

ASX ANNOUNCEMENT

29 October 2021

MRG METALS SEPTEMBER 2021 QUARTERLY ACTIVITY REPORT

Key Highlights

Corridor Projects

- MRG to progress Corridor Sands Project from exploration towards mine development.
- IHC Mining contracted to carry out work program.
- Recent infill and expansion drilling results expected late October, then Updated Koko Massava Mineral Resource Estimate (MRE) by mid November.
- Maiden MRE (Nhacutse and Poiombo) mid December.
- Pit optimisation / mine planning studies on the MRE's to be commenced mid November on Koko Massava, Nhacutse and Poiombo, with optimised outputs by end December.
- Mineralogical study confirmed previously reported exploration data and demonstrated a north-south trending very high VHM domain extending down the eastern side of MRG's Corridor South tenement.
- Mineralogical work is underway to understand the potential for zones of elevated VHM within the boundaries of the upcoming Mineral Resource Estimations (MREs) at Koko Massava, Nhacutse and Poiombo – due for completion mid January 2022.
- MRG applies for an additional Heavy Mineral Sands (HMS) exploration licence in Mozambique. The Corridor North (10779L) ELA is north of and abutting MRG's Corridor Central (6620 L) licence, which contains Koko Massava JORC Resource (1.4BT @ 5.2% THM). Koko Massava mineralisation is open to the north and interpreted to extend into Corridor North licence.
- Application is currently under review by the relevant Government departments.

Marao and Marruca Projects

- Third large mineralised target identified at Marao end Quarter 2 beginning Quarter 3.
 - Samples at analytical laboratory for analyses, results expected mid-November 2021.
 - Reconnaissance auger drilling ongoing and Marao.
 - All required processes, including meetings with provincial and local government and communities, completed by MRG and consultant CES Environmental and Social Advisory Services for an Environmental Licences, government review in progress.
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MRG Metals Limited (“MRG” or “the Company”) (ASX Code: MRQ) is pleased to provide a summary of its activities for the September 2021 quarter at its Heavy Mineral Sands projects in southern Mozambique.

Activity across MRG’s Corridor Portfolio

Progressing Corridor Sands towards mine development

In September, MRG announced plans to progress its Corridor Sands Project from exploration into mine development.

The Company appointed IHC Mining to carry out a work program.

Approval and commissioning commenced for a Scope of Works which includes:

Activity	Scheduled for Completion
Updated Mineral Resource Estimate (MRE) at Koko Massava utilising recent infill drilling and expansion drilling results	Mid November
Pit optimisation / mine planning studies for Koko Massava	Commence mid November
Maiden MRE (Nhacutsce and Poiombo)	Mid December
Re-run pit optimisation / mine planning for all 3 MRE’s to achieve best scenario	Completed End December

Upon acceptable outcomes of the above work, MRG has agreed the next stages to include:

Activity	Scheduled for Completion
Preliminary Economic Assessment (PEA) comprising a Scoping Study and Financial Modelling, including Pre-Feasibility Stage Metallurgical Testwork <ul style="list-style-type: none"> - 7 tonnes of targeted Sands are already in transit to IHC Mining in anticipation of this contract work proceeding - This work will also allow MRG to see the potential value of the full range of Valuable Heavy Mineral (VHM) products - Scale of testing will enable sample concentrate to be available for potential off-takers 	Mid January

Corridor Projects – mineralogical studies

In August, MRG announced excellent results from ongoing mineralogical studies within its Corridor South (6621L) exploration licence, as well as interpretive work done on the new and historic mineralogical information.

The most recent study involved eight composites from four aircore holes in and around the Nhacutse deposit (refer previous ASX Announcements 26 August and 31 August 2020), hole 20CSAC572 in the far west and the rest (20CSAC585, 20CSAC586 and 20CSAC587) towards the east of the deposit.

The studies involved eight composite samples (upper and lower depth interval composite for each hole) and was carried out to augment existing mineralogical data available for Corridor South (refer ASX Announcement 7 January 2021).

