263,866)
		(4,720,925)	4,769,155
Total comprehensive income / (loss) for the period attributable to:			
- Owners of the Company		(4,713,215)	5,033,021
- Non-controlling interests	11	(7,710)	(263,866)
		(4,720,925)	4,769,155
Basic and diluted (loss) / earnings per share attributable to owners of the Company (cents per share)	8	(3.65)	8.59

The accompanying notes form an integral part of these financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

At 30 June 2018

		Group	
	Note	2018 A\$	2017 A\$
Non-current assets			
Property, plant and equipment	9	1,944,016	489,374
Exploration and evaluation expenditure	10	20,496,395	13,617,232
Total non-current assets		22,440,411	14,106,606
Current assets			
Cash and cash equivalents	12	12,533,142	501,879
Other receivables	13	261,000	195,657
Total current assets		12,794,142	697,536
Total assets		35,234,553	14,804,142
Current liabilities			
Trade and other payables	14	3,545,430	3,476,423
Amount due to shareholders	15	256,619	1,256,619
Total current liabilities		3,802,049	4,733,042
Total liabilities		3,802,049	4,733,042
Net assets		31,432,504	10,071,100
Equity			
<i>Equity attributable to owners of the Company</i>			
Share capital	16	36,667,443	2,038,237
Reserve	17	(696,051)	2,082,586
Retained earnings		(5,268,607)	(555,392)
		30,702,785	3,565,431
Non-controlling interests	11	729,719	6,505,669
Total equity		31,432,504	10,071,100

The accompanying notes form an integral part of these financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

BALANCE SHEET

At 30 June 2018

		Company	
	Note	2018	2017
		A\$	A\$
Non-current assets			
Investments in subsidiaries	11(b)	10,770,146	1,818
Total non-current assets		10,770,146	1,818
Current assets			
Cash and cash equivalents	12	10,220,788	400,720
Other current assets	13	223,001	195,657
Receivables from related parties	19	15,195,223	5,046,853
Total current assets		25,639,012	5,643,230
Total assets		36,409,158	5,645,048
Current liabilities			
Trade and other payables	14	2,868,917	3,476,423
Amount due to shareholders	15	256,619	1,256,619
Total current liabilities		3,125,536	4,733,042
Total liabilities		3,125,536	4,733,042
Net assets		33,283,622	912,006
Equity			
<i>Equity attributable to owners of the Company</i>			
Share capital	16	36,667,443	2,038,237
Reserve	17	3,567,111	2,082,586
Retained earnings		(6,950,932)	(3,208,817)
Total equity		33,283,622	912,006

The accompanying notes form an integral part of these financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

GROUP

2018	Share capital \$	Reserves \$	Retained earnings \$	Non-controlling interests \$	Total Equity \$
Balance as at 1 July 2017	2,038,237	2,082,586	(555,392)	6,505,669	10,071,100
Loss for the year	-	-	(4,713,215)	(7,710)	(4,720,925)
Total comprehensive income for the year	-	-	(4,713,215)	(7,710)	(4,720,925)
Transactions with owners in their capacity as owners:					
Issue of shares	23,323,315	-	-	-	23,323,315
Costs of issuing shares	(1,994,205)	-	-	-	(1,994,205)
Shares issued pursuant to the exercise of options	448,679	-	-	-	448,679
Acquisition of non-controlling interests in subsidiaries	10,768,831	(4,263,162)	-	(6,505,669)	-
Issue of shares to Employee Share Trust	2,082,586	(2,082,586)	-	-	-
Acquisition of subsidiary	-	-	-	737,429	737,429
Share based payments	-	3,567,111	-	-	3,567,111
Total transactions with owners in their capacity as owners	34,629,206	(2,778,637)	-	(5,768,240)	26,082,329
Balance as at 30 June 2018	36,667,443	(696,051)	(5,268,607)	729,719	31,432,504

GROUP

2017	Contributed equity \$	Reserves \$	Retained earnings \$	Non-controlling interests \$	Total Equity \$
Balance as at 1 July 2016	2,038,237	1,435,396	(5,588,413)	6,769,535	4,654,755
Profit for the year	-	-	5,033,021	(263,866)	4,769,155
Total comprehensive income for the year	-	-	5,033,021	(263,866)	4,769,155
Transactions with owners in their capacity as owners:					
Share based payments capitalised	-	647,190	-	-	647,190
Total transactions with owners in their capacity as owners	-	647,190	-	-	647,190
Balance as at 30 June 2017	2,038,237	2,082,586	(555,392)	6,505,669	10,071,100

The accompanying notes form an integral part of these financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

	Note	Share capital A\$	Reserves A\$	Retained earnings A\$	Total equity A\$
Company					
2018					
Balance as at 1 July 2017		2,038,237	2,082,586	(3,208,817)	912,006
Loss for the financial year		-	-	(3,742,115)	(3,742,115)
Total comprehensive income for the financial year		-	-	(3,742,115)	(3,742,115)
Transactions with owners in their capacity as owners:					
Issue of shares		23,323,315	-	-	23,323,315
Costs of issuing shares		(1,994,205)	-	-	(1,994,205)
Shares issued pursuant to the exercise of options		448,679	-	-	448,679
Shares issued to acquire non-controlling interests in subsidiaries		10,768,831	-	-	10,786,831
Issue of shares to Employee Share Trust		2,082,586	(2,082,586)	-	-
Share based payments		-	3,567,111	-	3,567,111
Total transactions with owners in their capacity as owners		34,629,206	1,484,525	-	36,131,731
Balance as at 30 June 2018		36,667,443	3,567,111	(6,950,932)	33,283,622
2017					
Balance as at 1 July 2016		2,038,237	1,435,396	(8,815,642)	(5,342,009)
Profit for the financial year		-	-	5,606,825	5,606,825
Total comprehensive income for the financial year		-	-	5,606,825	5,606,825
Transactions with owners in their capacity as owners:					
Share based payments capitalised		-	647,190	-	647,190
Total transactions with owners in their capacity as owners		-	647,190	-	647,190
Balance as at 30 June 2017		2,038,237	2,082,586	(3,208,817)	912,006

The accompanying notes form an integral part of these financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2018

