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

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR YEAR ENDED
31 DECEMBER 2018

Directors' report

The directors of Mayur Resources Ltd (the "**Company**" or "**Mayur**") submit herewith the half-year report of the Company and the subsidiaries it controlled (collectively "**Group**") for the half-year ended 31 December 2018 ("**reporting period**").

Directors

The following persons were directors of the Company during the whole of the reporting period under review and up to the date of this report, unless otherwise stated:

- Robert Charles Neale
- Paul Levi Mulder
- Timothy Elgon Savile Crossley
- Frank Terranova
- Lu Kee Hong (appointed 25 September 2018)

Principal activities and review of operations

OROKOLO BAY SANDS PROJECT

The Company has signed a legally binding term sheet with China Titanium Resources Holdings Limited (CTRH) relating to the development of the Company's Orokolo Bay Industrial Mineral Sands project in Gulf Province with Pilot scale bulk sampling planned to commence in Q3 of the 2019 calendar year (refer to separate **ASX announcement** dated 7 January 2019 for further details).

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

1. **Stage 1 - Pilot Plant.** Comprising the construction, commissioning and operation of a Pilot scale bulk sample that is already environmentally permitted to produce up to 100,000 tonnes of iron ore sands per annum (over a 2-year period) principally for the purpose of providing test scale shipments of product to potential off takers, with the endeavour they will then sign legally binding long-term offtake agreements for the Full-Scale Plant.

2. **Stage 2 - Full Scale Plant.** Subject to the outcomes of the Pilot Plant Bulk Samples including customer acceptance of the product, obtaining the required permits and landowner consents for the Full-Scale Operations, as well as the Definitive Feasibility Study (DFS), it is proposed to expand the capacity of the Pilot Plant to achieve total production capacity of 800 tonnes per hour run of mine (ROM) feed rate. In addition, a processing circuit is to be installed to separately produce construction sands and crude zircon concentrates (in separated form) (**Full Scale Plant**).

The Company has substantially completed the design and equipment selection for the small-scale Bulk Sample Plant (BSP) for the Orokolo Bay Sands project. Results of the samples from the 250-hole closely spaced infill drilling programme, across the bulk sample pit area, have been received, analysed and compiled into a drill hole data base for detailed resource estimation.

During the reporting period, the Company also presented to the Mineral Resources Authority (MRA) in Port Moresby during the quarter to confirm the scope of the bulk sample operation. The proposed area of disturbance for the bulk sample pit is approximately 23 hectares, consisting of a shallow excavation, with material extracted by standard mechanical excavator and then processed through a small scale mobile mineral processing unit (comprising gravity and magnetic separation modules to extract the vanadium titano-magnetite (VTM)). The product would then be transported to a new temporary jetty facility, to be built on the Purari River, and loaded into shallow draft barges that would then travel to the Gulf of Papua, where product would be transferred to ocean going vessels. The Company is awaiting regulatory approval of its proposed bulk sampling operation.

Directors' report (continued)

Principal activities and review of operations (continued)

OROKOLO BAY SANDS PROJECT (continued)

The Company has also prepared and released a Request for Proposal (RFP) to pre-selected parties for river barging and transshipping services for the handling of products from the Orokolo Bay Sands project.

During the reporting period, the Company also signed further Letters of Intent for VTM product offtake and commenced negotiations on binding offtake agreements for acceptance testing from the bulk sampling pilot phase of the project. If the VTM is successfully utilised by Asian based steel making customers in their processing units, then long-term binding offtake agreements for the full-scale project would be targeted as the next value accretive milestone to validate the assumptions of DFS (currently being undertaken).

The Company has awarded a contract for the pilot scale testing of Orokolo Bay magnetite as Dense Media Separation (DMS) and also completed a study of the Orokolo Bay heavy mineral concentrate. This study involved a high-level evaluation of potential processing options to extract the valuable products of iron, vanadium and titanium. The study identified that via suitable processing, the concentrate contained approximately US$800/t of value (iron, vanadium and titanium).

The 500 tph mobile ship loading conveyor and associated feed conveyor, purchased in the previous reporting period, has been transported to Papua New Guinea (PNG) and is currently in storage at Port Moresby, ready to be deployed to the Orokolo Bay Sands project site as and when required.

The Company completed the first phase of the infill drilling programme across the wider Orokolo Bay Sands project area, that forms part of the work required to progress the current Resource into a Reserve for the DFS. The drill samples are currently in the process of being analysed and, with the outputs from the trial Bulk Sample Plant, this will help enable a Final Investment Decision for the Orokolo Bay Sands Project.

Elsewhere across the industrial sands portfolio, the Company completed a regional exploration programme (involving auger drilling and grab sampling) on several tenements in Gulf and Western Province.

The Company has also applied for a new license in Amazon Bay (ELA2556), in a prospective coastal area of Milne Bay province. Historical exploration and processing work, conducted by a previous tenement holder, identified that the Amazon Bay tenement produced a high-grade vanadium concentrate. This project will allow the Company to further grow its vanadium titano-magnetite mineral inventory and target the opportunity to serve the growing global demand for vanadium. Vanadium being both a key ingredient for steel strengthening and large-scale energy storage (i.e. vanadium redox Batteries) for the renewable energy sector such as solar power.