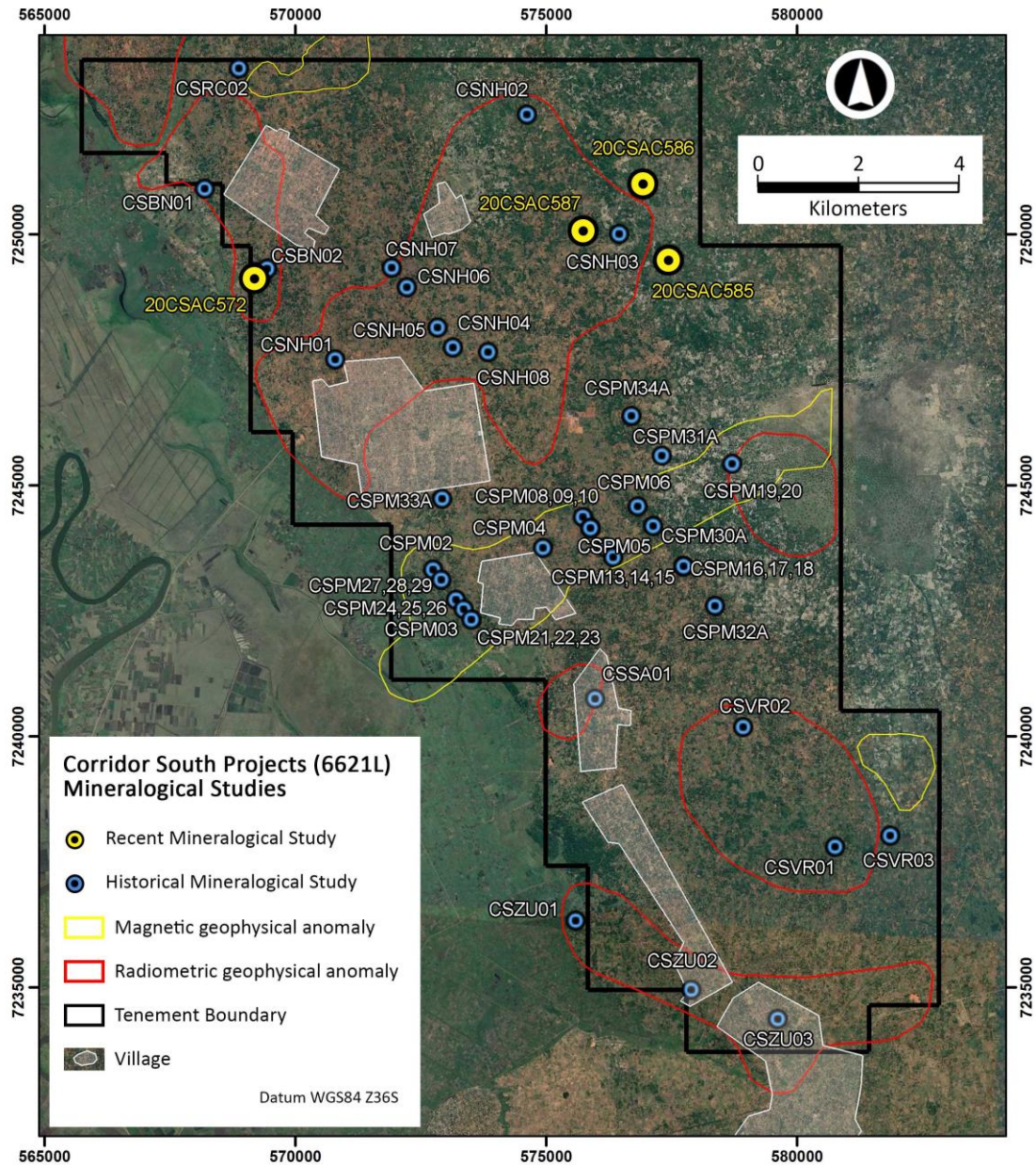


Figure 1: Map of the Corridor South (6621L) Projects showing the locations of all composited drillholes used for mineralogic studies.

The aim of the study was twofold: firstly, to further investigate the increase in VHM content of the HMC from west to the east across the Nhacutse deposit, the trend also shown in data from the rest of the Corridor South (6621L) licence (refer ASX Announcement 31 August 2020); and secondly, to test MRG's understanding of the very high VHM content of the HMC in the far east of Corridor South, with the contact between red / red-brown aeolian sand in the west and a white / grey sand towards the east of the deposit, interpreted as the boundary with the very high VHM % sands found in the

white/grey sand (Figure 1). The study specifically tested MRG's developing understanding of the relationship between this clear lithological boundary (red/red-brown sand vs white/grey sand) and the significant increase in VHM content within the white/grey sand immediately across this boundary (Figure 2).

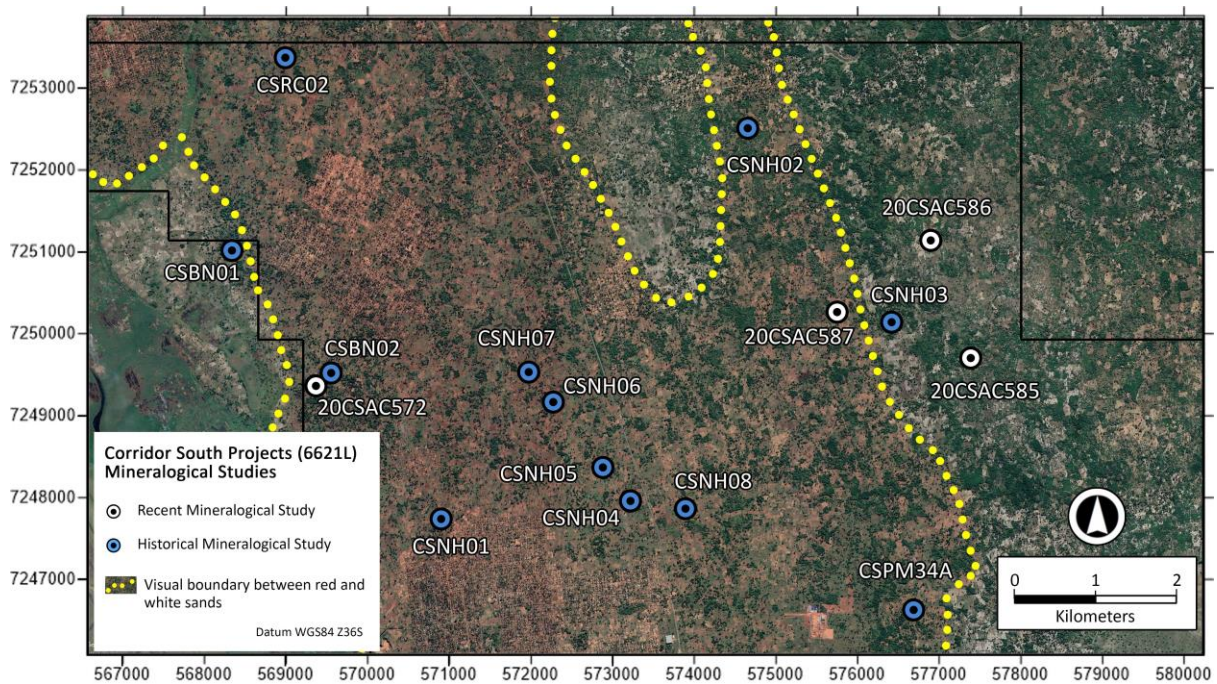


Figure 2: Map of the 4 drillholes in relation to the red/red-brown vs white/grey sand boundary

