



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

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Mayur Resources Ltd (the 'Company'), and its subsidiaries (collectively the 'Group') and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2023.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 9 to 63 are drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Charles Anthony Candlin Fear	Non-Executive Independent Chairman
Paul Levi Mulder	Managing Director
Timothy Elgon Savile Crossley	Executive Director
Christopher Charles Indermaur	Non-Executive Independent Director
Benjamin Szeto Yu Hwei	Non-Executive Independent Director

The following persons served as directors during the financial year but are not serving as directors as at the date of this statement:

- Mr Hubert Hanajause Namani – Non-Executive Independent Director (resigned on 1 August 2022)
- Mr Wee Choo Peng – Non-Executive Independent Director (resigned on 16 September 2022)
- Mr Craig Ransley – Executive Chairman (appointed on 12 October 2022, resigned on 30 April 2023)

In accordance with Article 91 of the Company's Articles of Association, Messrs Charles Anthony Candlin Fear and Benjamin Szeto Yu Hwei retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other related body corporate.

The Company has established a shared-based Employee Incentive Plan (EIP) to assist in the motivation, retention and reward of contractors and employees. The EIP is designed to align the interests of executives and senior management with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company.

The EIP permits the grant of the following types of awards:

- performance rights;
 - options; and
 - loan funded shares.
- (collectively referred to as "awards")

During the year ended 30 June 2023, the Company issued the following awards under the EIP:

	<i>Number issued</i>	<i>Exercise Price</i>
Vested performance rights awarded to employees as salary (Salary Sacrifice Rights) (i)	3,225,663	Nil
Long term incentive rights (ii)	29,750,000	Nil
Loan funded shares (iii)	2,750,000	Nil

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

Arrangements to enable directors to acquire shares and debentures

(i) Salary sacrifice rights

Performance rights are granted to non-executive directors, 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 are issued on a quarterly basis and vest twelve months after issue of individual tranches 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 quarterly 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 (10 day VWAP prior to end of each quarter).

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Act, an interest in salary sacrifice rights of the Company as stated below:

Name of directors	Salary sacrifice rights registered in the name of directors	
	At 1.7.2022	At 30.6.2023
Paul Levi Mulder	478,680	843,454
Timothy Elgon Savile Crossley	1,185,409	2,088,741

(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.

The performance rights have an A\$nil exercise price and an expiry date of 5 years (subject to vesting) from the grant date and are subject to vesting conditions.

Should any of the Vesting Conditions not be met, the Awards related to that specific Tranche will lapse and be forfeited.

Further details regarding the performance rights issued during the year are provided in Note 18 to the financial statements.

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Act, an interest in long term incentive sacrifice rights of the Company as stated below, which were all approved at the Annual General Meeting of the Company held on 15 December 2022:

Name of directors	Long term incentive rights registered in the name of directors	
	At 1.7.2022	At 30.6.2023
Paul Levi Mulder	4,500,000	7,500,000
Timothy Elgon Savile Crossley	4,200,000	7,000,000
Charles Anthony Candlin Fear	1,800,000	2,250,000
Christopher Charles Indermaur	1,450,000	2,250,000

(iii) Loan funded shares

The Company can issue 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 is limited recourse so that at any time the employee may divest their shares in full satisfaction of the loan balance.

There were no loan funded shares on issue to Directors as at 30 June 2023 or 30 June 2022.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

Directors' interests in shares, options and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Act, an interest in shares of the Company as stated below:

Name of directors	Shareholdings registered in the name of directors		Number of ordinary shares Shareholdings in which a director is deemed to have an interest	
	At 1.7.2022	At 30.6.2023	At 1.7.2022	At 30.6.2023
Paul Levi Mulder	8,599,955	8,599,955	50,000,000	46,303,209
Timothy Elgon Savile Crossley	7,091,748	7,091,748	1,795,000	1,795,000
Charles Anthony Candlin Fear	—	—	900,000	900,000

There were no options on issue to Directors as at 30 June 2023 or 30 June 2022.

Except as disclosed in the above tables, there was no change in any of the above-mentioned interests in the Company between the end of the financial year and the date of this statement.

Except as disclosed in this report, no director who held office at the end of the financial year had an interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (ARCC) carried out its functions in accordance with Section 201B (5) of the Act, including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and the assistance given by the Group and the Company's management to the external auditors.
- Reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors.
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls.
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARCC.
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor.
- Reviewed the nature and extent of non-audit services provided by the external auditor.
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit.
- Reported actions and minutes of the ARCC to the board of directors with such recommendations as the ARCC considered appropriate.

**MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
DIRECTORS' STATEMENT**

Audit, Risk and Compliance Committee (continued)

The ARCC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.


The ARCC comprises the whole of the Board of Directors, who convene as the ARCC. The ARCC convened two meetings during the year.

The ARCC has also met with the external auditors, without the presence of the Company's management, at least once a year.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

DocuSigned by:

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Paul Levi Mulder
Director
23 September 2023

DocuSigned by:

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Timothy Elgon Savile Crossley
Director
23 September 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAYUR RESOURCES LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mayur Resources Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 9 to 63, which comprise the balance sheets of the Group and of the Company as at 30 June 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements. As at 30 June 2023, the Group incurred a loss from continuing operations for the year of A\$13,240,454, net cash outflows from operating activities of A\$4,205,762 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Based on the reasons as disclosed in Note 3, the directors are satisfied with the use of going concern assumption.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that may arise and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Baker Tilly TFW LLP (trading as Baker Tilly) is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Baker Tilly TFW LLP (Registration No. T10LL1485G) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MAYUR RESOURCES LTD (continued)**

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

(A) Impairment of exploration and evaluation expenditure

Refer to Notes 2(r), 3 and 10 to the financial statements

The Group is involved in exploration and evaluation activities with a focus on Cement and Lime, Iron and Industrial Sands and Coal and Power. The Group has exploration licenses and prospective projects in Papua New Guinea.

Exploration and evaluation expenditure totaling A\$37,405,880 as disclosed in Notes 3 and 10 represent a significant balance recorded in the consolidated balance sheet.

SFRS(I) 6 Exploration for and Evaluation of Mineral Resources requires the exploration and evaluation assets to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

As described in Note 3 to the financial statements, management performed assessment of potential indicators of impairment at 30 June 2023 in accordance with the accounting policy disclosed in Note 2(r) which required management to make certain estimates and assumptions as to future events and circumstances.

Our procedures included, amongst others:

- Evaluated the Group's accounting policy to ensure the policy complies with the requirements of *SFRS(I) 6 Exploration for and Evaluation of Mineral Resources*;
- Obtained an understanding of the status of ongoing exploration programmes and future intentions for the areas of interest, including future budgeted spend and related work programmes;
- Enquired of management and reviewed ASX announcements and minutes of directors' meetings to ensure the Group had not decided to discontinue exploration and evaluation at its areas of interest;
- Considered management's assessment of potential indicators of impairment;
- Verified a sample of additions to the Group's exploration and evaluation assets for the financial year ended 30 June 2023 to support evidence of activities carried out; and
- Verified that each exploration license remains valid in respect of each tenement through the review of official government documentation.

We also assessed adequacy of the related disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 4, which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAYUR RESOURCES LTD (continued)

Report on the Audit of the Financial Statements (continued)

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in that regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the management and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAYUR RESOURCES LTD (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.

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Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

23 September 2023

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

For the financial year ended 30 June 2023

		Group	
	Note	2023 A\$	2022 A\$
Continuing operations			
Revenue and other income	4	33,650	2,761
Less: expenses			
Consultants and contractors		(731,708)	(825,660)
Staff costs		(1,183,613)	(773,744)
Travel expenses		(187,571)	(128,198)
Impairment of exploration and evaluation expenditure	10	—	(57,282)
Impairment of investment in associate	12	(1,400,203)	(4,086,502)
Impairment of plant and equipment	9(a)	(3,078,803)	—
Listing and share registry expenses		(105,131)	(129,062)
Auditors' remuneration	5(a)	(349,441)	(204,997)
Share-based payments expense	18(b)	(2,783,335)	(1,849,114)
Insurance expense		(170,848)	(139,194)
Investor and public relations expense		(81,369)	(100,850)
Depreciation expense	9(b)	(14,343)	(17,260)
Foreign currency exchange losses, net		(214,417)	(178,662)
Finance charges	5(b)	(351,393)	(365,108)
Professional fees		(413,289)	(946,444)
Project expenditure		(707,932)	(362,220)
Other operating expenses		(424,335)	(987,167)
Share of results of associate, net of tax	12	(1,076,373)	(4,471,770)
Loss before income tax expense from continuing operations		(13,240,454)	(15,620,473)
Tax expense from continuing operations	7	—	—
Loss for the year from continuing operations		(13,240,454)	(15,620,473)
Loss for the year		(13,240,454)	(15,620,473)
Other comprehensive loss:			
Share of other comprehensive loss of associate		(41,076)	(126,977)
Total comprehensive loss for the year attributable to owners of the Company		(13,281,530)	(15,747,450)
Loss per share			
From continuing operations			
- Basic and diluted	8	(4.68) cents	(6.81) cents

The accompanying notes form an integral part of these financial statements and should be read in conjunction with the financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
At 30 June 2023

		Group	
	Note	2023 A\$	2022 A\$
Non-current assets			
Plant and equipment	9	330,978	3,222,591
Exploration and evaluation expenditure	10	37,405,880	32,790,295
Investment in associate	12	345,644	2,696,629
Security deposits		118,494	118,494
Total non-current assets		38,200,996	38,828,009
Current assets			
Cash and cash equivalents	13	4,141,551	3,050,864
Other receivables	14	400,077	311,113
Total current assets		4,541,628	3,361,977
Total assets		42,742,624	42,189,986
Current liabilities			
Trade and other payables	15	1,520,072	2,127,913
Non-current liabilities			
Convertible notes	16	2,789,264	—
Other payables	15	4,515,930	4,351,143
Provisions		83,770	58,732
Total non-current liabilities		7,388,964	4,409,875
Total liabilities		8,909,036	6,537,788
Net assets		33,833,588	35,652,198
Equity			
<i>Equity attributable to owners of the Company</i>			
Share capital	17	67,576,577	59,497,618
Reserves	18	9,706,383	6,363,498
Accumulated losses		(43,449,372)	(30,208,918)
Total equity		33,833,588	35,652,198

The accompanying notes form an integral part of these financial statements and should be read in conjunction with the financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
BALANCE SHEET
At 30 June 2023

		Company	
	Note	2023 A\$	2022 A\$
Non-current assets			
Plant and equipment		6,265	21,681
Investments in subsidiaries	11	12,243,898	12,243,898
Investment in associate	12	345,644	2,696,629
Total non-current assets		12,595,807	14,962,208
Current assets			
Cash and cash equivalents	13	3,912,047	2,891,333
Other receivables	14	83,154	136,269
Receivables from subsidiaries	20	11,355,897	10,433,107
Total current assets		15,351,098	13,460,709
Total assets		27,946,905	28,422,917
Current liabilities			
Trade and other payables	15	1,064,552	1,082,629
Non-current liabilities			
Convertible notes	16	2,789,264	—
Other payables	15	4,515,930	4,351,143
Provisions		83,770	58,732
Total non-current liabilities		7,388,964	4,409,875
Total liabilities		8,453,516	5,492,504
Net assets		19,493,389	22,930,413
Equity			
<i>Equity attributable to owners of the Company</i>			
Share capital	17	67,576,577	59,497,618
Reserves	18	16,693,677	13,309,716
Accumulated losses		(64,776,865)	(49,876,921)
Total equity		19,493,389	22,930,413

The accompanying notes form an integral part of these financial statements and should be read in conjunction with the financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2023