CENTRAL CEMENT & LIME PROJECT (CCL)

During the reporting period, EPC documents concerning the Engineering, Procurement and Construction (EPC) works for the Port Moresby Lime and Cement Project were sent to pre-qualified companies. EPC bidders were requested to propose EPC linked financing solutions to be taken into consideration through the Company's evaluation process.

Other activities undertaken to support the preparation of a DFS for the project included social and environmental studies, together with customer and market engagement for product offtake. Further sampling, geological mapping and shallow drilling was undertaken via localised drilling and sampling works to confirm final grade and quantities of other additive cement making raw materials, such as silica and iron oxide, within the proposed project site.

The Company has completed the DFS for the Central Cement and lime Project following the receipt of EPC bids.

The Project anticipates the quarrying of extensive limestone deposits and the downstream production of clinker, cement and quicklime for both domestic and export markets. The Project also includes the construction of supporting infrastructure including a dedicated power station and sole purpose marine wharf facility adjacent to the plant site that will provide significant operational and logistical advantages.

Directors' report (continued)

Principal activities and review of operations (continued)

CENTRAL CEMENT & LIME PROJECT (CCL) (continued)

The robust outcomes from the DFS have incorporated the outputs from an EPC tender process initiated in late 2018, and other project development activities completed over the last 18 months. This outcome now provides a strong platform for the Company to submit its application for a Mining Lease, and also complete the next steps of detailed engineering design, product offtake, project financing that will enable a financial investment decision and a target commencement of construction by late 2019.

PORT BOTANY (SYDNEY) SAND & CEMENT IMPORT FACILITY PROJECT

The Company has continued development activities for the Port Botany Import Facility Project under the agreement in place with NSW Ports. Preliminary engineering design has continued to analyse options for the offloading, material handling and storage of both construction sands (as a product from the Orokolo Bay Sands project) and cement (as a product from the Central Cement and Lime Project). A basis of design document has been completed, with associated drawings and specifications, to address in part the technical, permitting / approvals and commercial aspects of the development with NSW Ports.

The arrangement between the Company and NSW Ports for the proposed development of the Port Botany Import Facility Project is undergoing a review by NSW Ports. It is anticipated that this review will be completed by 30 March 2019.

COPPER & GOLD PROJECTS

Feni (EL2096) - Following completion of site reconnaissance, mapping and sediment and stream sampling programme to refine the proposed drill targets at the Feni copper gold project (EL2096), the Company has completed pre-mobilisation activities including drilling contract negotiations and planning for a drilling programme of up to 2,400m. Further works are currently on hold, while land holder access negotiations are concluded.

Basilaki and Sideia (EL2095) - An aeromagnetic survey to assist in the identification of new drill targets at Sideia Island was completed during the reporting period. Data captured is currently being processed and interpreted, and depending on the results, a further extension to the option agreement may be considered by the funding partner.

Rambutyo (EL2594) in Manus Province was granted by the Mineral Resources Authority (MRA). Rambutyo is a greenfield porphyry deposit prospective for both copper and gold targets, with a selection of highly anomalous gold stream sediment results. The Company's proposed exploration programme initially includes field mapping and a surface sampling programme.

POWER GENERATION

Lae Enviro Energy Park (EEP) Power Project - the Company has continued to work with key stakeholders for the project, including the Morobe Provincial Government, PNG Ports, and Lae City Authority.[1]

COAL PROJECTS

Field mapping and sampling programme commenced during the quarter, with coal intersections up to 4 metres in thickness encountered at surface. Following the previous quarters field work a full regional geological mapping model has been completed. Additional drill targets are to be identified to expand upon the Depot Creek JORC Resource and the wider regional Exploration Target of up to 210 million tonnes (across the portfolio held by Waterford, being a subsidiary of the Company[2].

[1] Refer to ASX announcement dated 5 October 2018
[2] Refer to Prospectus dated 21 July 2017 and the Depot Creek Project JORC Report contained therein. Except as set out in this Announcement, MRL confirms that it is not aware of any new information or data that materially affects the information included in the Depot Creek JORC Statement

Directors' report (continued)

Principal activities and review of operations (continued)

CORPORATE ACTIVITIES

The Company appointed Mr Kevin Savory as CEO of Mayur's Lime and Cement business, responsible for managing the Company's rapidly evolving lime and cement business that looks to develop both the domestic market in PNG and also penetrate the Pacific region and Australian cement and quicklime markets. Kevin's focus is to lead the delivery of the Central Cement and Lime DFS, and especially the marketing, customer and commercial aspects of this project and the proposed Port Botany (Sydney) cement and construction sands import facility.

The last of the four tranches of Loyalty Options and Broker Options, issued as part of the Initial Public Offering ("IPO"), vested on 21 September 2018. As at 31 December 2018 the Company had the following options on issue:

- 12,198,637 Loyalty Options with an exercise price of $0.56 and expiry of 21 September 2019.
- 1,337,856 Loyalty Options with an exercise price of $0.56 and expiry of 21 September 2019.

OPERATING RESULT

The Company reported a loss after tax of $1,798,354 for the half-year ended 31 December 2018 (2017: loss after tax of $2,408,897).

