Annual Report

MRG Metals Ltd

ABN: 83 148 938 532

For the Year ended 30 June 2019

Contents

	Page
Review of Operations	3
Directors' Report	22
Auditor's Independence Declaration	30
Corporate Governance Statement	31
Statement of Financial Position	36
Statement of Profit or Loss and Other Comprehensive Income	37
Statement of Changes in Equity	38
Statement of Cash Flows	39
Notes to the Consolidated Financial Statements	40
Directors' Declaration	59
Independent Auditor's Report	60
ASX Additional Information	64
Corporate Directory	67

Review of Operations

Highlights

The year ended 30 June 2019 saw MRG Metals Ltd ("MRG" or "Company") acquire a highly prospective Heavy Mineral Sands ("HMS") project in Mozambique. Exploration to date has shown excellent results.

The Company's Swedish joint venture ("JV") Norrliden project has been marketed for sale.

All other Australian projects have been relinquished so the Company can concentrate on the Mozambique HMS project.

Projects

MOZAMBIQUE

HMS projects

On 7 November 2018, the Company announced that it had agreed to acquire the Mozambique HMS project, that was previously announced to the Market on 11 April 2018, but those negotiations ceased in August 2018. The acquisition was re-negotiated for reduced consideration as follows:

<u>Key Terms of the Sale Agreement:</u>

1. MRG purchased:
   (a) all of the shares in Trophosys Pty Ltd (**Trophosys**) from its shareholders (**Trophosys Purchase**); and
   (b) all of the shares in Sofala Resources Pty Ltd (**Sofala**) from its shareholders (**Sofala Purchase**), which includes the Mozambique Company holding the agreed Heavy Mineral Sands assets in Mozambique.
2. The total consideration for the Sofala Purchase and the Trophosys Purchase was:
   (a) 90,000,000 quoted ordinary shares in MRG Metals Limited (**MRG Share**), together with one free attaching MRQOB Option for each MRG Share issued (**Consideration Shares and Options**);
   (b) 160,000,000 Class A Performance Rights in MRG Metals Limited (**MRG**), each convertible to 1 fully paid MRG Share on the publishing of a JORC 2012-compliant Mineral Resource suitable for a scoping study of greater than 350,000,000 tonnes at a minimum of 5% Total Heavy Mineral (THM) within two years of completion of the Sofala Purchase and the Trophosys Purchase (**Completion**); and
   (c) 320,000,000 Class B Performance Rights in MRG, each convertible to 1 fully paid MRG Share following completion of a Scoping Study on the HMS Projects showing positive economics combined with a MRG Board decision to commence a PFS within 60 days following completion of the Scoping Study
   (d) If the HMS Projects are sold at a valuation greater than $100 million cash or based on consideration that is valued by an Independent Expert's Report, prior to the completion of (b) or (c), then all shares under (b) and (c) will be issued.
   (e) Reimburse Sofala loans (not to exceed US$100,000).
3. MRG will be responsible for payment of any tax payable by the Sofala shareholders and the Trophosys shareholders to the Mozambique Authorities directly arising from the Sofala Purchase.
4. All Consideration Shares and Options will be subject to voluntary escrow for a period of 12 months from date of issue. The shares to be issued pursuant to the Class A Performance Rights and Class B Performance Rights will be subject to voluntary escrow for a period of 3 months from the date of issue. If MRG sells the HMS Projects, then any period of voluntary escrow on foot will cease on the date of completion of that sale.

On 8 January 2019, the Company's shareholders approved the acquisition of the Mozambique HMS project.

Details of these highly prospective HMS exploration projects are:

- The **Corridor Project** consists of **Corridor Central** Exploration License (EL) 6620L and **Corridor South** Exploration Licence 6621L and cover 387km². These areas were drilled by Western Mining Corporation and comprise the most advanced project within the portfolio.
- **Linhuane Project** consists of Exploration Licence application 7423L and comprises 113km² of a palaeodune adjacent to the coast that Rio Tinto undertook shallow drilling on.
- **Marao/Marruca Project** consists of Exploration License applications 6842L and 6846L that cover 491km² of a palaeodune system that lies approximately 50km from the present coastline.

Figure 1: Project locations.

<u>Corridor Project:</u>

The Corridor Project consists of Corridor Central (EL6620L) and Corridor South (EL6621L) licenses. Foreign and Historic first pass RC drilling yielded elevated total heavy mineral ("THM") assay intervals in all of 35 completed holes. This wide spaced drilling on EL6620L encountered high grade mineralisation from surface to 90m depth over an area of 14km x 9km. Drilling on EL6621L has encountered high grade mineralisation over an area of 14km x 6km (Figure 2).

Better drill intercepts included:

DH CS100 36m @ 5.2%THM from surface.
DH CS101 39m @ 6.7%THM from surface; including 12m @ 9.8% THM from 21m.
DH CSEX32 87m @ 3.62%THM from surface to EOH; including 27m @ 6.8% THM from 39m.

The mineralisation is associated with HMS sourced from the interior of Mozambique, deposited by the Limpopo River and suggests significant exploration upside to delineate a substantial resource.

Corridor Projects Drillhole Location

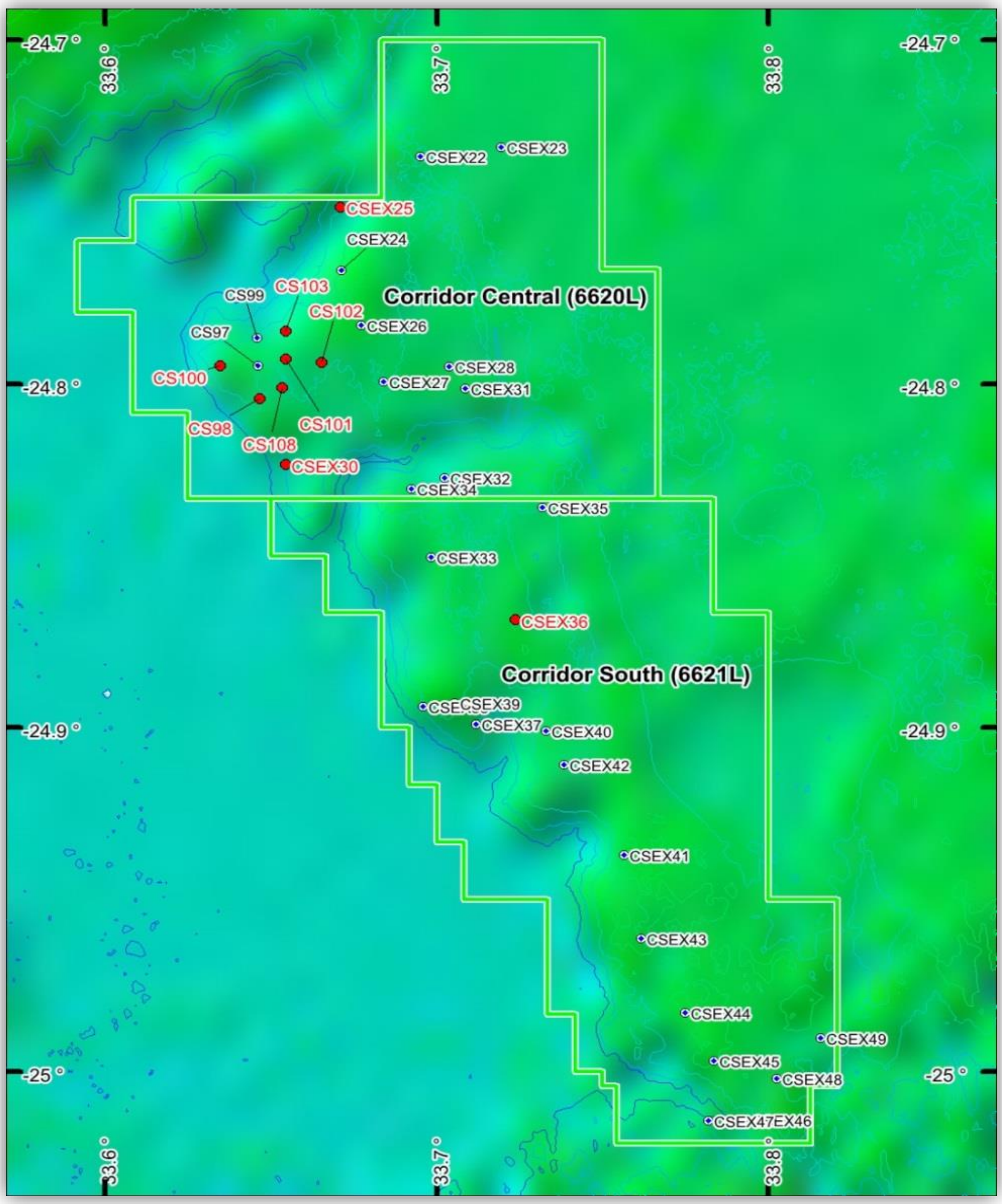

Figure 2: Drillhole location plan over the Corridor South and Central tenements.

