



ASX: MRL

Equity Research

14th August 2023

SPECULATIVE BUY

Share Price	\$0.265
Valuation	\$0.83
Price Target	\$1.20

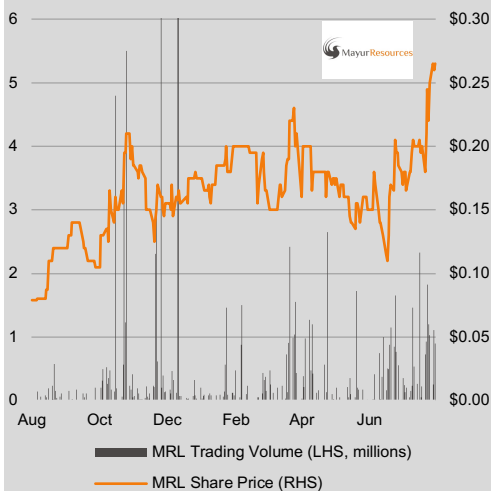
52-Week Range	\$0.078 - \$0.265
MRL Shares Outstanding	325.9m
Convertible Notes	1.7m
Options (\$0.30, exp. 8 May 2026)	7.6m
Options (\$0.40, exp. 11 May 2026)	0.6m
Options (\$0.30, exp. 18 May 2026)	2.0m
Performance Rights	54.5m
Market Capitalisation	\$86.4m
Cash (30 June 2023)	\$4.1m
Debt (30 June 2023)	\$6.8m
Enterprise Value	\$89.1m

Board & Management:

Charles Fear	Chairman
Chris Indermaur	Non-Executive Director
Benjamin Szeto	Non-Executive Director
Tim Crossley	Executive Director
Paul Mulder	Managing Director
Darren Lockyer	Head of Business Affairs
Keith Downham	COO/CEO Mayur Iron
Kerry Parker	CFO
Shawn Thompson	Project Director
Tom Charlton	Chief Geologist

Top 10 Shareholders

DTJ Co Pty Ltd	15.4%
Buttonwood Nominees Pty Ltd	5.7%
HSBC Nominees Pty Ltd	5.7%
QMP Nominees Pty Ltd	5.1%
Level 280 Riverside Pty Ltd	4.6%
T Mitchell Pty Ltd	3.4%
Quality Life Pty Ltd	2.8%
Timmoo Pty Ltd	2.7%
Mt Paul Levi Mulder	2.4%
Thomas Jonathan Charlton	2.1%



Mayur Resources (ASX: MRL) is an Australian company developing a renewable energy portfolio and minerals business in PNG to answer the growing call from the mining and construction industries in the Asia Pacific region for "net zero" inputs.

Mayur Resources Limited

Central Lime Project Equity Funded with Debt to Follow

Update: this short note is an update on recent developments and funding for Mayur Resources. Please refer to our research report dated 26 April 2023 for complete analysis.

Equity Funding: today, MRL announced it had executed a Term Sheet with Vision Blue Resources (VBR), a **clean energy related investment firm** led by Sir Mick Davis, ex-CEO of Xstrata, for an investment of US\$40 million for a 49% equity share in the Central Lime Project (CLP, project level Phase 1 only investment). The Proposed Investment is subject to a number of conditions precedent including, but not limited to, negotiation of long form investment documents and project-related documents, securing requested fiscal approvals by applicable PNG government bodies, required debt funding and ongoing commitments to ensure the production of low carbon lime. This investment validates **lime** as a **critical material for the energy transition**.

Debt Funding: Mayur and VBR are working together to secure debt financing of approximately US\$70 million to fully fund and complete the Project. Due to the Project's economic significance in the Asia Pacific region, including its importance in supporting the critical minerals sector in Australia, MRL is in negotiations with the Australian Government as one of its preferred debt funders with a view to enhancing bilateral ties between Australia and PNG. The funding package of US\$40m+US\$70m is well in excess of the capital expenditure of US\$91m for Phase 1 leaving a US\$19m (+ cash balance) buffer for possible construction delays and working capital.

Transitioning from exploration to development: MRL has commenced construction work at the CLP project. Construction crew, mobile machinery, and building materials arrived at the site by barge in June 2023. Mayur's dual objective is to continue with further bulk sample test pits for end user customers, and construction commencement to build for the Quicklime Kiln facility with a pioneer wharf and associated site enabling works.