TENEMENT LIST

As at 31 December 2018 the Company had interests in the following tenements, all located in Papua New Guinea:

	EL nr	Province	Commodity focus	Ownership at end of quarter	Km^2
1	**2095***	Milne Bay	Copper / Gold	**100%**	*75*
2	**2096***	New Ireland	Copper / Gold	**100%**	*95*
3	**2594**	Manus	Copper / Gold	**100%**	*522*
4	**2150***	Gulf	Industrial Minerals	**100%**	*307*
5	**2266**	Gulf	Industrial Minerals	**100%**	*634*
6	**2267***	Gulf	Industrial Minerals	**100%**	*1,279*
7	**2268***	Gulf	Industrial Minerals	**100%**	*1,279*
8	**2269**	Western	Industrial Minerals	**100%**	*638*
9	**2297***	Gulf	Industrial Minerals	**100%**	*1,279*
10	**2303**	Central	Industrial Minerals	**100%**	*256*
11	**2304**	Gulf	Industrial Minerals	**100%**	*269*
12	**2305***	Gulf	Industrial Minerals	**100%**	*259*
13	**1873***	Gulf	Coal	**89%**	*256*
14	**1874***	Gulf	Coal	**89%**	*256*
15	**1875***	Gulf	Coal	**89%**	*314*
16	**1876***	Gulf	Coal	**89%**	*317*

Table 1 - Exploration Licence list (*ELs currently under renewal)

Directors' report (continued)

Principal activities and review of operations (continued)

TENEMENT LIST (continued)

The Company lodged renewal applications for 4 Exploration Licenses (EL) during the reporting period (EL2150, 2267, 2268 and 2297) as these expired during the quarter having reached the end of their statutory 2-year term.

In addition to the above (as detailed in table 1 below above) as at 31 December 2018 another 7 EL's were progressing through the statutory assessment and renewal process (EL1873, 1874, 1875, 1876, 2095, 2096 and 2305) under the PNG Mining Act via the Mineral Resources Authority.

The renewal process is proceeding in accordance with the established regulatory processes in PNG. 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.

TENEMENT MAP

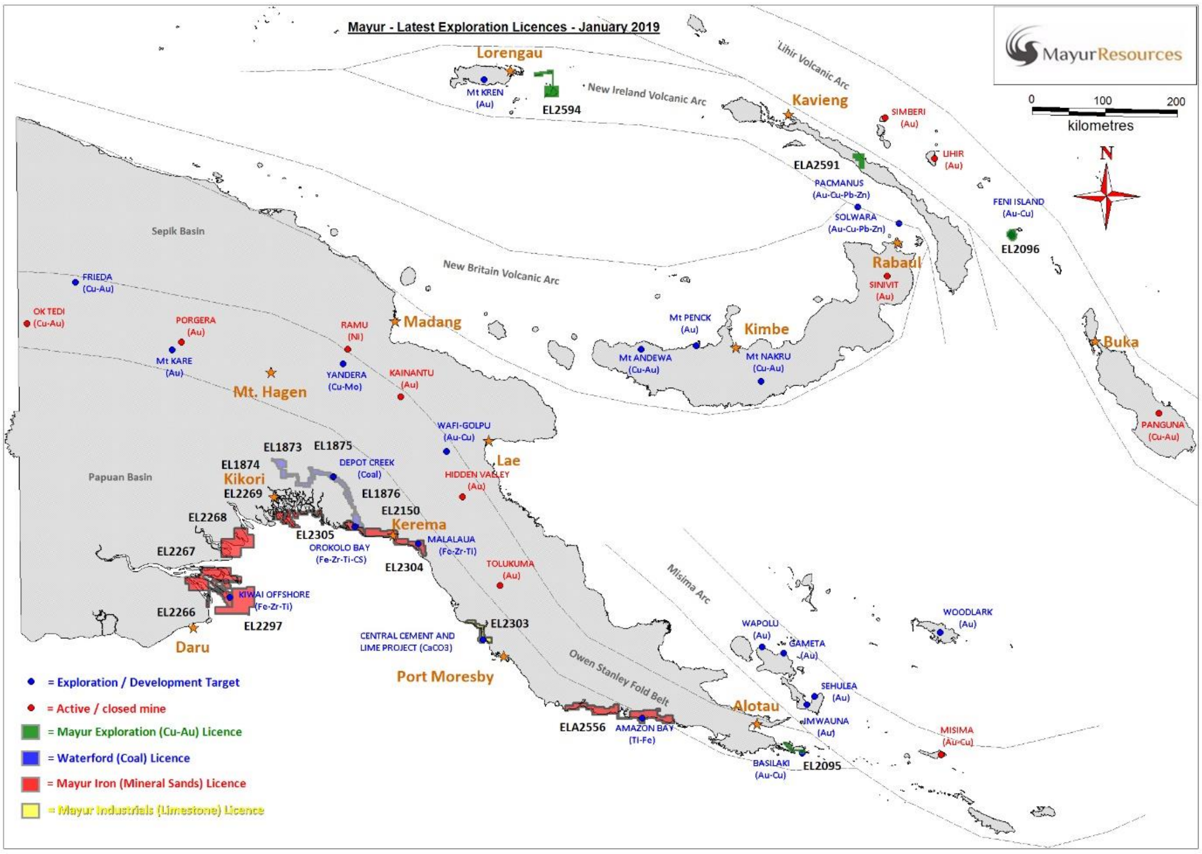

Figure 1 - Exploration Licence map

Directors' report (continued)

EVENTS OCCURRING AFTER THE REPORTING PERIOD

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 reporting periods, other than those disclosed below:

- On 7 January 2019, the Company announced that it had secured up to US$25 million in funding from China Titanium Resources Holdings Limited (CTRH) for a 49% stake in MR Iron PNG Pte Ltd, a 100% owned subsidiary of the Company which holds the Orokolo Bay Project. CTRH has secured exclusivity and made a legally binding commitment to co-fund the Orokolo Bay Pilot Plant and fund the Full-Scale Operation up to US$25 million.