Note: Every drill hole contained ore grade heavy mineral sand intersections.

The Corridor Projects lie on the north-eastern side of the Limpopo River alluvial plain in a similar geological setting as the currently mined Corridor 1 and Chilubane deposits. The Corridor 1 deposit lies 10km north of the licences and the Chilubane deposit immediately to the south (refer Figure 3).

The globally significant Corridor 1 deposit, northwest of the Corridor Projects, is owned by Chinese group Anhui Foreign Economic Construction Group and is in production.

The Chilubane deposit to the south of the Corridor Project is owned by Rio Tinto and is currently undergoing a feasibility study as a precursor to mining.

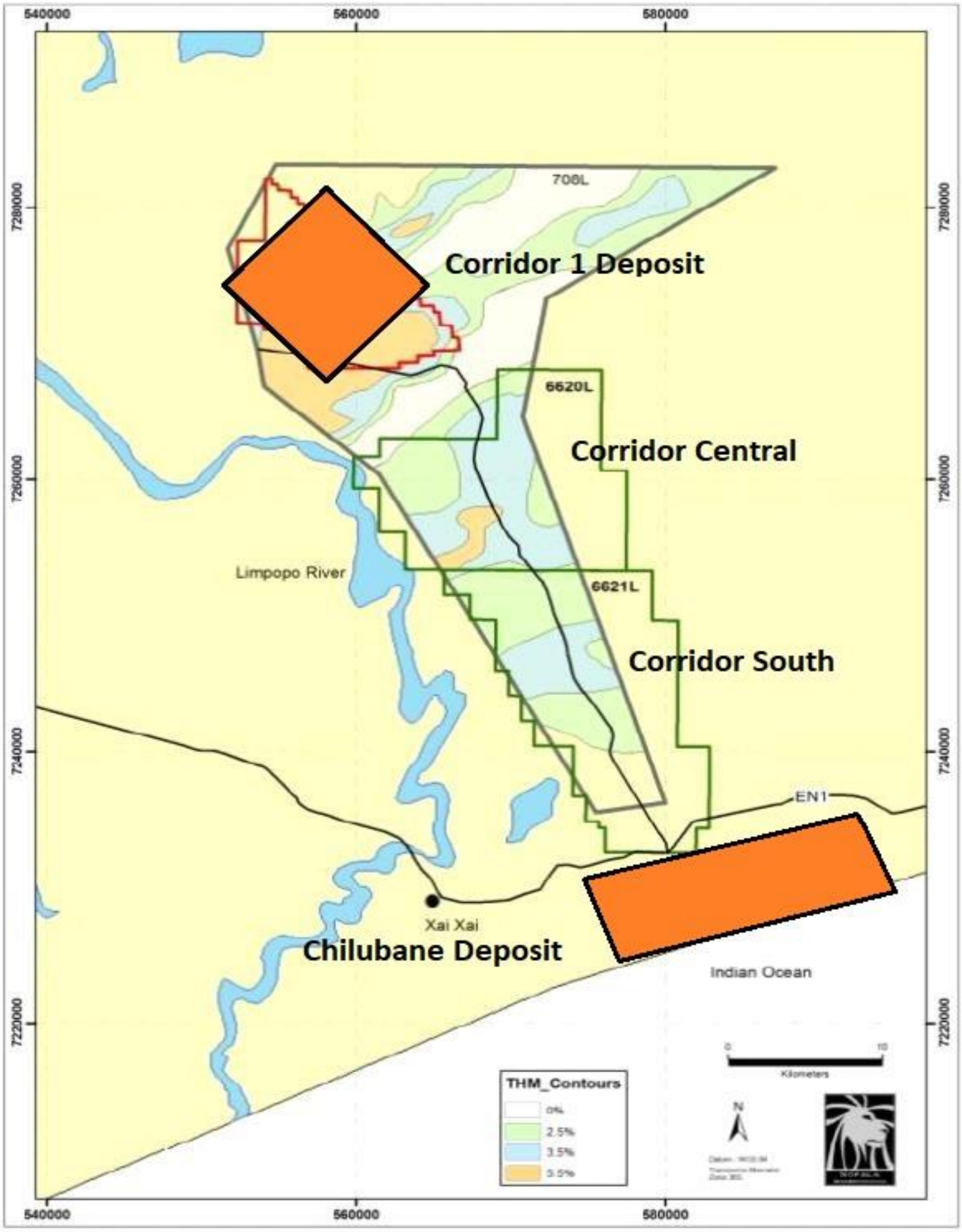

Figure 3: Corridor 1 deposit and Chilubane deposit location map (orange polygons).
Note: The THM contours were derived from the drill programs conducted over the greater Corridor project that includes the drill information presented in this release.

Linhuane Project:
This Project is under application and is located in Gaza Province covering an area of 113km^2 including a 20km strike of a prospective palaeodune feature, adjacent to the present coast. Open file reports indicate Rio Tinto conducted shallow reconnaissance exploration drilling within the licence. Auger drill holes were reportedly 500m apart on drill traverses 3km apart.

Marao/Marruca Project:
This project covers an ancient Heavy Mineral strandline. The Marao licence was previously drilled by Rio Tinto and the Marruca application along strike is untested. Open file reports show Rio Tinto undertook shallow reconnaissance exploration on a small portion of the Marao licence 6842L. Surface mineralisation extends up to 7km along strike with drill holes 1km apart. Combined prospective palaeodune strike length of 75km, inland from an interpreted palaeoshoreline. The extent of the mineralisation has never been systematically tested at depth or along strike.

Exploration by the Company since Acquisition:

Magnetic airborne survey

An airborne survey was commenced by the contractor, Geotech, on 1 April 2019 and the final production flight was completed on 7 April 2019. The survey comprised a total of 2,442 line-kilometres, flown at a height above ground of 30m and airspeed of typically 250km/h. The magnetic data was collected with three Geometrics G822/Scintrex CS3 high sensitivity caesium magnetometers located in the tail stinger and on each wing tip. The sampling interval frequency was 10 Hertz with an in-flight sensitivity of 0.02 nano-Tesla.

The airborne magnetic data set has been processed and imaged in order to highlight and better define discrete anomalies, anomaly boundaries, location of anomalies, controlling structures, lithological variation and basement features. Data processing included calculation of the first and second derivatives, tilt derivatives and analytic signal filtering. All magnetic data was reduced to the pole to account for any inherent remnant magnetism.

The heavy mineral sand (HMS) mineral assemblage in southern Mozambique is known to be dominated by ilmenite and contain significant amounts of titanomagnetite, both of which have high magnetic susceptibility. The interpretation presented here focuses on the Total Magnetic Intensity Analytic Signal (TMI-AS) data to summarise the findings, as it places the magnetic anomaly directly above the source and enhances the near surface responses. The remaining large data set correlates and complements this TMI-AS data.

The interpretation of airborne magnetic data has defined large, discrete anomalies up to 3.0km x 0.5km on the Corridor Central tenement (Figure 4) and 9.0km x 1.0km on the Corridor South tenement (Figure 5) that occur within broader, more diffuse areas of anomalism. Overall, there are at least 13 TMI-AS anomalies interpreted from the data that require testing.

On the Corridor Central (6620L) tenement; magnetic anomalism (TMI-AS Anomaly 1 & Anomaly 2) correlates with areas where historic drill results show high grade HMS mineralisation, as well as with the radiometric anomalism in that area (refer to ASX press releases 14 May 2018 and 4 June 2019). Several historic drill holes (e.g. CS98, CS100 and CS103) with high grade total heavy mineral (THM) were drilled over a discrete high intensity TMI-AS peak within TMI-AS Anomaly 1. However, the most coherent and extensive anomalism, that occurs to the southwest and north of TMI-AS Anomaly 1, remains untested. The significant extent of near surface anomalism strongly suggests much larger zones of HMS mineralisation, with potentially higher grade THM, occur within the Corridor Central tenement.

In terms of the Corridor South (6621L) tenement, an extensive linear northeast-southwest oriented anomaly, approximately 9.0km long and 1.0km wide (TMI-AS Anomaly 10; Figure 2), dominates the TMI-AS fabric. This anomaly is interpreted to be a palaeoshoreline and appears to be a composite of at least 2 significant strandlines. The TMI-AS Anomaly 10 remains untested by any previous drilling. The location of the interpreted palaeoshoreline is not obvious on the newly acquired detailed digital elevation model (DEM), which demonstrates the usefulness of the airborne magnetic data in closely locating such features.

