BELL POTTER

Speculative
See key risks on page 8. Speculative securities may not be suitable for Retail clients.

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Mayur Resources (MRL)

Advancing attractive nation building projects

Recommendation
Buy (unchanged)
Price
$0.70
Valuation
$1.10 (previously $1.12)
Risk
Speculative

GICS Sector

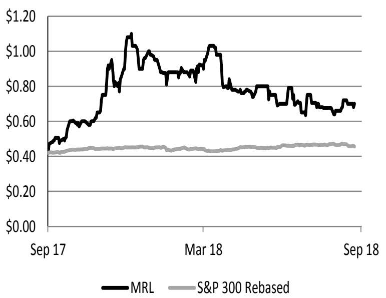
Materials

Expected Return	
Capital growth	**58%**
Dividend yield	**0%**
Total expected return	**58%**
Company Data & Ratios	
Enterprise value	**$92m**
Market cap	**$104m**
Issued capital	**149.1m**
Free float	**32%**
Avg. daily val. (52wk)	**$54,000**
12 month price range	**$0.40 - $1.10**

Price Performance

	(1m)	(3m)
Price (A$)	0.68	0.75
Absolute (%)	3.7	-6.7
Rel market (%)	6.0	-8.0

Absolute Price



SOURCE: IRESS

Projects targeting significant import replacing products

MRL has continued to advance its strategy of developing a range of attractive new projects that target import replacement commodities and have an important role in helping develop the relatively young nation of Papua New Guinea (PNG). The company's main projects cover limestone (cement and lime), power generation and industrial sands. In addition to the broad and proven development and operational experience of MRL's existing executive team, the company has recently added a very experienced cement and lime executive to the management team to lead delivery of the Port Moresby lime and cement Definitive Feasibility Study (DFS) and the Port Botany (Sydney) cement and construction sands import facility.

Copper-gold projects sit in the company of giants

MRL's copper-gold projects are located amongst some of the world's great copper-gold and gold mining operations. While still at an early stage, exploration of the three copper-gold projects has shown they have considerable potential to contain mineral endowments that would make them worthy additions to the illustrious company of their neighbours. MRL recently completed a site reconnaissance and mapping program at the Feni Copper-Gold project in preparation for an upcoming drilling campaign and has extended an agreement with a large North American group in relation to the Basilaki Copper-Gold Project to allow further evaluation of the project.

Investment thesis – Buy, valuation $1.10/shr, (prev. $1.12)

MRL has a unique mix of mineral commodities in its portfolio of projects that it is advancing on multiple fronts. We have rolled forward and updated our forecasts to reflect recent changes including the addition of cash from a placement that sees the company well-funded to continue advancing its projects with cash at June 30 2018 of $12.5m. We have revised our forecasts and valuation. The FY21 earnings forecast (being when several projects are due to begin operation) is increased by 78% but our valuation has been reduced by 1% to $1.10/shr from the impact of the placement and assumed equity dilution at the currently lower share price. Speculative Buy retained.

Earnings Forecast

Year end June	2018e	2019e	2020e	2021e
Sales (A$m)	-	-	2	132
EBITDA (A$m)	(5)	(4)	(1)	47
NPAT (reported) (A$m)	(5)	(4)	(1)	30
NPAT (adjusted) (A$m)	(5)	(4)	(1)	30
EPS (adjusted) (¢ps)	(4)	(2)	(1)	15
EPS growth (%)	na	na	na	na
PER (x)	na	na	na	4.7
FCF Yield (%)	na	na	na	na
EV/EBITDA (x)	na	na	na	2.0
Dividend (¢ps)	-	-	-	-
Yield (%)	na	na	na	na
Franking (%)	na	na	na	na
ROE (%)	-25%	-12%	-2%	39%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Advancing import replacing projects

MRL has continued to advance its strategy of developing a range of attractive new projects that target import replacement commodities with associated export potential and have an important role in helping develop the relatively young nation of Papua New Guinea (PNG). The company's main projects cover limestone (cement and lime), power generation and industrial sands.