- On 24 January 2019, the Company announced that it had completed a Definitive Feasibility Study for the Central Cement and Lime Project. The DFS demonstrated excellent project economics with a post-tax NPV (9%) of USD 352 million, IRR of 23.9 % and project payback of 5.2 years. The highlights of the DFS included:

  i. Initial production target of 1.65 Mtpa of clinker, incorporating 907,500 tpa cement grinding capacity, and 198,000 tpa of quicklime.
  ii. Project capital cost estimate of USD 331 million, determined from DFS engineering and EPC bids received for delivery of the fully integrated project (quarry, clinker/cement plant, quicklime plant with associated dedicated power and marine infrastructure).
  iii. Highly competitive estimated operating costs for clinker, cement and quicklime.
  iv. Forecast life-of-project revenue of USD 4,792 million and project EBITDA of USD 3,540 million mover an estimated 30-year project life.
  v. Maiden Ore Reserve of 78 Mt of limestone and 14 Mt maiden Mineral Resource for correctives within Project area to support the 30-year project, with quarrying rate of 3.1 Mtpa with zero strip ratio to provide feed to the clinker/cement and quicklime plant.
  vi. Many decades of JORC Measured Resources in back up inventory enabling opportunity for future plant duplication.

- On 25 January 2019, the Company issued the following securities to Directors and employees:

  i. 258,234 salary sacrifice rights with an exercise price of $Nil and an expiry date of 25 January 2024 granted to employees and contractors in respect of a portion of their agreed remuneration.
  ii. 800,000 Long Term Incentive Rights. The rights will vest subject to the relevant performance measures being met and the participant remaining employed by the Company.
  iii. 800,000 Loan Funded Shares. Pursuant to the terms of the Employee Incentive Plan, the recipient was 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.

This report is made in accordance with a resolution of directors.

Paul Mulder

Paul Mulder
Managing Director
Brisbane, 14 March 2019

R Neale

Rob Neale
Chairman
Brisbane, 14 March 2019

Directors' declaration

In the directors' opinion:

(a) the attached interim financial statements and notes are in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34, *Interim Financial Reporting*; and, give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance, as represented by the results of its operations and its cash flows and changes in the equity for the half-year ended on that date;

and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Paul Mulder
Managing Director
Brisbane, 14 March 2019

Rob Neale
Chairman
Brisbane, 14 March 2019

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MAYUR RESOURCES LTD
INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Report on Review of Interim Financial Statements

We have reviewed the accompanying interim financial statements of Mayur Resources Ltd (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 9 to 23, which comprise the condensed consolidated balance sheet of the Group as at 31 December 2018, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the half-year then ended, and selected explanatory notes.

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34, *Interim Financial Reporting* ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 December 2018, and the financial performance, cash flows and changes in equity of the Group for the half-year then ended in accordance with SFRS(I) 1-34.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Partner: Khor Boon Hong

14 March 2019

Condensed consolidated statement of profit or loss and other comprehensive income

	Notes	*For the half-year ended 31 December* 2018 $	2017 $
Interest revenue		46,154	2,593
Net foreign exchange gains		75,624	–
Revenue and other income		**121,778**	2,593
Less: expenses			
Audit fees		(40,000)	(40,000)
Consultants and contractors		(443,301)	(422,162)
Depreciation expense		(9,148)	–
Director and key management personnel remuneration		(186,074)	(182,883)
Expenses related to the initial public offering		–	(149,238)
Finance expenses		(3,406)	(4,210)
Impairment of property, plant and equipment		(46,237)	–
Insurance		(37,107)	(77,065)
Investor and public relations expenses		(83,375)	–
Listing and share registry expenses		(73,919)	(38,106)
Net foreign exchange loss		–	(32,739)
Operating lease rentals		(180,109)	(44,409)
Other operating expenses		(144,467)	(32,799)
Share based payments expense	9	(462,021)	(1,300,032)
Travel expenses		(210,968)	(87,847)
Loss before income tax expense		**(1,798,354)**	**(2,408,897)**
Taxation		–	–
Loss for the year		**(1,798,354)**	**(2,408,897)**
Other comprehensive income for the reporting period, net of tax		–	–
Total comprehensive loss for the year		**(1,798,354)**	**(2,408,897)**
Loss for the reporting period attributable to:			
- Owners of the Company		(1,799,618)	(2,409,583)
- Non-controlling interests		1,264	686
		(1,798,354)	**(2,408,897)**
Total comprehensive loss for the reporting period attributable to:			
- Owners of the Company		(1,779,618)	(2,409,583)
- Non-controlling interests		1,264	686
		(1,798,354)	**(2,408,897)**
Basic and diluted loss per share attributable to owners of the Company (cents per share)	3	**(1.20)**	**(2.04)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated balance sheet