A second relatively sinuous and extensive (7.0km x 0.5km) palaeoshoreline is interpreted as TMI-AS Anomaly 11. This is oriented broadly north-south and correlates with the flank of the Limpopo River valley (see Figure 5). This anomaly represents another potential zone of strandline development and is a high quality drill target.

The majority of interpreted magnetic anomalies correlate in-part with radiometric anomalism (refer to ASX press release 4 June 2019), particularly on the west side of the project area, on the flank of the higher elevation adjacent to the Limpopo River valley.

In terms of a broad palaeocoastal interpretation; the larger high intensity magnetic anomaly aggregates possibly represent zones of heavy mineral concentration related to palaeodune crests, which overprint primary palaeoshorelines at depth. The occurrence of the very linear interpreted palaeoshoreline on Corridor South (TMI-AS Anomaly 10), suggests the HMS-rich strandlines associated with it have less palaeodunal overprint and are closer to surface there.

The processed airborne magnetic and radiometric data for the Corridor projects has delivered to the Company a comprehensive suite of data that has allowed a better understanding of the project geology. Moreover, it has identified the location of palaeogeographic coastal features that are typically known to host high grade HMS strandline-style mineralisation.

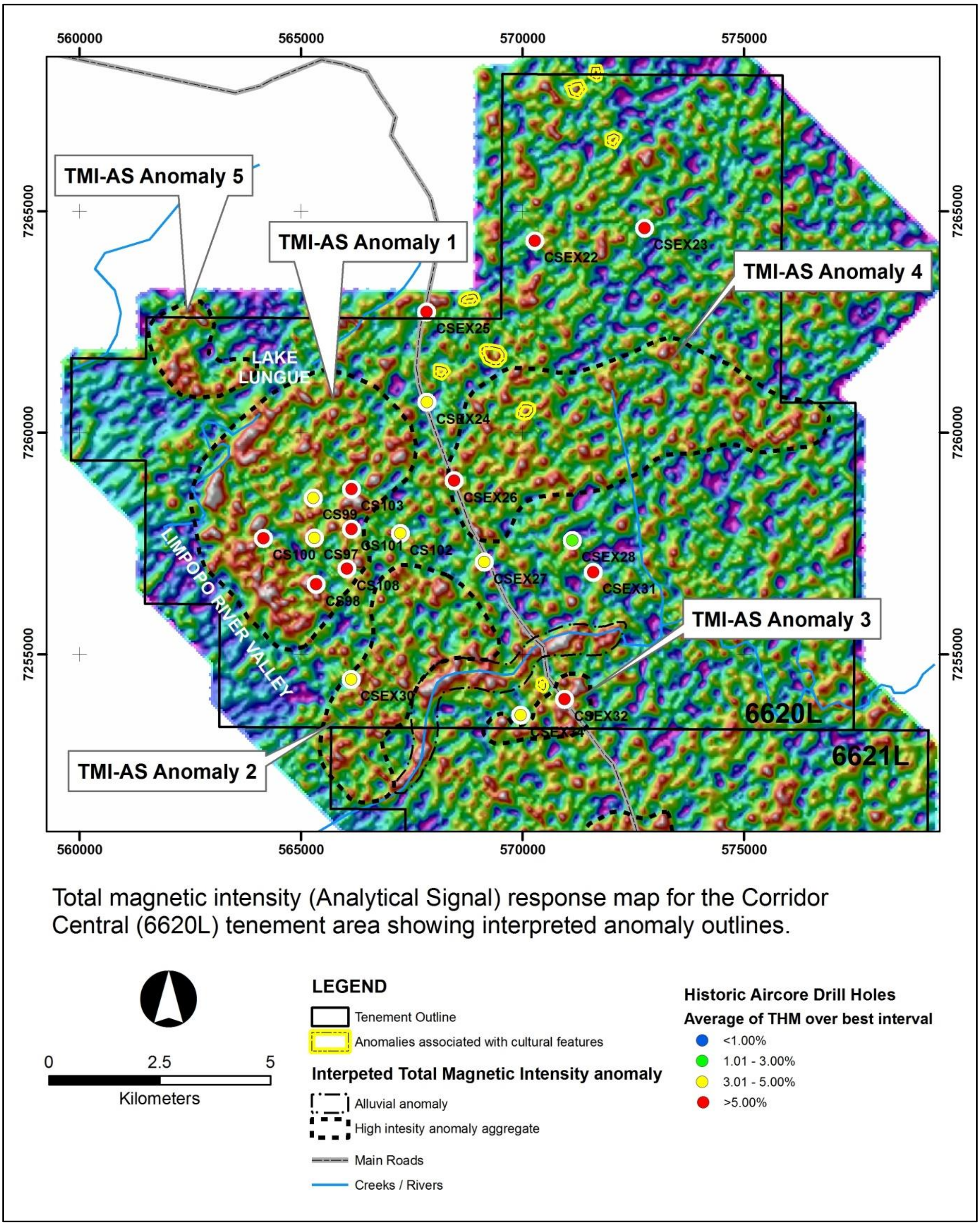

Figure 4: Map of Total Magnetic Intensity (Analytic Signal) response for the Corridor Central (6620L) tenement area, showing interpreted anomalies. White-red response is high magnetic intensity and purple-blue is low magnetic intensity.

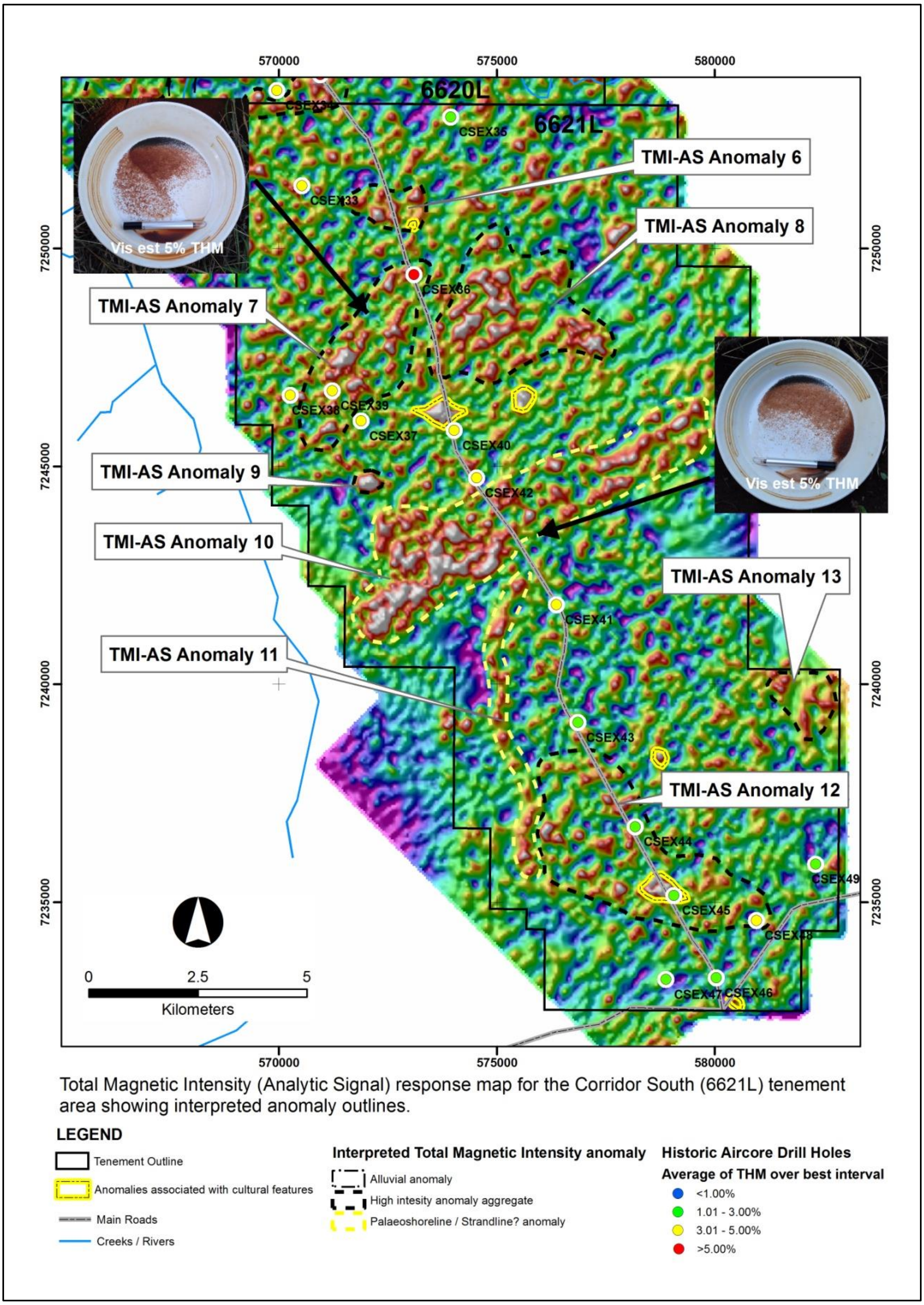

Figure 5: Map of Total Magnetic Intensity (Analytic Signal) response for the Corridor South (6621L) tenement area, showing interpreted anomalies. White-red response is high magnetic intensity and purple-blue is low magnetic intensity.

