



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

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR YEAR ENDED
31 DECEMBER 2017

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
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 2017.

Directors

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

Robert Charles Neale	(appointed on 17 July 2017)
Paul Levi Mulder	(appointed on 3 July 2017)
Paul Joseph McTaggart	(appointed on 17 July 2017)
Timothy Elgon Savile Crossley	(appointed 3 July 2017)
Frank Terranova	(appointed on 3 July 2017)
Lee Wei Hsiung	(appointed 17 July 2017)
Andrew McCasker Stuart	(resigned 3 July 2017)
Khoo Chin Lee	(resigned 17 July 2017)

Principal activities and review of operations

Mayur (ASX: MRL) listed on the Australian Stock Exchange on 21 September 2017 after successfully completing an Initial Public Offering ("IPO") to raise \$15,523,316 (before transaction costs) by issuing 38,808,290 shares at a price of \$0.40 per share.

Mayur has a portfolio of projects in Papua New Guinea ("PNG") and intends to utilise the IPO funds to pursue a strategy of advancing PNG's nation building agenda via the development of the country's rich natural resources inventory. This is based on establishing several development pillars as follows:

PILLAR 1	PILLAR 2	PILLAR 3
COORDINATED DEVELOPMENT OF MINERAL AND ENERGY RESOURCES	DIVERSIFICATION OF PNG'S MINERAL WEALTH	DEVELOPMENT OF DOMESTIC DOWNSTREAM VERTICALLY INTEGRATED INDUSTRY

As part of Pillar 1, the Company announced on 7 December 2017 that it had entered into a Memorandum of Agreement ("MOA") with the Gulf Provincial Government. Gulf Province is situated adjacent to Central Province and is home to extensive mineral and energy resources. Mayur has extensive mineral exploration interests in Gulf Province and intends to leverage the proximity of plentiful, cheap and accessible domestic energy to industrial mineral resources to deliver various development opportunities for the region.

The foundation of Pillar 1 was reinforced on 10 January 2018 when the Company announced that it had executed a Memorandum of Understanding ("MOU") with Kumul Petroleum regarding the sourcing and supply of gas for its proposed vertically integrated lime and cement business at Caution Bay located 25km north of Port Moresby and adjacent to the PNG LNG Plant.

Principal activities and review of operations (cont'd)

The principal activities undertaken by the Group during the half-year are summarised as follows:

Orokolobay Industrial Sands Project

The Company's overall strategy prioritises the development of the Orokolobay Industrial Sands Project, located along the southern coast of PNG (EL2305 and EL2150).

The Orokolobay Industrial Sands Project contains a JORC Inferred Resource of 173 million tonnes at 9.2 % iron, 107,000 tonnes of zircon, and 86 million tonnes of construction sand. Priority is given to a smaller tonnage level with a materially higher and/or refined grade fraction within this Resource that produces a specification deemed at this point to be acceptable to the end user market(s).

The Group has progressed planning for the upcoming production drilling programme. Funds raised through the IPO are being used to undertake a Definitive Feasibility Study to enable a Final Investment Decision for the Orokolobay Project and to construct a bulk sampling pilot plant at the site.

As the first step in this programme an auger drilling campaign is scheduled to commence in the March 2018 quarter. This programme has the objective to upgrade the existing JORC Resource and identify the preferred location for a pilot plant for bulk sampling. This will then enable the implementation of a small-scale pilot plant to process a bulk sample of titanomagnetite product for shipment to potential offtake partners by in Q1 2019.

Field exploration involving sampling and geochemical analysis is also being planned for the other tenements in the mineral sands portfolio, this includes the Malalaua project (EL2304).

Port Moresby Limestone Project

The Port Moresby Limestone Project is located at surface on the coast, circa 25 km north of Port Moresby.

During the half-year, the Group completed its 22-hole drilling campaign. The drilling campaign was conducted across the Kido and Lea Lea deposits for a total of 1,592.5 metres reaching depths up to 151 metres. The drilling demonstrated a high level of geological continuity over much of the project area.