Experienced cement and lime executive on board

In addition to the broad and proven development and operational experience of MRL's existing executive team, the company has recently added a very experienced cement and lime executive to the management team with his immediate focus being to lead delivery of the Port Moresby lime and cement DFS and the Port Botany (Sydney) cement and construction sands import facility. Kevin Savoury has been appointed as CEO of MRL's lime and cement business. Kevin brings 18 years of operational and commercial experience in the cement and construction materials sector in Australia and the Asian Pacific region. The DFS contemplates the development of a new cement and quicklime manufacturing facility at the site of the company's 382Mt JORC-compliant Resource located on the coast approximately 25km from Port Moresby. The other initiative within the cement business is the concurrent development of the Port Botany site in Sydney, where MRL is looking to establish a new import facility for cement and also construction sand from the Orokolo Bay Project. The Port Moresby lime and cement project will focus on replacing high cost imports of cement and lime into a country which has amongst the lowest per capita consumption of cement in the world. The company recently extended the term of the arrangement with NSW Ports for the Port Botany site to assess the receipt of construction sands from Orokolo Bay and also cement from the Port Moresby Project.

Orokolo Bay Industrial Sands Project progressing

After assessing proposals from design and equipment providers for the trial bulk sample plant for its Orokolo Bay industrial sands project, MRL has been carrying out a final technical and commercial review with shortlisted parties. The company recently purchased a mobile ship loader as a key part of the procurement program for that project and the ship loader also provides MRL with flexibility for using it on other future projects such as for cement and clinker associated with the Port Moresby cement and lime project. As part of the ongoing DFS on the Orokolo Bay Project, the company has recently commenced an expanded drilling program to expand the overall resource and to lift the status of it to include Reserves.

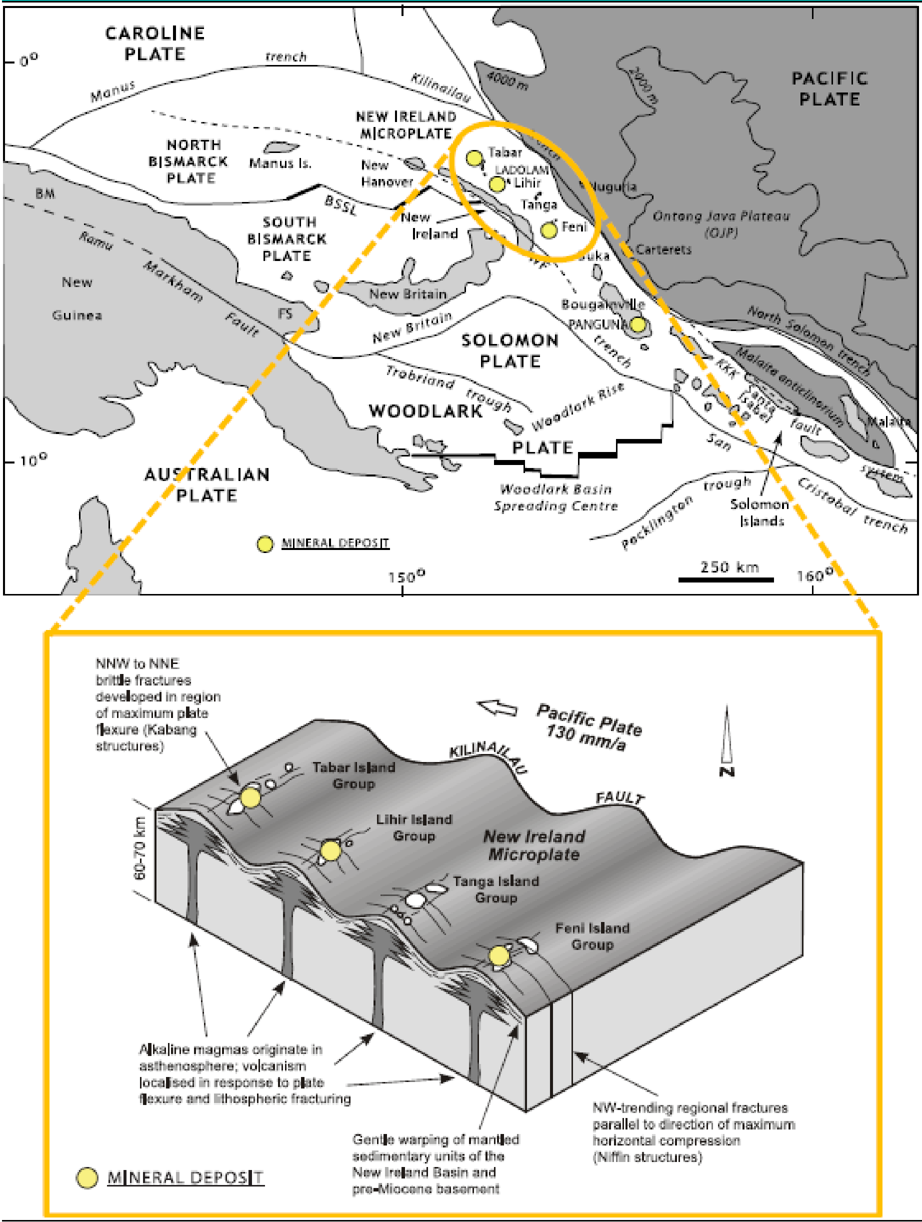
Environmental approval for international export of coal from PNG