Group				
2023	Share capital A\$	Reserves A\$	Accumulated losses A\$	Total equity A\$
Balance as at 1 July 2022	59,497,618	6,363,498	(30,208,918)	35,652,198
Loss for the year	–	–	(13,240,454)	(13,240,454)
<i>Other comprehensive loss</i>				
Share of other comprehensive loss of associate	–	(41,076)	–	(41,076)
Total comprehensive loss for the year	–	(41,076)	(13,240,454)	(13,281,530)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	8,800,000	–	–	8,800,000
Costs of shares issuance	(721,041)	–	–	(721,041)
Share based payments (Note 18(b))	–	3,330,931	–	3,330,931
Convertible notes – equity component (Note 18)	–	53,030	–	53,030
Total transactions with owners in their capacity as owners	8,078,959	3,383,961	–	11,462,920
Balance as at 30 June 2023	67,576,577	9,706,383	(43,449,372)	33,833,588

Group				
2022	Share capital A\$	Reserves A\$	Accumulated losses A\$	Total equity A\$
Balance as at 1 July 2021	56,729,839	4,165,435	(14,588,445)	46,306,829
Loss for the year	–	–	(15,620,473)	(15,620,473)
<i>Other comprehensive loss</i>				
Share of other comprehensive loss of associate	–	(126,977)	–	(126,977)
Total comprehensive loss for the year	–	(126,977)	(15,620,473)	(15,747,450)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	2,850,000	–	–	2,850,000
Costs of shares issuance	(82,221)	–	–	(82,221)
Share based payments (Note 18(b))	–	2,325,040	–	2,325,040
Total transactions with owners in their capacity as owners	2,767,779	2,325,040	–	5,092,819
Balance as at 30 June 2022	59,497,618	6,363,498	(30,208,918)	35,652,198

The accompanying notes form an integral part of these financial statements and should be read in conjunction with the financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2023

Company	Share capital A\$	Reserves A\$	Accumulated losses A\$	Total equity A\$
2023				
Balance as at 1 July 2022	59,497,618	13,309,716	(49,876,921)	22,930,413
Loss for the financial year	–	–	(14,899,944)	(14,899,944)
Total comprehensive loss for the financial year	–	–	(14,899,944)	(14,899,944)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	8,800,000	–	–	8,800,000
Costs of shares issuance	(721,041)	–	–	(721,041)
Share based payments (Note 18(b))	–	3,330,931	–	3,330,931
Convertible notes – equity component (Note 18)	–	53,030	–	53,030
Total transactions with owners in their capacity as owners	8,078,959	3,383,961	–	11,462,920
Balance as at 30 June 2023	67,576,577	16,693,677	(64,776,865)	19,493,389

Company	Share capital A\$	Reserves A\$	Accumulated losses A\$	Total equity A\$
2022				
Balance as at 1 July 2021	56,729,839	10,984,676	(21,407,687)	46,306,828
Loss for the financial year	–	–	(28,469,234)	(28,469,234)
Total comprehensive loss for the financial year	–	–	(28,469,234)	(28,469,234)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	2,850,000	–	–	2,850,000
Costs of shares issuance	(82,221)	–	–	(82,221)
Share based payments (Note 18(b))	–	2,325,040	–	2,325,040
Total transactions with owners in their capacity as owners	2,767,779	2,325,040	–	5,092,819
Balance as at 30 June 2022	59,497,618	13,309,716	(49,876,921)	22,930,413

The accompanying notes form an integral part of these financial statements and should be read in conjunction with the financial statement.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2023

		Group	
	Note	2023 A\$	2022 A\$
Loss before tax		(13,240,454)	(15,620,473)
<u>Adjustments for:</u>			
Interest income	4	(33,650)	(2,761)
Share based payments expense	18(b)	2,783,335	1,849,114
Depreciation expense	9(b)	14,343	17,260
Impairment of plant and equipment	9(a)	3,078,803	—
Impairment of exploration and evaluation expenditure	10	—	57,282
Impairment of investment in associate	12	1,400,203	4,086,502
Share of results of associate	12	1,076,373	4,471,770
Fair value loss on derivative component of convertible notes	5(b)	347,845	—
Finance charges	5(b)	3,548	365,108
Net foreign exchange gains		214,417	178,662
Total adjustments		8,885,217	11,022,937
Operating cash flows before changes in working capital		(4,355,237)	(4,597,536)
<u>Changes in working capital:</u>			
(Increase)/decrease in receivables		(88,964)	64,936
(Decrease)/increase in trade and other payables		208,337	760,564
Total changes in working capital		119,373	825,500
Cash flows used in operating activities		(4,235,864)	(3,772,036)
Interest received		33,650	2,761
Interest paid		(3,548)	—
Net cash flows used in operating activities		(4,205,762)	(3,769,275)
 Cash flow from investing activities			
Payments for plant and equipment	9(c)	(102,627)	(412,753)
Payments for exploration and evaluation expenditure	10	(3,773,137)	(3,759,594)
Acquisition of associate	12	(166,667)	—
Payments for security deposits		—	(118,494)
Proceeds from advance (Santos Facility)		—	4,351,143
Net cash (used in)/provided from investing activities		(4,042,431)	60,302
 Cash flow from financing activities			
Proceeds from share issued	17	7,500,000	2,850,000
Cost of issuing shares	17	(446,703)	(82,221)
Costs of borrowing agreements (Note A)		—	(120,000)
Proceeds from convertible notes	16	2,500,000	—
Proceeds from borrowings (Note A)		—	3,000,000
Finance charges (Note A)		—	(245,108)
Repayment of borrowings (Note A)		—	(3,000,000)
Net cash from financing activities		9,553,297	2,402,671
 Reconciliation of cash and cash equivalents			
Cash and cash equivalents at beginning of financial year		3,050,864	4,535,828
Net increase/(decrease) in cash and cash equivalents		1,305,104	(1,306,302)
Foreign exchange difference on cash and cash equivalents		(214,417)	(178,662)
Cash and cash equivalents at end of financial year	13	4,141,551	3,050,864

Supplementary disclosures:

Note A:

In 2022, a third party had provided an A\$3 million loan facility to the Company. The A\$3 million loan facility initially had a term of 2 years with an interest rate of 8% per annum, with interest payable quarterly in arrears. The loan was however repaid in full in June 2022. Finance charges of \$245,108 were incurred on this loan facility during the financial year ended 30 June 2022.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with the financial statements.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

1. Corporate information

Mayur Resources Ltd (the “Company” or “Mayur”) (Co. Reg. No. 20114015W), is a limited liability company incorporated in Singapore. On 21 September 2017, the Company is listed on the Australian Securities Exchange (“ASX”) under ticker code MRL.

The registered office of the Company is located at 80 Robinson Road #02-00 Singapore 068898. The principal place of business is located at Level 7, 300 Adelaide Street, Brisbane QLD, 4000, Australia.

The principal activity of the Company is investment holding. The Group is involved in exploration and evaluation activities with a focus on Cement and Lime, Iron and Industrial Sands, and Coal and Power. The Group has exploration licenses and prospective projects in Papua New Guinea. The principal activities of the subsidiaries and associate are disclosed in Notes 11 and 12 to the financial statements respectively.

2. Summary of significant accounting policies

a) Basis of preparation

The financial statements are expressed in Australian dollars (“A\$”), which is the Company’s functional currency. The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)"). The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group considers the characteristics of the asset or liability which market participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of *SFRS(I) 2 Share-Based Payments* and measurements that have some similarities to fair value but are not fair value, such as value in use in *SFRS(I) 1-36 Impairment of Assets*. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The Company’s separate financial statements have been prepared on the same basis, and as permitted by the Act, the Company’s separate statement of profit or loss and other comprehensive income is not presented.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a major degree of judgement or complexity, are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I). The adoption of these new/revised SFRS(I) and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses, and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant, and equipment, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

d) Basis of combination

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

d) Basis of combination (continued)

Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interests in the subsidiary's equity.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

e) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

e) Investments in associates (continued)

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of an investment in an associate, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

f) Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and the Company are presented in Australian dollars, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency transaction reserve within equity in the consolidated financial statements.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are recognised in the currency translation reserve within equity.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

f) Foreign currency (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

g) Revenue

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Interest income is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any, that form an integral part of the Group's cash management.

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

j) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

k) Contingencies

A contingent liability is:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

l) Financial assets

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group's financial assets are classified at amortised cost which comprise other receivables and cash and cash equivalents.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

l) Financial assets (continued)

Impairment (continued)

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

m) Financial liabilities

Financial liabilities include trade and other payables. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

n) Convertible notes

Convertible notes issued by the Group consist of liability component (host debt liability and embedded derivative liability) and an equity component. The liability component designated as a financial liability that is carried at fair value through profit or loss in its entirety.

The liability component of the convertible notes is initially recognised at fair value. The equity component is initially recognised at the difference between the convertible proceeds and the fair value of the combined financial liabilities.

Subsequent to initial recognition, the liability component is remeasured at fair value with the changes recorded in profit or loss on each reporting date. The equity component is not remeasured.

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

o) Derivative financial instrument

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the financial year. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

p) Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in the profit or loss.

q) Plant and equipment

Plant and equipment are stated at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Dismantlement, removal, or restoration costs are included as part of the cost of property, plant, and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset, if any.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss.

The depreciable amount of all plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Useful lives of plant and equipment typically range from 3 to 5 years.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

q) Plant and equipment (continued)

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the profit or loss when the changes arise.

r) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained legal rights to explore an area are expensed in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- (ii) activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant, and equipment or intangible, as applicable.

s) Share based compensation

The economic entity makes equity-settled share-based payments to directors, employees and other parties for services provided for the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

t) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

2. Summary of significant accounting policies (continued)

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors.

v) Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

w) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the profit or loss.

x) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

3. Key sources of estimation uncertainty and critical accounting judgements

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Shared based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is calculated using the Black Scholes valuation model, considering the terms and conditions upon which the options were granted. The assumptions used in these valuation models are set out in Note 18(b).

Where the vesting of share-based payments contains performance based and market-based milestones, in estimating the number and fair value of the equity instruments issued, the Group assesses the probability of the milestones being met, and therefore the probability of the instruments vesting. Management applies judgement to arrive at the probabilities that are applied to these instruments. These estimates will be adjusted over time to reflect actual performance and management's best estimates of the conditions being met.

Calculation of loss allowance

When measuring the expected credit loss ("ECL"), the Group and Company uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of macro uncertainties and how these conditions are expected to affect the Group's and the Company's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

As the calculations of loss allowances on other receivables and receivables from related parties are subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. Details of ECL measurement and carrying value of other receivables and receivables from subsidiaries at the end of the financial year are disclosed in Notes 14, 20 and 21 respectively.

Critical accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are described in the preceding paragraphs).

Going concern assumption

As at 30 June 2023 the Group had cash reserves of A\$4,141,551 (2022: A\$3,050,864), net current assets of A\$3,021,556 (2022: A\$1,234,064) and net assets of A\$33,833,588 (2022: A\$35,652,198).

The Group incurred a loss from continuing operations for the year ended 30 June 2023 of A\$13,240,454 (2022: A\$15,620,473), net cash outflows from operating activities of A\$4,205,762 (2022: A\$3,769,275 outflows) and net outflows from investing activities of A\$4,042,431 (2022: A\$60,302 inflows).

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

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For the financial year ended 30 June 2023

3. Key sources of estimation uncertainty and critical accounting judgements (continued)

Critical accounting judgements (continued)

Going concern assumption (continued)

The ability of the Group to continue as a going concern is principally dependent upon the following:

- (a) the ability of the Company to raise additional funding in the future;
- (b) the successful implementation of the Group's disaggregation strategy; and
- (c) the successful exploration and subsequent exploitation and development of the Group's tenements.