Two very different HMC mineral compositions were found, mirroring the lithological interpretation:

- Type 1 % VHM (corresponding to the mineralised sand found in the Koko Massava, Nhacutse and Poiombo deposits) in the red / red-brown sand ranged from 43.59 to 52.13 (the lower value west and the higher value west); and
- Type 2 % VHM in the white / grey sand ranged from 64.40 to 66.57 % VHM (Table 1). Higher Zircon content, as high as 3.66% was also found in the Type 2 samples.

The results from this study were then incorporated into the available data from the larger Corridor South licence to identify target areas with higher % VHM, with three large target areas identified with very high VHM %. These targets will now be further explored to identify areas where higher Total Heavy Mineral (THM) grades corresponds to the very high VHM%.

With results of mineralogical studies completed to date and study findings showing areas with significantly higher VHM%, as well as possibly higher value assemblage composition within the VHM portion of the HMC in these areas (more Rutile and Zircon) (Figure 3).

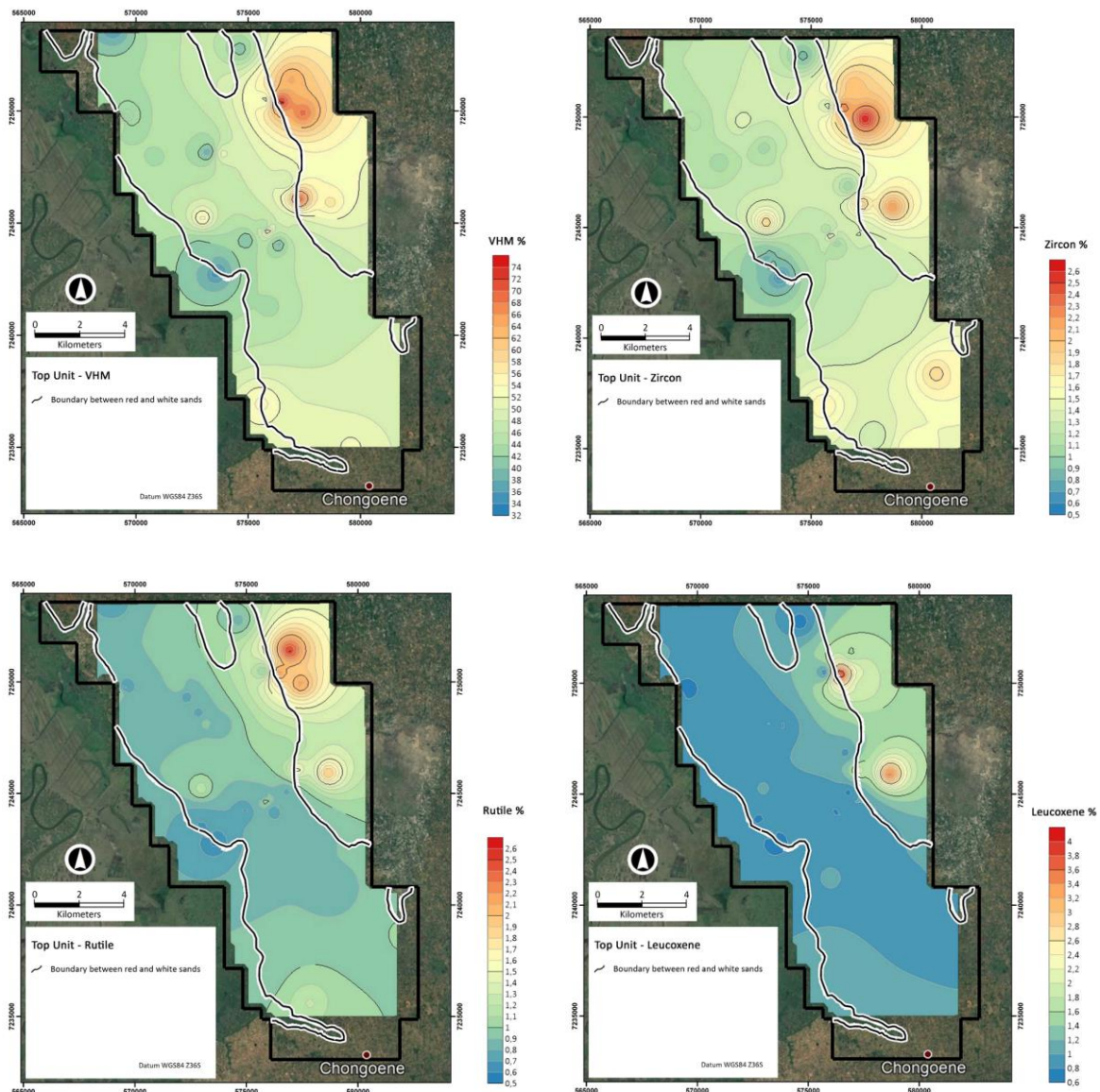


Figure 3: Maps of VHM % of HMC, then Zircon, Rutile, altered ilmenite / Leucoxene content of the HMC within Corridor South.