MRL has been granted an environmental approval for extracting a bulk sample of coal at its Depot Creek Project. This is the first ever such approval in PNG and it will enable the company to provide large scale samples of coal for technical and market acceptance testing by power generators in Asia. The objectives from such testing are to assist in securing bankable and legally binding offtake contracts with various Asian power generation customers who have been seeking to secure low environmental contaminant coal from PNG as an alternative supply jurisdiction. The company's Depot Creek coal represents an attractive potential thermal coal from its properties of a very low in situ ash content of 3 – 10%; low sulphur content of around 0.5%; and good energy values without the need for washing. The planned testing of the coal will also establish its suitability for use in domestic power generation, such as the 50MW plant MRL is planning for Lae.

Copper-gold projects sit in the company of giants

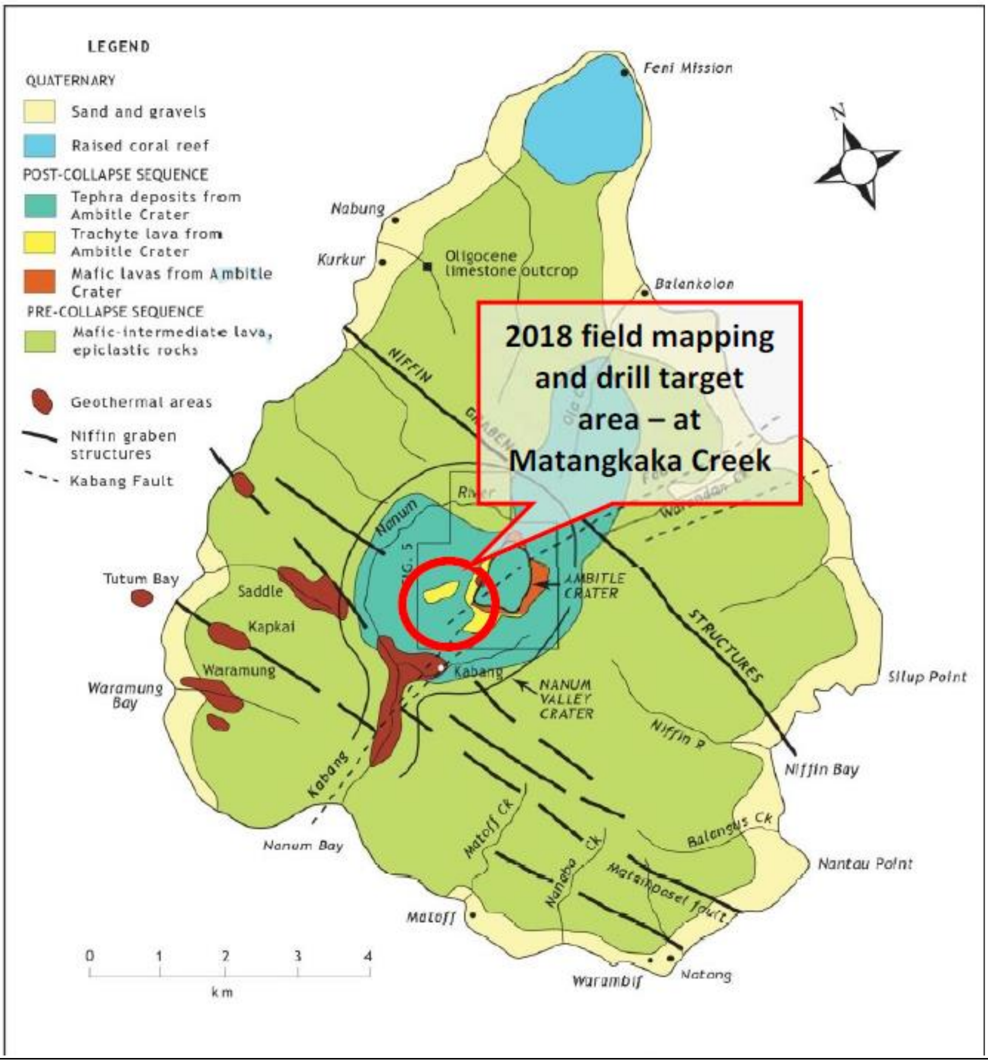
MRL's copper-gold projects are located amongst some of the world's great copper-gold and gold mining operations. Feni Island, which contains the company's Feni Project, is located between the giant Lihir gold deposit and the huge Bougainville porphyry copper-gold deposit (Figure 1). MRL recently completed a site reconnaissance and mapping program at the Feni Copper-Gold project on Feni Island that identified final drill targets and assisted with logistics planning in preparation for an upcoming drilling campaign. The recent field work included sampling of the Matangkak Creek, which is to be where the planned drilling will be focused (Figure 2 over page) and where gold was assayed from panned concentrates. Additional drill targets were generated by the work and the finalised drill program is now planned to be up to 2,400m and is due to start in the next few months. Recently MRL advised that it has extended an agreement with a large North American group in relation to the Basilaki Copper-Gold Project to allow further evaluation of the project. While still at an early stage, exploration of the company's three copper-gold projects has shown they have considerable potential to contain mineral endowments that would make them worthy additions to the illustrious company of their neighbours.