SWEDEN

Norrliden

MRG announced (refer ASX Announcement dated 13 July 2018) an updated JORC Mineral Resource Estimate ("MRE") and preliminary mine optimisation for its Norra and Bjurfors polymetallic sulphide deposits following a review and validation of historic diamond drilling data from across the project area.

Highlights from the MRE include:
- **Norra**: 3.1Mt @ 2.3% Zn, 0.7% Cu, 0.2% Pb, 0.47g/t Au 39g/t Ag (1% ZnEq cut-off, 3.33t/m³ density)
- **Bjurfors**: 2.1Mt @ 1.9% Zn, 0.1% Cu, 0.1% Pb, 0.15g/t Au, 15g/t Ag (1% ZnEq cut-off, 3.33t/m³ density)
- **Global**: 5.2Mt @ 2.1% Zn, 0.4% Cu, 0.2% Pb, 0.3g/t Au, 29g/t Ag (1% ZnEq cut-off, 3.33t/m³ density)

- The addition of 2.1Mt of resource material extensional to the previously mined open-pit at Bjurfors deposits (Mellersta & Västra) has increased the global MRE for Norrliden, albeit diluting the global grade. A previous MRE for the Norra deposit reported in 2012 was 1.497Mt @ 4.4% Zn, 0.8% Cu, 0.4% Pb, 0.8 g/t Au, 59.9 g/t Ag (Wheeler, 2012).

Highlights from the mine optimisation include:
- **Norra**: 1.8Mt @ 4.13% ZnEq
- **Bjurfors**: 118Kt @ 5.29% ZnEq
- Optimisation analysis has demonstrated that the Norra ore body is economically robust if mined by open pit methods. Main attributes include its shallow depth, good metal grades over consistent thicknesses, sufficient mass and metallurgy which is amenable to reasonable recoveries and successful production of copper and zinc concentrates.
- Optimisation analysis has demonstrated that the Norra deposit is not significantly sensitive to price changes.
- There is also a new resource addition at Burfors deposit, where a minable pit is also possible at lower prices with the appropriate strip ratios and as long as capital investment could be kept to a minimum by running the Bjurfors deposits as satellite pits to the main processing facilities at Norra or through contract mining.
- This early stage study, with numerous go-forward risks needing to be taken into account, returned a total profit margin of US$111M for Norra and US$2.4M for Bjurfors.
- An underground stope development analysis was also completed for both deposits although results demonstrated that a purely open-cut operation remains the more profitable option until such time as the mineralisation at Norra can be shown to be open at depth; further deep diamond drilling is required to determine if the mineralisation at Norra is open at depth.

Resource Category	Tonnes (Mt)	Zn Grade (%)	Cu Grade (%)	Pb Grade (%)	Au Grade (%)	Ag Grade (%)
Measured	1.3	2.6	0.7	0.2	0.6	40
Indicated	1.8	2.4	0.3	0.2	0.3	30
Inferred	2.1	1.6	0.4	0.1	0.2	22
TOTAL	5.2	2.1	0.4	0.2	0.3	29

Table 1: *Global MRE for the Norrliden Project. Calculated via Ordinary Kriging using a* ***1%*** *ZnEq cut-off and a density of 3.33 t/m*

Further, the Company announced on 20 September 2018 that Phase 1 earn-in to 10% equity had been completed and together with their Joint Venture Partner, Mandalay, opportunities for a sale of the project were being explored. If a sale was to be made, it would factor in the Company's right to 50% ownership under the joint venture agreement. The Company is expected to receive reimbursement for its exploration expenditure before any balance is split between the Company and Mandalay per their respective shares.

WESTERN AUSTRALIAN PROJECTS:

The remaining Western Australian projects were relinquished so the Company could concentrate on the Mozambique HMS project.

QUEENSLAND PROJECTS:

The remaining Queensland projects were relinquished so the Company could concentrate on the Mozambique HMS project.

ACTIVITIES AND HIGHLIGHTS SINCE 30 JUNE 2019
MOZAMBIQUE

Hand auger drilling assays

A programme of hand auger drilling commenced in April 2019 in Corridor Central with the objectives of:

(i) obtaining data over the high grade HMS zones to correlate with any anomalism generated from geophysics data, and
(ii) reconnaissance exploration of areas in the east of the tenement that will supplement the targeting of the planned aircore drill programme.

The auger holes were 10.5m to 15m deep, dependent on visual total heavy mineral percent (THM%) grades estimated from sample panning. Samples were collected at 1.5m intervals and split to smaller sub-samples for export to an Australian laboratory for heavy liquid separation analysis.

The first laboratory assay results received showed excellent results. Of particular importance is the verification drilling at Koko Masava, where all of the 16 holes drilled returned assays >3% THM over 10.5 metres from surface, with 5 of those holes bottoming in high grade >5% THM. From auger drilling to date, 10.5 metres is the maximum depth of optimal penetration of the handheld auger equipment.

This first data set confirms the Koko Masava target is mineralised from surface over an extensive area measuring approximately 4.5km x 4km (18 sq km), which still remains open in all directions.

The assay results reported here strongly endorse auger drilling as an integral part of the comprehensive methodology and systematic approach being implemented by the Company for heavy mineral sands (HMS) exploration across its Corridor Central and Corridor South tenements in Mozambique.

Visual estimates of heavy mineral concentrations were recorded during field sampling. With the first laboratory results now at hand the Company is able to calibrate and improve the effectiveness of field estimation of HMS grade for future exploration purposes.

Auger samples were sent to Western GeoLabs in Perth for heavy liquid separation analysis. Samples were initially oven dried and disaggregated if required by hand, weighed and then split to approximately 100g sub-samples. The sub-sample was wetted and attritioned to ensure further breakdown of any clay aggregates and then de-slimed at 45µm to measure Slime percent. The sub-sample was then screened at +1mm to remove and measure Oversize percent. The +45µm-1mm fraction was then subjected to heavy liquid separation (HLS) with tetrabromoethane (TBE) at specific gravity of 2.95. The settling time for HLS was 45 minutes with several stirs of the liquid to ensure adequate heavy mineral 'drop'.

In terms of QAQC, field duplicate samples are prepared at a frequency of 1 per 25 primary samples and submitted 'blind' to the laboratory. At the laboratory, duplicates are routinely prepared at a frequency of 1 per 10 primary samples.

Of particular importance are the auger drill results received from verification and orientation drilling over the high potential Koko Masava target. This included sixteen holes, 19CCHA017 to 19CCHA032, drilled at 500m stations on two traverses 2000m apart that cover the central portion of the anomaly (refer Announcement 6 May 2019). All of these holes drilled at Koko Masava returned un-cut average downhole intersections of ≥10.5m @ >3% THM, with the best result being from hole 19CCHA028 with 10.5m @ 5.43% THM (Table 2). This hole, 19CCHA028, also returned the highest grade individual sample of 6.11% THM from the interval 3-4.5m.

Significantly, five of the drillholes (19CCHA021, 025, 026, 028, & 030) ended with individual sample results >5% THM, indicating robust high grade THM mineralisation continues at depth.

High grade results in holes 19CCHA021-24 and 19CCHA025-26, have expanded the footprint of known high grade mineralisation by approximately 2km in the southeast and 1km in the northeast, respectively (Figure 6). The mineralisation remains open in all directions.

Slime (-45µm) content in the samples is only moderate, with an overall average 14.31% (n=117) and range from 4.64% to 25.26%. The oversize (+1mm) fraction is low and has an average of 1.12%.

These laboratory assay results for auger drilling at Koko Masava target also illuminate the historic aircore drill data (refer Announcement 14 May 2018) collected by Western Mining Corporation and BHP, that stated high grade HMS mineralisation extends from surface to depths up to 90m over a significant footprint area of 6km x 4km.