This data was then used to generate targets where the high value and / grade VHM meets areas with higher THM grades. MRG identified two areas towards the north east of Corridor South, to the east of the Nhacutse and Poiombo deposits (Targets 1 and 2), as well as in the Zulene deposit area, as the best targets for additional exploration drilling (Target 3, Figure 4).

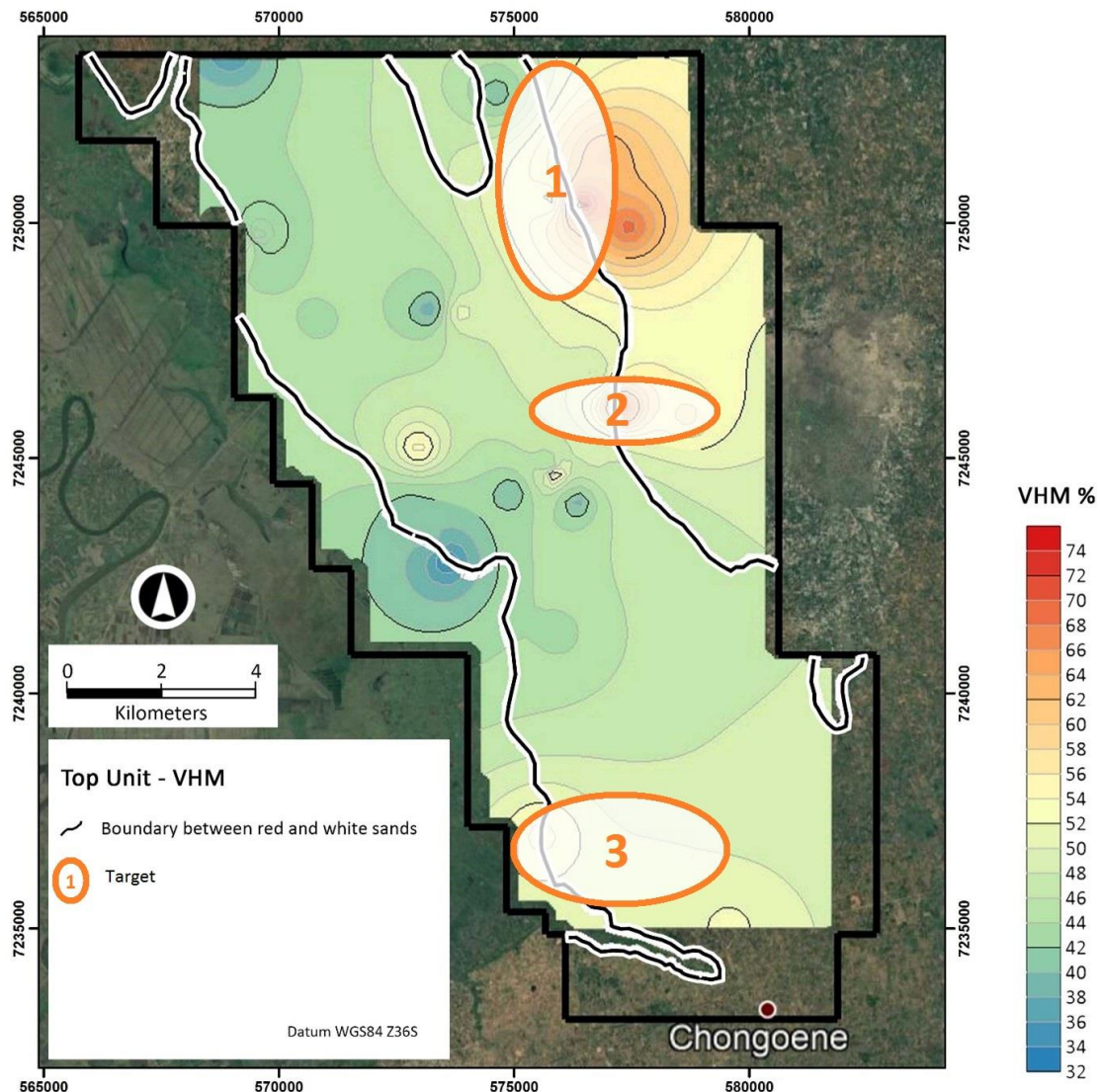


Figure 4: Map of VHM % with the targets generated within Corridor South.

Aircore Assays – Nhacutse

In July the Company advised that assay results from a 17 hole Aircore Infill and extension drilling program at Nhacutse confirmed a 3.5 sq km mineralised footprint of very high grade HMS open at depth. Assay results also confirmed the Leapfrog modelling of assay and visually estimated (VIS EST) aircore data, which established potential at Nhacutse for approximately 140 million cubic metres (Mm³) at >5% THM (refer ASX Announcement 30 June 2021), with higher internal grade potential.

The aircore program (with 3 additional twin holes drilled) took place on and between 2 high to very high grade zones where very high THM assay grades were returned from previous hand auger (refer

ASX Announcement 3 July 2020) and Aircore drilling programs (refer ASX Announcements 3 July 2020 on Hand Auger drilling, 24 November 2020, 7 January 2021 and 27 January 2021 on Aircore drilling).

Aircore holes 21CSAC670 and '673 drilled in the area between the 2 interpreted mineralised zones, returned excellent results of 42.0m at 6.35% THM and 48.0m at 6.12% THM, both from surface. These 2 holes, combined with the very encouraging VIS EST results in this drilled area from the follow-up drilling program (refer ASX Announcement 29 June 2021) and 3D Leapfrog modelling of the Nhacutse deposit (refer ASX Announcement 30 June 2021), demonstrate the continuation of the mineralisation from west to east between the previously interpreted separate mineralised zones (refer ASX Announcement 6 April 2021). The area of this new combined mineralised zone is now approximately 3.5 sq km.