	Note	Group 2018 A\$	2017 A\$
Profit / (loss) before tax		(4,720,925)	4,769,155
<u>Adjustments for:</u>			
Interest income		(30,366)	(32)
Income from commercial debt forgiveness		-	(6,532,966)
Share based payment expense		1,569,034	-
Depreciation expense		18,160	-
Impairment of capitalised exploration and evaluation expenditure		702,332	837,671
Net foreign exchange differences		(31,364)	(39,875)
Total adjustments		<u>2,227,796</u>	<u>(5,735,202)</u>
Operating cash flows before changes in working capital		(2,493,129)	(966,047)
<u>Changes in working capital:</u>			
Decrease / (increase) in prepayments		-	(195,652)
Decrease / (increase) in trade receivables and other current assets		(260,995)	-
Increase / (decrease) in employee provisions		62,318	-
Increase / (decrease) in trade and other payables		725,761	(111,351)
Total changes in working capital		<u>527,084</u>	<u>(307,003)</u>
Cash flows used in operations		(1,966,045)	(1,273,050)
Interest received		30,366	32
Net cash flows used in operating activities		<u>(1,935,679)</u>	<u>(1,273,018)</u>
Cash flow from investing activities			
Payments for property, plant and equipment		(1,472,802)	(281,281)
Payments for exploration and evaluation expenditure		(4,565,061)	(2,724,758)
Net cash used in investing activities		<u>(6,037,863)</u>	<u>(3,006,039)</u>
Cash flow from financing activities			
Proceeds from share issue - parent		23,771,995	-
Cost of issuing shares		(1,798,553)	-
Proceeds from borrowing - Siescap		-	3,309,446
Repayment of borrowings - Siescap		(1,000,000)	-
Proceeds from borrowings - Shareholders		-	1,256,619
Repayment of borrowings - Shareholders		(1,000,000)	-
Net cash provided by financing activities		<u>19,973,442</u>	<u>4,566,065</u>
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at beginning of financial year		501,879	174,852
Net increase in cash and cash equivalents		11,999,900	287,008
Foreign exchange difference on cash and cash equivalents		31,363	40,019
Cash and cash equivalents at end of financial year	12	<u>12,533,142</u>	<u>501,879</u>

The accompanying notes form an integral part of these financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

1. Corporate information

Mayur Resources Ltd (the “Company”) (Co. Reg. No. 201114015W), is a limited liability company incorporated in Singapore. On 21 September 2017, the Company listed on the Australian Stock Exchange.

The registered office of the Company is located at 80 Robinson Road #02-00 Singapore 068898. The principal place of business is Level 7, 300 Adelaide Street, Brisbane QLD, 4000, Australia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The Company’s shares are listed on the Australian Stock Exchange under the ticker code MRL.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are expressed in Australian dollar (“A\$”), which is the Company’s functional currency. The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore (“FRSs”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- c) Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a major degree of judgement or complexity, are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(b) Adoption of new and revised accounting standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial results or financial position of the Group and Company for the financial year.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- FRS 109 Financial Instruments¹
- FRS 115 Revenue from Contracts with Customers (with clarifications issued)¹
- FRS 116 Leases²
- Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³
- Amendments to FRS 102 Share-based Payment: Classification and Measurement of Share-based Payment Transactions¹
- Amendments to FRS 40 Investment Property: Transfers of Investment Property¹
- Improvements to FRSs (December 2016)¹
- INT FRS 122 Foreign Currency Transactions and Advance Consideration¹

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

³ Application has been deferred indefinitely, however, early application is still permitted.

(c) Changes in accounting policies and disclosures

The accounting policies and disclosures applied in the preparation of these financial statements are consistent with the accounting policies and disclosures applied in the preparation of the prior period financial statements except that the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017 as disclosed in Note 2(b). The adoption of these standards did not have any significant effect on the financial performance or financial position of the Group or the Company.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

(f) Basis of combination

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(f) Basis of combination (continued)

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amounts of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(g) Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the Group and the Company are presented in Australian dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency transaction reserve within equity in the consolidated financial statements.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Interest income is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associate and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(k) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(l) Contingencies

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(m) Financial instruments

Classification

The group classifies its financial assets as loans and receivables. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

(n) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group and the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(n) Impairment of non-financial assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(o) Property plant and equipment

Property, plant and equipment are stated at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss; any amount in revaluation reserve relating to that asset is transferred to accumulated profits directly.

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the profit or loss when the changes arise.

(p) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained legal rights to explore an area are expensed in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- ii) activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

2. Summary of significant accounting policies (continued)

(p) Exploration and evaluation expenditure (continued)

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generation unit shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant and equipment.

(q) Share based payments

The economic entity makes equity-settled share based payments to directors, employees and other parties for services provided or the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors.

(s) Employee benefits – defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions are recognised as an expense in the period in which the related service is provided.

3. Key sources of estimation uncertainty and critical accounting judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of exploration and evaluation expenditure

At 30 June 2018, the carrying value of exploration and evaluation assets of the Group was A\$20,496,395 (2017: A\$13,617,232). Exploration and evaluation assets are assessed for impairment in accordance with the accounting policy disclosed in Note 2(p). The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions may change as new information becomes available. If after having capitalised expenditure under the accounting policy a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be expensed in the statement of profit or loss and other comprehensive income.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

3. Key sources of estimation uncertainty and critical accounting judgements (continued)

Share based payments

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is calculated using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The assumptions used in these valuation models are set out in Note 17.

Where the vesting of share-based payments contains performance based and market-based milestones, in estimating the number and fair value of the equity instruments issued, the Group assesses the probability of the milestones being met, and therefore the probability of the instruments vesting. Management applies judgement to arrive at the probabilities that are applied to these instruments. These estimates will be adjusted over time to reflect actual performance and management's best estimates of the conditions being met.

Deferred tax assets

No members of the Group have generated taxable income in the financial year and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the recognition criteria set out in FRS12.

Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are described in the preceding paragraphs).

Exploration and evaluation expenditure

As at 30 June 2018, nine of the Group's mineral exploration licences had expired and were under application for renewal. The Group believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the Group's application for renewal of the exploration licences not being granted in the ordinary course of business. The Group has determined that no impairment of the capitalised exploration and evaluation expenditure relating to these exploration licences is necessary as it is considered that there is a reasonable basis to expect that the renewal applications will be granted and that the Group is otherwise proceeding with exploration and development activities on the exploration licences. Should any of the exploration licences not be renewed, the relevant capitalised amount will be expensed in the statement of profit or loss and other comprehensive income

4. Revenue and other income

	Group	
	2018	2017
	A\$	A\$
Interest income - cash and cash equivalents	30,366	32
Foreign exchange gain	92,924	39,845
Income from commercial debt forgiveness	-	6,532,996
	123,290	6,572,873

On 27 June 2017, the Group executed a Deed of Release of Debt with Siecap, pursuant to which Siecap agreed to release the Group from the obligation to pay the sum of A\$6,532,996 to Siecap under the loan agreement. This amount was recognised as other income in the statement of profit or loss and other comprehensive income in the year ended 30 June 2017. Refer Notes 14 and 23 for further information regarding the Group's dealings with Siecap.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

5. Auditor's remuneration

	Group	
	2018	2017
	A\$	A\$
Audit fees:		
- Auditor of the Company	46,000	35,000
- Other auditors*	134,666	76,000
	<u>180,666</u>	<u>111,000</u>
Non-audit fees:		
- Other auditors*	-	35,000

* Includes independent member firms of the Baker Tilly International network.

Non-audit fees paid to other auditors in the year ended 30 June 2017 represent fees paid for the preparation of an Investigating Accountant's Report for inclusion in the prospectus for the Company's Initial Public Offering are included in prepaid capital raising costs (refer Note 13).