Figure 1 - Map and schematic depiction of geological setting of major PNG mineral deposits



SOURCE: MAYUR RESOURCES LTD

Figure 2 - Map of Feni Island and location of upcoming drilling program



SOURCE: MAYUR RESOURCES LTD

Earnings revisions, valuation lowered by 1%

We have revised our earnings forecasts and valuation for MRL from the impact of the FY18 profit result. This has included making the following changes:

- Rolled forward and reviewed our forecasts and updated them to reflect the impact of the progress on the company's various projects and the addition of funding from the placement in April 2018;
- Revisions to likely debt;
- Revisions to the valuations of the copper-gold assets based on our assessment of increased potential for them; and
- Revisions to earnings and valuations from the assumption of additional equity issued at the currently lower share price of $0.70 per share.

The net effect of these changes on our forecast NPAT and EPS is a decrease in losses of 21% and 45% in FY19 and FY20 and a 78% increase in earnings in FY21 respectively (Table 1). We have reduced our valuation by 1% to $1.10 per share (Tables 1 and 3 over page).

Table 1 - Revised financial forecasts and valuation for MRL

	Previous			New			Change		
Year ending 30 June	2019e	2020e	2021e	**2019e**	**2020e**	**2021e**	2019e	2020e	2021e
Prices & currency									
Raw lime price (US$/lb)	30	30	30	**30**	**30**	**30**	0%	0%	0%
Industrial sand price ($US/t)	28	28	28	**28**	**28**	**28**	0%	0%	0%
Zircon price (US$/t)	1,240	1,250	1,250	**1,240**	**1,250**	**1,250**	0%	0%	0%
Lae power price (US$/MWh)	130	130	130	**130**	**130**	**130**	0%	0%	0%
US$/A$	0.77	0.76	0.75	**0.75**	**0.75**	**0.75**	-3%	-1%	0%
Equity production & costs									
Raw lime production (kt)	-	44	251	**-**	**44**	**251**	na	0%	0%
Raw lime AISC (A$/t)	-	16	24	**-**	**16**	**24**	na	0%	0%
Industrial sand production (kt)	-	-	756	**-**	**-**	**756**	na	na	0%
Zircon production (kt)	-	-	1.6	**-**	**-**	**1.6**	na	na	0%
Orokolo Bay AISC (A$/t)	-	-	137	**-**	**-**	**137**	na	na	0%
Lae power production (MWh)	-	-	156	**-**	**-**	**156**	na	na	0%
Lae power AISC ((A$/MWh)	-	-	115	**-**	**-**	**115**	na	na	0%
Earnings									
Revenue (A$m)	-	1.8	98.9	**-**	**2.4**	**131.8**	na	31%	33%
EBITDA (A$m)	(3.0)	(0.7)	35.2	**(4.0)**	**(1.0)**	**46.9**	33%	37%	33%
EBIT (A$m)	(3.0)	(0.8)	29.6	**(4.0)**	**(1.0)**	**39.6**	33%	29%	34%
NPAT (normalised) (A$m)	(6.0)	(2.5)	22.3	**(4.0)**	**(1.0)**	**29.8**	-34%	-59%	34%
EPS (adjusted) (A¢ps)	(2.9)	(0.9)	8.3	**(2.3)**	**(0.5)**	**14.8**	-21%	-45%	78%
PER (x)	na	na	10.3	**na**	**na**	**4.7**	na	na	-54%
EPS Growth (%)	na	na	na	**na**	**na**	**na**	na	na	na
DPS (reported) (Acps)	-	-	-	**-**	**-**	**-**	na	na	na
Yield	na	na	na	**na**	**na**	**na**	na	na	na
Net cash/(debt) (A$m)	16	(65)	(129)	**(11)**	**(161)**	**(247)**	na	150%	92%
Valuation (A$/sh)	1.12			**1.10**			-1%		