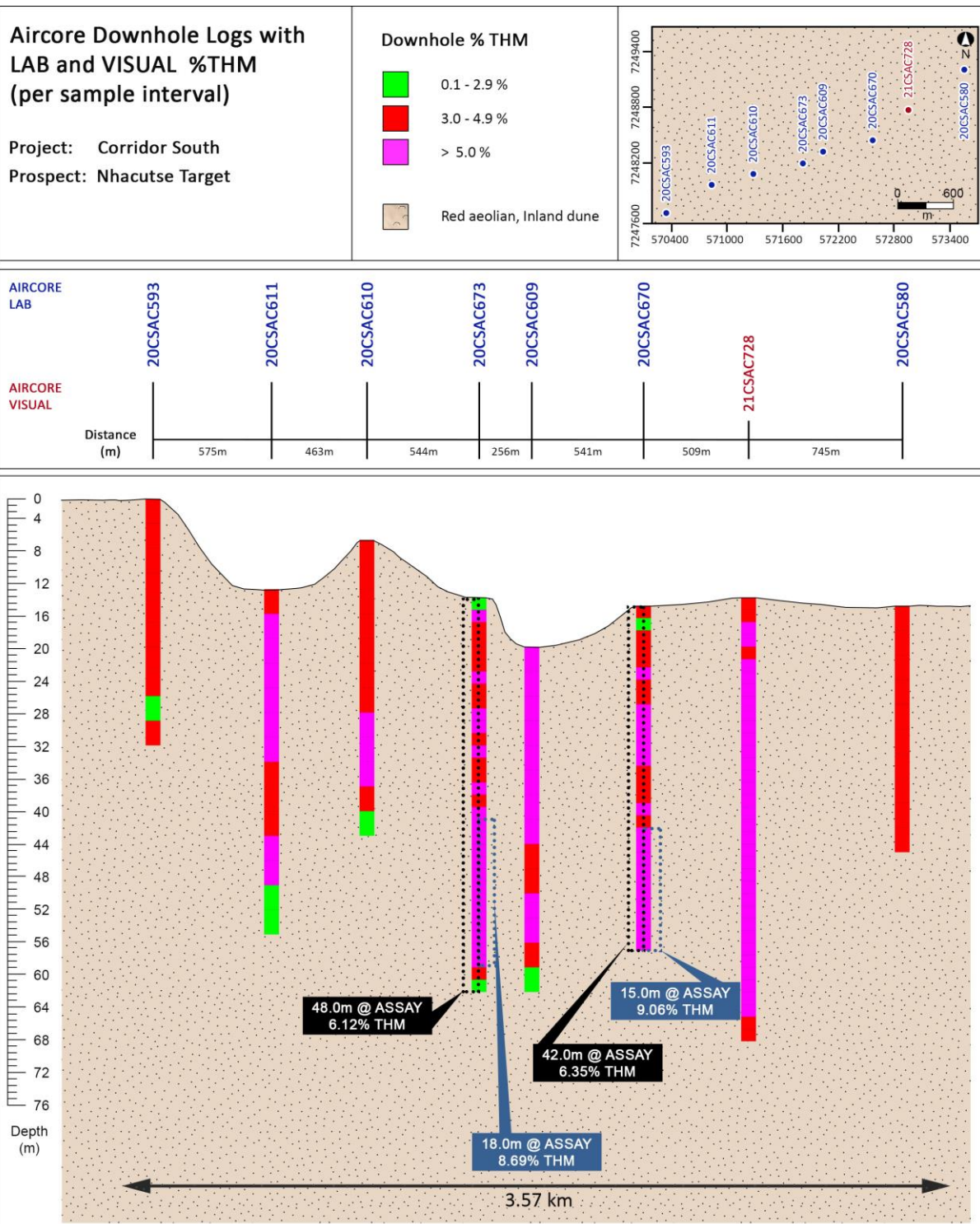


Figure 5: Longitudinal through the very high grade zone north of Nhacutse, showing historic and current program aircore holes with assay data (blue label, 21CSAC670 and '673) and the follow-up drilling program aircore holes VIS EST THM data (red label, 21CSAC728

Very high THM grades are seen in individual 1.5m intervals, with 13 individual intersections >10%THM over 1.5m, as high as 14.50% THM over 1.5m in 21CSAC672 from 39.0 to 40.5m and 13.74% THM over 1.5m in 21CSAC676 from 37.5 to 39.0m. All holes are mineralised from surface and all holes were dry with no water table intersected downhole. High grade mineralisation in some holes remains open at bottom of hole, particularly to the east as shown on the section. Very high grade broader intersections are seen in some of the holes, for instance 11.38% THM over 6.0m in 21CSAC677 from 28.5 to 34.5m and 9.06% THM over 15.0m in 21CSAC670 from 27.0 to 42.0m.

The assay results from this drilling program, combined with the VIS EST THM findings from a followup aircore drilling program (refer ASX Announcement 29 June 2021) and initial results from 3D Leapfrog modelling (refer ASX Announcement 30 June 2021) have highlighted a mineralised area that represents an excellent opportunity to return approximately 140 Mm³ of >5% Total Heavy Mineral (THM) assay and visually estimated (VIS EST) mineralised sand. This therefore represents an excellent opportunity for MRG to supply a +100 Mt of very high grade resource to the Corridor inventory at THM grades higher than its existing JORC compliant Koko Massava Resource, thus with higher grade than from the Koko Massava MRE of 1.423 Mt @ 5.2% THM (refer ASX Announcement 22 April 2020).