6. Segment information

For management purposes, the Group is organised into the following business units:

- Industrial minerals which includes construction sands, magnetite sands, heavy mineral sands and limestone. The focus of this business unit is the development of the Orokolo Bay Industrial Sands Project located along the southern coast of Papua New Guinea and the Port Moresby Lime Project;
- Copper and gold comprising the Group's interests in the Feni Island Project in the New Ireland Province of Papua New Guinea, the Basilaki / Sideia project in Milne Bay Province and the Sitipu Project in the Eastern Highlands province of Papua New Guinea;
- Coal and power comprising the Depot Creek coal resource in the Gulf Project of Papua New Guinea and which is developing a proposal for vertically integrated domestic power projects in Papua New Guinea with an initial focus on the Lae region; and
- Corporate which provides Group-level corporate services and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on actual expenditure incurred, including capitalised expenditure which differs from operating profit or loss reported in the consolidated financial statements.

Accounting policies adopted

The Chief Operating Decision Maker assesses the performance of the operating segments based on a measure of gross expenditure that includes both expenditure that is capitalised in these financial statements and expenditure that is expensed in the statement of profit or loss and other comprehensive income in these financial statements. The measurement of gross expenditure does not include the impairment of exploration expenditure or non-cash items such as depreciation expense and share based payments expense. Interest and other items of revenue are allocated to the Corporate segment.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

6. Segment information (continued)

	Industrial Minerals A\$	Copper and Gold A\$	Coal and Power A\$	Corporate A\$	Per Consolidated Financial Statements A\$
Group					
2018					
<i>Results:</i>					
Interest income	-	-	-	30,366	30,366
Impairment of exploration and evaluation expenditure	-	(702,332)	-	-	(702,332)
Segment (loss)/profit	<u>57,838</u>	<u>(922,489)</u>	<u>(70,088)</u>	<u>(3,786,186)</u>	<u>(4,720,925)</u>
<i>Assets:</i>					
Exploration and evaluation Expenditure	11,321,969	3,634,965	5,539,461	-	20,496,395
Segment assets	<u>13,583,545</u>	<u>3,835,988</u>	<u>7,369,716</u>	<u>10,445,304</u>	<u>35,234,553</u>
Segment liabilities	<u>195,852</u>	<u>223,978</u>	<u>230,277</u>	<u>3,151,942</u>	<u>3,802,049</u>

	Industrial Minerals A\$	Copper and Gold A\$	Coal and Power A\$	Corporate A\$	Per Consolidated Financial Statements A\$
2017					
<i>Results:</i>					
Interest income	-	-	-	32	32
Income from commercial debt Forgiveness	-	-	-	6,532,996	6,532,996
Impairment of exploration and evaluation expenditure	(70,912)	(766,759)	-	-	(837,671)
Segment (loss)/profit	<u>(70,912)</u>	<u>(766,759)</u>	<u>-</u>	<u>5,606,826</u>	<u>4,769,155</u>
<i>Assets:</i>					
Exploration and evaluation expenditure	7,047,047	3,366,877	3,203,308	-	13,617,232
Segment assets	<u>7,098,195</u>	<u>3,403,787</u>	<u>3,705,544</u>	<u>596,616</u>	<u>14,804,142</u>
Segment liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,733,042</u>	<u>4,733,042</u>

Geographical information

The Group's non-current assets are all located in Papua New Guinea ("PNG").

7. Tax expense

	Group	
	2018 A\$	2017 A\$
Tax expense attributable to profit is made up of:		
Current year income tax	<u>-</u>	<u>-</u>

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to (loss) / profit before tax due to the following factors:

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

7. Tax expense (continued)

	Group	
	2018	2017
	A\$	A\$
(Loss) / profit before income tax	(4,720,925)	4,769,155
Effect of tax rates in other jurisdictions	(518,430)	619,991
Tax calculated at a tax rate of 17% (2017: 17%)	(802,557)	810,756
Effect of change in tax rate*	32,542	-
Expenses not deductible for tax purpose	770,052	251,301
Income not subject to tax	-	(1,959,890)
Deferred tax assets not recognised	518,393	277,842
	-	-

* The applicable rate of income tax in a jurisdiction other than Singapore in which the Group is subject to taxation was reduced to 27.5% from 30% in the year ended 30 June 2017.

	Group	
	2018	2017
	A\$	A\$
Accruals	32,956	184,996
Unrealised foreign exchange gains	(11,574)	(11,963)
Provisions	15,551	-
Prepayments	-	(58,697)
Capital raising costs	111,476	73,342
Tax losses available for offset against future taxable income	760,490	202,828
Net deferred tax assets	908,899	390,506
Deferred tax assets not recognised	(908,899)	(390,506)
	-	-

8. Earnings per share

The earnings per share was calculated on the basis of net (loss) / profit attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted (loss) / earnings per share is the same, as the Company did not have any dilutive potential ordinary shares on issue during the period covered by these financial statements.

The following tables reflect the (loss) / profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	Group	
	2018	2017
	A\$	A\$
(Loss) / profit for the financial year attributable to owners of the Company	(4,713,215)	5,033,021

	Number of shares	
	2018	2017
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	129,291,793	58,548,009

9. Property, plant and equipment

	Group	
	2018	2017
	A\$	A\$
Power plant assets, at cost	1,701,983	489,374
Property, plant and equipment, net of depreciation	242,033	-
	1,944,016	489,374

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

9. Property, plant and equipment (continued)

(a) Power plant assets at cost

The Group has commenced feasibility studies and negotiations to obtain approvals for a coal fired electricity power plant to operate in Lae, Morobe Province and supply electricity to PNG Power Limited. The capitalised costs relate to expenditure incurred as at 30 June 2018 in respect of the proposed project. Depreciation of these costs has not commenced as the assets are not ready for use.

	Group	
	2018	2017
	A\$	A\$
Balance at 1 July	489,374	208,093
Additions	1,212,609	281,281
Balance at 30 June	<u>1,701,983</u>	<u>489,374</u>

(b) Property, plant and equipment, net of depreciation

	Group	
	2018	2017
	A\$	A\$
Balance at 1 July	-	-
Additions	260,193	-
Depreciation	<u>(18,160)</u>	-
Carrying value at 30 June	<u>242,033</u>	-

10. Exploration and evaluation expenditure

	Group	
	2018	2017
	A\$	A\$
Exploration and evaluation phases	<u>20,496,395</u>	<u>13,617,232</u>

Exploration and Evaluation Assets

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment charges in the current and prior year represent the full impairment of capitalised exploration in relation to tenements that the Group has, or intends to, relinquish.

Movements in exploration and evaluation assets during the financial year are summarised below:

	Group	
	2018	2017
	A\$	A\$
Balance at beginning of financial year	13,617,232	11,082,975
Exploration and evaluation expenditure on acquisition of a subsidiary (i)	737,429	-
Exploration and evaluation expenditure capitalised during the financial year (ii)	6,844,066	3,371,928
Impairment of exploration and evaluation expenditure	<u>(702,332)</u>	<u>(837,671)</u>
Balance at end financial year	<u>20,496,395</u>	<u>13,617,232</u>

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

10. Exploration and evaluation expenditure (continued)

(i) *Acquisition of Waterford Limited*

On 4 July 2017 the Group acquired four mining tenements through the acquisition of 100% of the share capital in Waterford Limited, a PNG registered company, in exchange for an 11% shareholding in both MR Energy PNG Pte Ltd and MR Power Generation PNG Pte Ltd. The fair value of the combined tenements at the date of acquisition was \$737,429, based on the underlying capitalised exploration costs that were incurred to date at 30 June 2017.