On 10 January 2018, the Company announced a 382 mt Maiden JORC Resource for the Project. Further works will be undertaken with the objective to have sufficient information to support the estimation of ore reserves.

Feni Island Gold Copper Project

The Feni Island Gold Copper Project has a 650,000 Oz gold JORC Inferred Resource that the Group has delineated from collation and analysis of the large amount of historical drilling that has taken place on the island since the 1980s. This historic work has identified widespread gold and copper mineralisation, the main feeder system at depth however remains undiscovered. The Group is in preliminary discussions with potential partners to advance the Feni project (EL2096).

Principal activities and review of operations (cont'd)

Basilaki/Sideia Copper Gold Project

During the half-year, the Group commenced its maiden diamond drilling programme at the Basilaki project (EL2095) under the co-operation agreement with a third-party funding partner. Preliminary analysis has identified separate attractive copper and gold exploration drill targets.

The drilling programme is planned to comprise up to 8 drill holes totaling approximately 1,500 metres and is to be completed prior to the expiry of the Funding Partner's option on 31 March 2018. The drill holes are pursuing both copper and gold targets that were identified by a combination of surface mapping, sampling, induced polarisation and previous magnetic surveys.

Depot Creek Coal Project

The Depot Creek Coal Project has a 11.2 Mt JORC Inferred Resource with a 210 Mt regional Exploration Target. The Company's strategy is to use the coal from the Depot Creek Project as fuel to supply its domestic vertically integrated Lae Power Project, thereby decoupling the fuel supply cost from the international market.

Power Generation division

The Group is in continuing discussions with PNG Power Ltd, the state-owned power company regarding the Power Purchase Agreement proposal that was submitted to PNG Power Ltd for the development of a 52.5MW (net) power facility at the Port of Lae (with future scalability to 200MW). Following the conclusion of the national elections in mid-2017, this has involved various meetings and briefings with key political and industry stakeholders.

The proposed power station at Lae intends to use coal from the Depot Creek Coal project (EL 1875) where the Group has delineated PNG's first coal JORC Resource, together with other renewable power sources with the objective of providing a new lowest cost, reliable and environmentally sustainable power supply for PNG. The Group's power tariff is anticipated to be 30 - 50% cheaper than recent tariffs in Lae that are in excess USD 20 cents per kWh.

No field work was undertaken on the coal exploration licenses during the half-year, however preparation commenced for an additional drill program to be conducted in Q2 2018 in order to expand and further define the existing resource base.

The Group is continuing to work with Era Resources towards the development of a power plant to supply Era's Yandera project in Madang Province. The Group has supplied technical and commercial inputs for the supply of up to 200MW for the Yandera PFS. The Group anticipates holding further discussions with Era pending the completion of this PFS and advancement to DFS stage.

Corporate activities

Mayur successfully completed its IPO and shares commenced trading on the Australian Stock Exchange ("ASX") on 21 September 2017. Due to strong demand from investors, the maximum subscription amount of 38,808,290 shares were issued under the offer at a price of \$0.40 per share. In addition, the Company issued 19,404,145 Loyalty Options and 1,337,856 Advisor Options each with an exercise price of \$0.56 and an expiry date of 21 September 2019. These options will vest in 4 quarterly instalments with the first tranche of Loyalty Options and Broker Options vesting on 21 December 2017.

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Directors' report (continued)

Operating result

The Company reported a loss after tax of \$2,408,897 for the half-year ended 31 December 2017 (2016: profit after tax of \$8,263). The reported loss includes the following significant expenses:

- Expenses totaling \$149,238 incurred in connection with the Company's IPO and related transactions that did not qualify for capitalisation as equity raising costs under the applicable accounting standards; and
- Share based payments expense totaling \$1,300,032 attributable to the issuance of various equity securities as remuneration to various Directors, employees and contractors.

The Group funded its operating and exploration activities utilising the IPO funds.