Table 1: Summary collar and visual estimated THM% results for aircore drill data for Nhacutse drilling completed during March 2021.

HOLE ID	UTM NORTH WGS84	UTM EAST WGS84	EOH (M)	ELEV'N (M)	DRILL TYPE	DOWNHOLE AVG % VIS EST THM FOR ENTIRE HOLE	DOWNHOLE AVG % ASSAY THM FOR ENTIRE HOLE	HIGH GRADED AVG % ASSAY THM	INTERSECTION (M)
21CSAC661	7247839	574264	42	83	Aircore	4.7	4.32		0-42.0
								<u>4.77</u>	<u>0-36.0</u>
21CSAC662	7247721	574044	39	82	Aircore	4.7	4.88		0-39.0
								<u>5.29</u>	<u>0-34.5</u>
								<u>5.78</u>	<u>0-27.0</u>
21CSAC663	7247608	573812	39	84	Aircore	4.1	2.97		0-39.0
								<u>3.08</u>	<u>0-30.0</u>
21CSAC664	7249497	572707	39	85	Aircore	3.4	2.95		0-39.0
								<u>3.22</u>	<u>0-30.0</u>
								<u>3.54</u>	<u>0-18.0</u>
21CSAC665	7249665	572524	39	72	Aircore	5.1	3.56		0-39.0
								<u>4.09</u>	<u>0-27.0</u>
								<u>4.22</u>	<u>0-24.0</u>
21CSAC666	7249405	572174	42	69	Aircore	3.6	3.88		0-42.0
								<u>4.30</u>	<u>0-24.0</u>
21CSAC667	7248953	571844	42	73	Aircore	4.6	3.57		0-42.0
								<u>3.65</u>	<u>0-40.5</u>
								<u>3.84</u>	<u>0-28.5</u>

21CSAC668	7249351	571828	39	118	Aircore	4.0	2.90		0-39.0
								<u>3.41</u>	<u>0-25.5</u>
21CSAC669	7249081	572088	39	70	Aircore	4.1	4.66		0-39.0
								<u>5.67</u>	<u>0-28.5</u>
21CSAC670	7248439	572565	42	79	Aircore	5.0	6.35		0-42.0
								<u>9.06</u>	<u>27.0-42.0</u>
21CSAC671	7248521	572237	42	76	Aircore	4.7	4.04		0-42.0
								<u>4.41</u>	<u>0-34.5</u>
								<u>4.93</u>	<u>0-21.0</u>
21CSAC672	7248107	572177	45	71	Aircore	4.5	4.25		0-45.0
21CSAC673	7248192	571814	48	80	Aircore	5.9	6.12		0-48.0
								<u>6.24</u>	<u>0-46.5</u>
								<u>8.69</u>	<u>27.0-45.0</u>
21CSAC674	7247979	571964	39	72	Aircore	3.8	3.70		0-39.0
								<u>4.52</u>	<u>0-30.0</u>
								<u>4.80</u>	<u>0-19.5</u>
21CSAC675	7248284	571079	39	76	Aircore	5.7	4.69		0-39.0
								<u>4.96</u>	<u>0-30.0</u>
21CSAC676	7248471	570908	45	76	Aircore	6.5	5.05		0-45.0
21CSAC677	7249832	572335	39	73	Aircore	5.0	4.43		0-39.0
								<u>4.69</u>	<u>0-34.5</u>
								<u>11.34</u>	<u>28.5-34.5</u>

New licence application

MRG applied for a new Heavy Mineral Sands (HMS) exploration licence in Mozambique (refer ASX Announcement 23 September 2021).

The new 8,037.49ha Corridor North (10779L) ELA is situated north and abutting the MRG's Corridor Central (6620L) licence and east of the Dingsheng Minerals Corridor 1 (7054C) Project (Figure 6).