(ii) Includes service fees and costs incurred by Siecap (refer Note 23) and \$1,998,077 in costs settled by way of share based payments (refer Note 17).

11. Subsidiaries

(a) **The Group's significant subsidiaries**

Subsidiaries of Mayur Resources Ltd:	Country of incorporation	Principal activity	Effective ownership interest held by the Group	
			2018	2017
			%	%
MR Exploration PNG Pte Ltd [#]	Singapore	Investment	100	68.5
MR Iron PNG Pte Ltd [#]	Singapore	Investment	100	68.5
MR Energy PNG Pte Ltd [#]	Singapore	Investment	89	68.5
MR PNG DRI & Steel Making Pte Ltd [#]	Singapore	Investment	100	68.5
MR Power Generation Pte Ltd [#]	Singapore	Investment	89	68.5
Mayur Exploration PNG Limited ^{^^}	Papua New Guinea	Mineral exploration	100	68.5
Mayur Iron PNG Limited ^{^^}	Papua New Guinea	Mineral exploration	100	68.5
Mayur Energy PNG Ltd ^{^^}	Papua New Guinea	Coal exploration	89	68.5
Mayur PNG DRI & Steel Making Ltd ^{^^}	Papua New Guinea	Steel	100	68.5
Mayur Power Generation PNG Limited ^{^^}	Papua New Guinea	Power generation	89	68.5
Waterford Limited ^{^^}	Papua New Guinea	Coal exploration	89	-

[#] Audited by Baker Tilly TFW LLP

^{^^} Audited by independent overseas member firms of Baker Tilly International for consolidation purposes.

The above table presents the Group's ownership interests in subsidiaries as at 30 June 2018 and 30 June 2017. During the year ended 30 June 2018, the following changes occurred in the Group's ownership interests:

- i) The Group increased its effective ownership interest in the Singapore subsidiaries to 100% through the acquisition of the non-controlling interests. The consideration paid to acquire the non-controlling interests was shares in Mayur Resources Ltd with a fair value of A\$10,768,831.
- ii) Acquisition of 100% of the share capital in Waterford, the owner of certain coal tenements in PNG by issuance of 11% of the share capital in Mayur Power Generation PNG Limited and 11% of the share capital of Mayur Energy PNG Ltd.

(b) **Investments in subsidiaries**

	Company	
	2018 A\$	2017 A\$
Unquoted shares at cost	10,770,146	1,818

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

11. Subsidiaries (continued)

(c) Non-controlling interests

Movement in non-controlling interests ("NCI") during the financial year are summarised below:

	Group	
	2018 A\$	2017 A\$
Accumulated NCI 1 July	6,505,669	6,769,535
Transferred to non-controlling interest reserve on acquisition of NCI in Singapore subsidiaries	(6,505,669)	-
NCI arising from acquisition of subsidiary	737,429	-
Profit or loss allocated to NCI during the year	(7,710)	(263,866)
Accumulated NCI at 30 June	<u>729,719</u>	<u>6,505,669</u>

Set out below is a reconciliation of the NCI by subsidiary:

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit/(loss) allocated to NCI during the reporting period A\$	Accumulated NCI at the end of the reporting period A\$
2018				
MR Exploration PNG Pte Ltd	Singapore	-	-	-
MR Iron PNG Pte Ltd	Singapore	-	-	-
MR Energy PNG Pte Ltd	Singapore	11	(935)	445,966
MR PNG DRI & Steel Making Pte Ltd	Singapore	-	-	-
MR Power Generation Pte Ltd	Singapore	11	(810)	289,718
Mayur Exploration PNG Limited*	Papua New Guinea	-	-	-
Mayur Iron PNG Limited	Papua New Guinea	-	-	-
Mayur Energy PNG Ltd*	Papua New Guinea	11	(4,059)	(4,059)
Mayur PNG DRI & Steel Making Ltd*	Papua New Guinea	-	-	-
Mayur Power Generation PNG Limited*	Papua New Guinea	11	(767)	(767)
Waterford Limited	Papua New Guinea	11	(1,139)	(1,139)
			<u>(7,710)</u>	<u>729,719</u>
2017				
MR Exploration PNG Pte Ltd	Singapore	31.5	-	2,666,676
MR Iron PNG Pte Ltd	Singapore	31.5	-	2,666,676
MR Energy PNG Pte Ltd	Singapore	31.5	-	2,666,676
MR PNG DRI & Steel Making Pte Ltd	Singapore	31.5	-	261
MR Power Generation Pte Ltd	Singapore	31.5	-	244
Mayur Exploration PNG Limited*	Papua New Guinea	31.5	(241,529)	(1,141,909)
Mayur Iron PNG Limited	Papua New Guinea	31.5	(22,337)	(345,102)
Mayur Energy PNG Ltd*	Papua New Guinea	31.5	-	(6,000)
Mayur PNG DRI & Steel Making Ltd*	Papua New Guinea	31.5	-	(730)
Mayur Power Generation PNG Limited*	Papua New Guinea	31.5	-	(1,123)
			<u>(263,866)</u>	<u>6,505,669</u>

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

11. Subsidiaries (continued)

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with non-controlling interests are as follows:

	MR Exploration PNG Pte Ltd A\$	MR Iron PNG Pte Ltd A\$	MR Energy PNG Pte Ltd A\$	MR PNG DRI & Steel Making Pte Ltd A\$	MR Power Generation Pte Ltd A\$	Mayur Exploration PNG Limited A\$	Mayur Iron PNG Limited A\$	Mayur Energy PNG Ltd A\$	Mayur PNG DRI & Steel Making Ltd A\$	Mayur Power Generation PNG Limited A\$	Waterford Limited A\$
2018											
Summarised balance sheet											
<i>Current</i>											
Assets	155	155	837,677	776	279,192	315,189	2,834,093	166,473	124	19,503	-
Liabilities	(4,901,303)	(2,477,772)	(296,728)	(12,809)	(104,522)	(10,132,190)	(15,330,889)	(4,178,029)	(9,184)	(1,689,078)	(900,735)
Net current assets	(4,901,148)	(2,477,617)	540,949	(12,033)	174,670	(9,817,001)	(12,496,796)	(4,011,556)	(9,060)	(1,669,575)	(900,735)
<i>Non-current</i>											
Assets	1	1	1	1	1	3,724,616	11,467,620	3,955,610	-	1,659,079	1,666,797
Liabilities	-	-	-	-	-	-	-	-	(544)	-	-
Net non-current assets	1	1	1	1	1	3,724,616	11,467,620	3,955,610	(544)	1,659,079	1,666,797
Net assets	(4,888,147)	(2,477,616)	540,948	(12,032)	(174,671)	(6,092,385)	(1,029,176)	(55,946)	(9,604)	(10,496)	766,062
Summarised statement of comprehensive income											
Revenue	-	-	-	-	-	-	-	-	-	-	-
Profit before income tax	(8,280)	(8,502)	(8,502)	(8,059)	(7,361)	(914,210)	66,342	(36,899)	(7,288)	(6,975)	(10,350)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-
Profit after tax	(8,280)	(8,502)	(8,502)	(8,059)	(7,361)	(914,210)	66,342	(36,899)	(7,288)	(6,975)	(10,350)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(8,280)	(8,502)	(8,502)	(8,059)	(7,361)	(914,210)	66,342	(36,899)	(7,288)	(6,975)	(10,350)
Other summarised information											
Net cash flow from operations	-	-	-	-	-	-	-	-	-	-	-
Exploration and evaluation expenditure	-	-	-	-	-	970,420	4,274,922	751,291	-	-	1,666,797
Payments for property, plant and equipment	-	-	-	-	-	94,369	159,092	-	-	1,169,705	-