Outside of the Koko Masava target footprint, 5km to the east, auger sample assay results from shallow reconnaissance drilling at Malehice and Muxuxane prospects were not as encouraging (Table 2 and Figure 6). Visual estimated grades from drillhole samples in those areas were elevated. However, relatively lower slime contents in those samples may have caused over estimation in THM% in pan concentrates. Some of these samples will be selected for analysis at a secondary laboratory as part of the Company's standard QAQC practices.

Table 2: Summary laboratory sample data for auger drilling at the Corridor Central, Koko Masava target.

HOLE_ID	UTM EAST WGS84	UTM NORTH WGS84	EOH (M)	ELEV'N (M)	PROSPECT	AVG HOLE THM%	MAX HOLE THM%	MIN HOLE THM%	AVG HOLE SLIME%	AVG HOLE O/S%
19CCHA001	570044	7265390	11	75	MUXAXANE	2.66	3.01	2.33	9.91	1.06
19CCHA002	571639	7266600	12	74	MUXAXANE	2.21	2.40	1.92	10.26	0.92
19CCHA003	572848	7265001	10.5	77	MUXAXANE	1.51	1.63	1.41	10.36	1.57
19CCHA004	572244	7265799	12	74	MUXAXANE	2.54	2.78	2.20	12.32	0.90
19CCHA005	573453	7264212	12	73	MUXAXANE	1.53	1.57	1.48	12.57	1.15
19CCHA006	570647	7264590	13	69	MUXAXANE	2.64	2.89	2.31	10.56	0.90
19CCHA007	571861	7262994	13	73	MUXAXANE	2.09	2.19	1.86	11.17	1.18
19CCHA008	571256	7263789	13	69	MUXAXANE	2.06	2.20	1.94	12.67	1.14
19CCHA009	569667	7262580	13	66	MALEHICE	2.90	3.27	2.37	10.46	1.23
19CCHA010	570275	7261788	12	68	MALEHICE	1.75	2.04	1.60	12.31	1.58
19CCHA011	570877	7260991	10.5	59	MALEHICE	1.90	2.11	1.71	10.54	0.89
19CCHA012	572240	7259198	12	65	MALEHICE	2.02	2.39	1.68	8.33	0.70
19CCHA013	572846	7258407	12	67	MALEHICE	2.72	2.95	2.52	7.55	0.72
19CCHA014	573458	7257602	12	65	MALEHICE	2.31	2.57	2.09	9.59	1.02
19CCHA015	573830	7260410	12	76	MALEHICE	3.08	3.27	2.64	10.64	0.43
19CCHA016	574436	7259612	12	76	MALEHICE	2.05	2.24	1.90	9.57	0.77
19CCHA017	565191	7258562	10.5	72	KOKO MASAVA	3.03	3.51	2.66	18.55	1.39
19CCHA018	564911	7258958	12	41	KOKO MASAVA	3.22	3.52	2.68	12.08	1.72
19CCHA019	564590	7259349	10.5	38	KOKO MASAVA	3.38	3.94	2.93	11.21	1.29
19CCHA020	566708	7256572	10.5	66	KOKO MASAVA	3.58	3.96	3.18	15.87	1.84
19CCHA021	**567014**	**7256163**	**10.5**	**62**	**KOKO MASAVA**	**5.00**	**5.47**	**4.01**	**18.56**	**0.96**
19CCHA022	567323	7255754	10.5	60	KOKO MASAVA	4.17	4.36	3.70	17.61	0.75
19CCHA023	567624	7255359	10.5	50	KOKO MASAVA	3.90	4.21	3.62	16.55	0.68
19CCHA024	567920	7254972	10.5	50	KOKO MASAVA	4.45	4.76	4.07	18.45	0.69
19CCHA025	**566189**	**7260561**	**10.5**	**47**	**KOKO MASAVA**	**4.90**	**5.40**	**4.50**	**8.88**	**1.59**
19CCHA026	**566481**	**7260147**	**10.5**	**47**	**KOKO MASAVA**	**5.13**	**5.65**	**4.47**	**12.72**	**1.29**
19CCHA027	566798	7259768	10.5	70	KOKO MASAVA	4.12	4.56	3.60	10.32	1.35
19CCHA028	**567089**	**7259360**	**10.5**	**81**	**KOKO MASAVA**	**5.43**	**6.11**	**4.83**	**15.34**	**0.67**
19CCHA029	567389	7258957	10.5	95	KOKO MASAVA	3.93	4.67	3.58	13.88	0.83
19CCHA030	567701	7258559	10.5	86	KOKO MASAVA	3.49	3.84	3.16	14.99	1.28
19CCHA031	**567996**	**7258157**	**10.5**	**76**	**KOKO MASAVA**	**4.76**	**5.23**	**4.11**	**13.58**	**0.67**
19CCHA032	568306	7257781	10.5	83	KOKO MASAVA	3.51	3.93	2.91	10.86	0.77

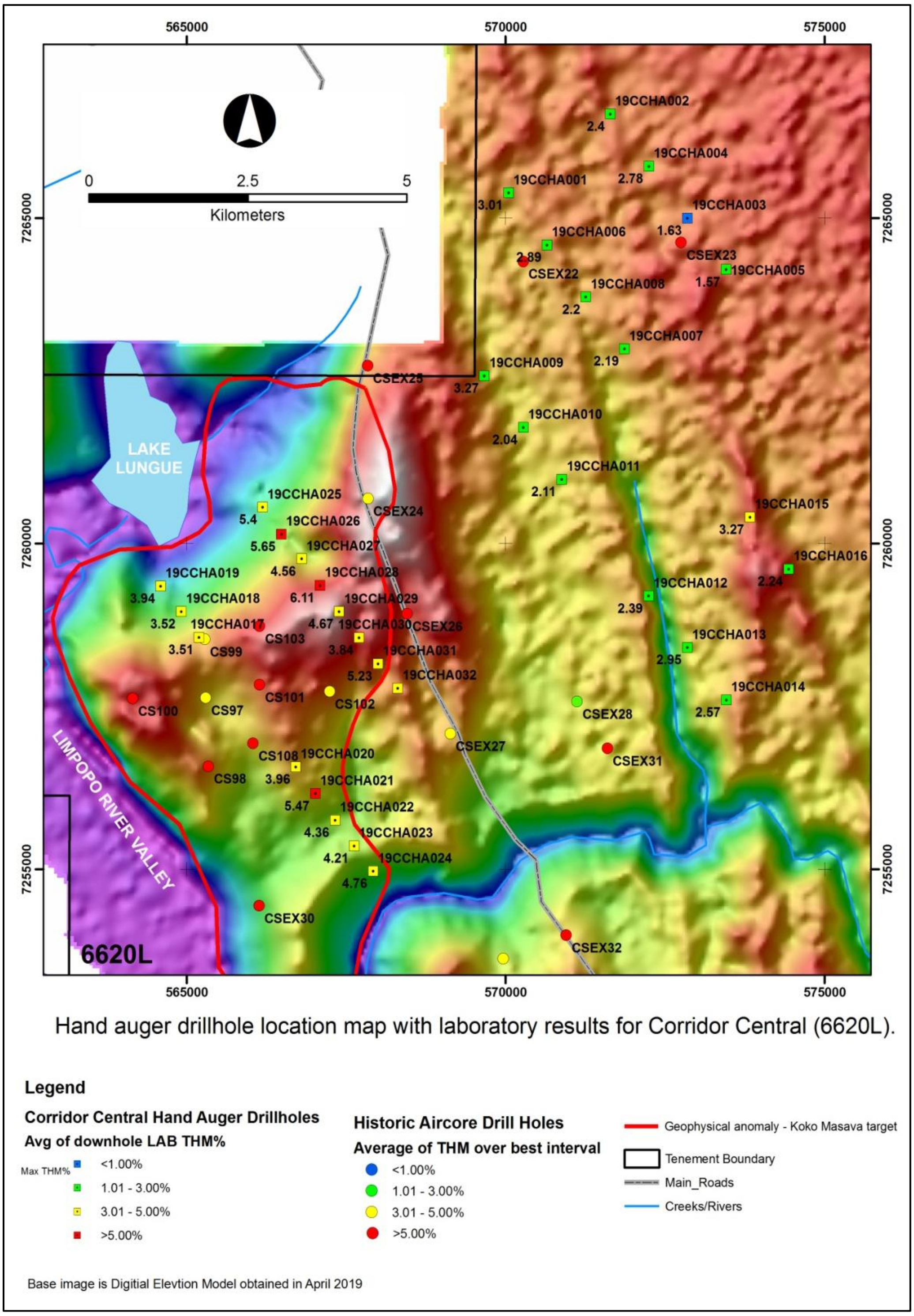

Figure 6: Hand auger drillhole location map of the Corridor Central, Koko Masava target, showing summary results for laboratory analyses of samples.

