

Mayur Resources Signs Binding Term Sheet for Development of Orokolo Bay Industrial Sands Project

5 December 2024

Mayur Resources Limited (ASX:MRL) (**Mayur**) is pleased to announce the signing of a Binding Term Sheet Agreement with Pacific Unison Holdings Limited (**PacUn**) to complete the first development phase of the Orokolo Bay Industrial Sands Project (**OBP**) in Papua New Guinea.

Under the binding agreement, PacUn has committed to fully fund the construction and commissioning of the magnetite phase of the OBP to achieve an initial nameplate capacity of 500,000 tonnes per annum of magnetite concentrate with markets in China, Japan and North Queensland.¹

Highlights

- Fully Funded Development: PacUn will cover all development costs associated with but not limited to site infrastructure, processing plant construction, and initial working capital requirements, amounting to an investment of up to US\$10 million to enable the magnetite phase of the OBP to be constructed and first shipments to take place.
- Upfront Payment: An upfront Commitment Fee of US\$500,000 has already been paid to Mayur upon signing the Binding Term Sheet.
- Profit-sharing Regime: Agreement first allows both parties to recover their sunk capital costs during the investment recovery phase, and then will see profits being shared on a 50/50 basis
- Initial production 3Q CY25: Initial production targeted to commence in the third quarter of calendar 2025 subject to long lead orders being placed during Q1 CY2025
- PacUn takes construction and operational role: PacUn's recognises the +10 years of investment made by Mayur that will now see the project be developed without the need for Mayur to contribute further capital. PacUn also takes on the construction and operational roles in managing the development allowing Mayur to remain focussed on its primary Central Lime and Cement Projects.

About the Orokolo Bay Project

The OBP, situated within Mining Lease 541 (**ML 541**) and Exploration Licence 2305 (**EL 2305**), is a flagship project within Mayur's iron and industrial sands portfolio.

The project is fully permitted and construction-ready, with initial production targeted to commence late calendar 2025.

Paul Mulder, Managing Director of Mayur Resources, said:

"Whilst Mayur has already taken a Final Investment Decision to proceed with the Orokolo Bay Project, we have been working on the most appropriate funding structure to best deliver the Orokolo Bay Project. By partnering with Pacific Unison Holdings, we have taken a pivotal step towards realising the potential of the Orokolo Bay Project being the first Industrial Sands operation in PNG. The upfront performance bond payment already received demonstrates PacUn's genuine commitment to fully fund the project and ensure a clear and well-capitalised pathway to production under our shared vision for the project's economic and community outcomes. Our strategic alignment with Pacific Unison Holdings also positions them as potential partners in future endeavours".

"This represents an important strategic opportunity for Papua New Guinea, for the first time, produce "Iron" - the other vital building material ingredient, in conjunction with lime/cement, to build a nation. It also preserves our balance sheet and allows us to focus our resources on bringing our Central Lime and Cement Projects into production."

On behalf of PacUn, a spokesperson said:

"We highly recognise Mayur Resources as the parent entity and the great value created in their nation building projects around PNG that will provide essential building materials to develop the nation. We would like to take this opportunity to greatly thank Mayur Iron who have worked on this project for more than 10 years developing an excellent foundation for the project to enter construction development. We also sincerely appreciate the opportunity to work with Mayur Iron and look forward to this project being a great success for PNG".

"This agreement reflects our confidence in the project's potential and our shared commitment to a true nation building project that brings Iron to PNG and paves the way in future to develop PNG's first downstream processing steel making facilities. By combining our in-country expertise and resources, we aim to deliver significant economic and social benefits to the region while advancing a world-class industrial mineral sands project that will service export markets but in future also have potential to support PNG's local iron and steel needs. We are also eager to work with the landowners to institute post mining industry as this type of mining sees little long-term disturbance, where land rehabilitation and the ability to grow cash crops and plantations can be achieved shortly after each section is mined".

"As we have conducted much work already on the project, we are confident in the simple low-cost sand separation operation with no crushing, grinding or chemicals to be used. We are ready to place orders with our identified suppliers and begin construction early next year. We anticipate, subject to long lead items, a construction timeframe of less than 9 months".

Strategic Collaboration with PacUn

Pacific Unison Holdings Limited (PacUn) is a private company incorporated in Papua New Guinea with business activities that include mining of iron ore, architectural and engineering activities and quarrying of stone, and who brings expertise in mining and infrastructure development within Papua New Guinea.

Their commitment includes forming a local mining services entity to manage the construction, operation, and maintenance of the OBP.

Additionally, PacUn has been granted a first right of refusal to participate in any future industrial sands projects owned or controlled by Mayur. This ensures both parties maintain strategic alignment and the potential for further collaboration on mutually beneficial terms.