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

11. Subsidiaries (continued)

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with non-controlling interests are as follows: (continued)

	MR Exploration PNG Pte Ltd A\$	MR Iron PNG Pte Ltd A\$	MR Energy PNG Pte Ltd A\$	MR PNG DRI & Steel Making Pte Ltd A\$	MR Power Generation Pte Ltd A\$	Mayur Exploration PNG Limited A\$	Mayur Iron PNG Limited A\$	Mayur Energy PNG Ltd A\$	Mayur PNG DRI & Steel Making Ltd A\$	Mayur Power Generation PNG Limited A\$
2017										
Summarised balance sheet										
<i>Current</i>										
Assets	155	155	844,606	776	774	36,834	51,071	11,239	–	–
Liabilities	(4,888,273)	(2,464,475)	(77)	–	(104,522)	(8,581,885)	(8,193,635)	(3,234,606)	(2,316)	(492,895)
Net current assets	(4,888,118)	(2,464,320)	844,529	776	(103,748)	(8,545,051)	(8,142,564)	(3,223,367)	(2,316)	(492,895)
<i>Non-current</i>										
Assets	1	1	1	1	1	3,366,876	7,047,047	3,204,319	–	489,374
Liabilities	–	–	–	–	–	–	–	–	–	–
Net non-current										
Assets	1	1	1	1	1	3,366,876	7,047,047	3,204,319	–	489,374
Net assets	(4,888,117)	(2,464,319)	844,530	777	(103,747)	(5,178,175)	(1,095,517)	(19,048)	(2,316)	(3,521)
Summarised statement of comprehensive income										
Revenue	–	–	–	–	–	–	–	–	–	–
Profit before income tax	–	–	–	–	–	(766,759)	(70,912)	–	–	–
Income tax expense	–	–	–	–	–	–	–	–	–	–
Profit after tax	–	–	–	–	–	(766,759)	(70,912)	–	–	–
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	(766,759)	(70,912)	–	–	–
Other summarised information										
Net cash flow from operations	–	–	–	–	–	–	–	–	–	–
Exploration and evaluation expenditure	–	–	–	–	–	389,255	1,270,029	785,205	–	–

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

12. Cash and cash equivalents

	Group		Company	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Bank balances	12,533,142	132,565	10,220,788	31,406
Cash held in trust	-	369,314	-	369,314
	12,533,142	501,879	10,220,788	400,720

13. Other current assets

	Group		Company	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Goods and services tax receivables	228,823	-	215,369	-
Other current receivables	32,177	-	7,632	-
Prepaid share issue costs	-	195,657	-	195,657
	261,000	195,657	223,001	195,657

Prepaid share issue costs as at 30 June 2017 represent costs incurred during the financial year ended 30 June 2017 that relate to the issuing of new shares pursuant to the Company's Initial Public Offering that was completed subsequent to 30 June 2017. These costs were deducted from equity on the issuance of the Initial Public Offering Shares in the year ended 30 June 2018.

14. Trade and other payables

	Group		Company	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Trade creditors and accruals*	1,688,665	616,658	1,012,152	616,658
Payable to Siecap (pre 30 June 2017 services)**	1,856,765	2,859,765	1,856,765	2,859,765
	3,545,430	3,476,423	2,868,917	3,476,423

* Includes amounts totalling \$520,248 owing to Siecap for services provided to the Group on or after 1 July 2017 (2017:\$Nil).

** In 2013, Mayur Resources Pte Ltd entered into a loan agreement with Siecap, a shareholder related entity. Under this agreement, Siecap has agreed to provide funding to the Group not exceeding A\$15,000,000. The term of the loan is 7 years and is repayable in part or full upon the purchase of the Group by one of the shareholders or an investment event (private placement or Initial Public Offering). The loan is non-interest bearing.

In addition, Mayur Resources Pte Ltd and its subsidiaries have entered into a services agreement with Siecap. Under this agreement, Siecap is to provide exploration and geological, project and development management, commercial and analytical services, charged by way of standard daily rates. Additionally, it is entitled to a reimbursement for all reasonable expenses incurred in performance of the services. Included in the payable to Siecap are any such charges which remain unpaid at reporting date.

On 29 June 2017, the Group executed a Deed of Release of Debt with Siecap, pursuant to which Siecap agreed to release the Group from the obligation to pay the sum of A\$6,532,996 to Siecap under the loan agreement. This amount was recognised as income in the statement of profit or loss and other comprehensive income in the year ended 30 June 2017.

During the year ended 30 June 2018, the Company repaid A\$1 million of the payable to Siecap utilising funds received pursuant to the Initial Public Offering.

Refer Note 23(a) for further information regarding the Group's transactions with Siecap.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

15. Amount due to shareholders

	Group and Company	
	2018	2017
	A\$	A\$
Shareholders' loan	256,619	1,256,619

The Group entered into a loan agreement with the following Shareholders: DTJ Co Pty Ltd, Thomas Jonathan Charlton as trustee of the Charlton Family Trust, QMP Nominees Pty Ltd as trustee for the QFL Agencies Trust and MAYPNG Pty Ltd on 28 January 2016 under which those shareholders agreed to loan ongoing sums of funding to the Group for the running of the business. The amount of funds loaned must not exceed A\$5 million.

The term of the loan is 5 years. The Group is not charged interest on the loan. The loan is not secured. The loan became repayable (in part or full) on listing.

On 22 September 2017, the Company repaid A\$1 million of the loan utilising funds received pursuant to the Initial Public Offering.