Based on the success of previous capital raisings combined with the potential to attract farm-in partners for projects, the potential sale or disaggregation of the current portfolio of exploration assets held and the ability of the Group to reduce or defer uncommitted expenditure, the directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The directors are confident of securing funds as and when necessary to meet the Group's obligations as and when they fall due. The directors consider it appropriate that these financial statements are prepared on a going concern basis.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

Impairment of exploration and evaluation expenditure

At 30 June 2023, the carrying value of exploration and evaluation assets of the Group was A\$37,405,880 (2022: A\$32,790,295). Exploration and evaluation assets are assessed for impairment in accordance with the accounting policy disclosed in Note 2(r). The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be expensed in the statement of profit or loss and other comprehensive income.

As at 30 June 2023, eight out of eleven of the Group's mineral exploration licences were under application for renewal. 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. The Group has determined that no impairment of the capitalised exploration and evaluation expenditure relating to these exploration licences is necessary as it is considered that there is a reasonable basis to expect that the renewal applications will be granted and that the Group is otherwise proceeding with exploration and development activities on the exploration licences.

Should any of the exploration licences not be renewed, the relevant capitalised amount as at 30 June 2023 will be expensed in the statement of profit or loss and other comprehensive income. Exploration and evaluation assets are set out in Note 10.

During the year ended 30 June 2023, there is no impairment as no exploration tenements were relinquished. In 2022, the Group impaired A\$57,282 as there were relinquished by the Group following a strategic review of the Group's portfolio of exploration tenements.

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MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

3. Key sources of estimation uncertainty and critical accounting judgements (continued)

Critical accounting judgements (continued)

Impairment of plant and equipment

At 30 June 2023, the Group impaired the full carrying value of previously capitalised costs relating to the Lae Power Plant Project, in the amount of A\$3,078,803 (Note 9). This decision was made as a result of little to no activity occur on the project in recent years, and the likelihood that the project would not be able to proceed in the form originally envisaged.

While no formal work is being completed on the site, the Group will continue to consider alternative feedstock sources for this project, with the potential for the project to be converted to a biomass powered generation site.

Significant influence over Adyton Resources Corporation

Having concluded that the approximately 40.84% ownership interest in Adyton Resources Corporation as at the end of the financial year did not provide the Company with control over Adyton Resources Corporation, the directors of the Company assessed whether the Company has significant influence over Adyton Resources Corporation.

Note 12 describes that the directors assessed that the Company does have significant influence over Adyton Resources Corporation by virtue of its ownership interest and has classified Adyton Resources Corporation as an associate and the Group has accounted for it for it using the equity method of accounting.

Deferred tax assets

No members of the Group have generated taxable income in the financial year and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the recognition criteria set out in SFRS(I) 1-12.

Santos Facility (Note 15)

On 20 June 2022, Mayur announced that it had executed an Expression of Interest (EOI) with Santos Ventures Pty Ltd (Santos), a subsidiary of Santos Limited (ASX:STO), a third party, to jointly develop a portfolio of nature-based carbon offset projects in Papua New Guinea (Carbon Projects).

Under the terms of the EOI, Mayur has agreed to provide Santos with an exclusive period of 180 days (Exclusivity Period) during which Santos and Mayur are to negotiate in good faith and if agreed, enter into binding transaction documents (Transaction Documents) to jointly develop Carbon Projects. The Carbon Projects focus on preserving 1.4 million hectares of pristine rainforest in Papua New Guinea through avoided deforestation.

Phase 1 development is already being progressed which includes up to 800,000 hectares in the Western Province. The EOI includes a framework for the future commercialisation of the Carbon Projects contingent on executing Transaction Documents along with remaining confirmatory due diligence. In conjunction with that announcement, Santos has provided Mayur with a US\$3 million non-interest bearing advance (at exchange rate on 30 June 2022 - A\$ 4,351,143) on 16 June 2022 to, amongst other things, fund ongoing detailed feasibility and landholder consent work on the Carbon Projects.

The EOI contemplated that Transaction Documents were to be completed by 16 December 2022.

On 13 December 2022, the Exclusivity Period was extended to 1 December 2023.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
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3. Key sources of estimation uncertainty and critical accounting judgements (continued)

Critical accounting judgements (continued)

Santos Finance Facility (Note 15) (continued)

If the Transaction Documents are entered before the conclusion of the Exclusivity Period (being 1 December 2023), the facility of US\$3 million will be repayable by Mayur to Santos by not later than 16 June 2032.

If the Transaction Documents are not entered before the conclusion of the Exclusivity Period (being 1 December 2023), the Convertible Securities issued under the loan facility on 16 June 2022 will convert on the date that is 5 business days after the third anniversary of the execution of the EOI (provided no shareholder approval is required) or such other date as the parties may agree to issue ordinary fully paid shares in Mayur based on a 30-day Volume Weighted Average Price (VWAP) calculated three years from the date of execution of the EOI (being 20 June 2025).

If the Transaction Documents are entered before the conclusion of the Exclusivity Period (being 1 December 2023), in certain circumstances, the facility may be forgiven by Santos, based on project performance criteria, the commercial terms of which have been agreed between Santos and Mayur in the EOI.

The facility is non-interest bearing.

The facility is secured over the Mayur Renewables business, by:

- A Charge issued via a Security Deed, over all of the shares held by Mayur Resources Ltd in MR Renewables PNG Pte Ltd (incorporated in Singapore), including any additional future shares that may be issued, and all related rights to those shares (including but not limited to dividends, warrants, options, and the like);
- A Charge issued via a Security Deed, over all of the shares held by MR Renewables PNG Pte Ltd (incorporated in Singapore) in Mayur Renewables PNG Limited (incorporated in Papua New Guinea), including any additional future shares that may be issued, and all related rights to those shares (including but not limited to dividends, warrants, options, and the like); and
- A Charge issued via a Security Deed, over all of the assets and undertakings, future and present, in Mayur Renewables PNG Limited (incorporated in Papua New Guinea).

Fair value measurement of derivative Obsidian Convertible Note Facility (Note 16)

The Group's convertible notes comprise of a liability component (host debt liability and an embedded derivative liability) that is measured at fair value and an equity component. Management engages a third-party professional valuer to perform the valuation and works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. In estimating the fair value of the convertible note, market-observable data is used to the extent it is available. Where Level 1 inputs are not available, management establishes inputs that are appropriate to the circumstances. Based on the valuation methodology, the Group would determine the fair value of all its liability components as one component (i.e., the identified embedded derivative liability and the host debt liability), and the residual amount (i.e., the difference between the proceeds and the fair value of the combined financial liabilities) is assigned to the equity component. As at June 30, 2023, the fair value of liability component of the convertible note amounted to A\$2,789,264 (2022: A\$Nil) and the equity component amount to A\$53,030 as disclosed in Note 16 to the financial statements.

4. Revenue and other income – continuing operations

	Group	
	2023	2022
	A\$	A\$
Interest income - cash and cash equivalents	33,650	2,761
	33,650	2,761

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5. (a) Auditor's remuneration – continuing operations

	Group	
	2023	2022
	A\$	A\$
Audit fees:		
- Auditor of the Company	100,901	66,168
- Other auditors*	178,350	83,829
Non-audit fee:		
- Other auditors*	70,190	55,000
	349,441	204,997

* Includes independent member firms of the Baker Tilly International network.

5. (b) Finance charges – continuing operations

	Group	
	2023	2022
	A\$	A\$
Bank charges	3,548	2,634
Borrowing costs	—	240,000
Interest expenses on borrowing	—	122,474
Fair value loss on convertible notes (Note 16)	347,845	—
	351,393	365,108

6. Segment information

For management purposes, the Group is organised into the following business units:

- Cement and Lime which includes limestone and the Central Cement and Lime Project;
- Iron and Industrial Sands which includes construction sands, magnetite sand and heavy mineral sands. The focus of this business unit is the development of the Orokolo Bay Iron and Industrial Sands Project located along the southern coast of Papua New Guinea;
- Coal and Power comprising the Depot Creek coal resource in the Gulf Precinct 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;
- Renewables which comprises investment in nature based forestry carbon credit projects, and proposed future solar and geothermal projects; and
- Corporate which provides Group-level corporate services, investment 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 consolidated financial statements.

Accounting policies adopted

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 statement of profit or loss and other comprehensive income 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.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2023

6. Segment information (continued)

Accounting policies adopted (continued)

	Cement and Lime A\$	Iron and Industrial Sands A\$	Coal and Power A\$	Renewables A\$	Corporate A\$	Consolidated Financial Statements A\$
Group 2023						
<i>Results:</i>						
Interest income	–	–	–	–	33,650	33,650
Impairment of investment in associate	–	–	–	–	(1,400,203)	(1,400,203)
Forgiveness of intercompany loans	6,855,451	(259,266)	(707,111)	11,812	(5,900,886)	–
Fair value loss on convertible notes	–	–	–	–	(347,845)	(347,845)
Share of result of associate	–	–	–	–	(1,076,373)	(1,076,373)
Segment profit/(loss)	<u>6,687,435</u>	<u>(370,961)</u>	<u>(3,896,841)</u>	<u>(801,218)</u>	<u>(14,858,869)</u>	<u>(13,240,454)</u>
<i>Assets:</i>						
Exploration and evaluation Expenditure	11,627,608	19,951,547	5,865,757	–	(39,032)	37,405,880
Investment in associate	–	–	–	–	345,644	345,644
Segment assets	<u>11,738,300</u>	<u>20,594,700</u>	<u>6,698,377</u>	<u>140,553</u>	<u>3,570,694</u>	<u>42,742,624</u>
<i>Segment assets include:</i>						
Non-cash expenditure capitalised	168,078	1,050,864	234,628	–	–	1,453,570
Additions to plant and equipment	–	–	215,283	–	–	215,283
Additions to exploration and evaluation expenditure	<u>1,709,867</u>	<u>2,488,075</u>	<u>417,643</u>	<u>–</u>	<u>–</u>	<u>4,615,585</u>
Segment liabilities	<u>935,175</u>	<u>3,931,054</u>	<u>11,196,015</u>	<u>1,405,548</u>	<u>(8,558,756)</u>	<u>8,909,036</u>

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For the financial year ended 30 June 2023

6. Segment information (continued)

	Cement and Lime A\$	Iron and Industrial Sands A\$	Coal and Power A\$	Renewables A\$	Corporate A\$	Consolidated Financial Statements A\$
Group 2022						
<i>Results:</i>						
Interest income	–	–	–	–	2,761	2,761
Impairment of exploration and evaluation expenditure	(52,970)	(4,312)	–	–	–	(57,282)
Impairment of investment in associate	–	–	–	–	(4,086,502)	(4,086,502)
Forgiveness of intercompany loans	4,970,522	20,121,617	897,938	153,543	(26,143,620)	–
Share of result of associate	–	–	–	–	(4,471,770)	(4,471,770)
Segment profit/(loss)	4,435,326	19,965,166	326,438	(463,776)	(8,642,681)	(15,620,473)
<i>Assets:</i>						
Exploration and evaluation Expenditure	9,917,683	17,463,472	5,409,140	–	–	32,790,295
Investment in associate	–	–	–	–	2,696,629	2,696,629
Segment assets	9,942,544	18,104,769	9,176,619	132,594	4,833,460	42,189,986
<i>Segment assets include:</i>						
Non-cash expenditure capitalised	404,731	51,539	33,120	–	–	489,390
Additions to plant and equipment	–	–	67,546	–	20,000	87,546
Additions to exploration and evaluation expenditure	1,863,062	2,562,070	236,397	–	–	4,661,529
Segment liabilities	5,826,916	1,070,162	9,777,416	596,370	(10,733,076)	6,537,788

Geographical information

The Group's non-current assets are all located in Papua New Guinea ("PNG") where all of the exploration and proposed development activities are carried out.

