

Mayur Resources agrees US\$155 million (A\$235 million) funding to complete Central Lime Project

CLP set to boost domestic manufacturing and green metals processing in the region

22 April 2024

Mayur Resources Limited (ASX:MRL) (**Mayur** or **the Company**) is pleased to confirm that it has executed definitive debt financing agreements with Appian Capital Advisory LLP (**Appian**) for a total of approximately US\$115 million. This financing, combined with Vision Blue Resources' (**Vision Blue**) proposed equity investment into the project of US\$40 million announced in November 2023, would see the Central Lime Project (**CLP**) fully funded. The funding would be used to cover construction costs to achieve an annual base case nameplate production capacity of 400,000 tonnes^(a), along with an allocation for expected further expansion. First quicklime production is expected to begin 18 months after financial close.

Key Points:

- US\$155 million (A\$235 million) secured through a combination of debt and equity comprising:
 - Approximately US\$115 million senior secured loan and royalty financing arrangement from Appian, a leading metals and mining private equity and credit investor, comprising US\$70 million to achieve CLP base case nameplate capacity, a US\$22.2 million over-run facility and US\$22.2 million for expansion beyond base case capacity.
 - US\$40 million in previously announced proposed equity funding from Vision Blue, a clean energy battery metals transition investment vehicle led by Sir Mick Davis, in exchange for a 49% equity stake in the CLP (with Mayur retaining a 51% majority stake).
- In Q2 CY24, Mayur will work to complete remaining conditions precedent to the debt and equity funding on items including but not limited to, product offtake, appointing construction contractors and finalisation of project documentation with, and approvals from, the PNG Government. Assuming satisfaction of the conditions precedent, financial close would be announced.
- The debt and equity would provide 100% of the funding required to complete the base case construction works, implement onsite carbon reduction initiatives and enter commercial production, with Mayur's share of annual EBITDA from the base case expected to be US\$12.8 million (A\$19.4 million)^(a). Additionally, US\$22.2 million of Appian funding is earmarked to contribute to a potential expansion which could double production capacity and associated EBITDA through construction of additional kilns on the CLP project site.
- Post financial close, it is expected to take 18 months until first quicklime production begins. Additionally, the project is set to generate cash flow ahead of construction completion through the sale of unprocessed limestone, with discussions currently underway.
- The CLP aims to cornerstone the first downstream manufacturing processing hub in PNG, generating hundreds of new jobs and with the potential to be a major displacer of PNG's imported lime products.
- Mayur will be the closest source of quicklime, hydrated lime, and crushed limestone to Australia, enhancing the resilience of the supply chain of these critical materials while reducing logistics cost and carbon footprint.
- The CLP is strategically located within Mayur's unique Single Factory Special Economic Zone in Port Moresby's North-Western Growth Corridor, including the US\$19 billion PNG LNG facility, the US\$10+ billion Papua LNG development and Kumul Petroleum Fabrication Facility.

- Upon financial close, Mayur, as the parent company, will receive a reimbursement from the CLP project joint venture company for the early construction costs incurred for wharf development.

Mayur's Managing Director, Paul Mulder commented:

"Today marks the key funding milestone in delivering the CLP, which will be a transformative development for Papua New Guinea's Landowners, Central Province and the broader manufacturing sector. Hundreds of new jobs, support service businesses, electricity, roads, education/health facilities are all part of the benefits that will be created for Landowners, whom to date, have lacked such basic services and have been negatively impacted by isolation. As the nation's inaugural industrial downstream manufacturing processing hub, the CLP will also materially contribute to the clean energy transition by providing a key input to the processing of energy transition metals in the region."

"The project has successfully attracted finance from both Appian and Vision Blue, bringing both debt and equity to the table in a first for PNG. This investment sets the foundation to showcase PNG's vast potential for small to medium manufacturing projects connected to its natural resources."

"The support provided by the PNG Marape-Rosso Government is a testament to their commitment to supporting downstream processing and assisting in attracting such reputable investment funds into PNG's first Single Factory Special Economic Zone. Such support now sets the scene for PNG to compete with the hundreds of billions of dollars already invested into Southeast Asian Special Economic Zones."

Appian Capital Advisory CEO & Founder, Michael W. Scherb commented:

"Appian is excited to partner with Mayur and Vision Blue on the Central Lime Project in Papua New Guinea. CLP is a leading asset, set to produce low-cost lime products for metal processing, strategically located close to end markets in Australia and Asia. The project will also play a pivotal role in highlighting foreign direct investment in PNG, supporting the country's growing industrial sector. This collaboration showcases the ongoing success of Appian's dedicated credit and royalties offering, highlighting the significant value our team brings to the delivery of mining assets globally."

Construction Activities

Construction of the CLP commenced in mid-2023 with primary activities to date being the wharf infrastructure. Commencing the wharf infrastructure early has allowed Mayur to optimise construction logistics and shorten the project's development schedule. Additionally, the Company expects to generate early revenues through the sale of raw limestone aggregate from this wharf during construction of the kilns.

As Mayur has funded this construction to date, the Company will receive a reimbursement from the CLP project joint venture company. This reimbursement will add to Mayur's working capital at the parent level.