Set out below is a summary of movements in loans during the year:

	Group and Company	
	2018	2017
	A\$	A\$
Balance at beginning of financial year	1,256,619	-
Principal amounts drawn down	-	1,256,619
Principal amounts repaid	(1,000,000)	-
Balance at end of financial year	256,619	1,256,619

16. Share capital

	Group and Company	
	2018	2017
	A\$	A\$
Issue and fully paid up capital		
Share capital	36,667,443	2,038,237

Movements in ordinary shares on issue on the period to 30 June were:

	2018		2017	
	Number	\$A	Number	\$A
At beginning of financial year	58,548,009	2,038,237	58,548,009	2,038,237
Issuance of shares pursuant to capital raising	48,558,290	23,323,316	-	-
Shares issued on the exercise of options and performance rights	906,213	448,679	-	-
Acquisition of non-controlling interests in subsidiaries (Note 17(a))	27,543,618	10,768,831	-	-
Issue of shares to Employee Share Trust (Note 17(b)(I))	8,885,714	2,082,586	-	-
Issue of Loan Funded Shares (Note 17(b)(II))	4,575,000	-	-	-
Cost of issuing shares	-	(1,994,205)	-	-
At end of financial year	149,016,844	36,667,443	58,548,009	2,038,237

Ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

17. Reserves

	Group		Company	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Non-controlling interests reserve (a)	(4,263,162)	-	-	-
Share based payments reserve (b)	3,567,111	2,082,586	3,567,111	2,082,586
	(696,051)	2,082,586	3,567,111	2,082,586

(a) Non- controlling interest reserve

On 3 July 2017 the Group acquired the non-controlling interests (NCI) in its Singapore subsidiaries for shares in the parent entity with a fair value of A\$10,768,831 with a resulting transfer from equity attributable to non-controlling interest to equity attributable to owners of the parent entity and creation of a non-controlling interest reserve as summarised below:

	Group 2018 A\$
Fair value of shares in parent entity issued to acquire the NCI	10,768,831
NCI in subsidiaries	(6,505,669)
Transferred to Non-controlling interests reserve	(4,263,162)

There were no movements in the non-controlling interest reserve during the year ended 30 June 2017.

(b) Share based payments reserve

The share-based payments reserve is used to record the fair value of shares or options issued to employees/contractors and other service providers. In the year ended 30 June 2018 costs settled by way of share-based payments amounting to A\$1,998,077 were capitalised as exploration and evaluation expenditure (2017: A\$647,190).

	Group and Company	
	2018 A\$	2017 A\$
Balance at 1 July	2,082,586	1,435,396
Transfer to issued share capital on creation of Employee Share Trust (I)	(2,082,586)	-
Share based payments made during the year (II)	3,567,111	647,190
Balance at 30 June	3,567,111	2,082,586

The share-based payments made during the year were accounted for as follows:

	Group and Company	
	2018 A\$	2017 A\$
Recognised as share-based payments expense in the Statement of Profit and Loss and Other Comprehensive Income	1,569,034	-
Capitalised as exploration and evaluation expenditure	1,998,077	647,190
	3,567,111	647,190

(I) Transfer to issued share capital on creation of Employee Share Trust

The balance of the share-based payments reserve at 30 June 2017 represented the accumulated fair value of service that had been provided to the Company by employees, contractors and other service providers at reduced rates. On 10 July 2017, the Company issued 8,885,714 shares at an issue price of 23.4 cents each (accounting fair value) to the Employee Share Trust ("EST"). At the same time a total of 8,885,714 performance rights were issued to the relevant employees, contractors and service providers.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

17. Reserves (continued)

(b) *Share based payments reserve (continued)*

(I) *Transfer to issued share capital on creation of Employee Share Trust (continued)*

Each performance right vested immediately and entitles the holder to receive one share that is held in the EST at the date of grant of that performance right. The rights can be exercised at any time, with a nil exercise price.

The underlying shares are held in the EST on behalf of the participants for an escrow half-year of two years. During this time, the participants are entitled to full dividend and voting rights as the beneficial owners of the shares. At the end of the escrow half-year, the employee/contractor may either direct the Trustee of the EST to sell the shares and pay them the sale proceeds less any relevant costs; or ask the Trustee to transfer legal ownership of the shares to them (i.e. transfer the shares out of the EST).

(II) *Share based payments made during the year*

The following share-based payment transactions were recognised during the year:

	<i>2018</i>	
	<i>Number issued</i>	<i>\$</i>
Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (i)	607,171	557,417
Long term incentive rights subject to vesting conditions (ii)	6,250,000	595,757
Loan funded shares (iii)	4,575,000	1,214,205
Options (iv)	3,000,000	1,200,000
		<u>3,567,111</u>

(i) *Salary sacrifice rights*

Performance rights are granted to employees and contractors to receive shares in respect of a portion of their agreed remuneration. Each performance right will entitle the holder to receive one share. The performance rights vest annually over four equal instalments and can be exercised for no consideration at any time after being granted but prior to the expiry date of the rights.

The number of performance rights to be issued at each grant date is determined by dividing the salary amount to be paid in the form of performance share rights divided by the prevailing share price (rounded down to the nearest whole number).

Any new employees/contractors or employees/contractors that have not worked on behalf of the Company for a minimum of 12 months shall be restricted in exercising their performance rights until such time they have worked for and/or on behalf of the Company for a half-year of 12 months.

During the year 607,171 salary sacrifice rights were issued in respect of remuneration totalling \$557,149.

(ii) *Long term incentive rights*

Performance rights are also offered as part of a Long-Term Incentive Plan to employees, executive and non-executive directors, contractors, and consultants, to acquire shares in the Company. The rights will vest subject to the relevant performance measures being met and the participant remaining employed. During the year 6,250,000 performance rights have been awarded in respect of the Long-Term Incentive Plan.

The performance rights have a \$nil exercise price and an expiry date of 5 years from the grant date and are subject to the following vesting conditions that will be measured over a vesting period of three years from the date the Shares were first quoted on the ASX.

- **Tranche 1 (50% weighting):** For Tranche 1 Awards to vest, the Share price at any time within the three-year vesting period must be at a price 50% above the initial public offering price for the volume-weighted average price (VWAP) period for 10 days. The Tranche 1 performance rights met the VWAP vesting condition during the year ended 30 June 2018;

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

17. Reserves (continued)

(II) Share based payments made during the year (continued)

(ii) Long term incentive rights (continued)

- **Tranche 2 (25% weighting):** For Tranche 2 Awards to vest, the Delivery Engineering and Project Development Milestones as outlined in the Prospectus must be achieved within the vesting period. The vesting condition for the Tranche 2 performance rights was not met during the year ended 30 June 2018; and
- **Tranche 3 (25% weighting):** For Tranche 3 Awards to vest, there must be a material uplift to geological resource and reserve delineation as outlined in the Prospectus within the vesting period. The vesting condition for the Tranche 3 performance rights was not met during the year ended 30 June 2018.

Should any of the Vesting Conditions not be met, the Awards related to that specific Tranche will lapse and be forfeited.