		As at	
		31 December	*30 June*
	Notes	***2018 $***	***2018 $***
Non-current assets			
Property, plant and equipment	*4*	2,044,699	1,944,016
Exploration and evaluation expenditure	*5*	25,588,864	20,496,395
Total non-current assets		**27,633,563**	**22,440,411**
Current assets			
Cash and cash equivalents		6,961,220	12,533,142
Prepayments		72,151	–
Other current receivables		309,326	261,000
Total current assets		**7,342,697**	**12,794,142**
Total assets		**34,976,260**	**35,234,553**
Current liabilities			
Trade and other payables	*6*	3,414,906	3,545,430
Amount due to shareholders	*7*	–	256,619
Total current liabilities		**3,414,906**	**3,802,049**
Total liabilities		**3,414,906**	**3,802,049**
Net assets		**31,561,354**	**31,432,504**
Equity			
Equity attributable to owners of the Company			
Share capital	*8*	36,741,151	36,667,443
Reserves	*9*	1,157,445	(696,051)
Retained earnings		(7,068,225)	(5,268,607)
		30,830,371	**30,702,785**
Non-controlling interests	*10*	730,983	729,719
Total equity		**31,561,354**	**31,432,504**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of changes in equity

2018	Contributed equity $	Reserves $	Retained earnings $	Non-controlling interests $	Total Equity $
Balance as at 1 July 2018	36,667,443	(696,051)	(5,268,607)	729,719	31,432,504
Loss for the half-year	–	–	(1,799,618)	1,264	(1,798,354)
Total comprehensive income for the year	–	–	(1,799,618)	1,264	(1,798,354)
Transactions with owners in their capacity as owners:					
Issue of equity securities	73,708	–	–	–	73,708
Share based payments	–	1,853,496	–	–	1,853,496
Total transactions with owners in their capacity as owners	73,708	1,853,496	–	–	1,927,204
Balance as at 31 December 2018	**36,741,151**	**1,157,445**	**(7,068,225)**	**730,983**	**31,561,354**

2017	Contributed equity $	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 half-year	–	–	(2,409,583)	686	(2,408,897)
Total comprehensive income for the year	–	–	(2,409,583)	686	(2,408,897)
Transactions with owners in their capacity as owners:					
Issue of equity securities	15,523,316	–	–	–	15,523,316
Costs of issuing equity securities	(1,515,853)	–	–		(1,515,853)
Acquisition of non-controlling interests in subsidiaries	10,768,830	(4,263,161)	–	(6,505,669)	–
Issue of equity securities to Employee Share Trust	2,082,586	(2,082,586)	–	–	–
Acquisition of subsidiary	–	–	–	737,429	737,429
Share based payments	–	2,859,523	–	–	2,859,523
Total transactions with owners in their capacity as owners	26,858,879	(3,486,224)	–	(5,768,240)	17,604,415
Balance as at 31 December 2017	**28,897,116**	**(1,403,638)**	**(2,964,975)**	**738,115**	**25,266,618**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of cash flows

	For the half-year ended 31 December	
	2018	***2017***
	$	***$***
Loss before tax	(1,798,354)	(2,408,897)
Adjustments for:		
Interest income	(46,154)	(2,593)
Impairment of property, plant and equipment	46,237	–
Depreciation expense	9,148	–
Share based payments expense	462,021	1,300,032
Net foreign exchange differences	(75,624)	32,739
Total adjustments	395,628	1,330,178
Operating cash flows before changes in working capital	(1,402,726)	(1,078,719)
Changes in working capital:		
Increase in receivables	(48,326)	(374,170)
Increase in prepayments	(72,151)	(63,404)
Increase/(decrease) in trade and other payables	20,151	(13,216)
Total changes in working capital	(100,326)	(450,790)
Cash flows used in operations	(1,503,052)	(1,529,509)
Interest received	46,154	2,593
Net cash flows used in operating activities	**(1,456,898)**	**(1,526,916)**
Cash flow from investing activities		
Payments for property, plant and equipment	(220,703)	(665,387)
Proceeds from disposal of property, plant and equipment	68,887	–
Payments for exploration and evaluation expenditure	(3,851,203)	(1,700,494)
Net cash used in investing activities	**(4,003,019)**	**(2,365,881)**
Cash flow from financing activities		
Proceeds from share issue	73,708	15,523,316
Capital raising costs	–	(1,320,196)
Repayment of borrowings - Siecap	–	(1,000,000)
Repayment of borrowings - Shareholders	(256,619)	(1,000,000)
Net cash (used in)/generated from financing activities	**(182,911)**	**12,203,120**
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 1 July	12,533,142	501,879
Net (decrease)/increase in cash and cash equivalents	(5,642,828)	8,310,323
Foreign exchange difference on cash and cash equivalents	(70,906)	(35,467)
Cash and cash equivalents at 31 December	**6,961,220**	**8,776,735**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Notes to the financial statements

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year ended 31 December 2018 has been prepared in accordance with Singapore Financing Reporting Standards (International) ("SFRS(I)") 1-34, Interim Financial Reporting.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting half-year. Those public announcements may be viewed on the Company's website www.mayurresources.com or at www.asx.com.au under the code MRL.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below.

These financial statements for the year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I), 1 First-time Adoption of SFRS(I).

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In the reporting period, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year including *SFRS(I) 15, Revenue from Contracts with Customers* and *SFRS(I) 9, Financial Instruments*. 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 the Company for the reporting period.