Information about major customer

The Group is still in the pre-commercialisation stage of its exploration and proposed development activities and therefore no revenue is generated.

7. Tax expense

	Group	
	2023	2022
	A\$	A\$
Tax expense attributable to loss of the Group is made up of:		
Current year income tax	—	—

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
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For the financial year ended 30 June 2023

7. Tax expense (continued)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to loss before tax due to the following factors:

	Group	
	2023	2022
	A\$	A\$
Loss before income tax	(13,240,454)	(15,620,473)
Effect of tax rates in other jurisdictions	(973,107)	97,831
Tax calculated at a tax rate of 17% (2022: 17%)	(2,250,877)	(2,655,480)
Expenses not deductible for tax purposes	695,834	479,464
Effect of change in tax rates	–	(182,713)
Income not assessable for tax purposes	(427,303)	(1,578,110)
Movement in unrecognised deferred tax assets	2,955,453	3,839,008
Tax expense	–	–

The applicable rate of income tax in a jurisdiction other than Singapore in which the Group is subject to tax rate ranges from 25% to 30% for the year ended 30 June 2023 (30 June 2022: 26% to 30%).

Include in expenses not deductible for tax purposes is non-deductible impairment of exploration and evaluation expenditure of A\$Nil (2022: A\$57,282).

	Group	
	2023	2022
	A\$	A\$
Accruals	128,583	41,869
Provisions	40,089	54,760
Plant and equipment	921,836	–
Investment in associate	2,288,227	1,700,481
Others	32,010	(7,890)
Net deferred tax assets	3,410,745	1,789,220
Deferred tax assets not recognised	(3,410,745)	(1,789,220)
	–	–

Deferred tax assets do not expire under current legislation.

8. Earnings/(Loss)per share

The earnings/(loss) per share was calculated based on net profit/(loss) attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same for the years ended 30 June 2023 and 30 June 2022 as the Group incurred losses from continuing operations for both years, and the share options and convertible notes are anti-dilutive.

The following tables reflect the loss and share data used in the computation of basic and dilute earnings per share for the financial years ended 30 June:

	Group	
	2023	2022
	A\$	A\$
Loss from continuing operations attributable to owners	(13,240,454)	(15,620,473)
	Number of shares	
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	282,972,736	229,316,028

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9. Plant and equipment

	Group	
	2023	2022
	A\$	A\$
Power plant assets, at cost	—	2,863,520
Plant and equipment, net of depreciation	330,978	359,071
	330,978	3,222,591

(a) Power plant assets at cost

The Group continued 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 30 June 2023 in respect of the proposed project. Depreciation of these costs has not commenced as the assets are not ready for use.

At 30 June 2023, the Group impaired the full carrying value of previously capitalised costs relating to the Lae Power Plant Project, in the amount of A\$3,078,803. This decision was made as a result of little to no activity occurring on the project in recent years, and the likelihood that the project would not be able to proceed in the form originally envisaged. While no formal work is being completed on the site, the Group will continue to consider alternative feedstock sources for this project, with the potential for the project to be converted to a biomass powered generation site.

	Group	
	2023	2022
	A\$	A\$
Balance at 1 July	2,863,520	2,795,974
Additions	215,283	67,546
Impairment of power plant assets	(3,078,803)	—
Balance at 30 June	—	2,863,520

(b) Plant and equipment, net of depreciation

	Group	
	2023	2022
	A\$	A\$
Balance at 1 July	359,071	356,331
(Disposals)/Additions	(13,750)	20,000
Depreciation	(14,343)	(17,260)
Carrying value at 30 June	330,978	359,071
Cost		
- At 1 July	463,429	443,429
- At 30 June	443,429	463,429
Accumulated depreciation		
- At 1 July	(104,358)	(87,098)
- At 30 June	(112,451)	(104,358)
Carrying value at 30 June	330,978	359,071

Plant and equipment consist of office equipment and machineries which are individually insignificant.

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For the financial year ended 30 June 2023

9. Plant and equipment (continued)

(c) Non-cash transactions

	Group	
	2023	2022
	A\$	A\$
Aggregate cost of plant and equipment acquired	215,283	87,546
Less: Share-based payment (Note 18(b))	(119,688)	13,464
Add: Change in other payables for additions	7,032	311,743
Net cash outflow for purchase of plant and equipment	102,627	412,753

10. Exploration and evaluation expenditure

	Group	
	2023	2022
	A\$	A\$
Exploration and evaluation phases, net of impairment	37,405,880	32,790,295

Exploration and Evaluation Assets

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.

Movements in exploration and evaluation assets, net of impairment, during the financial year are summarised below:

	Group	
	2023	2022
	A\$	A\$
Balance at beginning of financial year	32,790,295	28,186,048
Exploration and evaluation expenditure capitalised during the financial year	4,615,585	4,661,529
Impairment of exploration and evaluation expenditure	–	(57,282)
Balance at end financial year	37,405,880	32,790,295

Impairment charges for the year represent the impairment of capitalised exploration in relation to tenements that the Group has, or intends to, relinquish. Movements in impairment charges are summarised below:

	Group	
	2023	2022
	A\$	A\$
Movement of impairment of exploration and evaluation expenditure		
At 1 July	7,295,478	7,238,196
Impairment charge during the financial year	–	57,282
At 30 June	7,295,478	7,295,478

Non-cash transactions

	Group	
	2023	2022
	A\$	A\$
Aggregate cost of exploration and evaluation expenditure	4,615,585	4,661,529
Less: Share-based payment (Note 18(b))	(1,453,570)	(489,390)
Add: Change in other payables for additions	611,122	(412,545)
Net cash outflow for exploration and evaluation expenditure	3,773,137	3,759,594

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
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11. Subsidiaries

a) Investment in subsidiaries

	2023	Company	2022
	A\$		A\$
Unquoted equity shares at cost			
Balance at beginning and end of financial year	12,243,898		12,243,898

b) The Group's significant subsidiaries

The table below presents the Group's ownership interests in subsidiaries as at 30 June 2023 and 30 June 2022.

Subsidiaries of Mayur Resources Ltd:	Country of incorporation	Principal activity	Effective ownership interest held by the Group	
			2023	2022
			%	%
MR Iron PNG Pte Ltd [#]	Singapore	Investment holding	100	100
MR Energy PNG Pte Ltd [#]	Singapore	Investment holding	100	100
MR Industrials PNG Pte Ltd [#]	Singapore	Investment holding	100	100
MR Power Generation Pte Ltd [#]	Singapore	Investment holding	100	100
MR Renewables PNG Pte Ltd ^{^^}	Singapore	Investment holding	100	100
Ortus Resources Limited ^{^^}	Australia	Investment holding	100	100
Mayur Iron PNG Limited ^{^^}	Papua New Guinea	Mineral exploration	100	100
Mayur Energy PNG Ltd ^{^^}	Papua New Guinea	Coal exploration	100	100
Mayur Industrials PNG Ltd ^{^^}	Papua New Guinea	Steel	100	100
Mayur Power Generation PNG Limited ^{^^}	Papua New Guinea	Power generation	100	100
Waterford Limited ^{^^}	Papua New Guinea	Coal exploration	100	100
Mayur Renewables PNG Ltd ^{^^}	Papua New Guinea	Renewable energy	100	100
Mayur Renewables PNG Carbon Trading Company Ltd ^{^^}	Papua New Guinea	Renewable energy	100	100
MR Renewables PNG Sales Company Pty Ltd ^{^^}	Australia	Renewable energy	100	100

[#] Audited by Baker Tilly TFW LLP

^{^^} Audited by independent overseas member firms of Baker Tilly International for consolidation purposes.

12. Investment in associate

	Group		Company	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
Investment in associate	345,644	2,696,629	345,644	2,696,629
	345,644	2,696,629	345,644	2,696,629

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12. Investment in associate (continued)

On 18 February 2021, the Group acquired a 42.75% ownership interest in Adyton Resources Corporation (“Adyton”) as the consideration of the Group’s disposal of its 100% ownership interest in MR Exploration PNG Pte Ltd and Mayur Exploration PNG Limited. Adyton is incorporated in Canada with its principal place of business at Level 14, 167 Eagle Street Brisbane QLD Australia. The principal activity of Adyton is mineral exploration for gold and copper in Papua New Guinea.

The Group accounts for its investment in Adyton using the equity method as set out in the Group’s accounting policies in Note 2.

The Group did not receive any dividends from Adyton during the financial year.

On 25 January 2023, the Group and Company subscribed for additional new 7,500,000 shares in Adyton with a total consideration of C\$150,000 (equivalent to A\$166,667). Adyton similarly issued further new shares to other investors.

The fair value of the Group’s interest in Adyton on 30 June 2023 was A\$345,644 (2022: A\$2,696,629) based on the quoted market price available on the TSX Venture Exchange. As at 30 June 2023, the Group and the Company determined recoverable amount of investment in associate using fair value less cost of disposal method and an impairment loss of A\$1,400,203 (2022: A\$4,086,502). The fair value of investment is determined based on the quoted share price of the associate as at 30 June 2023 and the fair value measurement is categorised in Level 1 of the fair value hierarchy.

At 30 June 2023, the Group and Company holds and approximately 40.84% interest in Adyton. The impact on dilution of ownership interest in Adyton during the financial year is not material.

Summarised financial information in respect of Adyton is set out below. The summarised information below represents amounts in Adyton’s financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), modified for fair value adjustments on acquisition.

	2023	2022
	A\$	A\$
Non-current assets		
Exploration and evaluation expenditure, net of impairment	14,097,491	15,478,548
Property, plant, and equipment	18,866	77,377
Current assets		
Cash	333,111	366,298
Other current assets	84,769	192,264
Current liabilities		
Trade and other payables	(254,561)	(247,514)
Net assets at 30 June	14,279,676	15,866,973
Revenue	Nil	Nil
Loss for the financial year	(2,554,280)	(10,460,281)
Other comprehensive income		
Exchange differences on translation to presentation currency for the financial year	(97,475)	(297,022)
Total comprehensive loss		
Total comprehensive loss for the financial year	(2,651,755)	(10,757,303)

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12. Investment in associate (continued)

The financial statements of the associate as at 30 June 2023 are reviewed by an independent member firm of Baker Tilly International for equity accounting purposes.

Reconciliation of the above summarised financial information to the carrying amount of the interest in Adyton recognised in the consolidated financial statements is as follows:

	2023	2022
	A\$	A\$
Net assets of Adyton at 30 June	14,279,676	15,866,973
Group's share of net assets (40.84% (2022: 42.75%))	5,832,349	6,783,131
Less: Allowance for impairment	(5,486,705)	(4,086,502)
Carrying amount of the Group's interest in the associate	345,644	2,696,629

13. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
Unrestricted bank balances	4,141,551	3,050,864	3,912,047	2,891,333
	4,141,551	3,050,864	3,912,047	2,891,333

14. Other receivables

	Group		Company	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
Goods and services tax receivables	278,512	227,456	–	–
Other current receivables				
- Third parties	84,816	50,534	–	48,660
- Subsidiaries	–	–	46,405	54,486
- Prepayments	36,749	33,123	36,749	33,123
	400,077	311,113	83,154	136,269

15. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
Trade creditors and accruals	1,520,072	2,127,913	1,064,552	1,082,629
Non-interest bearing advance (Santos Facility)	4,515,930	4,351,143	4,515,930	4,351,143
	6,036,002	6,479,056	5,580,482	5,433,772
Presented as:				
Current	1,520,072	2,127,913	1,064,552	1,082,629
Non-current	4,515,930	4,351,143	4,515,930	4,351,143
	6,036,002	6,479,056	5,580,482	5,433,772

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15. Trade and other payables (continued)

Santos Facility

On 20 June 2022, Mayur announced that it had executed an Expression of Interest (“EOI”) with Santos Ventures Pty Ltd (“Santos”), a subsidiary of Santos Limited (“ASX:STO”), a third party, to jointly develop a portfolio of nature-based carbon offset projects in Papua New Guinea (“Carbon Projects”).