The amount recognised as a share-based payment in relation to the long-term incentive rights in the year has been determined as follows:

Tranche	Grant date	Number issued	Fair value per right	Total Fair value	Period over which fair value to be recognised	Share based payment recognised in the year
Tranche 1	21/9/2017	3,125,000	\$0.31	\$968,750	2 years	\$363,381
Tranche 2	21/9/2017	1,562,500	\$0.20	\$312,500	2 years	\$117,188
Tranche 3	21/9/2017	1,562,500	\$0.20	\$312,500	2 years	\$117,188
						\$597,757

The fair values per right have been determined as follows:

- **Tranche 1.** Tranche 1 vesting is determined by a market based condition being the Company's share price; consequently, the tranche 1 rights have been valued using an option pricing model using the following inputs:

Exercise price	\$Nil
Share price target	\$0.60
Expected volatility	100%
Risk-free interest rate	2.39%
Expected life of share options	5 years
Grant date share price	\$0.40
Fair value per option	\$0.31

- **Tranches 2 and 3.** Tranche 2 and 3 rights vest on the achievement of non-market conditions and consequently the fair value per right has been determined based on the Company's assessment of the probability of the vesting conditions being satisfied within the vesting period as follows:

	Tranche 2	Tranche 3
Grant date share price	\$0.40	\$0.40
Fair value per right	\$0.40	\$0.40
Probability of vesting condition being satisfied	50%	50%

(iii) Loan funded shares

During the year the Company issued loan funded shares to eligible employees (including employees, executives and contractors) selected by the Board. Pursuant to the terms of the Employee Incentive Plan, employees are granted an interest free limited recourse loan to assist in the purchase of Shares, with the Shares acquired at their market value. The loan will be limited recourse so that at any time the employee may divest their Shares in full satisfaction of the loan balance.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

17. Reserves (continued)

(ii) Share based payments made during the year (continued)

(iii) Loan funded shares (continued)

In accordance with the requirements of applicable FRS' the loan funded shares are to be accounted for as an option granted to the employee with an exercise price equal to the market price of the Company's shares at the grant date. Consequently, the loan funded shares have been valued using an option pricing model using the following inputs:

Exercise price	\$0.40
Expected volatility	100%
Risk-free interest rate	2.83%
Term	10 years
Suboptimal exercise factor	2.50
Grant date share price	\$0.40
Fair value per option	\$0.2654

(iv) Options

During the year the Company issued options to the Managing Director in lieu of the Managing Director receiving loan funded shares. The options have been valued using an option pricing model using the following inputs:

Exercise price	\$Nil
Expected volatility	100%
Risk-free interest rate	2.39%
Term	5 years
Grant date share price	\$0.40
Fair value per option	\$0.40

18. Capital commitments

In order to maintain current rights of tenure to exploration tenements, including tenements that had expired and were the subject of renewal applications by the Group as at 30 June 2018, the Group is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority. The following table sets out the minimum expenditure commitments:

	Group and Company	
	2018	2017
	A\$	A\$
Payable:		
- not later than one year	2,686,791	1,848,535
- later than one year and not later than five years	1,844,529	323,017
	4,531,320	2,171,552

19. Receivables from related parties

	Company	
	2018	2017
	A\$	A\$
Receivables from subsidiaries	15,195,223	5,046,853

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

19. Receivables from related parties (continued)

Receivables from subsidiaries are unsecured, repayable on demand and are non-interest bearing.

	Company	
	2018 A\$	2017 A\$
Balance at 1 July	5,046,853	1,435,396
Advances to subsidiaries	6,581,259	1,528,871
Shares based payment	3,567,111	2,082,586
Balance at 30 June	<u>15,195,223</u>	<u>5,046,853</u>

20. Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, loans and trade and other payables. The Group does not currently have any projects in production and as such the main purpose of these financial instruments is to provide liquidity to finance the Group's development and exploration activities. It is, and has been throughout the financial year, the Group's policy that no trading in speculative financial instruments shall be undertaken. The main risks arising from the Group's use of financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. During the financial year, the Group has had some transactional currency exposures, principally to the Papua New Guinea Kina ("PGK") and the United States Dollar ("USD"). The Group has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2. Primary responsibility for identification and control of financial risk rests with the Board of Directors. However, the day-to-day management of these risks is under the control of the Managing Director and the Chief Financial Officer. The Board agrees the strategy for managing future cash flow requirements and projections.

(a) Categories of financial instruments

The carrying values of the Group's financial instruments at the balance sheet date are as follows:

	Group		Company	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
<i>Financial assets</i>				
Loans and receivables	<u>12,565,319</u>	501,879	<u>25,423,643</u>	5,447,573
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	<u>3,802,049</u>	4,733,042	<u>3,125,536</u>	4,733,042

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

20. Financial risk management (continued)

(b) Financial risk management

Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, including Papua New Guinea Kina ("PGK") and United States Dollar ("USD"). The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign currency risk arises from future commercial transactions and recognised financial liabilities denominated in a currency that is not the Group's functional currency (which is the Australian dollar).

The Group manages foreign currency risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting. The Group's exposure to foreign currency risk, expressed in Australian dollars at the reporting date, was as follows:

	PGK		USD	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
<i>Financial assets</i>				
Cash and cash equivalents	2,310,419	468,454	-	27,232
Net currencies exposure	2,310,419	468,454	-	27,232

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number in the table represents an increase in the operating profit after tax and reduction in equity where the Australian dollar strengthens against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss or equity, and the balances below would be negative.

	PGK		USD	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
Loss after tax and equity - 10% increase	231,042	(38,882)	-	(2,260)
Profit after tax and equity - 10% decrease	(231,042)	38,882	-	2,260

Interest rate risk

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates, as the Group intends to hold any fixed rate financial assets to maturity. At the end of the reporting period, the Group maintained the following variable rate accounts:

	2018		2017	
	Weighted average interest rate %	Balance A\$	Weighted average interest rate %	Balance A\$
Cash and cash equivalents	1.55	12,533,142	0.5	501,879

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax (loss) / profit and equity would have been affected as follows:

	After-tax (loss) / profit higher/(lower)		Equity higher/(lower)	
	2018 A\$	2017 A\$	2018 A\$	2017 A\$
+1% (100bp)	125,331	5,018	125,331	5,018
-1% (100bp)	(125,331)	(5,018)	(125,331)	(5,018)

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

20. Financial risk management (continued)

(b) Financial risk management (continued)

Credit risk

Credit risk primarily arises from cash and cash equivalents and term deposits deposited with banks and receivables from related parties. Cash and cash equivalents and term deposits are primarily placed with reputable financial institutions.

The carrying amount of receivables from related parties and cash and cash equivalents represent the Group and the Company's maximum exposure to credit risk in relation to financial assets. At the balance sheet date, there are no financial assets that are past due or impaired.

Liquidity risk

The going concern of the Group and the ability to meet its obligations is principally dependent upon the ongoing support from its shareholders and shareholder related entities, the ability of the Group to successfully raise capital as and when necessary and the ability to complete successful exploration and subsequent exploitation of the areas of interest. This is to ensure the continuance of its activities and to meet its financial obligations as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At reporting date, the Group did not have access to any undrawn borrowing facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

	Less than 1 year A\$
Group	
2018	
Trade and other payables	3,545,430
Amount due to shareholders	256,619
	<u>3,802,049</u>
2017	
Trade and other payables	3,476,423
Amount due to shareholders	1,256,619
	<u>4,733,042</u>
Company	
2018	
Trade and other payables	2,868,917
Amount due to shareholders	256,619
	<u>3,125,536</u>
2017	
Trade and other payables	3,476,423
Amount due to shareholders	1,256,619
	<u>4,733,042</u>

21. Fair value estimation

The carrying amount of financial assets (net of any allowance for impairment) and financial liabilities as disclosed in Note 20(a) is assumed to approximate their fair values primarily due to their short maturities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

22. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments.