The functional and presentation currency used in the preparation of these financial statements is the Australian dollar ("$").

2. 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.

- 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.

Notes to the financial statements (continued)

2. Segment information (continued)

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.

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 income statement 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. Inter-segment assets and liabilities are excluded.

2018	**Industrial Minerals**	**Copper and Gold**	**Coal and Power**	**Corporate**	**Total**
	$	$	$	$	$
Results:					
Segment revenue	–	–	–	121,778	121,778
Segment expenditure	(3,654,292)	(267,449)	(1,170,728)	(1,458,111)	(6,550,580)
	(3,654,292)	**(267,449)**	**(1,170,728)**	**(1,336,333)**	**(6,428,802)**
Capitalised expenditure					5,092,469
Share based payment expense					(462,021)
Operating loss before tax					**(1,798,354)**
Assets:					
Segment assets	16,884,778	4,158,383	8,445,359	5,487,740	**34,976,260**
Segment liabilities	621,957	76,760	128,433	2,587,756	**3,414,906**

2017	**Industrial Minerals**	**Copper and Gold**	**Coal and Power**	**Corporate**	**Total**
	$	$	$	$	$
Results for the half year ended 31 December 2017:					
Segment revenue	–	–	–	2,593	2,593
Segment expenditure	(1,377,157)	(589,600)	(615,205)	(1,111,457)	(3,693,419)
	(1,377,157)	**(589,600)**	**(615,205)**	**(1,108,864)**	(3,690,826)
Capitalised expenditure					2,581,961
Share based payment expense					(1,300,032)
Operating loss before tax					**(2,408,897)**
Assets as at 30 June 2018:					
Segment assets	13,583,545	3,835,988	7,369,716	10,445,304	**35,234,553**
Segment liabilities	195,852	223,978	230,277	3,151,942	**3,802,049**

Notes to the financial statements (continued)

3. Earnings per share

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

The following tables reflect the loss and share data used in the computation of basic and diluted earnings per share.

	For the half-year ended 31 December	
	2018	2017
	$	$
Loss for the reporting period attributable to owners of the Company	**(1,799,618)**	(2,409,583)

	For the half-year ended 31 December	
	2018	2017
	Number of shares	Number of shares
Weighted average number shares - basic and diluted	**149,460,969**	118,257,179

	For the half-year ended 31 December	
	2018	2017
	$	$
Basic and diluted loss per share attributable to owners of the Company (cents per share)	**(1.20)**	(2.04)

Options on issue at the end of the half-year (refer Notes 8 and 9(b)) have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

4. Property, plant and equipment

	31 December 2018	*30 June 2018*
	$	*$*
Net carrying value:		
Power plant assets, at cost	**1,718,349**	1,701,983
Other property plant and equipment, net of depreciation	**326,350**	242,033
	2,044,699	1,944,016

Notes to the financial statements (continued)

4. Property, plant and equipment (cont'd)

Power Plant Assets

The Group is undertaking 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 31 December 2018 in respect of the proposed project.

Reconciliation of movements in Power Plant assets	***Half-year ended 31 December 2018 $***	*Year ended 30 June 2018 $*
Balance at the beginning of the reporting period	**1,701,983**	489,374
Additions	**16,366**	1,212,609
Balance at the end of the reporting period	**1,718,349**	1,701,983

5. Exploration and evaluation expenditure

	31 December 2018 $	*30 June 2018 $*
Exploration and evaluation expenditure	**25,588,864**	20,496,395

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.

Reconciliations

Exploration expenditure

Reconciliation of movements in exploration and evaluation assets	***Half-year ended 31 December 2018 $***	*Year ended 30 June 2018 $*
Balance at beginning of the reporting period	**20,496,395**	13,617,232
Exploration and evaluation expenditure on acquisition of a subsidiary (i)	**–**	737,429
Share based payments capitalised to exploration and evaluation expenditure (refer Note 9)	**1,391,475**	1,998,077
Exploration and evaluation expenditure during the reporting period	**3,700,994**	4,845,989
Exploration and evaluation expenditure written off during the reporting period	**–**	(702,332)
Balance at the end of the period	**25,588,864**	20,496,395

(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 had been incurred to that date.

Notes to the financial statements (continued)

6. Trade and other payables

	31 December 2018 $	*30 June 2018 $*
Trade creditors and accruals	1,558,141	1,688,665
Payable to Siecap (a)	1,856,765	1,856,765
	3,414,906	3,545,430

(a) Payable to Siecap

As at 31 December 2018, the Group owed an amount of $1,856,765 to Siecap Pty Ltd ("Siecap") in relation to a loan provided to the Group by Siecap prior to 30 June 2017. 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 and is classified as current liabilities as Management has expressed an intention to repay the outstanding balance within the next 12 months.

7. Amount due to shareholders

	Half-year ended 31 December 2018 $	*Year ended 30 June 2018 $*
Shareholder loan	–	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 Mayur for the running of the Business. The amount of funds loaned must not exceed $5 million.

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

	Half-year ended 31 December 2018 $	*Year ended 30 June 2018 $*
Balance at the beginning of the reporting period	**256,619**	1,256,619
Principal amounts repaid	**(256,619)**	(1,000,000)
Balance at the end of the reporting period	–	256,619

Notes to the financial statements (continued)

8. Share capital

	Half-year ended 31 December 2018 $	*Year ended 30 June 2018 $*
Issued and paid up capital - ordinary shares	**36,741,151**	36,667,443

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.