SOURCE: BELL POTTER SECURITIES ESTIMATES

We regard valuation estimates based on risk-weighted NPV-related forecasts as the best guide to the long term value of MRL. Our valuations are based on risk weighted NPV methodology where there is an established resource and at least preliminary feasibility studies. Similarly, we have valued the company's copper-gold project as prospectively significant exploration projects and we have applied a commensurately high discount to reflect the early stages of that potential.

Additional equity expected to be raised to assist funding for project development

We have retained our previous estimates for the pre-production capital cost of the initial development stages of MRL's three main projects. Given the utility-like nature of the power project, we believe it can be funded on a much higher debt to equity ratio than usual mineral projects. We have also retained our assumption that as part of the funding arrangement, the company raises net additional equity capital of about $35M towards the end of FY19 (assuming positive development decisions for its projects), which we have continued to assume starts to occur towards the end of FY20. We have assumed that all additional equity capital is issued at the current share price (Table 2) even though there could be favourable outcomes from the finalisation of development decisions on the company's three main development projects and from future exploration of its copper-gold projects along with the potential impact of higher commodity prices that may lead to a higher share price by the time that capital is actually sought. The company may not choose to raise such equity, adopting other funding methods (such as a strategic sell-down and/or joint venture arrangements).

Table 2 - Forecast additional equity to be raised in FY19

Year to June	2019e
Net amount to be raised[1] (A$m)	35.0
Share price assumed ($)	0.70
Number of shares to be issued (m)	52.9
Total number of shares on issue at year end (m)	202.0

SOURCE: BELL POTTER SECURITIES

NOTE 1. AFTER CAPITAL RAISING COSTS

Our revised valuation of MRL is lowered by 1% to $1.10 per share (Table 3).

Table 3 – Fully diluted, risk-weighted summary valuation for MRL

Assets	$m	$ per share[1,2]
Mineral Interests – Oroloko Industrial Sands	37	0.17
- Port Moresby Limestone	82	0.37
- Lae Power	71	0.32
- Depot Creek Coal	17	0.07
- Copper-gold projects	30	0.13
- Total Mineral Assets	236	1.07
Corporate	(13)	1.07
Enterprise Value	**223**	**1.01**
Net cash[3]	21	0.09
Total	**244**	**1.10**

SOURCE: BELL POTTER SECURITIES ESTIMATES

NOTES: 1. MAY NOT ADD BECAUSE OF ROUNDING AND DILUTION EFFECTS.
2. BASED ON FULLY DILUTED SHARE CAPITAL OF 221.1M SHARES
3. INCLUDES CASH AT 30/6/2018 AND CASH FROM THE EXERCISE OF OPTIONS THAT ARE DILUTIVE AT THIS VALUATION

Mayur Resources Limited (MRL)

Company description

MRL is a Brisbane based diversified minerals company with a very experienced management team that has an impressive track record of successfully managing and developing major resource projects for over 20 years. The company's assets are in Papua New Guinea (PNG), where it has built up very strong relationships at all levels in the communities and with all of the relevant government agencies. MRL's assets comprise the major Oroloko industrial sands project (70% owned) and large, high grade Port Moresby limestone project (100% owned) in the south of PNG; the Lae power project (89% owned) and nearby Depot Creek coal project (100% owned) located in the north; and the 100% owned Feni, Basilaki and Sideia copper-gold exploration projects in the eastern part of the country.

The company's strategy is a nation-building one that focuses on the development of significant and where possible, vertically integrated mineral resource projects that offer attractive returns by providing import replacement for key commodities, components of which can also potentially be readily exported to major markets in the nearby region. MRL is currently carrying out a Feasibility Study on the Oroloko Industrial Sands Project; it has started early stage feasibility studies for quicklime and clinker/cement at the Port Moresby Limestone Project; it is carrying out further Resource and early stage studies at the Depot Creek Coal Project; and is planning further drilling and exploration of the company's copper-gold projects, which include a moderate-sized gold Resource at the Feni Project.