Next Steps

The signing of this binding Term Sheet Agreement represents a significant step towards unlocking the full potential of the OBP.

The parties will work collaboratively to finalise long-form agreements within the next 60 days, following the date of this announcement and upon which project construction and development will commence.

Both parties will contribute to ongoing project management for their respective obligations, ensuring alignment with strategic and financial goals.

Material Terms

Annexed to this announcement are the material terms of the Binding Term Sheet.

ENDS

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¹ The Company notes that the nameplate capacity is a potential capacity derived from the DFS, last updated in April 2022, a summary of which was released on 23 January 2024. All material assumptions underlying the production targets and forecasts within that document continue to apply and have not materially changed noting that PacUn funding is for development of the Magnetite product with other contemplated products in the DFS reserved for the expansion phase of the OBP.

About Mayur Resources

Mayur Resources Limited is focused on the development of natural resources and renewable energy in PNG. Mayur's diversified asset portfolio spans iron and industrial sands, lime, cement, nature-based forestry carbon credits, battery minerals and renewable power generation (geothermal and solar). Mayur also holds a significant interest in copper gold explorer/developer Adyton Resources, a company listed on the TSX-V (TSXV: ADY).

Mayur's strategy is to serve PNG and the wider Asia Pacific region's path to decarbonisation by developing mineral projects that deliver higher quality, lower cost, and targeted "carbon neutral" inputs for the mining and construction industries, as well as constructing a renewable energy portfolio of solar, wind, geothermal, nature-based forestry carbon credit estates, and battery storage.

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

About Pacific Unison Holdings Limited

Pacific Unison Holdings Limited (PacUn) is a private company incorporated in Papua New Guinea with business activities that include construction works, civil engineering design, hydro power projects, contract mining, building design, structural, mechanical and electrical engineering services and project delivery.

PacUn is focused on capacity building and supports nation building across PNG to achieve the country's growth and industrials aspirations.

Annexure: Material Terms of Binding Term Sheet

Parties	MR Industrials PNG Pte Ltd, and Mayur Iron PNG Limited (MIPNG), both wholly owned by Mayur Resources Limited Pacific Unison Holdings Limited (PacUn)
Profit Sharing	- Initial profit split during investment recovery phase: 60% PacUn / 40% MIPNG until PacUn's US\$ 10 million investment is recouped - Reversed to 60% MIPNG / 40% PacUn until MIPNG's capital investment of approximately US\$11.3 million is recouped - Following the recovery of capital costs, profits from OBP will be shared equally (50:50) between Mayur and PacUn
Governance and Operations	Joint management structure with equal board representation between MIPNG and PacUn. PacUn to provide operational oversight and management, including mining, processing, marketing, and sales. MIPNG responsible for regulatory compliance, landowner negotiations, and export licensing.
EPC	All engineering, procurement, and construction (EPC) works to be conducted at cost without any margin by PacUn.
Ownership	MIPNG will continue to own the Orokolo Bay project. PacUn will own all plant and equipment it purchases for the operation of the OBP.
Expanded Development Scope	The project envisions further scaling to include construction sands, dense media separation (DMS) magnetite, and zircon concentrate, subject to market conditions that shall be consistent with the larger scale OBP contemplated in the DFS updated on 23 January 2024. ¹
Commitment to Local Impact	The partnership emphasises delivering economic benefits to local communities, including employment and infrastructure development. Additional emphasis is being made on post-mining land rehabilitation and land use i.e. mechanised sago, and agriculture and aquaculture.
Future Expansion and First Rights	PacUn granted a first right of refusal to participate in any future industrial sands projects controlled by MIPNG, subject to commercial terms.
Exclusions	Agreement exclusively pertains to the Orokolo Bay Project; other exploration licences (e.g., Gulf South, Purutu Island, Amazon Bay) are excluded, and are subject to the above stated Future Expansion and First Rights on mutually acceptable commercial terms.
Conditions Precedent	- Definitive Transaction Documents being executed, including: - Construction Services Agreement - Mining and Management Services Agreement - Marketing Services Agreement
Construction & Operating Cost Recovery Framework	Construction and Operating costs to be managed on an open-book, fully audited basis. Monthly reviews to monitor adherence to productivity benchmarks and budgets.
Governing Law	Agreement governed by the laws of Singapore.
Termination	If definitive transaction documents do not occur within 60 days after the signing of the Terms Sheet and this Announcement, or such later date as may be agreed between the parties. Future termination provision will be contained in definitive transaction documents.
No other material terms	All other terms of the Binding Term Sheet are terms that are customary for agreements of a similar nature.

Site Location



Mobilisation Preparation



Community Engagement