Movements in ordinary shares on issue are summarised below.

	Half-year ended 31 December 2018		**Year ended 30 June 2018**	
	Number	**$**	**Number**	**$**
At beginning of the reporting period	**149,016,844**	**36,667,443**	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 9(a))	**–**	**–**	27,543,618	10,768,831
Issue of shares to Employee Share (Note 9(b))	**–**	**–**	8,885,714	2,082,586
Shares issued pursuant to the exercise of options	**131,585**	**73,708**	–	–
Shares issued pursuant to the exercise of salary sacrifice rights	**88,690**	**–**	–	–
Issue of loan funded shares (Note 9(b)(iii))	**875,000**	**–**	4,575,000	–
Cost of issuing shares	**–**	**–**	–	(1,994,205)
At end of the reporting period	**150,112,119**	**36,741,151**	**149,016,844**	**36,667,443**

Options issued

The Company did not issue any options during the half-year ended 31 December 2018.

The following table illustrates the number and movements in Share Options issued during the reporting period:

	Loyalty Options		**Advisor Options**	
	31 December 2018	30 June 2018	**31 December 2018**	30 June 2018
On issue at beginning of half-year	**13,909,828**	**–**	1,337,856	1,337,856
Options granted	**–**	**19,404,148**	–	–
Options exercised	**(131,585)**	**(800,412)**		
Options lapsed	**(1,579,606)**	**(4,693,908)**	–	–
On issue at end of half-year	**12,198,637**	**13,909,828**	1,337,856	1,337,856

The options do not have any voting rights, any entitlement to dividends or any entitlement to the proceeds on liquidation in the event of a winding up.

Notes to the financial statements (continued)

9. Reserves

	31 December 2018 $	*30 June 2018 $*
Non-controlling interest reserve	**(4,263,162)**	(4,263,162)
Share based payments reserve	**5,420,607**	3,567,111
	1,157,445	(696,051)

(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 $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:

	31 December 2018 $	*30 June 2018 $*
Balance at the beginning of the reporting period	**(4,263,162)**	–
Fair value of shares in parent entity issued to acquire the NCI	**–**	10,768,831
NCI in subsidiaries	**–**	(6,505,669)
Balance at the end of the reporting period	**(4,263,162)**	(4,263,162)

(b) Share based payments reserve

The Share based payment reserve is used to record the fair value of share-based payments made by the Company.

Movements in the share based payments reserve during the reporting period were:

	Half-year ended 31 December 2018 $	*Year ended 30 June 2018 $*
Balance at the beginning of the reporting period	**3,567,111**	2,082,586
Transfer to issued share capital on creation of Employee Share Trust	**–**	(2,082,586)
Share based payments made during the reporting period	**1,853,496**	3,567,111
Balance at the end of the reporting period	**5,420,607**	3,567,111

The share based payments made during the reporting period were accounted for as follows:

	Half-year ended 31 December 2018 $	*Year ended 30 June 2018 $*
Recognised as share based payments expense in the Statement of Profit and Loss and Other Comprehensive Income	**462,021**	1,569,034
Capitalised as exploration and evaluation expenditure	**1,391,475**	1,998,077
	1,853,496	3,567,111

9. Reserves (continued)

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

	Half-year ended 31 December 2018 Number	$	Year ended 30 June 2018 Number	$
Vested performance rights awarded to employees as salary (Salary Sacrifice Rights (i))	**620,407**	**536,490**	607,171	557,149
Long term incentive rights subject to vesting conditions (ii)	**1,750,000**	**957,031**	6,250,000	595,757
Loan funded shares (iii)	**875,000**	**359,975**	4,575,000	1,214,205
Options	**–**	**–**	3,000,000	1,200,000
		1,853,496		3,567,111

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 half-year, 620,407 salary sacrifice rights were issued in respect of remuneration totalling $536,490 (year ended 30 June 2018: 607,171 salary sacrifice rights issued in respect of remuneration of $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 half-year, 1,750,000 performance rights were 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.

- **Tranche 1 (10% weighting):** For Tranche 1 Awards to vest, the Company must have secured Memorandum of Understanding offtake agreements before November 2018 for cement 800,000 tons per year cement, 800,000 tons per year clinker 800,000 and 200,000 tons per year quicklime. The awards did not vest as the performance condition was not met.

- **Tranche 2 (15% weighting):** For Tranche 2 Awards to vest, a strategic investor must invest a minimum USD5 million in the Port Moresby Lime Project stapled to a project funding pathway before January 2019.

- **Tranche 3 (15% weighting):** For Tranche 3 Awards to vest, the Port Moresby Lime and Cement quarry aggregates early start up project must achieve Financial Investment Decision before March 2019.

Notes to the financial statements (continued)

9. Reserves (continued)

ii. Long term incentive rights (continued)

- **Tranche 4 (15% weighting):** For Tranche 4 Awards to vest, the Port Botany (sand and / or cement) early start up opportunity must achieve Financial Investment decision before June 2019.

- **Tranche 5 (45% weighting):** For Tranche 5 Awards to vest, the Port Moresby Lime and Cement Project must achieve Financial Investment Decision and / or a transaction occurs that values the Port Moresby Cement and Lime Project at a minimum AUD$0.80 per share.