Investment Thesis – Buy, Target Price $1.10 per share (previously $1.12)

MRL has a unique mix of mineral commodities in its portfolio of projects that it is advancing on multiple fronts. We have rolled forward and updated our forecasts to reflect recent changes including the addition of cash from a placement that sees the company well-funded to continue advancing its projects with cash at June 30 2018 of $12.5m. We have revised our forecasts and valuation. The FY21 earnings forecast (being when several projects are due to begin operation) is increased by 78% but our valuation has been reduced by 1% to $1.10/shr from the impact of the placement and assumed equity dilution at the currently lower share price. Speculative Buy recommendation retained.

Valuation reduced 1% to $1.10 per share

We have reduced our valuation for MRL to $1.10/share. Our valuation is based on risk-weighted NPV-based valuations of the company's planned operations that have been risk weighted reflecting their early stages of development. The company's exploration projects have been assessed with regard to their geological setting and prospectivity, which includes the definition of a modest Inferred Resource at the Feni Project.

Risks of investment

Risks to MRL include, but are not limited to:

- **Commodity price and exchange rate fluctuations**. The future earnings and valuations of exploration, development and operating resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates. As prices are denominated in US dollars and local costs the PNG Kina, their translation into Australian dollars are affected by fluctuations in the value of the Australian dollar. Commodity price and foreign exchange rate outcomes may be different from our forecasts and can have a substantial impact on economics.
- **Funding and capital management risks.** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. As a production company, MRL is looking to develop a number of projects in an uncertain jurisdiction and sourcing funding could be a challenge.
- **Operating and development risks.** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company may relate to geological, mining and metallurgical performance vs design. These can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company.
- **Operating and capital cost fluctuations.** Markets for exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Offtake risk:** All potential offtakes on MRL's proposed production are at an early stage of discussion. Further progress on all these potential offtakes/ sales agreements will de-risk the company. The Orokolo project is very reliant on potential to sell construction sand to the Sydney market, this is far from certain. The Lime project relies heavily on local quick lime markets, access to these markets is not yet certain.
- **PNG:** PNG has a history of social unrest that has disrupted some mining operations in the past. Most of this unrest has been restricted to the highlands region rather than the lowlands, where MRL operates, but as a still relatively young and developing nation, there is a risk of adverse social unrest across PNG despite MRL's established strong relationships in the country.
- **Resource growth and mine life extensions.** Exploration success is dependent upon a wide range of factors and can deliver a wide range of results. Our models assume Resources are converted to Reserves at Orokolo and Moresby Lime but this is yet to be proven. Even once Reserves have been calculated, their economic viability remains dependent upon actual commodity prices and inputs to operating costs.
- **Regulatory changes risk.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. MRL's assets are located in PNG, where changes to business conditions and government/state policies can occur, with potential for adverse impacts on the economic and social viability of the company's operations. PNG has a somewhat chequered history of making unexpected regulatory changes and the ongoing risk of that needs to be considered.
- **Corporate/M&A risks.** The acquisition of other assets can divert management effort from the current focus and may yield inadequate returns.

Mayur Resources
as at 13 September 2018

Recommendation	Buy, Speculative
Price	$0.70
Valuation	$1.10

Table 4 - Financial summary

PROFIT AND LOSS

Year ending 30 June	Unit	2017a	2018e	2019e	2020e	2021e
Revenue*	$m	6.5	0.0	0.0	2.4	131.8
Expense	$m	(1.8)	(5.1)	(4.0)	(3.3)	(84.9)
EBITDA	$m	4.7	(5.1)	(4.0)	(1.0)	46.9
Depreciation	$m	0.0	0.0	0.0	(0.1)	(7.4)
EBIT	$m	4.7	(5.1)	(4.0)	(1.0)	39.6
Net interest expense	$m	0.0	(0.0)	0.0	0.0	(9.7)
PBT	$m	4.8	(5.1)	(4.0)	(1.0)	29.8
Tax expense	$m	0.0	0.0	0.0	0.0	0.0
Minority interests	$m	(0.3)	0.0			
NPAT (reported)	**$m**	**5.0**	**(5.1)**	**(4.0)**	**(1.0)**	**29.8**
Adjustments	$m					
NPAT (underlying)	**$m**	**5.0**	**(5.1)**	**(4.0)**	**(1.0)**	**29.8**