Under the terms of the EOI, Mayur has agreed to provide Santos with an exclusive period of 180 days (“Exclusivity Period”) during which Santos and Mayur are to negotiate in good faith and if agreed, enter into binding transaction documents (“Transaction Documents”) to jointly develop Carbon Projects. The Carbon Projects focus on preserving 1.4 million hectares of pristine rainforest in Papua New Guinea through avoided deforestation. Phase 1 development is already being progressed which includes up to 800,000 hectares in the Western Province. The EOI includes a framework for the future commercialisation of the Carbon Projects contingent on executing Transaction Documents along with remaining confirmatory due diligence. In conjunction with that announcement, Santos has provided Mayur with a US\$3 million facility (at exchange rate on 30 June 2022 - A\$ 4,351,143) on 16 June 2022 to, amongst other things, fund ongoing detailed feasibility and landholder consent work on the Carbon Projects.

The EOI contemplated that Transaction Documents were to be completed by 16 December 2022.

On 13 December 2022, the Exclusivity Period was extended to 1 December 2023.

If the Transaction Documents are entered before the conclusion of the Exclusivity Period (being 1 December 2023), the facility of US\$3 million will be repayable by Mayur to Santos by not later than 16 June 2032.

If the Transaction Documents are not entered before the conclusion of the Exclusivity Period (being 1 December 2023), the Convertible Securities issued under the loan facility on 16 June 2022 will convert on the date that is 5 business days after the third anniversary of the execution of the EOI (provided no shareholder approval is required) or such other date as the parties may agree to issue ordinary fully paid shares in Mayur based on a 30-day Volume Weighted Average Price (“VWAP”) calculated three years from the date of execution of the EOI (being 20 June 2025).

If the Transaction Documents are entered before the conclusion of the Exclusivity Period (being 1 December 2023), the facility will be repayable by Mayur to Santos by not later than 16 June 2032.

If the Transaction Documents are entered before the conclusion of the Exclusivity Period (being 1 December 2023), in certain circumstances, the facility may be forgiven by Santos, based on project performance criteria, the commercial terms of which have been agreed between Santos and Mayur in the EOI.

The facility is non-interest bearing. The movement during the financial year is mainly due to exchange differences.

The facility is secured over the Mayur Renewables business, by:

- A Charge issued via a Security Deed, over all of the shares held by Mayur Resources Limited in MR Renewables PNG Pte Ltd (incorporated in Singapore), including any additional future shares that may be issued, and all related rights to those shares (including but not limited to dividends, warrants, options, and the like);
- A Charge issued via a Security Deed, over all of the shares held by MR Renewables PNG Pte Ltd (incorporated in Singapore) in Mayur Renewables PNG Limited (incorporated in Papua New Guinea), including any additional future shares that may be issued, and all related rights to those shares (including but not limited to dividends, warrants, options, and the like); and
- A Charge issued via a Security Deed, over all of the assets and undertakings, future and present, in Mayur Renewables PNG Limited (incorporated in Papua New Guinea).

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16. Convertible notes

Obsidian Convertible Note Facility

On 1 May 2023, the Company issued A\$2.5 million non-interest bearing convertible notes (the “Notes”) pursuant to a convertible securities agreement with Obsidian Global GP, LLC (the “Noteholder”) (“Convertible Securities Agreement”):

- the Notes were issued to the Noteholder;
- 1,696,500 Notes were issued with an aggregate face value of US\$1.15 each totaling US\$1,950,975 (being the equivalent of A\$2,875,000) and with a maturity date of 18 months from date of issue on 11 May 2023 (the default maturity date is 11 November 2024);
- the Notes were issued in accordance with the Convertible Securities Agreement, the material terms and conditions of which are set out in Schedule 2 of the agreement;
- the funds raised from the issue will be primarily applied towards early development works at Mayur's Central Lime Project in parallel with the PNG Government preparing for the Consultative Forum;
- If an event of default occurs, interest shall be payable on the Note at a rate of 15% per annum, which interest shall accrue daily and shall be compounded monthly, from the date of the event of default until the Company discharges the amount outstanding in full or the event of default is no longer subsisting;
- The Company must issue the initial collateral shares of 1,000,000 shares of the Company to the Noteholder within 3 days of the execution date and if the Note remains outstanding after 120 days, the Company need to issue subsequent collateral shares of 2,000,000 shares of the Company to the Noteholder.

The convertible notes will mature 18 months from the issue date at their principal amount or can be converted into ordinary shares of the Company at the holder's option at the fixed rate of US\$1.15 per share for 1,696,500 shares of the outstanding principal. The interest will be payable by the Company annually in arrears. The convertible notes holders have the right to convert their convertible notes into new shares at any time on or after 120 days from the issue date. The Company may early redeem the convertible notes under the following conditions:

- Prior to 120 days ('the Initial Period'), it shall be done at the face value of the notes;
- After 120 days ('the Subsequent Period'), but prior to the maturity date, it shall be done at a 10% premium to the face value of the notes; or
- On the maturity date, it shall be done at the face value of the notes.

The proceeds from the issuance of the convertible notes on the issue date of A\$2,500,000 have been split into liability (host debt liability and embedded derivative liability) component and equity component. On issuance of the convertible notes, the fair value of the liability component is determined using Monte Carlo simulation techniques. The liability component is measured at fair value on the issue date and any subsequent changes in fair value of the liability component at the end of the reporting period are recognised in profit or loss.

The Group's convertible notes comprise liability component that is measured at fair value for financial reporting purposes. Management engages a third party professional valuer to perform the valuation and works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. In estimating the fair value of the liability component, market-observable data is used to the extent it is available. This is a level 3 recurring fair value measurement. As at 30 June 2023, the fair value of derivative liability component of the convertible note amounted to A\$2,789,264.

	2023
	A\$
Proceeds from convertible notes*	2,500,000
Amount classified on equity (Note 18)	(53,030)
Fair value loss on derivative component	347,845
Foreign exchange difference	(5,551)
	<u>2,789,264</u>

* There were transactions costs amounting to A\$15,015 of which the amount has been expensed off in the profit or loss due to immateriality.

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16. Convertible notes (continued)

Obsidian Convertible Note Facility (continued)

Management estimates that the carrying amount of the liability component of convertible notes as at 30 June 2023 approximates its fair value (level 3).

17. Share capital

	Group and Company	
	2023	2022
	A\$	A\$
Issued and fully paid-up capital		
Share capital	67,576,577	59,497,618

Movements in ordinary shares on issue in the year to 30 June were:

	2023		2022	
	Number	A\$	Number	A\$
At beginning of financial year	241,543,663	59,497,618	217,135,969	56,729,839
Issuance of shares pursuant to capital raising	55,277,778	6,750,000	14,250,000	2,850,000
Issuance of Sign On Shares	10,000,000	1,300,000	—	—
Issuance of shares on exercise of unlisted options	5,000,000	750,000	—	—
Cost of issuing shares	—	(721,041)	—	(82,221)
Shares issued on the exercise of options and performance rights	1,262,825	—	4,796,628	—
Issuance of shares as payment for services received	—	—	861,066	—
Issuance of loan funded shares to executives	2,750,000	—	4,500,000	—
Issuance of Collateral Shares to Obsidian (Note 16)	1,000,000	—	—	—
At end of financial year	316,834,266	67,576,577	241,543,663	59,497,618

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.

Reconciliation of proceeds from share issue and costs of issuing shares to cash flow from financing activities

	Group	
	2023	2022
	A\$	A\$
Issuance of shares pursuant to capital raising	8,800,000	2,850,000
Less: Non-cash due to sign on shares (Note 18(b))	(1,300,000)	—
Proceeds received from share issue in the consolidated statement of cash flows	7,500,000	2,850,000
Cost of issuing shares	(721,041)	(82,221)
Share based payments in connection with capital raising (Note 18(b))	274,338	—
Cost of issuing shares incurred in the consolidated statement of cash flows	(446,703)	(82,221)

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17. Share capital (continued)

Options issued

During the financial year ended 30 June 2023, the Company granted the following unlisted options :

- On 12 October 2022, the Company announced that it had executed a Financing Agreement with Barra Resources Limited (Barra) with respect to current and future financing arrangements at both the Company and subsidiary company levels (Financing Agreement). In connection with the financing, a total of 10,000,000 unlisted options were issued:
 - 5,000,000 of the unlisted options were issued as Share Price Performance Options “Tranche A” – that shall vest if within a 6 month term (commencing on 12 October 2022) the share price performance of the Company is achieved at the limit of (or greater than) AU\$0.15 per share based upon a 60 trading day volume weighted average price (VWAP) of the Company share price. The strike price payable upon vesting is AU\$0.15; and
 - 5,000,000 of the unlisted options were issued as Share Price Performance Options “Tranche B” – that shall vest if within a 6 month term (commencing on 12 October 2022) the share price performance of the Company is achieved at the limit of (or greater than) AU\$0.20 per share based upon a 60 trading day volume weighted average price (VWAP) of the Company's share price. The strike price payable upon vesting is AU\$0.20.

This financing arrangement as indicated above was subsequently discontinued.

- On 14 October 2022, the Company executed a Letter Agreement with Landsdowne (Australia) Nominees Pty Ltd (Landsdowne) under which Landsdowne would be issued with a total of 6,000,000 unlisted options in the Company (in 2 tranches, Tranche A and Tranche B, each tranche being of 3,000,000 unlisted options) with an Exercise Price of A\$0.15 per unlisted option and a 24 month term commencing on 14 October 2022. Tranche A Options are granted in recognition of services provided to the Company by Landsdowne in relation to the search and securing of a proposed new Chairman of the Board of Mayur Resources Limited. Tranche B Options are granted in recognition of services provided to the Company by Landsdowne in relation to capital raising services. The 6,000,000 unlisted options in the Company, will convert into 6,000,000 shares following the payment of the Exercise Price, in the event that at any point during the Term that the 60 consecutive trading day VWAP of the shares on the ASX is equal to or greater than the Exercise Price of unlisted options being issued.
- On 1 November 2022, the Company executed a Mandate Agreement with Reign Advisory Pty Ltd (Reign) under which Reign would provide investor relations advice, media relations advice, as well as ad-hoc corporate advisory services to the Company. The term of the Mandate Agreement is for a fixed period of 12 months commencing on 1 November 2022. Following this fixed term, the engagement will continue on foot on a rolling 3 month period, and is capable of being terminated by either the Company or Reign with 3 months notice period, after the initial fixed term. In connection with the Mandate Agreement, Reign is entitled to: A monthly fee of A\$5,000 per month; and the issuance of 3,000,000 unlisted options in the Company, at a strike price of A\$0.25 per unlisted option and a 12 months term commencing on 1 November 2022. The 3,000,000 unlisted options in the Company, will convert into 3,000,000 shares following the payment of the strike price, and following advice to the Company.
- On 8 May 2023, the Company executed an amendment to an existing Mandate Agreement with Reign Advisory Pty Ltd (Reign) (original mandate dated 1 November 2022) (Mandate Agreement Amendment). The Mandate Agreement Amendment was executed in connection with additional corporate and professional advisory services provided to the Company in connection with the financing completed by the Company and as announced to ASX on 1 May 2023. In connection with the Mandate Agreement Amendment, Reign was issued with 2,000,000 unlisted options in the Company with an exercise price of A\$0.30 per unlisted option, and a 3 year term from the date of issuance (Reign Options).