Significant changes in the current reporting half-year

The financial position and performance of the group was particularly affected by the following events and transactions during the six months to 31 December 2017:

1. Establishment of an incentive plan via an Employee Share Trust, with corresponding transfer of share-based payments reserve of \$2,082,586 to issued capital.
2. Issuance of 621,542 shares in the Company to QMP Nominees Pty Ltd (310,771 shares) and MAYPNG Pty Ltd (310,771 shares) on 3 July 2017 for nil consideration as anti-dilutive shares resulting from the establishment of the Employee Share Trust noted above.
3. Acquisition on 3 July 2017 of the non-controlling interests in the Singapore subsidiaries for shares in the parent entity (with a fair value of \$10,768,830) with a resulting transfer from equity attributable to non-controlling interests to equity attributable to owners of the parent entity and creation of a non-controlling interest reserve.
4. Acquisition on 4 July 2017 of 100% of the share capital in Waterford Limited, the owner of certain Coal tenements in PNG by issuance of 11% of the share capital in Mayur Power Generation PNG Ltd and 11% is the share capital of Mayur Energy PNG Ltd with a fair value of \$737,429.
5. Successful completion of the Initial Public Offering on 20 September 2017 in which 38,808,290 shares were issued to raise \$15,523,316 before transaction costs. On 21 September 2017 the Company's shares commenced trading on the Australian Stock Exchange.
6. The issue of 19,404,145 Loyalty Options to shareholders who subscribed for shares in the Initial Public Offering.
7. The issue of 1,337,856 Broker Options to the sponsoring broker for the Company's Initial Public Offering.
8. A partial repayment of \$1 million against loans received from shareholders and a partial repayment of \$1 million against loans received from Siecap Pty Ltd.

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Directors' report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration is attached to this report.

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 reporting periods, other than those disclosed below:

- On 10 January 2018, the Company announces a maiden 382 mt Maiden JORC Resource for its Port Moresby Limestone Project;
- On 10 January 2018 the Company announced that it had executed a Memorandum of Understanding (MOU) with Kumul Petroleum regarding the sourcing and supply of gas for its proposed vertically integrated lime and cement business at Caution Bay located 25km north of Port Moresby and adjacent to the PNG LNG Plant; and
- As at the date of this report, the Group had received cash of \$415,593 pursuant to the exercise of 742,130 Loyalty Options.

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



Paul Mulder
Managing Director
Brisbane, 15 March 2018



Rob Neale
Chairman
Brisbane, 15 March 2018

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Directors' declaration

In the directors' opinion:

(a) the attached interim financial statements and notes are in accordance with International Accounting Standard 34 Interim Financial Reporting; and, give a true and fair view of the Group's financial position as at 31 December 2017 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, 15 March 2018



Rob Neale
Chairman
Brisbane, 15 March 2018



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MAYUR RESOURCES LTD INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 8 to 24, which comprise the condensed consolidated balance sheet of the Group as at 31 December 2017, 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 International Accounting Standard 34, *Interim Financial Reporting* ("IAS 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 2017, and the financial performance, cash flows and changes in equity of the Group for the half-year then ended in accordance with IAS 34.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Partner: Khor Boon Hong

15 March 2018

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Condensed consolidated statement of profit or loss and other comprehensive income

	Note	<i>For the half-year ended</i>	
		<i>31 December</i>	<i>2016</i>
		2017	2016
		\$	\$
Revenue			
Other income		2,593	25,306
Less: expenses			
Audit fees		(40,000)	—
Consultants and contractors		(422,162)	—
Director and key management personnel remuneration		(182,883)	—
Expenses related to the initial public offering		(149,238)	—
Finance expenses		(4,210)	—
Insurance		(77,065)	—
Listing and share registry expenses		(38,106)	—
Foreign exchange loss		(32,739)	(69)
Other operating expenses		(165,055)	(16,974)
Share based payments expense	9	(1,300,032)	—
(Loss)/profit before income tax expense		(2,408,897)	8,263
Taxation		—	—
(Loss)/profit for the year		(2,408,897)	8,263
Other comprehensive income for the half-year, net of tax		—	—
Total comprehensive (loss)/income for the half-year		(2,408,897)	8,263
(Loss)/profit for the half-year attributable to:			
- Owners of the Company		(2,409,583)	43,327
- Non-controlling interests		686	(35,064)
		(2,408,897)	8,263
Total comprehensive (loss)/income for the half-year attributable to:			
- Owners of the Company		(2,409,583)	43,327
- Non-controlling interests		686	(35,064)
		(2,408,897)	8,263
Basic and diluted (loss)/earnings per share attributable to owners of the Company (cents per share)	3	(2.04)	0.07