PROFIT AND LOSS (INTERIM)

Half year ending	Unit	Dec-16a	Jun-17a	Dec-17a	Jun-18e	Dec-18e
Revenue	$m	0.0	6.5	0.0	0.0	0.0
Expense	$m	0.0	(1.8)	(2.4)	(2.6)	(2.4)
EBITDA	$m	0.0	4.7	(2.4)	(2.6)	(2.4)
Depreciation	$m	0.0	0.0	0.0	0.0	0.0
EBIT	$m	0.0	4.7	(2.4)	(2.6)	(2.4)
Net interest expense	$m	(0.0)	0.0	(0.0)	(0.0)	(0.0)
PBT and minorities	$m	0.0	4.7	(2.4)	(2.7)	**(2.4)**
Tax (expense)/benefit	$m	0.0	0.0	0.0	0.0	0.0
Minority interests	$m	(0.0)	(0.2)	0.0	0.0	0.0
NPAT (reported)	$m	**0.0**	**5.0**	**(2.4)**	**(2.7)**	**(2.4)**
Adjustments	$m					
NPAT (normalised)	$m	**0.0**	**5.0**	**(2.4)**	**(2.7)**	**(2.4)**

CASH FLOW

Year ending 30 June	Unit	2017a	2018e	2019e	2020e	2021e
OPERATING CASHFLOW						
Income	$m		-	-	2.4	131.8
Payments	$m	-	-	(2.7)	(3.3)	(84.5)
Tax	$m	-	-	-	-	-
Net interest	$m	-	-	0.0	0.0	(9.7)
Other	$m	(1.3)	(3.2)	-	-	-
Operating cash flow	**$m**	**(1.3)**	**(3.2)**	**(2.6)**	**(1.0)**	**37.5**
INVESTING CASHFLOW						
Capex - PPE & Mine development	$m	(0.3)	(1.2)	(54.7)	(165.1)	(122.7)
- Exploration	$m	(2.7)	(2.2)	(1.3)	-	(0.3)
- Total	$m	(3.0)	(3.4)	(56.0)	(165.1)	(123.0)
Other	$m	-	-	-	-	-
Investing cash flow	**$m**	**(3.0)**	**(3.4)**	**(56.0)**	**(165.1)**	**(123.0)**
FINANCING CASHFLOW						
Share issues/(buy-backs)	$m	-	21.6	37.0	-	-
Debt proceeds/(repayments)	$m	4.6	(4.6)	33.3	161.7	106.7
Dividends	$m	-	-	-	-	-
Other	$m	-	-		-	-
Financing cash flow	$m	**4.6**	**17.0**	**70.4**	**161.7**	**106.7**
Change in cash	$m	**0.3**	**10.4**	**11.7**	**(4.4)**	**21.3**

BALANCE SHEET

Year ending 30 June	Unit	2017a	2018e	2019e	2020e	2021e
ASSETS						
Cash & short term investments	$m	0.5	10.9	22.7	18.3	39.6
Accounts receivable	$m	-	-	-	0.3	2.8
Inventory	$m	-	-	-	-	-
Property Plant & Equipment	$m	0.5	1.8	59.1	224.2	351.7
Exploration & evaluation	$m	13.6	18.3	19.7	19.7	20.0
Other	$m	0.2	0.2	0.5	0.7	0.7
Total assets	$m	**14.8**	**31.3**	**102.0**	**263.2**	**414.8**
LIABILITIES						
Accounts payable	$m	3.5	1.1	3.5	3.5	21.5
Borrowings	$m	1.3	-	33.3	179.6	286.3
Provisions	$m	-	-	-	-	-
Other	$m	-	-	1.9	17.9	14.9
Total liabilities	$m	**4.7**	**1.1**	**38.7**	**200.9**	**322.7**
SHAREHOLDER'S EQUITY						
Share capital	$m	2.0	36.7	73.7	73.7	73.7
Reserves	$m	-	(1.6)	(1.6)	(1.6)	(1.6)
Retained earnings	$m	2.1	(5.6)	(9.6)	(10.6)	19.2
Non-controlling interest	$m	(0.6)	0.8	0.8	0.8	0.8
Total equity	$m	**10.1**	**30.2**	**63.3**	**62.3**	**92.1**
Weighted average shares on issue	m	**58.5**	**114.2**	**175.5**	**201.9**	**201.9**