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17. Share capital (continued)

Options issued (continued)

The following table illustrates the number and movements in share options issued during the 2023 financial year:

	Ransley	Landsdowne	Reign	Reign
On issue at beginning of the year	–	–	–	–
Options issued	10,000,000	6,000,000	3,000,000	2,000,000
Options exercised	(5,000,000)	–	–	–
Options lapsed	(5,000,000)	–	–	–
On issue at end of the year	–	6,000,000	3,000,000	2,000,000
Weighted average exercise price of options	A\$0.03	A\$0.07	A\$0.04	A\$0.10
Weighted average share price on the date options exercised	A\$0.20	Nil exercised	Nil exercised	Nil exercised

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.

During the financial year ended 30 June 2022, the Group granted the following unlisted options:

- On 20 December 2021, Mayur Resources Limited announced that it had executed Loan Facilities of A\$3 million with Equity Trustees Ltd as the responsible entity for Tribeca Global Natural Resources Fund ARSN 607 181 715 and Tribeca Global Natural Resources Limited ACN 627 596 418, with a term of 2 years, with an interest rate of 8% per annum, with interest payable quarterly in arrears. The Loan Facilities had full option coverage via the issue of 10,000,000 3-year unlisted options over fully paid ordinary shares in the Company with a strike price of A\$0.30 per share and an expiry date of 21 December 2024; and
- On 23 February 2022, Mayur Resources Limited executed a Mandate Agreement with Fivemark Capital Pty Ltd (Fivemark) for the provision by Fivemark of strategic, investor relations, market and media communications advice services to the Company. The agreement is for a period of 12 months which is capable of being extended by mutual agreement between the parties. Mayur and Fivemark agreed on a fee structure comprising a cash component of A\$5,500 plus GST per month, and an equity fee component comprising 1,200,000 unlisted options over fully paid ordinary shares in the Company with a strike price of A\$0.45 per Share and an expiry date of 30 November 2024.

The following table illustrates the number and movements in share options issued during the previous financial year and that remain on issue at 30 June 2023:

	Tribeca Options		Advisor Options	
	2023	2022	2023	2022
On issue at beginning of the year	10,000,000	–	1,200,000	–
Options issued	–	10,000,000	–	1,200,000
Options exercised	–	–	–	–
Options lapsed	–	–	–	–
On issue at end of the year	10,000,000	10,000,000	1,200,000	1,200,000
Weighted average exercise price of options	A\$0.13647	A\$0.13647	A\$0.0506	A\$0.0506
Weighted average share price on the date options exercised	Nil exercised	Nil exercised	Nil exercised	Nil exercised

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.

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18. Reserves

	Group		Company	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
Capital reserve (a)	(6,545,316)	(6,545,316)	—	—
Share of foreign currency translation reserve of an associate	(441,978)	(400,902)	—	—
Share based payments reserve (b)	16,640,647	13,309,716	16,640,647	13,309,716
Equity component of convertible notes, net of tax (Note 16)	53,030	—	53,030	—
	9,706,383	6,363,498	16,693,677	13,309,716

(a) Capital reserve

	Group	
	2023	2022
	A\$	A\$
Balance at the beginning and end of the financial year	(6,545,316)	(6,545,316)

(b) Share based payments reserve

The share-based payments reserve is used to record the fair value of shares or options issued to employees/contractors and other service providers.

	Group and Company	
	2023	2022
	A\$	A\$
Balance at 1 July	13,309,716	10,984,676
Share based payments made during the year (i)	4,630,931	2,325,040
Capitalised as share capital (Note 17)	(1,300,000)	—
Balance at 30 June	16,640,647	13,309,716

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

	Group and Company	
	2023	2022
	A\$	A\$
Recognised as share-based payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	2,783,335	1,849,114
Recognised as capital raising expenses in issued capital (Note 17)	274,338	—
Capitalised as exploration and evaluation expenditure (Note 10)	1,453,570	489,390
Capitalised as plant, and equipment (Note 9(c))	119,688	(13,464)
	4,630,931	2,325,040

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18. Reserves (continued)

(b) Share based payments reserve (continued)

(i) Share based payments made during the year

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

	2023	
	Number issued	A\$
Vested performance rights awarded to employees as salary		
(Salary Sacrifice Rights) (ii)	3,225,302	475,436
Loan funded shares (iii)	2,750,000	404,050
Ransley Sign On Shares	10,000,000	1,300,000
Ransley options (v)	10,000,000	244,400
Landsdowne options (vi)	6,000,000	141,795
Reign options (vii)	5,000,000	333,160
Long term incentive rights subject to vesting conditions (iv)	29,750,000	1,610,096
<i>Amounts recognised in relation to share based payments issued in the current year</i>		4,508,937
Amounts recognised in the current year in relation to share based payments issued in previous financial years		121,994
		<u>4,630,931</u>
	2022	
	Number issued	A\$
Vested performance rights awarded to employees as salary		
(Salary Sacrifice Rights) (ii)	5,670,565	857,620
Loan funded shares (iii)	1,000,000	185,000
Tribeca options (viii)	10,000,000	1,364,700
Fivemark options (ix)	1,200,000	60,749
Long term incentive rights subject to vesting conditions (iv)	21,600,000	399,573
<i>Amounts recognised in relation to share based payments issued in the current year</i>		2,867,642
Amounts recognised in the current year in relation to share based payments issued in previous financial years		(542,602)
		<u>2,325,040</u>

(ii) 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 vesting 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 year of 12 months.

During the financial year, 3,225,302 salary sacrifice rights were issued in respect of remuneration totalling A\$475,436 (2022: 5,670,565 salary sacrifice rights issued in respect of remuneration totalling A\$857,620)

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18. Reserves (continued)

(b) Share based payments reserve (continued)

(iii) Loan funded shares

During the year the Company granted loan funded shares to the value of A\$404,050 (2022: A\$185,000) to eligible employees 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:

Grant date	01/11/2022	01/01/2023
Exercise price	A\$0.22	A\$0.14
Term	10 years	10 years
Grant date share price	A\$0.16	A\$0.14
Fair value per option	A\$0.16	A\$0.14

(iv) Long term incentive rights subject to vesting conditions

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.

Unless otherwise noted, the milestones/performance conditions attached to the long-term incentive rights are non-market-based conditions. Non-market conditions are considered by adjusting the number of rights included in the measurement of the transaction amount using a probability of vesting assumption so that, ultimately, the amount recognised shall be based on the number of rights that eventually vest.

(v) Ransley Options

On 12 October 2022, Mayur announced that it had executed an agreement with Barra Resources Limited (Barra) with respect to current and future financing arrangements at both the Mayur parent and subsidiary company levels (Financing Agreement).

(vi) Landsdowne options

On 14 October 2022, Mayur entered into an agreement with Landsdowne (Australia) Nominees Pty Ltd (Landsdowne) under which Landsdowne would be issued with a total of 6,000,000 unlisted options in the Company in 2 tranches (3,000,000 each) with an exercise price of A\$0.15 ("Exercised Price") per unlisted option and a 24-month term commencing on 14 October 2022.

Tranche 1 Option are granted in recognition of services provided to the Company by Landsdowne in relation to the search and securing of a proposed new chairman of the board of the Mayur.

Tranche 2 Option are granted in recognition of services provided to Mayur by Landsdowne in relation to capital raising services.

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18. Reserves (continued)

(b) Share based payments reserve (continued)

(vii) Reign Options

On 19 October 2022, Mayur entered into an agreement with Reign Advisory Pty Ltd (“Reign”) in relation to in relation to provide investor and media relations advice as well as ad-hoc corporate advisory services.

The term of the agreement is for a fixed period of 12 months commencing on 1 November 2022. In connection with the agreement, Reign is entitled to a fixed monthly fee and 3,000,000 unlisted options in Mayur, at a strike price of A\$0.25 per unlisted options.

On 8 May 2023, the Company executed an amendment to an existing Mandate Agreement with Reign Advisory Pty Ltd (Reign) (original mandate dated 1 November 2022) (Mandate Agreement Amendment). The Mandate Agreement Amendment was executed in connection with additional corporate and professional advisory services provided to the Company in connection with the financing completed by the Company and as announced to ASX on 1 May 2023. In connection with the Mandate Agreement Amendment, Reign was issued with 2,000,000 unlisted options in the Company with an exercise price of \$0.30 per unlisted option, and a 3 year term from the date of issuance (Reign Options).

(viii) Tribeca options

As at June 2022, the Company entered into agreement with Tribeca Investment Partners in partnership in building inventory in nature-based carbon credits. Following which a full option coverage via the issue of 3-year options with a strike price of A\$0.30 per MRL share being a 50% premium to the capital raise placement price of A\$0.20 cents. Proceeds from the exercise of the options will be used to repay the Loan Facility. The loan had been fully repaid and the option had been fully vested as at 30 June 2022. The options have an expiry date of December 2024.

(ix) Fivemark options

During the year, the Company entered into agreement with Fivemark capital for granting 1,200,000 unlisted options in exchange for strategic, investor relations, market and media communications advice services to be performed by Fivemark. 600,000 options had been vested as at 30 June 2022. 100% of the options have vested as at 30 June 2023. The options have an expiry date of November 2024.

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18. Reserves (continued)

The following tables are disclosures in relation to the financial year ended 30 June 2023:

At the Annual General Meeting of the Company held on 15 December 2022, the following Long Term Incentive Performance Rights were approved by Shareholders for issue to Directors. All LTI Rights have an expiry date of five years from the grant date:

Milestone / Performance Condition	Number Granted	Vesting Probability	Vesting Date	Value Per LTI	% Recognised
Construction and development activities commencing on the Orokolo Bay Industrial Sands Project	2,900,000	75%	30/06/2023	A\$0.16	100%
Construction and development activities commencing on the Central Cement and Lime Project	2,900,000	75%	30/06/2023	A\$0.16	100%
Long Term Incentive Performance Rights in the Company will be provided, that shall vest if within a period from the date of the Annual General Meeting of the Company on 15 December 2022, the share price performance of the Company is achieved at the limit of (or greater than) AU\$0.30 per share based upon a 60 trading day volume weighted average price (VWAP) of the Company share price. There is no strike price payable upon the exercise of the Long Term Incentive Performance Rights.	13,200,000	100%	31/12/2023	A\$0.07	52%
Total	19,000,000				

On 15 December 2022, the Company cancelled the following Long Term Incentive Performance Rights that were issued on 16 December 2021:

Milestone / Performance Condition	Number Granted
Financial Closure of CCL Project (Lime or Cement)	2,925,000
Share Price A\$0.80 cents per share trading for 120 day volume weighted average price (VWAP) or in the event of an IPO the combined value look through is equivalent to the MRL share price plus the new IPO company	3,025,000
Share Price A \$1.20 per share trading for 120 day VWAP or in the event of an IPO the combined value look through is equivalent to the MRL share price plus the new IPO company	3,025,000
Share Price A \$1.80 per share trading for 120 day VWAP or in the event of an IPO the combined value look through is equivalent to the MRL share price plus the new IPO company	2,975,000
Total	11,950,000

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18. Reserves (continued)

On 15 December 2022, the Company restructured a number of the Long Term Incentive Performance Rights on issue to executive and other staff members, and issued additional Long Term Incentive Performance Rights to executive and other staff members, resulting in the following Long Term Incentive Performance Rights being on issue. All LTI Rights, if vested, have an expiry date of five years from the grant date:

Milestone / Performance Condition	Number Granted	Vesting Probability	Vesting Date	Value Per LTI	% Recognised
Ground breaking at Orokolo Bay to commence construction	1,550,000	75%	30/06/2023	A\$0.15	100%
Ensure the Mayur group companies remains fully compliant to Australian, Singapore, and PNG company reporting, regulations, and taxation requirements	100,000	100%	31/12/2023	A\$0.15	52%
All tenements and licences all held in good standing, all reporting up to date and on time, and in full compliance	550,000	100%	31/12/2023	A\$0.15	52%
Share price of A\$0.30 for 60 trading day VWAP	7,550,000	100%	31/12/2023	A\$0.07	52%
Final Investment Decision for CCL Stage 1 Achieved	375,000	0%	30/06/2023	A\$0.22	100%
Shipment of First Commercial Production CCL Stage 1	375,000	50%	31/12/2024	A\$0.22	14%
Offtake secured for construction sand for O Bay	125,000	0%	30/06/2023	A\$0.22	100%
Offtake secured for Hi Ti Ilmenite for O Bay	125,000	0%	30/06/2023	A\$0.22	100%
Total	10,750,000				