The Group is not subject to any externally imposed capital requirements.

No changes were made to the Group's and the Company's capital management objectives or policies during the financial years ended 30 June 2018 and 30 June 2017.

23. Related party transactions

(a) Siecap Pty Ltd Development Services Agreement and Loan Agreement

There is a Development Services Agreement between Mayur Resources Pte Ltd, Mayur Exploration PNG Ltd, Mayur Iron PNG Ltd, Mayur Energy PNG Ltd, Mayur Power Generation PNG Ltd, Mayur Steelmaking and DRI PNG Ltd and Siecap Pty Ltd dated 27 June 2017 (Development Services Agreement). This agreement superseded a prior Development Services Agreement dated 21 March 2014.

Under the agreement, Siecap is engaged to provide the following services to the Group to assist in the project development cycle of developing resource assets from a greenfield conceptual level:

- (a) exploration and geological services;
- (b) project and development management services; and
- (c) commercial services and analytics.

Paul Mulder and Tim Crossley who were appointed as Executive Directors of the Group on 3 July 2017 are shareholders of both Siecap and the Company.

Siecap provides services under the Development Services on arm's length basis on normal commercial terms.

The Development Services Agreement can be terminated immediately by either party for default or by the Company giving at least 60 days written notice to the Service Provider or by the Service Provider giving at least 90 days written notice to the Company.

The Company entered into a loan agreement with Siecap Pty Ltd on 4 April 2013 under which Siecap Pty Ltd agreed to loan ongoing sums of funding to the Group for the running of the business. The amount of funds loaned must not exceed A\$15 million.

The loan entitles Siecap Pty Ltd to accumulate losses it has incurred in supporting the Group since the Company's incorporation for which it in part has not received monetary compensation.

The term of the loan is 7 years. The Group is not charged interest on the loan. The loan is not secured. The loan is repayable (in part or full) on the listing of the Company's shares on a stock exchange.

On 27 June 2017 the Company and Siecap entered into a Deed of Release of Debt under which Siecap agreed to the forgiveness of A\$6,532,996 of amounts owed to Siecap by the Group.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

23. Related party transactions (continued)

(a) *Siecap Pty Ltd Development Services Agreement and Loan Agreement (continued)*

Set out below is a summary of transactions undertaken during the financial year under the Development Services Agreement and the Loan Agreement:

	2018 A\$	2017 A\$
Balance at 1 July	2,859,765	6,083,315
Services provided by Siecap under Development Services Agreement	3,287,557	3,309,446
Debt forgiveness	-	(6,532,996)
Payments made	(3,770,309)	-
Balance at 30 June	<u>2,377,013</u>	<u>2,859,765</u>

(b) *Shareholder Loan*

As disclosed in Note 15, the Group entered into a loan agreement with various Shareholders on 28 January 2016 under which those shareholders agreed to loan ongoing sums of funding to the Group for the running of the business. The amount of funds loaned must not exceed A\$5 million.

The term of the loan is 5 years. The Group is not charged interest on the loan. The loan is not secured. The loan is repayable (in part or full) on listing of the Company's shares on a stock exchange.

Set out below is a summary of transactions undertaken during the financial year under the Shareholder Loan Agreement:

	2018 A\$	2017 A\$
Balance at 1 July	1,256,619	-
Principal amounts drawn down	-	1,256,619
Principal amounts repaid	(1,000,000)	-
Balance at 30 June	<u>256,619</u>	<u>1,256,619</u>

(c) *Compensation of key management personnel*

	Group	
	2018 A\$	2017 A\$
Short term employee benefits	546,886	-
Superannuation contributions	51,954	-
Share based payments	2,517,583	-
	<u>3,116,693</u>	<u>-</u>

Total key management personnel compensation represents gross compensation paid or payable and includes amounts capitalised to exploration and evaluation expenditure and property, plant and equipment.

Comprise amounts paid to:

Non-executive directors of the Company	2,621,018	-
Executive Directors	495,675	-
	<u>3,116,693</u>	<u>-</u>

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

23. Related party transactions (continued)

(c) Compensation of key management personnel (continued)

The following awards were made to Directors of the Company pursuant to the Company's Employee Incentive Plan during the year :

	Salary Sacrifice Rights Number	Long Term Incentive Rights Number	Loan Funded Shares Number	Options Number
Paul Mulder	320,103	3,000,000	-	3,000,000
Timothy Crossley	165,452	1,125,000	1,125,000	-
Frank Terranova	-	-	1,125,000	-
	485,555	4,125,000	2,250,000	3,000,000

No awards were exercised, cancelled or lapsed during the year ended 30 June 2018.

No awards were issued in the year ended 30 June 2017.

Details of the terms of awards issued to key management personnel during the year are provided in Note 17.

24. Contingent liabilities

In September 2015, the Group entered into a Development Management Deed with a third party. Under this deed and its subsequent addendums, the third party is to provide services relating to the Lae power project and any subsequent power projects undertaken by the Group. In addition to the amounts paid to the third party for their services, they are entitled to the following compensation:

- (a) 5% undiluted free carried equity in the first project (anticipated to be the Lae Power Project) undertaken by MR Power Generation PNG Pte Ltd payable on financial close of the Lae power project and/or upon investment from potential investors as contemplated in the agreement, and up to 12% undiluted free carried equity in any other subsequent projects developed by MR Power Generation PNG Pte Ltd.; and
- (b) Contingent compensation of A\$140,000 payable upon financial close of the Lae power project (and likewise for any other subsequent projects).

In June 2017, the Group entered into two additional Deeds of appointment with third parties, regarding the power projects. Under these deeds, the third parties are to provide services relating to Lae power project. As compensation for their services they are entitled to various payments and/or interests in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd, contingent upon the achievement of certain milestones/investor introductions. These amounts include:

Third party 1

- (a) A\$50,000 fee upon signing of the Power Purchasing Agreement;
- (b) A\$700,000 fee upon financial close of the Lae power project;
- (c) 8% equity in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd upon operation commencement and approval of first shareholder dividend payment; and
- (d) Introduction fee of 3% of proceeds for any investors introduced which result in funds being received.

Third party 2

- (e) Upon achievement of the signing of the Power Purchase Agreement and subsequent government guarantees by a defined date to be determined, 5% interest in MR Power Generation PNG Pte Ltd and MR Energy PNG Pte Ltd; and
- (f) Introduction fee of 3% of proceeds for any investors introduced which result in funds being received.

These amounts have not been recognised in the financial statements due to their payment being contingent upon future events not wholly within the control of the Group.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES

25. Subsequent events

No matter or circumstance has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the Group's operations, the results of those operations or the Group's state of affairs in subsequent periods.

26. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors dated 24 September 2018.