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 half-year has been determined as follows:

Tranche	Grant date	Number issued	Value per right	Total value	Period over which fair value to be recognised	Share based payment recognised in the half-year
Tranche 1	23/10/2018	175,000	–	–	3 months	–
Tranche 2	23/10/2018	262,500	–	–	4 months	–
Tranche 3	23/10/2018	262,500	$0.21	$55,125	6 months	$27,563
Tranche 4	23/10/2018	262,500	$0.35	$91,875	9 months	$30,625
Tranche 5	23/10/2018	787,500	$0.70	$551,250	24 months	$68,906

The fair values per right have been determined as follows:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Fair value	$0.70	$0.70	$0.70	$0.70	$0.70
Probability of vesting condition being satisfied	0%	0%	30%	50%	100%
Value per right taking into account probability	–	–	$0.21	$0.35	$0.70

iii. Loan funded shares

During the reporting period, 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.

In accordance with the requirements of applicable SFRS(I), 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	$0.70
Expected volatility	100%
Risk-free interest rate	2.28%
Term	10 years
Sub-optimal exercise factor	2.50
Grant date share price	$0.70
Fair value per option	$0.4114

Notes to the financial statements (continued)

10. Subsidiaries

Subsidiaries of Mayur Resources Ltd:	Country of incorporation	Principal Activity	Ownership interest held by the group	
			31 December 2018	30 June 2018
MR Exploration PNG Pte Ltd	Singapore	Investment	100%	100%
MR Iron PNG Pte Ltd	Singapore	Investment	100%	100%
MR Energy PNG Pte Ltd	Singapore	Investment	89%	89%
MR PNG DRI & Steel Making Pte Ltd	Singapore	Investment	100%	100%
MR Power Generation Pte Ltd	Singapore	Investment	89%	89%
Mayur Exploration PNG Limited	Papua New Guinea	Mineral exploration	100%	100%
Mayur Iron PNG Limited	Papua New Guinea	Mineral exploration	100%	100%
Mayur Energy PNG Ltd	Papua New Guinea	Coal exploration	89%	89%
Mayur PNG DRI & Steel Making Ltd	Papua New Guinea	Steel	100%	100%
Mayur Power Generation PNG Limited	Papua New Guinea	Power generation	89%	89%
Waterford Limited	Papua New Guinea	Coal exploration	89%	89%

Movement in non-controlling interests during the period are summarised below:

	Half-year ended 31 December 2018 $	*Year ended 30 June 2018 $*
Accumulated NCI at the beginning of the reporting period	**729,719**	6,505,669
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/(loss) allocated to NCI during the year	**1,264**	(7,710)
Accumulated NCI at the end of the reporting period	**730,983**	729,719

11. Events occurring after the reporting half-year

No matter or circumstance has arisen since the end of the reporting half-year 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 half-years, other than those disclosed below:

- On 7 January 2019, the Company announced that it had secured up to US$25 million in funding from China Titanium Resources Holdings Limited (CTRH) for a 49% stake in MR Iron PNG Pte Ltd, a 100% owned subsidiary of the Company which holds the Orokolo Bay Project. CTRH has secured exclusivity and made a legally binding commitment to co-fund the Orokolo Bay Pilot Plant and fund the Full-Scale Operation up to US$25 million.

Notes to the financial statements (continued)

11. Events occurring after the reporting half-year (continued)

- On 24 January 2019, the Company announced that it had completed a Definitive Feasibility Study (DFS) for the Central Cement and Lime Project. The DFS demonstrated excellent project economics with a post-tax NPV (9%) of USD 352 million, IRR of 23.9% and project payback of 5.2 years. The highlights of the DFS included:

  i. Initial production target of 1.65 Mtpa of clinker, incorporating 907,500 tpa cement grinding capacity, and 198,000 tpa of quicklime.
  ii. Project capital cost estimate of USD 331 million, determined from DFS engineering and EPC bids received for delivery of the fully integrated project (quarry, clinker/cement plant, quicklime plant with associated dedicated power and marine infrastructure).
  iii. Highly competitive estimated operating costs for clinker, cement and quicklime.
  iv. Forecast life-of-project revenue of USD 4,792 million and project EBITDA of USD 3,540 million over an estimated 30-year project life.
  v. Maiden Ore Reserve of 78 Mt of limestone and 14 Mt maiden Mineral Resource for correctives within Project area to support the 30-year project, with quarrying rate of 3.1 Mtpa with zero strip ratio to provide feed to the clinker/cement and quicklime plant.
  vi. Many decades of JORC Measured Resources in back up inventory enabling opportunity for future plant duplication.

- On 25 January 2019, the Company issued the following securities to Directors and employees:

  i. 258,234 salary sacrifice rights with an exercise price of $Nil and an expiry date of 25 January 2024 granted to employees and contractors in respect of a portion of their agreed remuneration.
  ii. 800,000 Long Term Incentive Rights. The rights will vest subject to the relevant performance measures being met and the participant remaining employed by the Company.
  iii. 800,000 Loan Funded Shares. Pursuant to the terms of the Employee Incentive Plan, the recipient was 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.

12. Authorisation of interim financial statements

The interim financial statements of the Group for the half-year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors dated 14 March 2019.