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

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Condensed consolidated balance sheet

		<i>31 December</i>	<i>30 June</i>
		<i>2017</i>	<i>2017</i>
	Note	\$	\$
Non-current assets			
Property, plant and equipment	4	1,154,761	489,374
Exploration and evaluation expenditure	5	17,838,687	13,617,232
Total non-current assets		18,993,448	14,106,606
Current assets			
Cash and cash equivalents		8,776,735	501,879
Prepayments		63,404	195,657
Other current assets		374,170	–
Total current assets		9,214,309	697,536
Total assets		28,207,757	14,804,142
Current liabilities			
Trade and other payables	6	2,684,520	3,476,423
Amount due to shareholders	7	256,619	1,256,619
Total current liabilities		2,941,139	4,733,042
Total liabilities		2,941,139	4,733,042
Net assets		25,266,618	10,071,100
Equity			
<i>Equity attributable to owners of the Company</i>			
Share capital	8	28,897,116	2,038,237
Reserves	9	(1,403,638)	2,082,586
Accumulated losses		(2,964,975)	(555,392)
		24,528,503	3,565,431
Non-controlling interests	10	738,115	6,505,669
Total equity		25,266,618	10,071,100

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

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Condensed consolidated statement of changes in equity

2017	Share capital \$	Reserves \$	Accumulated losses \$	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 half-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	<u>26,858,879</u>	<u>(3,486,224)</u>	<u>—</u>	<u>(5,768,240)</u>	<u>17,604,415</u>
Balance as at 31 December 2017	<u>28,897,116</u>	<u>(1,403,638)</u>	<u>(2,964,975)</u>	<u>738,115</u>	<u>25,266,618</u>
2016					
Balance as at 1 July 2016	2,038,237	1,435,396	(5,978,740)	7,159,862	4,654,755
Profit for the year	—	—	43,327	(35,064)	8,263
Total comprehensive income for the year	—	—	43,327	(35,064)	8,263
Transactions with owners in their capacity as owners:					
Share based payments capitalised	—	128,405	—	—	128,405
Total transactions with owners in their capacity as owners	—	128,405	—	—	128,405
Balance as at 31 December 2016	<u>2,038,237</u>	<u>1,563,801</u>	<u>(5,935,413)</u>	<u>7,124,798</u>	<u>4,791,423</u>

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

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Condensed consolidated statement of cash flows

	<i>For the half-year ended 31 December</i>	
	2017	2016
	\$	\$
(Loss)/profit before tax	(2,408,897)	8,263
<u>Adjustments for:</u>		
Interest income	(2,593)	–
Share based payments expense	1,300,032	–
Net foreign exchange differences	32,739	(25,237)
Total adjustments	<u>1,330,178</u>	<u>(25,237)</u>
Operating cash flows before changes in working capital	(1,078,719)	(16,974)
<u>Changes in working capital:</u>		
Increase in receivables	(374,170)	–
Increase in prepayments	(63,404)	–
Decrease in trade and other payables	(13,216)	–
Total changes in working capital	<u>(450,790)</u>	<u>–</u>
Cash flows used in operations	(1,529,509)	(16,974)
Interest received	2,593	–
Net cash flows used in operating activities	<u>(1,526,916)</u>	<u>(16,974)</u>
Cash flow from investing activities		
Payments for property, plant and equipment	(665,387)	(196,687)
Payments for exploration and evaluation expenditure	(1,700,494)	(2,170,152)
Net cash used in investing activities	<u>(2,365,881)</u>	<u>(2,366,839)</u>
Cash flow from financing activities		
Proceeds from share issue	15,523,316	–
Capital raising costs	(1,320,196)	–
Proceeds from borrowing - Siecap	–	2,292,868
Proceeds from borrowings - Shareholders	–	1,256,619
Repayment of borrowings - Siecap	(1,000,000)	–
Repayment of borrowings - Shareholders	(1,000,000)	–
Net cash generated from financing activities	<u>12,203,120</u>	<u>3,549,487</u>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 1 July	501,879	174,852
Net increase in cash and cash equivalents	8,310,323	1,165,674
Foreign exchange difference on cash and cash equivalents	(35,467)	25,306
Cash and cash equivalents at 31 December	<u>8,776,735</u>	<u>1,365,832</u>