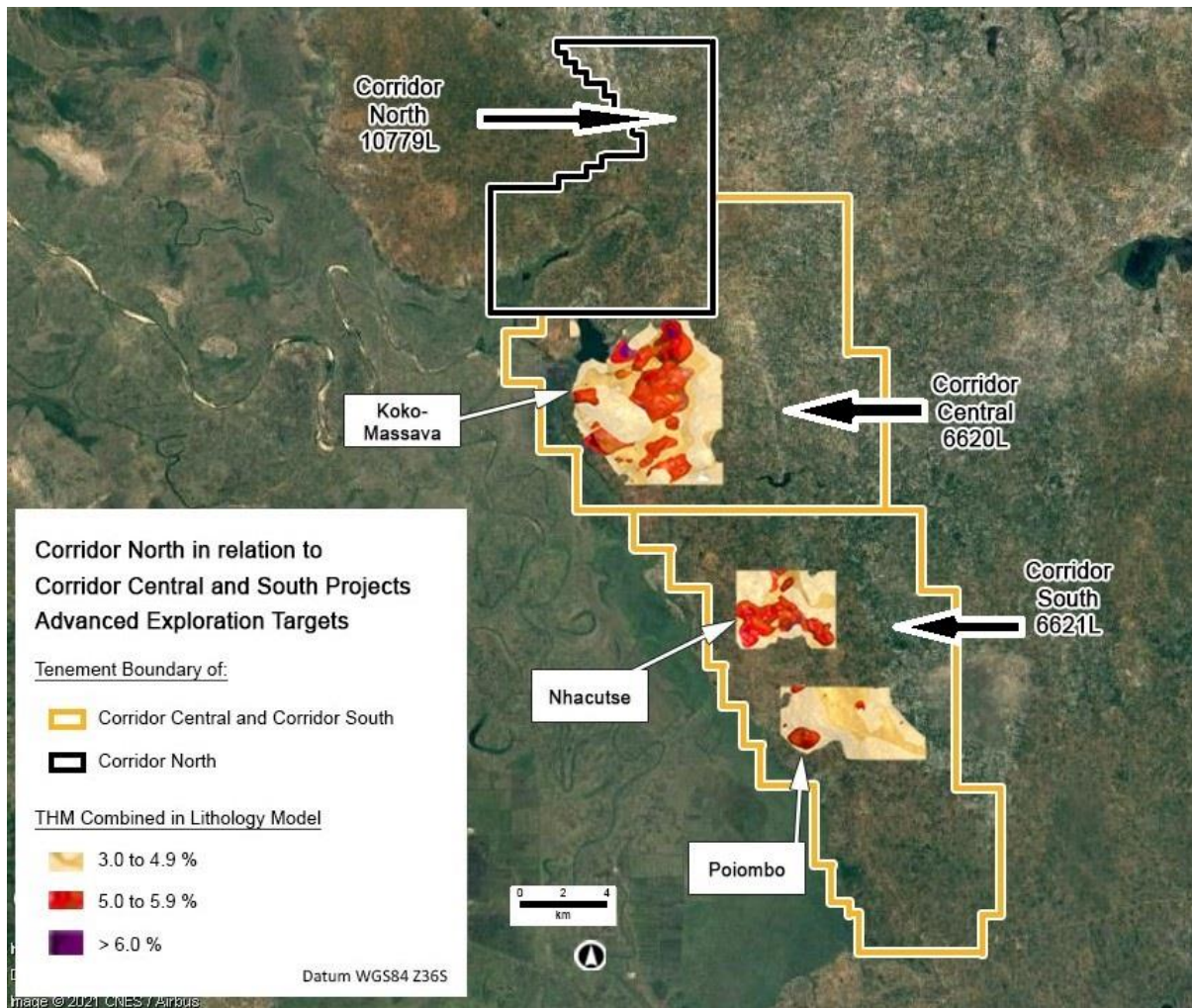


Figure 6: Map of the MRG deposits within the Corridor Central (6620L) and Corridor South (6621L) licences, with the Koko Massava deposit still mineralized on the boundary between the Corridor Central and new Corridor North licences.

MRG sees the Corridor North ELA as being highly prospective for three reasons (Figure 7):

1. Corridor North ELA (10779L) is situated north of and abutting MRG's Corridor Central (6620L) licence which holds MRG's Koko Massava JORC Resource (1.4BT @ 5.2% THM, Refer ASX Announcement 22 April 2020). The high grade mineralisation between the towns of Koko Massava and Malahice (Refer ASX Announcements 10 March 2021 and 10 May 2021) is open towards the north and interpreted to extend into the southern area of the Corridor North ELA.
2. Corridor North ELA is situated east of and abutting the world class Dingsheng Minerals, S.A (7054C) Corridor 1 Project (Figure 3) which is currently being mined and has +2.7 Billion tons

of Heavy Mineral Sand (HMS) resources with grades >7% Total Heavy Minerals (THM). The mineralisation of the Corridor 1 Project is interpreted to extend into the Corridor North ELA.

3. Corridor North ELA is also within the same paleo dune system stretching from the Dingsheng Minerals Corridor 1 Project eastward to MRG's Marao (6842L) and Marruca (6846L) licences (refer ASX Announcement 3 December 2020), with 3 significant anomalous areas already identified in Marao from reconnaissance hand auger drilling (refer ASX Announcements 27 April 2021, 18 June 2021 and 8 July 2021). The Corridor 1 deposit, combined with the positive initial results from Marao, clearly shows the potential of Corridor North ELA in this paleo dune system.