Mineral assemblage data

Impressive results were obtained for mineral assemblage characterisation of three selected samples from the Corridor Central (6620L) and Corridor South (6621L) tenements. The samples were collected from trap sites as heavy mineral concentrates in order to obtain baseline data on the valuable heavy mineral (VHM) assemblage within the total heavy mineral (THM) concentrate (Figure 7), which can be used to inform estimates of the unit value of potential project ore.

The results demonstrate the robust and high quality nature of the valuable mineral assemblage within the tenements, with the best VHM result of 57.35% (CCHMC03; Table 3), being notably better than the results published for Corridor Deposit 1 (Table 4) where Deshing Minerals has committed to spend US$500m. This best VHM result comprises 54.72% ilmenite, 2.06% zircon and 0.58% rutile.

Samples were submitted to Process Mineralogical Consulting Limited in British Columbia, Canada, for preparation and analysis. Each sample was screened at -45µm to remove any slime material and +1mm to remove oversize sand. The -1mm to +45µm sample fraction then underwent heavy liquid separation at 2.90 g/cc to generate a clean heavy mineral concentrate (HMC). The HMC was magnetically separated at 0.6 Amps to produce magnetic and non-magnetic products which were then systematically analysed for mineral identification of a statistically meaningful grain population with a scanning electron microscope equipped with an energy dispersive spectrometer (TESCAN Integrated Mineral Analyser).

The ilmenite in the Corridor Central samples (CCHMC01 & CCHMC03) ranges from 45.09%–54.72%, whilst the Corridor South sample (CSHMC02) contains 52.40% ilmenite and demonstrates the robust nature of the assemblage over at least 18 km of strike. Importantly, the bulk of the ilmenite in each sample is characterised as ilmenite grain phases with 70-85% TiO_2, which underscores the high quality characteristics of the ilmenite. This characteristic is important as it suggests the bulk of the ilmenite has potential to be a high value feedstock product.

Each sample also contains between 19.7%–16.3% low TiO_2 (20%–50%) mineral phases which are highly likely to be lower-TiO_2 ilmenite. This will be verified with optical mineralogical analyses and has the potential to materially improve ilmenite proportions and the overall VHM content within the THM.

Ilmenite grainsize in each of the three samples shows between 70%–80% of grains are larger than 100µm. Larger Ilmenite grainsize is a key physical characteristic that enables optimum separation of the ilmenite mineral from slimes during the primary concentration process.

Combined rutile+zircon content ranges between 2.45%–2.64% of THM. This significant contribution of these high unit value mineral products will play an important role in the potential project economics.

Appreciable amounts of leucoxene (0.28%–0.44%) and Rare Earth Element minerals monazite and xenotime (0.1%–0.28%) are noted in the mineral assemblage and could also have positive impacts on any potential project economics.

Additional data for the mineral chemistry of ilmenite, rutile and zircon, plus overall TiO_2 deportment is still awaited from the laboratory.

The mineral assemblage data for Corridor Central and Corridor South tenements correlates closely with the data available for Corridor Deposit 1 (Table 3), which is currently being mined by Deshing Minerals only 10 km to the north. This correlation is strong evidence of VHM provenance continuity from the Deposit 1 area south into the Corridor Central and Corridor South areas. This new mineral assemblage data, together with high grade visual estimated THM grades in recent auger drilling of extensive geophysical anomalies (refer ASX announcement 25 June 2019), demonstrates the significant prospectivity of the tenements for large, high value HMS deposits and continues to build the Company's confidence, with the next phase being the undertaking of an Aircore drilling programme.

Table 3: Summary of the valuable heavy mineral contents within total heavy mineral for the three selected samples from Corridor Central and Corridor South tenements.

Sample_ID	Ilmenite (%)	Rutile (%)	Zircon (%)	TOTAL VHM (%)	Count (grains)
CCHMC01	45.09	0.58	1.87	47.54	32,468
CSHMC02	52.40	0.70	1.92	55.03	35,704
CCHMC03	54.72	0.58	2.06	57.36	33,655

Note: Ilmenite = altered ilmenite (70-85% TiO_2) + ilmenite (50-70% TiO_2).

Table 4: Summary data for the mineral assemblage related to the mineral resource at Corridor Deposit 1.

Corridor Deposit 1	Ilmenite (%)	Rutile (%)	Zircon (%)	TOTAL VHM (%)
West A+B block	53.13	0.63	2.19	55.94
West C block	53.62	0.72	2.17	56.52
East D block	51.72	0.80	2.87	55.40
East E block	51.81	0.84	2.89	55.54
East F block	51.95	0.78	2.86	55.58

Note: Data is summarised from the Southern Mining Corporation Annual Report for the year 2000.

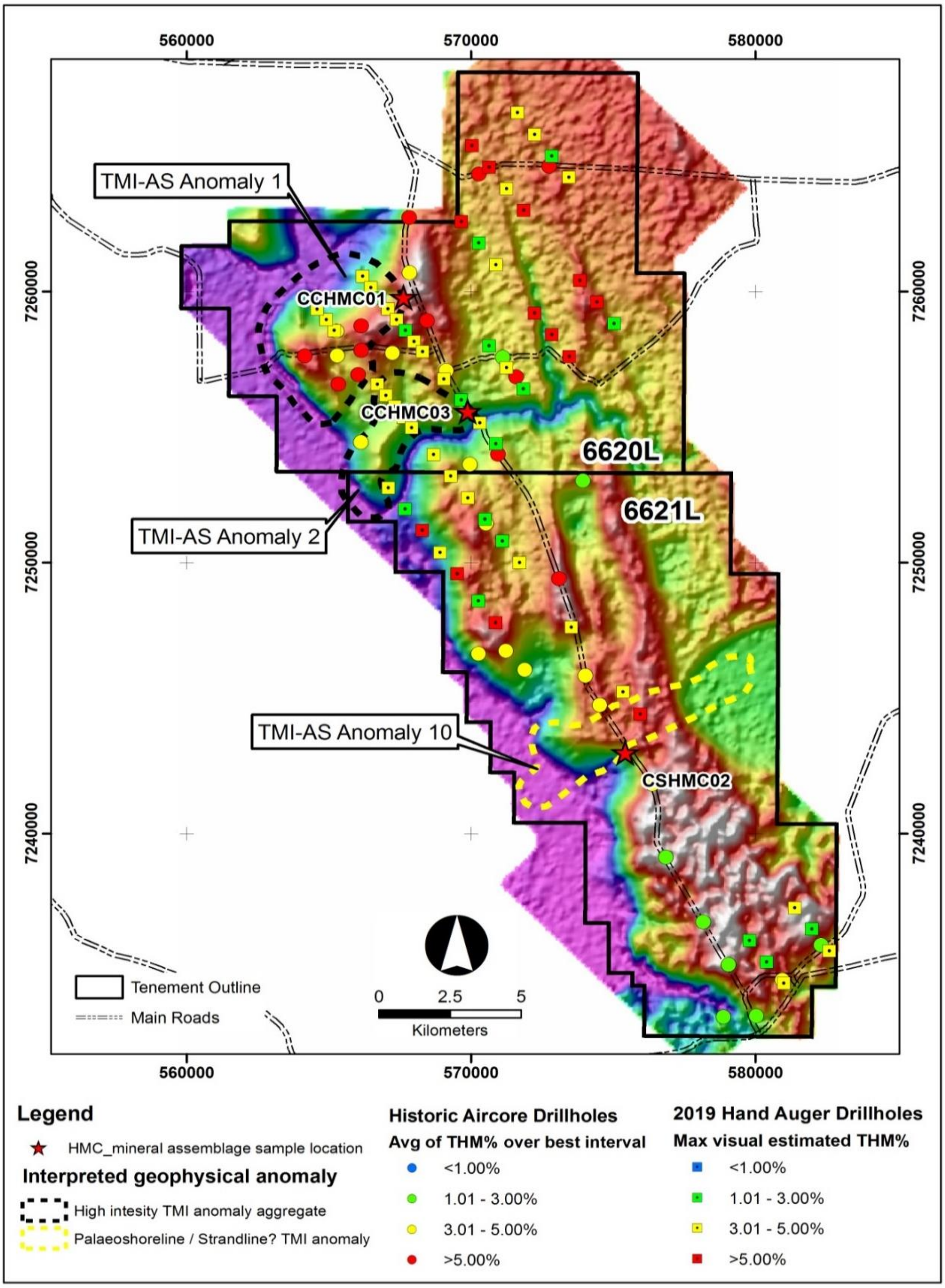

Figure 7: Location map of samples used for mineral assemblage analyses. Base image data is the 2019 digital elevation model (purple = low elevation, white = high elevation).