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

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Notes to the financial statements

1. Basis of preparation of interim financial statements

These condensed consolidated interim financial statements for the half-year ended 31 December 2017 have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed consolidated interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 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 half-year. No new or amended standards became applicable for the current reporting half-year. The functional and presentation currency used in the preparation of these financial statements is the Australian dollar ("A\$").

These condensed consolidated interim financial statements reflect the effects of the following significant transactions that occurred during the half-year:

1. Establishment of an incentive plan via an Employee Share Trust, with corresponding transfer of share based payments reserve of \$2,082,586 to issued capital (refer Notes 8 and 9).
2. Issuance of 621,542 shares in the Company to QMP Nominees Pty Ltd (310,771 shares) and MAYPNG Pty Ltd (310,771 shares) on 3 July 2017 for nil consideration as anti-dilutive shares resulting from the establishment of the Employee Share Trust noted above (refer Notes 8 and 9).
3. Acquisition on 3 July 2017 of the non-controlling interests in the Singapore subsidiaries for shares in the parent entity (with a fair value of \$10,768,830) with a resulting transfer from equity attributable to non-controlling interests to equity attributable to owners of the parent entity and creation of a non-controlling interest reserve (refer Notes 9 and 10).
4. Acquisition on 4 July 2017 of 100% of the share capital in Waterford Limited, the owner of certain Coal tenements in PNG by issuance of 11% of the share capital in Mayur Power Generation PNG Ltd and 11% is the share capital of Mayur Energy PNG Ltd with a fair value of \$737,429 (refer Note 10).
5. Successful completion of the Initial Public Offering on 20 September 2017 in which 38,808,290 shares were issued to raise \$15,523,316 before transaction costs. On 21 September 2017 the Company's shares commenced trading on the Australian Stock Exchange (refer Note 8).
6. The issue of 19,404,145 Loyalty Options to shareholders who subscribed for shares in the Initial Public Offering (refer Note 8).
7. A partial repayment of \$1 million against loans received from shareholders and a partial repayment of \$1 million against loans received from Siecap Pty Ltd (refer Notes 6 and 7).

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Notes to the financial statements (continued)

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; 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 condensed consolidated interim 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. External borrowings are allocated wholly to the Corporate segment.

	Industrial Minerals	Copper and Gold	Coal and Power	Corporate	Total
	\$	\$	\$	\$	\$
<i>Half-year ended 31 December 2017</i>					
Segment revenue	–	–	–	2,593	2,593
Segment expenditure	<u>(1,377,157)</u>	<u>(589,600)</u>	<u>(615,205)</u>	<u>(1,111,457)</u>	<u>(3,693,419)</u>
	<u>(1,377,157)</u>	<u>(589,600)</u>	<u>(615,205)</u>	<u>(1,108,864)</u>	<u>(3,690,826)</u>
Capitalised expenditure					2,581,961
Share based payment expense					<u>(1,300,032)</u>
Operating loss before tax					<u>(2,408,897)</u>
<i>At 31 December 2017</i>					
Segment assets	<u>10,877,229</u>	<u>4,086,058</u>	<u>5,493,912</u>	<u>7,750,558</u>	<u>28,207,757</u>
Segment liabilities	<u>7,396</u>	<u>222,847</u>	<u>16,621</u>	<u>2,694,275</u>	<u>2,941,139</u>

Mayur Resources Ltd
Interim Financial Report for the half-year ended 31 December 2017
Notes to the financial statements (continued)