Note: Financial values are A$ unless otherwise stated; 2017 Revenue includes income from forgiveness of debt

FINANCIAL RATIOS

Year ending 30 June	Unit	2017a	2018e	2019e	2020e	2021e
VALUATION						
NPAT	$m	5	(5)	(4)	(1)	30
Underlying EPS	c/sh	9	(4)	(2)	(1)	15
EPS growth	%	na	na	na	na	na
PER	x	8.1x	na	na	na	4.7x
DPS	c/sh	-	-	-	-	-
Franking	%	na	na	na	na	na
Yield	%	na	na	na	na	na
FCF/share	c/sh	na	na	na	na	na
P/FCFPS	x	na	na	na	na	na
EV/EBITDA	x	19.7x	na	na	na	2.0x
EBITDA margin	%	72%	na	na	na	36%
EBIT margin	%	72%	na	na	na	30%
Return on assets	%	34%	-22%	-8%	-1%	9%
Return on equity	%	50%	-25%	-12%	-2%	39%
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	1	(11)	11	161	247
ND / E	%	7%	na	17%	259%	268%
ND / (ND + E)	%	7%	na	14%	72%	73%
EBITDA / Interest	x	nm	-2023.6x	nm	nm	4.8x

MINERAL RESOURCES, RESERVES & MINE PLAN ASSUMPTIONS (Attributable)

	Mt	HM%	Fe %	Ti %	CaO %	Prod. (Mt)
Resource - Orokolo Industrial Sands	173	10.5	9.2	1.3	-	18
- Port Moresby Limestone	382	-	-	-	52.3	25
- Depot Creek Coal	11					
LOM Production - TM	74	10.1	-	-	-	7
- Lime		-	-	-	52.5	13
- Power (MWh)						10,304,135

PROJECT ASSUMPTIONS - production profile, costs, capex & pricing

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
US$/A$	US$/A$	0.75	0.78	0.75	0.75	0.75
FE62 price	US$/t	69	66	63	60	61
Zircon price	US$/t	1,025	1,165	1,240	1,250	1,250
DMS price	US$/t	125	125	125	125	125
Industrial Sand price	US$/t	28	28	28	28	28
Raw Lime price	US$/t	30	30	30	30	30
Quick Lime price	US$/t	120	120	120	120	120
Lae Power Price	US$/MWh	130	130	130	130	130
Revenue per tonne product (Orokolo)	A$/t	-	-	-	-	175
Average unit AISC[1] (Orokolo)	A$/t	-	-	-	-	137
Average unit AISC[1] (Limestone)	A$/t	-	-	-	16	24
Average unit AISC[1] (Lae Power)	A$/Mwh	-	-	-	-	115
CAPEX - growth	A$m	-	-	(41)	(124)	(90)
CAPEX - sustaining	A$m	-	-	(14)	(42)	(34)
Attributable TM Production	kt	-	-	-	-	196
Attributable DMS Production	kt	-	-	-	-	49
Attributable Zircon Production	kt	-	-	-	-	1.6
Attributable Raw Lime Production	kt	-	-	-	44	251
Attributable Quick Lime Production	kt	-	-	-	-	-
Attributable Industrial Sand Production	kt	-	-	-	-	756
Attributable Electricity Production	GWh	-	-	-	-	156

ISSUED CAPITAL

Ordinary shares (m)	**149.1**
Options (m)	18.5
Performance rights (m)	10.1
Total issued securities[2]	**177.6**

VALUATION SUMMARY

Sum of parts valuation	$m	$ per share[2,3]
Mineral Interests – Oroloko Industrial Sands	37	0.17
- Port Moresby Limestone	82	0.37
- Lae Power	71	0.32
- Depot Creek Coal	17	0.07
- Copper-gold projects	30	0.13
- Total Mineral Assets	236	1.07
Corporate	(13)	1.07
Enterprise Value	**223**	**1.01**
Net cash[4]	21	0.09
Total Valuation	**244**	**1.10**

Notes 1. Average unit AISCs are based on Bell Potter estimates
2. May not add due to rounding effects
3. Based on dilution of issued shares, options, performance rights and assumed additional equity totalling 221.1m
4. Includes current net cash and from exercise of options

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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Peter Arden owns 12,500 shares in MRL.

Disclosure: Bell Potter Securities acted as Lead manager for the September 2017 IPO and $7.8m placement in April 2018 and received fees for that service.

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