Mozambique Tax Assessment

When the Company acquired Sofala Resources Pty Ltd and its subsidiary, Sofala Mining and Exploration, Limitada (SMEL); pursuant to Mozambique Mining legislation it is deemed that an indirect transfer has occurred of the mineral rights that SMEL owned. As a result, an assessment of Tax is required and any Tax assessed has to be paid prior to Mozambique Ministry of Mineral Resources and Energy ("MIREME") finalising their approval of the indirect transfer of ownership.

The Company has received the binding tax assessment from MTA and paid this amount. Following payment, MTA issues a tax discharge certificate. This tax discharge certificate has now been received and supplied to MIREME for approval of the indirect transfer of ownership of the mineral rights held by SMEL and ultimately MRG. The application for ownership transfer was lodged with MIREME on 23 May 2019 and they have confirmed that completion is pending assessment of the tax discharge certificate.

The Company's Legal Advisors, MXR Advogados & Associates – Sociedade, Lda; who have submitted similar applications previously, advise that once MTA issues their Tax assessment and any resultant Tax has been paid, then MIREME's approval is timing and process based.

Mozambique Aircore Drilling

The Company is due to commence its maiden drill program, pending all necessary logistical arrangements being in place and community engagement completed. A drill contract has been finalized and signed with an experienced and qualified contractor.

The Company has completed a comprehensive exploration data review and has identified 11 high quality targets for drill testing.

The data review comprised:

(i) previous historic Aircore drilling,
(ii) interpretation of recent airborne geophysical data obtained by the Company,
(iii) results from recent reconnaissance Hand Auger drilling undertaken by the Company,
(iv) results of a preliminary mineralogical study, and
(v) comparative study against surrounding analogous deposits that are either already in production, or at PFS stage to confirm footprint and grade potential of each of the resultant drill targets is of world class potential as an exploration prize.

The objective of the drilling is to deliver a quality JORC-compliant mineral resource estimate that can be used to support and underpin initiation of a Scoping Study.

The drilling will be executed with a phased approach with an initial 5000m of drilling, targeting the higher priority radiometric Anomaly 1 (Koko Masava prospect) first. Based on the high intensity radiometric anomalism and high total heavy mineral (THM) grades defined in the Koko Masava prospect; it has the highest potential to deliver on the Company's strategy of focussing on zones with high THM grade and high value mineral assemblage.

This initial phase contains up to 51 planned drill hole locations, to be drilled to an average of 50m depth, with selected deeper 'stratigraphic' holes to assist with understanding further depth potential for mineralisation. Holes will be drilled on lines 1000m apart at station 500m along the lines. A tactical, results-based approach will be used for the drilling, such that the exploration team has flexibility to infill between drill holes with encouraging visual estimated heavy mineral.

The second phase of the drilling will target the magnetic Anomaly 10 (Poiombo prospect), where up to 35 holes are planned, with similar depth and spacing characteristics to the plan for Koko Masava prospect. A further update will be released prior to drilling the Poiombo target.

At least 3 twin holes of previous historic drill holes are part of this current Aircore drill plan, with the strategic goal of obtaining enough data to support use of data from the older holes in any mineral resource estimation.

A suitably qualified drill contractor has been engaged. The contractor has previous experience drilling heavy mineral sands in the Corridor, Chilubane and Mutamba project areas as well as significant general Mozambique operating experience.

Regional Context – World Class Mineral Sand Province
Modern heavy mineral sand (HMS) exploration in Mozambique commenced in the 1980s, with early discoveries made by Kenmare Resources, BHP and Rio Tinto. Mozambique is now known to host the largest HMS titanium feedstock resources in the world. The Company's Corridor projects are strategically located only 10km south of the world class Corridor Deposit 1, being mined by Deshing Minerals and approximately 10km north of Rio Tinto's Chilubane deposit, currently at feasibility phase. The Mutamba deposit, also owned by Rio Tinto and at feasibility phase, is located approximately 250km northeast of the Company's Corridor projects. (Figure 8)

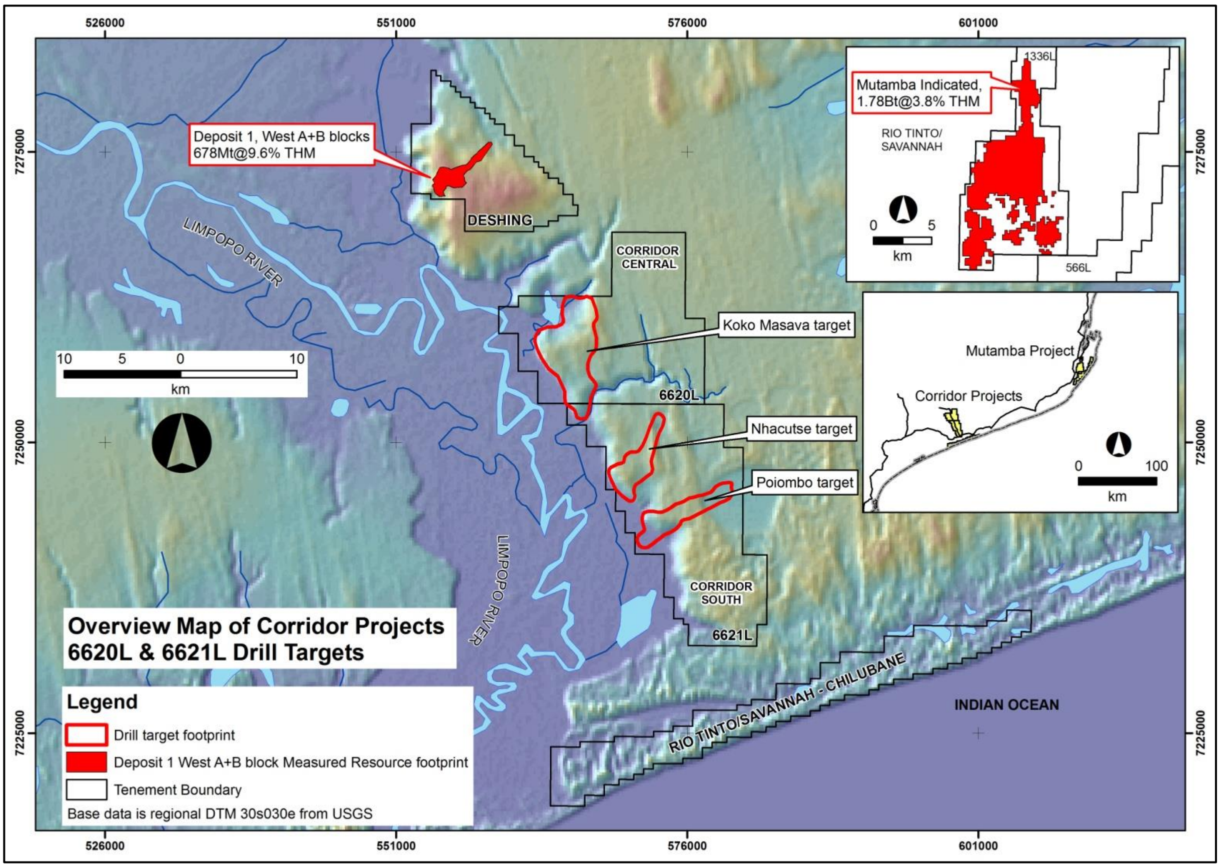

Figure 8: Regional overview map of the Company's Corridor projects, showing relative locations to nearby deposits.

Exploration Data Review – Thee Priority Drill Targets Identified
The processed airborne magnetic and radiometric data for the Corridor projects has delivered to the Company a comprehensive data suite, which combined with historic and other recently acquired data, has allowed:
(i) definition of magnetic and radiometric drill targets,
(ii) confirmation of coincidence of historic high grade drill results with geophysical anomalies,
(iii) verification of historic drill results by new auger drilling,
(iv) identification of palaeogeographic coastal features known to host high grade strandline style HMS mineralisation, and
(v) confirmation of a valuable heavy mineral assemblage similar to Corridor Deposit 1, currently being mined.

Using this geological data the Company has been able to review and critically evaluate the various targets and define three targets with higher priority for immediate aircore drill testing (Figure 9). The first target to be drilled is Koko Masava (Figure 10).