2. Segment information (cont'd)

2016	Industrial Minerals \$	Copper and Gold \$	Coal and Power \$	Corporate \$	Total \$
<i>Half-year ended 31 December 2016</i>					
Segment revenue	–	–	–	25,306	25,306
Segment expenditure	(686,471)	(392,693)	(688,759)	(17,043)	(1,784,966)
	<u>(686,471)</u>	<u>(392,693)</u>	<u>(688,759)</u>	<u>8,263</u>	<u>(1,759,660)</u>
Capitalised expenditure					<u>1,767,923</u>
Operating profit before tax					<u>8,263</u>
<i>At 30 June 2017:</i>					
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>

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 half-year 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.

	<i>For the half-year ended 31 December</i>	
	2017 \$	2016 \$
(Loss)/profit for the half-year attributable to owners of the Company	<u>(2,409,583)</u>	<u>43,327</u>
	Number of shares	
	2017	2016
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	<u>118,257,179</u>	<u>58,548,009</u>
	<i>For the half-year ended 31 December</i>	
	2017 \$	2016 \$
Basic and diluted (loss)/earnings per share attributable to owners of the Company (cents per share)	<u>(2.04)</u>	<u>0.07</u>

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.

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Notes to the financial statements (continued)

4. Property, plant and equipment

	<i>31 December</i> <i>2017</i> \$	<i>30 June</i> <i>2017</i> \$
Power plant assets	1,011,669	489,374
Other property, plant and equipment	143,092	–
	<u>1,154,761</u>	<u>489,374</u>

Power Plant Assets

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 31 December 2017 in respect of the proposed project.

	<i>Half-year</i> <i>ended</i> <i>31 December</i> <i>2017</i> \$	<i>Year ended</i> <i>30 June</i> <i>2017</i> \$
Reconciliation of movements in Power Plant assets		
Balance at the beginning of the period	489,374	208,093
Additions	522,295	281,281
Balance at the end of the period	<u>1,011,669</u>	<u>489,374</u>

5. Exploration and evaluation expenditure

	<i>31 December</i> <i>2017</i> \$	<i>30 June</i> <i>2017</i> \$
Exploration and evaluation phases	<u>17,838,687</u>	<u>13,617,232</u>

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

	<i>31 December</i> <i>2017</i> \$	<i>30 June</i> <i>2017</i> \$
Reconciliation of movements in exploration and evaluation assets		
Balance at the beginning of the period	13,617,232	11,082,975
Exploration and evaluation expenditure on acquisition of a subsidiary (i)	737,429	–
Share based payments capitalised to exploration and evaluation expenditure (refer Note 9)	1,559,492	–
Exploration and evaluation expenditure capitalised during the half-year	1,924,534	3,371,928
Impairment of exploration and evaluation expenditure	–	(837,671)
Balance at the end of the period	<u>17,838,687</u>	<u>13,617,232</u>

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Notes to the financial statements (continued)

5. 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 \$738,115, based on the underlying capitalised exploration costs that were incurred to date at 30 June 2017.

6. Trade and other payables

	<i>31 December</i> <i>2017</i> \$	<i>30 June</i> <i>2017</i> \$
Trade creditors and accruals	824,755	616,658
Payable to Siecap (a)	<u>1,859,765</u>	<u>2,859,765</u>
	<u>2,684,520</u>	<u>3,476,423</u>

(a) Payable to Siecap

As at 1 July 2017, the Group owed an amount of \$2,859,765 to Siecap Pty Ltd (“Siecap”) in relation to a loan provided to the Group by Siecap prior to 30 June 2017. During the half-year, the Group repaid \$1 million of this amount.