Significant Lime Resource and Future Expansion Potential

Mayur has previously reported JORC Mineral Resource Estimates of 382Mt of limestone – all within the Mining Lease of the CLP^(b). The original 'base case' definitive feasibility study used only 30Mt of this total resource, presenting extraordinary upside potential for Mayur and warranting future investment towards increasing the number of kilns at the Project beyond the two initially modelled, which has the potential to scale annual EBITDAs linearly with the number of kilns.

Further Disclosures

Further disclosure of the terms of the definitive financial agreement with Appian are set out in Annexure A. The terms of the agreements with Vision Blue were disclosed on 14 August 2023 and were finalised by way of definitive transaction documents on 6 November 2023. The Company notes that it has also provided details of the financing in converted A\$ terms, but re-iterates the financing from both Appian and Vision Blue is expressed in US\$ terms in the definitive agreements, and will be funded by both parties in US\$ terms. The exchange rate used in these calculations is 0.66 AUD/USD.

ENDS

This announcement was authorised by the Board of Directors of Mayur Resources Limited.

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Notes

- (a) The Company refers to ASX Announcement dated 26 July 2022 “Updated DFS For Central Cement and Lime Project”. All material assumptions underlying these production targets and forecasts continue to apply and have not materially changed.
- (b) The Company refers to ASX release dated 12 January 2018 “Maiden JORC Resource at Port Moresby Limestone Project”. The Mineral Resource Estimate comprises 205 MT @ 53.5% CaO classified as a Measured Mineral Resource, 128 MT @ 51.8% CaO classified as an Indicated Mineral Resource and 49 MT @ 48.3% CaO classified as an Inferred Mineral Resource. Mayur confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning that release continue to apply and have not materially changed.

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 41% 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 “net zero” 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 Appian

Appian Capital Advisory LLP is the investment advisor to long-term value-focused private capital funds that invest solely in mining and mining-related companies.

Appian is a leading investment advisor in the metals and mining industry, with global experience across South America, North America, Australia and Africa and a successful track record of supporting companies to achieve their development targets, with a global operating portfolio overseeing nearly 7,000 employees.

Appian has a global team of 81 experienced professionals with presences in London, New York, Toronto, Vancouver, Lima, Belo Horizonte, Montreal, Dubai, Johannesburg, and Perth.

For more information, please visit www.appiancapitaladvisory.com, or find us on LinkedIn, Instagram or Twitter/X.

About Vision Blue

Vision Blue was founded in December 2020 by Sir Mick Davis to identify and capture opportunities in battery and technology minerals linked to the global transition to clean energy production and storage. Vision Blue aims to capitalise on the secular change in demand for relevant commodities, by leveraging its proven acquisition and integration skills together with financial, ESG, technical, construction and operating experience in the mining and metals sector.

Since its launch, Vision Blue has continued to expand its portfolio to seven strategic investments in companies involved in graphite, vanadium, silicon metal, tin, cobalt, lithium and rare earths.

About the Central Lime Project

The Central Lime Project (“CLP”) is Stage 1 of a vertically integrated manufacturing facility with the ability to meet 100% of PNG’s raw lime, lime, hydrated lime, and other building material requirements, creating a new manufacturing industry and displacing imports into PNG, with the ability to penetrate nearby export markets in Australia and APAC. When constructed, the co-located quarry, plant site and deep draft wharf

will enable scalable production of high-grade limestone, aggregates and lime products at low operating costs within the first quartile of the global cost curve. The CLP is also seeking to become Asia Pacific's first carbon-neutral producer, seeking to service and meet increasing demand from the critical minerals and battery metals processing sectors in support of the global energy transition. The CLP's lime products will also meet standards for the construction, environmental and pollution abatement sectors.

Annual Stage 1 EBITDA for the project of US\$25 million. ^(a)

The CLP will create hundreds of jobs, while having capacity to replace all of PNGs current imports of lime valued at approximately K\$100 million (A\$42.8 million) per year, and service the broader Asia Pacific region.

Debt Funding Package Key Terms

Loan Facilities	Tranche A (initial facility) – US\$63 million Tranche B (expansion facility) – US\$20 million Tranche C (overrun facility) – US\$20 million
Maturity Date	Up to 7 years from financial close
Grace Period	Amortisation and interest grace period of up to 27 months from financial close
Interest Rate	Tranche A & B: SOFR (subject to a minimum of 3%) + 8% margin Tranche C: SOFR (subject to a minimum of 3%) + 10% margin
Royalty Funding Amount	Tranche A – US\$7.0 million Tranche B – US\$2.2 million Tranche C – US\$2.2 million
Royalty	Tranche A - 2.5% of gross revenue from the first two kilns over the life of mine Tranche B - 0.8% of gross revenue from the first two kilns over the life of mine Tranche C – 0.8% of gross revenue from the first two kilns over the life of mine Option exists to buyback the Royalty within 4 years at 1.75 times the Royalty Funding Amount
Upfront Shares	Shares to be issued equivalent to: Tranche A - 1.5% of Mayur's total fully diluted shares on issue Tranche C – 0.5% of Mayur's total fully diluted shares on issue
Security	Senior security package over assets and rights of Central Lime Project
Covenants and Events of Default	Customary covenants and events of default for a secured facility of this nature
Conditions Precedent	Customary conditions precedent, including but not limited to, the execution of key commercial agreements.