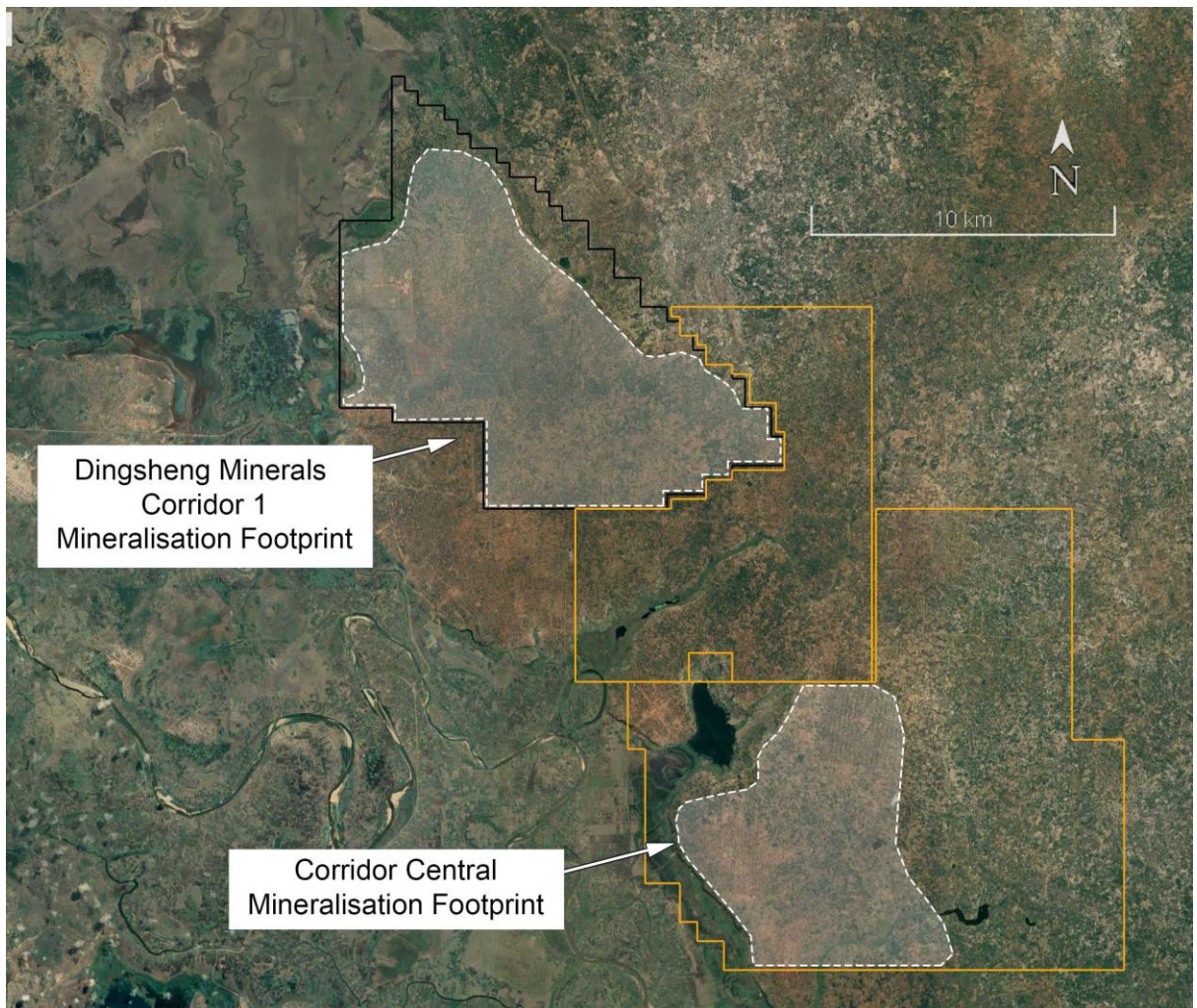


Figure 7: Map showing the Dingsheng Minerals Corridor 1 licence and MRG's Corridor Central in relation to the new MRG Corridor North applied for licence, with the Dingsheng Corridor 1 and MRG Koko Massava mineralization footprint extending to the boundary of the Corridor North licence.

Activities Across MRG's Marao and Marruca Projects

During Quarter 2 beginning Quarter 3 a third large mineralised area, the Maduaccua target, was discovered via reconnaissance grid auger drilling at Marao (reported in Quarterly update refer ASX Announcement 30 July 2021; also refer ASX Announcement 8 July 2021). Samples from 74 auger holes have been dispatched at analytical laboratory for analyses, results expected mid-November 2021. The Reconnaissance auger drilling program is ongoing at Marao, with Reconnaissance auger drilling to be extended to Marruca on completion of Marao.

CES Environmental and Social Advisory Services was contracted by MRG to conduct and manage all aspects and processes related to an Environmental Licences for the Marao and Marruca licences. Numerous meetings with all affected and applicable provincial and local government entities were held, followed by a comprehensive process of community's meetings and involvement sessions. All processes related to the Environmental Licences have now been completed. MRG is now waiting on government review and final delivery of the Environmental licences.

CORPORATE

Investor relations

MRG Chairman Andrew Van Der Zwan hosted an investor webinar on 21 September 2021 to provide an update on the Corridor Sands Project moving from exploration to evaluation phase and provide information relating to the future scope of works including reaching significant milestones for the Company to progress Corridor Sands to development, and ultimately production

Competent Persons' Statement

The information in this report, as it relates to Mozambique Exploration Results is based on information compiled and/or reviewed by Mr JN Badenhorst, who is a member of the South African Council for Natural Scientific Professions (SACNASP) and the Geological Society of South Africa (GSSA). Mr Badenhorst is a contracted consultant of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Badenhorst consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

-ENDS-

Authorised by the Board of MRG Metals Ltd.



For more Information please contact:

MRG Metals

Andrew Van Der Zwan

Chairman

M: +61 (0) 400 982 987

E: andrew@mrgmetals.com.au

Investor Relations

Victoria Humphries

NWR Communications

M: +61 (0) 431 151 676

E: victoria@nwrcommunications.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MRG METALS LIMITED

ABN

83 148 938 532

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed) (Note – reclassified to 2.1 (d))		
	(b) development		
	(c) production		
	(d) staff costs	(58)	(58)
	(e) administration and corporate costs	(205)	(205)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(263)	(263)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(4)	(4)
	(d) exploration & evaluation (if capitalised)	(233)	(233)
	(e) investments		
	(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	(237)	(237)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,611	1,611
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(263)	(263)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(237)	(237)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,111	1,111

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	21	11
5.2	Call deposits	1,090	1,600
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,111	1,611

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

59

25

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Director Fees, Secretarial Fees, Consulting Fees, & Accounting Fees.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	Nil	Nil
7.5	Unused financing facilities available at quarter end	Nil	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	263
8.2	Capitalised exploration & evaluation (Item 2.1(d))	233
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	496
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,111
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	1,111
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.24
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.