During the financial year ended 30 June 2023, the Company cancelled the following Long Term Incentive Performance Rights due to milestone conditions not being met, or due to the prior resignation of employees and executives:

Milestone / Performance Condition	Number Granted
Funding package secured on acceptable terms, to enable development of Phase 1 of CCL Project in accord with DFS, to fund to point of achievement of first positive operating cash flows	824,375
Funding package secured on acceptable terms, to enable development of Phase 2 of CCL Project in accord with DFS, to fund to point of achievement of first positive operating cash flows	250,000
Successful and positive management of all community and landowner issues as relevant to Iron Sands business, with minimal community or landowner unrest, disruptions or negative incidents	300,000
Successful and positive management of all community and landowner issues as relevant to CCL business, with minimal community or landowner unrest, disruptions or negative incidents	250,000
All tenements and licences all held in good standing, all reporting up to date and on time, and in full compliance	225,000
Share price of A\$0.60 per share (VWAP) over 120 days	2,537,500
Share price of A\$1.20 per share (VWAP) over 120 days	2,537,500
TOTAL	6,924,375

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18. Reserves (continued)

The following tables are disclosures in relation to the financial year ended 30 June 2022:

At the Annual General Meeting of the Company held on 16 December 2021, the following Long Term Incentive Performance Rights were approved by Shareholders for issue to Directors. All LTI Rights have an expiry date of five years from the grant date:

Milestone / Performance Condition	Number Granted	Vesting Probability	Vesting Date	Value Per LTI	% Recognised
Financial Closure of CCL Project (Lime or Cement)	2,925,000	0%	31/03/2022	A\$0.22	100%
Share Price A\$0.80 cents per share trading for 120 day volume weighted average price (VWAP) or in the event of an IPO the combined value look through is equivalent to the MRL share price plus the new IPO company	3,025,000	100%	30/06/2022	A\$0.02	100%
Share Price A\$1.20 per share trading for 120 day VWAP or in the event of an IPO the combined value look through is equivalent to the MRL share price plus the new IPO company	3,025,000	100%	31/12/2022	A\$0.01	52%
Share Price A\$1.80 per share trading for 120 day VWAP or in the event of an IPO the combined value look through is equivalent to the MRL share price plus the new IPO company	2,975,000	100%	31/12/2022	A\$0.02	26%
Total	11,950,000				

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18. Reserves (continued)

On 17 January 2022, the Company restructured a number of the Long Term Incentive Performance Rights on issue to executive and other staff members, and issued additional Long Term Incentive Performance Rights to executive and other staff members, resulting in the following Long Term Incentive Performance Rights being on issue. All LTI Rights have an expiry date of five years from the grant date:

Milestone / Performance Condition	Number Granted	Vesting Probability	Vesting Date	Value Per LTI	% Recognised
Successful IPO of Ortus Resources, or equivalent funding package secured on acceptable terms, to enable full development of Orokolo Bay project in accord with current DFS, to fund to point of achievement of first positive operating cash flows	1,112,500	60%	31/10/2022	A\$0.21	57%
Successful and positive management of all community and landowner issues as relevant to Iron Sands business, with minimal community or landowner unrest, disruptions or negative incidents	637,500	100%	31/03/2022	A\$0.21	37%
Successful shipment of first commercial product sales from Orokolo Bay Project to external customers	300,000	60%	31/12/2022	A\$0.21	0%
Funding package secured on acceptable terms, to enable development of Phase 1 of CCL Project in accord with DFS, to fund to point of achievement of first positive operating cash flows	1,012,500	85%	31/10/2022	A\$0.21	57%
Successful and positive management of all community and landowner issues as relevant to CCL business, with minimal community or landowner unrest, disruptions or negative incidents	587,500	100%	31/03/2022	A\$0.21	37%
Ensure the Mayur group companies remains fully compliant to Australian, Singapore, and PNG company reporting, regulations, and taxation requirements	450,000	100%	31/03/2022	A\$0.21	37%
All tenements and licences all held in good standing, all reporting up to date and on time, and in full compliance	350,000	100%	31/03/2022	A\$0.21	37%
Transformational activities in current assigned role and tasks, including incorporation of positive technological changes, personal development, and streamlining of work flows and activities	125,000	100%	31/03/2022	A\$0.21	37%
Share price of A\$0.60 per share (VWAP) over 120 days	2,537,500	100%	31/12/2022	A\$0.01	47%
Share price of A\$1.20 per share (VWAP) over 120 days	2,537,500	100%	31/12/2022	A\$0.02	23%
TOTAL	9,650,000				

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
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For the financial year ended 30 June 2023

18. Reserves (continued)

On 14 June 2022, the Company cancelled the following Long Term Incentive Performance Rights that were issued on 17 January 2022:

Milestone / Performance Condition	Number Granted
Successful IPO of Ortus Resources, or equivalent funding package secured on acceptable terms, to enable full development of Orokolo Bay project in accord with current DFS, to fund to point of achievement of first positive operating cash flows	600,000
Successful and positive management of all community and landowner issues as relevant to Iron Sands business, with minimal community or landowner unrest, disruptions or negative incidents	300,000
Successful shipment of first commercial product sales from Orokolo Bay Project to external customers	300,000
Share price of A\$0.60 per share (VWAP) over 120 days	600,000
Share price of A\$1.20 per share (VWAP) over 120 days	600,000
TOTAL	2,400,000

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19. Capital commitments

To maintain current rights of tenure to exploration tenements, including tenements that had expired and were the subject of renewal applications by the Group as at 30 June 2023, the Group is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority. The following table sets out the minimum expenditure commitments:

	Group and Company	
	2023	2022
	A\$	A\$
Payable:		
- not later than one year	821,343	724,393
- later than one year and not later than five years	468,525	372,766
	1,289,868	1,097,159

20. Receivables from subsidiaries

	Company	
	2023	2022
	A\$	A\$
Receivables from subsidiaries	15,179,734	14,228,052
Less: Allowance for credit loss (Note 21(k))	(3,823,837)	(3,794,945)
Net receivables from subsidiaries	11,355,897	10,433,107

Receivables from subsidiaries are non-trade in nature, unsecured, repayable on demand and are non-interest bearing.

	Company	
	2023	2022
	A\$	A\$
Balance at 1 July	10,433,107	18,197,632
Advances to subsidiaries	5,085,298	5,092,883
Share-based payment	1,767,270	475,926
Commercial debt forgiveness on loans to subsidiary companies	(5,900,886)	(26,143,620)
(Allowance for)/ Reversal of allowance credit loss	(28,892)	12,810,286
Balance at 30 June	11,355,897	10,433,107

Commercial Debt Forgiveness – 2023

Parties:

- Mayur Resources Limited
- Mayur Industrials PNG Ltd
- MR Industrials PNG Pte Ltd
- Mayur Iron PNG Limited
- Mayur Power Generation PNG Limited
- Mayur Energy PNG Limited

On 30 June 2023, the above-listed Parties entered into a Deed of Release of Debt (“Deed”) under which a number of the Parties agreed to release a number of the other Parties from any requirement to repay any existing intercompany loan balances that were in existence on 30 June 2023.

The following loan balances were released from any current or future requirement to pay, with effect from 30 June 2023.

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20. Receivables from subsidiaries (continued)

Commercial Debt Forgiveness – 2023 (continued)

	Owing by Mayur Industrials PNG Ltd to: (A\$)	Owing to Mayur Industrials PNG Ltd by: (A\$)	Creditor	Debtor
Mayur Resources Ltd	5,690,225	–	Mayur Resources Ltd	Mayur Industrials PNG Ltd
Mayur Iron PNG Limited	104,380	–	Mayur Iron PNG Limited	Mayur Industrials PNG Ltd
Mayur Power Generation PNG Ltd	1,011	–	Mayur Power Generation PNG Limited	Mayur Industrials PNG Ltd
Mayur Energy PNG Ltd	829,817	–	Mayur Energy PNG Ltd	Mayur Industrials PNG Ltd

	Owing by MR Industrials PNG Pte Ltd to: (A\$)	Owing to MR Industrials PNG Pte Ltd by: (A\$)	Creditor	Debtor
Mayur Resources Ltd	210,661	–	Mayur Resources Ltd	MR Industrials PNG Pte Ltd

Commercial Debt Forgiveness – 2022

Parties:

- Mayur Resources Limited
- MR Iron PNG Pte Ltd
- Mayur Power Generation PNG Ltd
- Mayur Energy PNG Ltd
- Mayur Industrials PNG Ltd
- Waterford Limited
- Mayur Renewables PNG Ltd

On 16 May 2022, the above-listed Parties entered into a Deed of Release of Debt (“Deed”) under which a number of the Parties agreed to release a number of the other Parties from any requirement to repay any existing intercompany loan balances that were in existence on 1 May 2022.

The following loan balances were released from any current or future requirement to pay, with effect from 1 May 2022:

	Owing by Mayur Iron PNG Ltd to : (A\$)	Owing to Mayur Iron PNG Ltd by : (A\$)	Creditor	Debtor
Mayur Resources Limited	23,763,470	–	Mayur Resources Limited	Mayur Iron PNG Ltd
MR Iron PNG Pte Ltd	4,995,034	–	MR Iron PNG Pte Ltd	Mayur Iron PNG Ltd
Mayur Power Generation PNG Ltd	–	66,265	Mayur Iron PNG Ltd	Mayur Power Generation PNG Ltd
Mayur Energy PNG Ltd	–	312,498	Mayur Iron PNG Ltd	Mayur Energy PNG Ltd

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20. Receivables from subsidiaries (continued)

Commercial Debt Forgiveness – 2022 (continued)

The following loan balances were released from any current or future requirement to pay, with effect from 1 May 2022 (continued):

	Owing by Mayur Iron PNG Ltd to : (A\$)	Owing to Mayur Iron PNG Ltd by : (A\$)	Creditor	Debtor
Mayur Industrials PNG Ltd	–	4,970,522	Mayur Iron PNG Ltd	Mayur Industrials PNG Ltd
Waterford Ltd	–	519,176	Mayur Iron PNG Ltd	Waterford Ltd
Mayur Renewables PNG Ltd	–	153,543	Mayur Iron PNG Ltd	Mayur Renewables PNG Ltd

	Owing by MR Iron PNG Pte Ltd to: (A\$)	Owing to MR Iron PNG Pte Ltd by: (A\$)	Creditor	Debtor
Mayur Resources Limited	2,380,150	–	Mayur Resources Limited	MR Iron PNG Pte Ltd

21. Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, receivables and trade and other payables. The Group does not currently have any projects in production and as such the main purpose of these financial instruments is to provide liquidity to finance the Group's development and exploration activities. It is, and has been throughout the financial year, the Group's policy that no trading in speculative financial instruments shall be undertaken. The main risks arising from the Group's use of financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. During the financial year, the Group has had some transactional currency exposures, principally to the Papua New Guinea Kina ("PGK"). The Group has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2. Primary responsibility for identification and control of financial risk rests with the Board of Directors. However, the day-to-day management of these risks is under the control of the Managing Director. The Board agrees the strategy for managing future cash flow requirements and projections.