7. Amount due to shareholders

	<i>31 December</i> <i>2017</i> \$	<i>30 June</i> <i>2017</i> \$
Shareholder loan	<u>256,619</u>	<u>1,256,619</u>

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. On 22 September 2017, the Company repaid \$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 half-year:

	<i>Half-year</i> <i>ended</i> <i>31 December</i> <i>2017</i> \$	<i>Year ended</i> <i>30 June</i> <i>2017</i> \$
Balance at the beginning of the period	1,256,619	–
Principal amount drawn down	–	1,256,619
Principal amount repaid	<u>(1,000,000)</u>	–
Balance at the end of the period	<u>256,619</u>	<u>1,256,619</u>

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Notes to the financial statements (continued)

8. Share capital

	<i>31 December</i> <i>2017</i> \$	<i>30 June</i> <i>2017</i> \$
Issued and paid up capital		
Ordinary shares	<u>28,897,116</u>	<u>2,038,237</u>

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 on the half-year to 31 December are summarised below. There were no movements in ordinary shares in the year ended 30 June 2017.

	Half-year ended 31 December 2017	
	Number	\$
Balance at the beginning of the period	58,548,009	2,038,237
Shares issued on creation of Employee Share Trust (i)	8,885,714	2,082,586
Anti-dilutive shares issued on creation of employee share trust (ii)	621,542	–
Shares issued to acquire non-controlling interests in subsidiaries (iii)	26,922,077	10,768,830
Shares issued pursuant to Initial Public Offer (iv)	38,808,290	15,523,316
Shares issued pursuant to Employee Incentive Plan as loan funded shares	4,575,000	–
Capital raising costs	–	(1,515,853)
Balance at the end of the period	<u>138,360,632</u>	<u>28,897,116</u>

The following movements have occurred against Share Capital during the half-year:

- (i) Establishment of an incentive plan via an Employee Share Trust, with corresponding transfer of 8,885,714 share options to issued capital;
- (ii) Issuance of 621,542 shares in the Company to QMP Nominees Pty Ltd (310,771 shares) and MAYPNG Pty Ltd (310,771 shares) on 3 July 2017 for nil consideration as anti-dilutive shares resulting from the establishment of the Employee Share Trust;
- (iii) On 3 July 2017 Mayur Resources Ltd acquired the 31.5% non-controlling interest (“NCI”) in the Singapore subsidiaries in exchange for 26,922,077 shares in the parent entity;
- (iv) The issue on 20 September 2017 of 38,808,290 shares in the Company pursuant to an Initial Public Offering to raise \$15,523,316 before transaction costs; and
- (v) Costs of the capital raising and listing, comprising cash fees amounting to \$1,515,853.

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Notes to the financial statements (continued)

8. Share capital (continued)

Options issued

During the half-year the Group issued 19,404,145 Loyalty Options to IPO subscribers and 1,337,856 Advisor Options to Bell Potter Securities Limited, Lead Manager of the IPO. Each option has an exercise price of \$0.56 and an expiry date of 21 September 2019. The options will vest in 4 quarterly instalments. The first vesting date was 21 December 2017.

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.

The following table illustrates the number and movements in Share Options issued during the half-year:

	Loyalty Options		Advisor Options	
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
On issue at beginning of half-year	–	–	–	–
Options granted	19,404,145	–	1,337,856	–
Options lapsed	(1,547,031)	–	–	–
On issue at end of half-year	17,857,114	–	1,337,856	–

A fair value of \$Nil was ascribed to the Advisor options as the cash fee paid to the Advisor was determined to be the fair value of the services provided.

There were no options on issue and no movements in options during the year ended 30 June 2017.

9. Reserves

	31 December 2017 \$	30 June 2017 \$
Non-controlling interests reserve	(4,263,162)	–
Share-based payments reserve	2,859,524	2,082,586
	<u>(1,403,638)</u>	<u>2,082,586</u>

(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:

	Half-year ended 31 December 2017 \$
Fair value of shares in parent entity issued to acquire the NCI	10,768,831
Transferred to non-controlling interests reserve	(6,505,669)
NCI in subsidiaries	<u>4,263,162</u>

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

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Notes to the financial statements (continued)

9. Reserves (continued)

(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 half-year were:

	<i>Half-year ended 31 December 2017 \$</i>	<i>Year ended 30 June 2017 \$</i>
Balance at the beginning of the period	2,082,586	1,435,396
Transfer to issued share capital on creation of Employee Share Trust (a)	(2,082,586)	–
Share-based payments made during the half-year (b)	<u>2,859,524</u>	<u>647,190</u>
Balance at the end of the period	<u>2,859,524</u>	<u>2,082,586</u>

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

	<i>Half-year ended 31 December 2017 \$</i>	<i>Year ended 30 June 2017 \$</i>
Recognised as share-based payments expense in the Statement of Profit and Loss and Other Comprehensive Income	1,300,032	–
Capitalised as exploration and evaluation expenditure	<u>1,559,492</u>	<u>647,190</u>
	<u>2,859,524</u>	<u>647,190</u>

(a) Transfer to issued share capital on creation of Employee Share Trust (“EST”)

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. At the same time a total of 8,885,714 performance rights were issued to the relevant employees, contractors and service providers.

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).

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Notes to the financial statements (continued)

9. Reserves (continued)

(b) Share-based payments made during the period

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

	<i>Half-year ended 31 December 2017</i>	
	<i>Number issued</i>	<i>\$</i>
Vested performance rights awarded to employees as salary (Salary sacrifice rights) (i)	429,771	246,101
Long term incentive rights subject to vesting conditions (ii)	6,750,000	199,217
Loan funded shares (iii)	4,575,000	1,214,205
Performance rights (iv)	3,000,000	1,200,000
		<u>2,859,523</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 half-year 429,771 salary sacrifice rights were issued in respect of remuneration totalling \$246,101.

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 6,750,000 performance rights have been awarded in respect of the Long-Term Incentive Plan.

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Notes to the financial statements (continued)

9. Reserves (continued)

(b) Share-based payments made during the year (continued)

ii Long term incentive rights (continued)

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;
- **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; 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.

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	Fair value per right	Total fair value	Period over which fair value to be recognised	Share based payment recognised in the half-year
Tranche 1	21/9/2017	3,125,000	\$0.31	\$968,750	2 years	\$121,093
Tranche 2	21/9/2017	1,562,500	\$0.20	\$312,500	2 years	\$39,062
Tranche 3	21/9/2017	1,562,500	\$0.20	\$312,500	2 years	\$39,062
						\$199,217

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

Mayur Resources Ltd
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Notes to the financial statements (continued)

9. Reserves (continued)

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

ii Long term incentive rights (continued)

- **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 half-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.

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 Performance rights

During the half-year the Company issued performance rights to the Managing Director in lieu of the Managing Director receiving loan funded shares. The options granted under performance rights 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

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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 2017	30 June 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	100%	Nil%

The above table presents the Group's ownership interests in subsidiaries as at 31 December 2017 and 30 June 2017. During the half-year, the following changes occurred in the Group's ownership interests in its subsidiaries:

- i The Group increased its 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 \$10,768,831.
- ii Acquisition of 100% of the share capital in Waterford Limited, 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.

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

	<i>Half-year ended</i> <i>31 December</i> <i>2017</i> \$	<i>Year ended</i> <i>30 June</i> <i>2017</i> \$
Accumulated NCI at beginning of the period	6,505,669	6,769,535
Transferred to non-controlling interests reserve on acquisition of NCI in Singapore subsidiaries	(6,505,669)	-
NCI in new subsidiary acquired during the half-year	737,429	-
Profit or loss allocated to NCI during the year	686	(263,866)
Accumulated NCI at end of the period	<u>738,115</u>	<u>6,505,669</u>

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 10 January 2018, the Company announces a maiden 382 mt Maiden JORC Resource for its Port Moresby Limestone Project;
- On 10 January 2018 the Company announced that it had executed a Memorandum of Understanding (MOU) with Kumul Petroleum regarding the sourcing and supply of gas for its proposed vertically integrated lime and cement business at Caution Bay located 25km north of Port Moresby and adjacent to the PNG LNG Plant; and
- As at the date of this report, the Group had received cash of \$415,593 pursuant to the exercise of 742,130 Loyalty Options.

12. Authorisation of interim financial statements

The interim financial statements of the Group for the half-year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors dated 15 March 2018.