Building the Team: Mayur commenced recruitment of a highly skilled construction and development team to support the CLP Pioneering Works and on-going construction activities, including Mr Musje Werror (currently a Non-Executive Director of Santos Limited and former Managing Director of Ok Tedi Mining Limited), Mr Komai Sau (highly experienced mining site manager and mining engineer), and Mr Siga Rogo (highly experienced construction manager). Further appointments will be announced when the market is updated on progress regarding its strategic equity investor. Today's announcement also advised of the appointment of John McBride as the CEO of the Mayur Lime business. John McBride is a highly experienced lime industry executive, who has held senior executive positions with Graymont and Sibelco for close to 15 years, most recently as President of Graymont Asia Pacific, and prior to that as CEO of Sibelco Lime and as COO of Sibelco Australia and New Zealand.

Government Support: the project is well supported by the State and Provincial Governments as well as landowners with all the advanced projects fully permitted, with mining licence and environmental approvals in place. An official ground-breaking ceremony was held on 29 June 2023, which was attended by a number of dignitaries including the Local Member Hon Keith Iduhu, Ward Councillor Kaia Podi, as well as local Clan Head village representatives. During the ceremony, the Hon Keith Iduhu member for Hiri – Koiari commented on the significant benefits that Mayur's CCL project had for the domestic economy as an import replacement downstream processing business whilst also adding that it was critical to be pro-business but also have at the forefront the betterment of living standards and benefits for local Landowners. Hon Keith Iduhu said "Whilst the construction commences for the CCL jetty, I have asked the PNG Government in the coming weeks to convene the Consultative Forum enabling the finalisation of the benefit sharing for Landowners, Provincial Government and District and the PNG State."

Lime Products Market: Demand for Lime in SEA and Oceania is expected to grow rapidly over the next few years, specifically driven by increased processing capacity of nickel in Indonesia; Indonesian demand for lime forecast to grow at a 14.6% CAGR to 2030. Global demand for lime is also expected to grow, driven by a projected increase in steel production output and increased demand from non-ferrous metals processing – which have important applications in the energy transition. Prices have already reflected this demand pressure, with export quicklime prices reaching US\$126/t FOB in 2022, compared to US\$100/t assumed by MRL in its development studies. Further price upside in the range of \$230/t to \$260/t have also been reported elsewhere.

CLP and MRL valuations: we have reviewed our sum of the parts valuation (see next page) by essentially taking into consideration the 51% interest in the Central Lime Project for Phase 1 only at this time and reducing significantly the risk discount applied to the NPV of the Phase 1 from 70% to 20% (and Phase 2 from 90% to 70%). Beyond the valuation, we also estimated an initial price target of \$1.20 with both key projects fully funded.

Investment Perspective: with such a high caliber equity investor and an acceleration of news flow (conditions precedent, debt funding, construction updates, first revenues in H1 2024 and lime market development and pricing updates), we can expect that MRL shares will continue to outperform in the coming months.

CCL Project Valuation*: using different quicklime price assumptions:

Quicklime Price	NPV _{8%}	51% x NPV _{8%}	Risked 80% x NPV	IRR
US\$100/t	US\$135.4m	A\$98.6m	A\$78.9m	26%
US\$126/t	US\$218.1m	A\$158.9m	A\$127.1m	36%
US\$230/t	US\$549.2m	A\$400.1m	A\$320.1m	76%
US\$260/t	US\$644.7m	A\$469.7m	A\$375.8m	87%

* excluding Clinker & Cement

MRL Sum of the Parts Valuation

Asset	Value Range	Preferred	Per Share
Central Lime project (51% interest)	A\$99m-\$376m		
80% (20% discount) risked NPV with quicklime at US\$126/t		\$127.1m	\$0.33
Central Cement and Lime Project – Phase 2 (100% interest)	A\$396.2m		
30% (70% discount) risked NPV		\$118.8m	\$0.31
Orokolobay iron and mineral sands project	A\$186m-\$320m		
30% (70% discount) risked NPV with iron ore price at US\$100/t		\$75.9m	\$0.20
Renewables projects		\$60.0m	\$0.16
Investment in Adyton Resources (TSXV: ADY) 42.8% interest		\$13.9m	\$0.04
Development costs		(\$60.0m)	(\$0.16)
Cash (as at 30 June 2023)		\$4.1m	\$0.01
Debt (as at 30 June 2023)		(\$6.8m)	(\$0.02)
Corporate costs		(\$15.2m)	(\$0.05)
Total		\$317.9m	\$0.83

Source: Evolution Capital estimates. The valuation considers all performance rights converted into shares for a total of 380.4 million

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