MAYUR RESOURCES LTD AND ITS SUBSIDIARIES
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21. Financial risk management (continued)

a) Categories of financial instruments

The carrying values of the Group's and the Company's financial instruments at the balance sheet date are as follows:

	Group		Company	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
<i>Financial assets</i>				
Financial assets at amortised cost	4,226,367	3,101,398	3,958,452	2,993,993
<i>Financial liabilities</i>				
Financial liabilities at amortised cost	4,148,978	1,908,875	3,693,457	809,105

b) Foreign currency risk

The Group is exposed to foreign currency risk mainly arising from various currency exposures, including Papua New Guinea Kina ("PGK"). The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign currency risk arises from future commercial transactions.

The Group manages foreign currency risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting. The Group's exposure to foreign currency risk, expressed in Australian dollars at the reporting date, was as follows:

	PGK	
	2023	2022
	A\$	A\$
<i>Financial assets</i>		
Cash and cash equivalents	226,101	157,750
Net currencies exposure	226,101	157,750

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number in the table represents a decrease in the operating loss after tax and increase equity where the Australian dollar strengthens against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss or equity, and the balances below would be negative.

	PGK	
	2023	2022
	A\$	A\$
Loss after tax and equity		
- 10% increase	22,610	15,750
- 10% decrease	(22,610)	(15,750)

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21. Financial risk management (continued)

c) Interest rate risk

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates. At the end of the reporting period, the Group maintained the following variable rate accounts:

	30 June 2023		30 June 2022	
	Weighted average interest rate %	Balance A\$	Weighted average interest rate %	Balance A\$
Cash and cash equivalents	1.50	4,141,551	0.15	3,050,864

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax loss and equity would have been affected as follows:

	After-tax loss (higher)/lower		Equity (higher)/lower	
	2023	2022	2023	2022
	A\$	A\$	A\$	A\$
2023 +0.5% (50bp)/ (2022: +0.5% (50bp))	17,187	12,661	17,187	12,661
2023 -0.5% (50bp)/ (2022: -0.5% (50bp))	(17,187)	(12,661)	(17,187)	(12,661)

d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
There has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
There is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

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21. Financial risk management (continued)

e) Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

The risk that the borrower will default on a demand loan depends on whether the borrower:

- (i) has sufficient cash or other liquid assets to repay the loan immediately; or
- (ii) does not have sufficient cash or other liquid assets to repay the loan immediately.

The Group performs this assessment qualitatively by reference to the borrower's immediate cash flow and liquid asset position. Relying on the 30 days past due rebuttable presumption is not considered an appropriate indicator given the lack of contractual payment obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

f) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes. Where information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

This is assessed based on a number of factors including key liquidity and solvency ratios. Relying on the 90 days past due rebuttable presumption is not considered an appropriate indicator given the lack of contractual payment obligations due throughout the life of the loan.

g) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

h) Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

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21. Financial risk management (continued)

i) Maximum exposure and concentration of credit risk

The Group and the Company did not have concentration of credit risk at 30 June 2023 and 30 June 2022, except for receivables from subsidiaries of the Company.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit loss for cash and cash equivalents and other receivables are immaterial as at 30 June 2023 and 30 June 2022.

j) Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables, other current assets (excluding goods and services tax receivables) and cash and cash equivalents.

The table below details the credit quality of the Group's and the Company's financial assets:

30 June 2023	12-month or lifetime ECL	Gross carrying amount A\$	Loss allowance A\$	Net carrying amount A\$
Group				
Other receivables	N.A. Exposure Limited	84,816	—	84,816
Cash and cash equivalents	N.A. Exposure Limited	4,141,551	—	4,141,551
Company				
Other receivables	N.A. Exposure Limited	46,405	—	46,405
Receivables from subsidiaries	Lifetime	15,179,734	(3,823,837)	11,355,897
Cash and cash equivalents	N.A. Exposure Limited	3,912,047	—	3,912,047

30 June 2022	12-month or lifetime ECL	Gross carrying amount A\$	Loss allowance A\$	Net carrying amount A\$
Group				
Other receivables	N.A. Exposure Limited	50,534	—	50,534
Cash and cash equivalents	N.A. Exposure Limited	3,050,864	—	3,050,864
Company				
Other receivables	N.A. Exposure Limited	48,660	—	48,660
Receivables from subsidiaries	Lifetime	14,228,052	(3,794,945)	10,433,107
Cash and cash equivalents	N.A. Exposure Limited	2,891,333	—	2,891,333

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21. Financial risk management (continued)

k) Movements in credit loss allowance

There are no movements in the allowance for impairment of financial assets under SFRS (I) 9 during the financial year for the Group and Company except for the following.

	Receivables from subsidiaries	
	2023	2022
	A\$	A\$
Company		
Balance at 1 July	3,794,945	16,605,231
Reversal of allowance for credit loss	–	(12,810,286)
Lifetime ECL:		
- Credit impaired, net	28,892	–
Balance at 30 June (Note 20)	3,823,837	3,794,945

l) Liquidity risk

The ability of Group to operate as a going concern and meet its obligations as and when they fall due is principally dependent upon the ongoing support from its shareholders, the ability of the Group to successfully raise capital as and when necessary and the ability to complete successful exploration and subsequent exploitation of the areas of interest. This is to ensure the continuance of its activities and to meet its financial obligations as and when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At the reporting date, the Group did not have access to any undrawn borrowing facilities.

The table below summarises the maturity profile of the Group and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 year A\$	More than 1 year A\$	More than 5 years A\$	Total A\$
Group				
2023				
Trade and other payables	1,520,072	4,515,930	–	6,036,002
Convertible notes	–	2,789,264	–	2,789,264
	1,520,072	7,305,194	–	8,825,266
2022				
Trade and other payables	2,127,913	4,351,143	–	6,479,056

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21. Financial risk management (continued)

l) Liquidity risk (continued)

The table below summarises the maturity profile of the Group and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 year A\$	More than 1 year A\$	More than 5 years A\$	Total A\$
Company				
2023				
Trade and other payables	1,064,552	4,515,930	–	5,580,482
Convertible notes	–	2,789,264	–	2,789,264
	<u>1,064,552</u>	<u>7,305,194</u>	<u>–</u>	<u>8,369,746</u>
2022				
Trade and other payables	1,082,629	4,351,143	–	5,433,772

22. Fair value of assets and liabilities

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and
- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Convertible notes	Monte Carlo simulation techniques	(i) Share price of the underlying share at the time of the valuation (ii) The agreed upon exercise price of the option (iii) Estimate of the stock's standard deviation using historical data (iv) Quoted interest rate on Treasury bills or Government bonds (v) The agreed upon time until the option expires (vi) The ratio of dividends to share price	(i) Larger value increases value of an option (ii) Smaller value increases value of an option (iii) Larger value increases value of an option (iv) Higher interest rate increases the value of an option (v) Longer time to maturity increases value of an option (vi) Lower dividend yield increases value of an option

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22. Fair value of assets and liabilities (continued)

(c) Fair value measurement of liabilities that are measured at fair value

	Carrying Amount A\$	Fair value measurements at balance sheet date		
		Level 1 A\$	Level 2 A\$	Level 3 A\$
Group and company				
2023				
Convertible notes	2,789,264	—	—	2,789,264

23. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments.

The Group is not subject to any externally imposed capital requirements.

No changes were made to the Group's and the Company's capital management objectives or policies during the financial years ended 30 June 2023 and 30 June 2022.

24. Related party transactions

(a) *Compensation of key management personnel*

	Group	
	2023 A\$	2022 A\$
Short term employee benefits	646,340	554,289
Superannuation contributions	78,470	53,429
Share based payments	2,938,124	(143,896)
	<u>3,662,934</u>	<u>463,822</u>
<i>Includes amounts paid to:</i>		
Non-executive directors of the Company	290,577	157,969
Executive Directors	3,372,357	305,853
	<u>3,662,934</u>	<u>463,822</u>

Total key management personnel compensation represents gross compensation paid or payable and includes amounts capitalised to exploration and evaluation expenditure and plant and equipment.

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24. Related party transactions (continued)

(a) Compensation of key management personnel (continued)

The following awards were made to directors of the Company during the current and prior financial years pursuant to the Company's Employee Incentive Plan are as follows:

2023	Salary Sacrifice Rights Number	Long Term Incentive Rights Number
Charles Anthony Candlin Fear	–	2,250,000
Christopher Charles Indermaur	–	2,250,000
Paul Levi Mulder	364,774	7,500,000
Timothy Elgon Savile Crossley	903,332	7,000,000
	1,268,106	19,000,000
2022	Salary Sacrifice Rights Number	Long Term Incentive Rights Number
Charles Anthony Candlin Fear	–	1,800,000
Christopher Charles Indermaur	–	1,450,000
Paul Levi Mulder	756,705	4,500,000
Timothy Elgon Savile Crossley	1,798,500	4,200,000
	2,555,205	11,950,000

The following awards were exercised and converted into one share in the Company for which award exercised, by directors of the Company pursuant to the Company's Employee Incentive Plan:

2023	Salary Sacrifice Rights Number	Long Term Incentive Rights Number	Options Number
Paul Levi Mulder	–	–	–
Timothy Elgon Savile Crossley	–	–	–
	–	–	–
2022	Salary Sacrifice Rights Number	Long Term Incentive Rights Number	Options Number
Paul Levi Mulder	1,206,369	–	–
Timothy Elgon Savile Crossley	1,759,867	–	–
	2,966,236	–	–

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25. Significant events during the financial year

On 21 July 2022, Mayur announced that on 20 July 2022 that Mayur had received notices from the Papua New Guinea Forest Authority (PNGFA) of cancellation of forest carbon concessions which had been issued in January 2022. This related to the area of approximately 800,000 hectares referred to in Mayur's announcement of 12 January 2022. The notices do not make reference to the contractual arrangements that MR has in place with the PNGFA, the Papua New Guinea Climate Change and Development Authority (CCDA) and the relevant landowner company. Mayur is seeking legal advice about the notices received from the PNGFA, and the current intention is to vigorously challenge the notices through applicable legal processes, with a view to continuing its carbon offset projects in all of the areas covered by its agreements. Mayur notes that the purported change in position of the PNGFA arose during the final period of the current government during which a new Forests Minister and Chairperson was appointed. PNG's general election is currently in progress and the appointment of Ministers in the new PNG government.

26. Subsequent events

Except as noted below, there has been no matter or circumstance which has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

- On 14 August 2023, Mayur announced that it has executed a Term Sheet with Vision Blue Resources ("VBR"), a clean energy related investment firm led by Sir Mick Davis, for an investment of US\$40 million for a 49% equity share in the Project. Mayur believes that the Proposed Investment will be sufficient to satisfy the total equity funding required for completion of the Project's development and construction works, implement onsite carbon reduction initiatives, and enter commercial production. 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. VBR and Mayur 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 APAC region, including its importance in supporting the critical minerals sector in Australia, the Company is in negotiations with the Australian Government as one of its preferred debt funders with a view to enhancing bilateral ties between the two countries;
- On 8 September 2023, Mayur announced that it has agreed with Obsidian Global Partners LLC Inc (Obsidian), the holder of 1,696,500 Convertible Notes in Mayur, to a 'stand-still' period of up to three months commencing from 9 September 2023 which primarily has the effect of restricting Obsidian from converting the Notes at a price below A\$0.30. Pursuant to the agreement reached with Obsidian, the premium payable by Mayur on the cash repayment of the Notes commencing 9 September 2023 has been reduced to one-third of the original premium in the first month, and progressively increases by one-third up to the original premium by the third month. This represents a material cash saving compared to the current cash repayment cost should the Company repay the Notes within the 'stand-still' period. In return for this 'stand-still' period, the Company will release to Obsidian 250,000 Shares out of the existing 1 million Collateral Shares held by Obsidian in each month that the Company requests this 'stand-still' to continue. The Company has not determined the financial impact of this agreement

27. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors dated 23 September 2023.

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