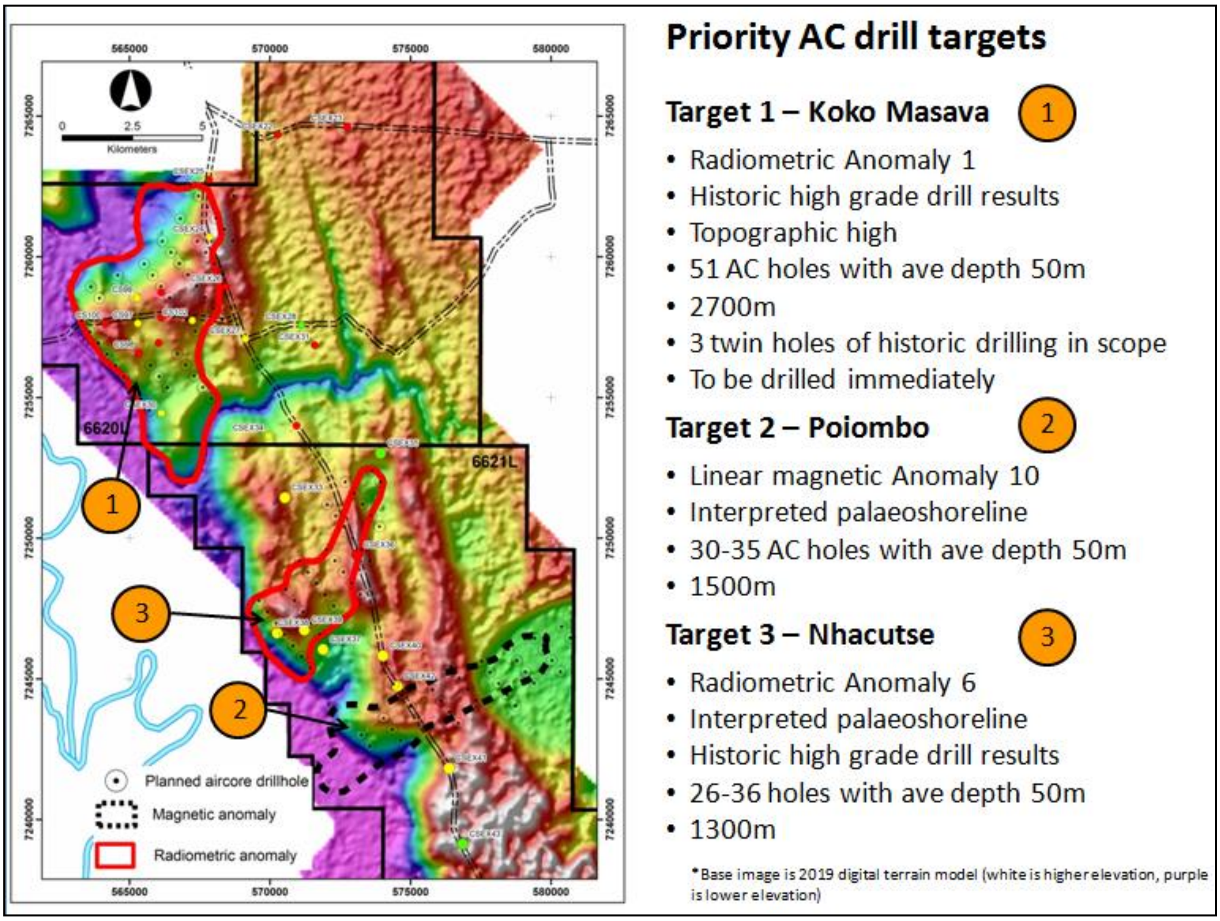

Figure 9: Location map of the three priority Aircore (AC) drill targets located on the Corridor projects.

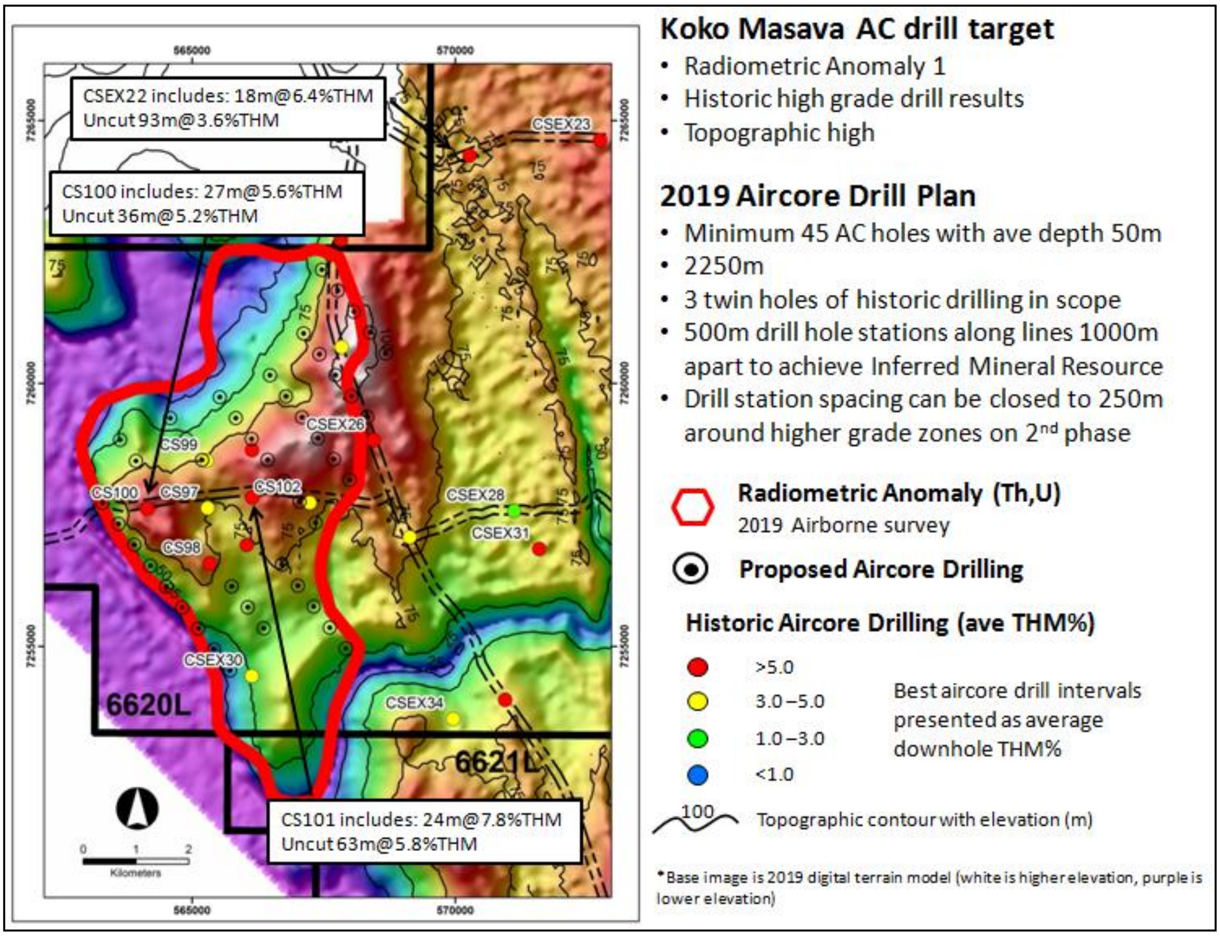

Figure 10: Detailed location map of the priority 1 Aircore (AC) drill target within Corridor Central (6620L) tenement.

CAPITAL RAISING

On 7 August 2019, the Company completed a $661,500 equity raise that will enable it to immediately commence drilling activities at its 100% owned Corridor Central and Corridor South Mozambique HMS Projects.
The Company issued 94.50 million ordinary shares at $0.007, together with 94.50 million free attaching MRQOB options, which have an exercise price of $0.01 and an expiry date of 20 December 2020; to sophisticated and professional investors and retail private clients.
The Company will seek shareholder approval at a General Meeting on 2 October 2019 to raise another $199,500 via the placement of 28.50 million ordinary shares at an issue price of $0.007, together with 28.50 million free attaching MRQOB options, which have an exercise price of $0.01 and an expiry date of 20 December 2020; to Directors of the Company.

TENEMENTS:

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Norrliden	**K nr 1**	**10**	
Malanaset	**nr 100**	**10**	
Malanaset	**nr 101**	**10**	
Corridor Central	**EL 6620**	**100**	
Corridor South	**EL 6621**	**100**	
Linhuane	**7423L**	**100**	**Application**
Marao	**6842L**	**100**	**Application**
Marruca	**6846L**	**100**	**Application**

Directors' Report

The Directors of MRG Metals Ltd present their Report together with the financial statements of the consolidated entity, being MRG Metals Ltd ('MRG' or 'the Company') and its controlled entities, MRG Metals (Australia) Pty Ltd, MRG Metals (Exploration) Pty Ltd, Sofala Resources Pty Ltd and Trophosys Pty Ltd ('the Group') for the year ended 30 June 2019 and the Independent Auditor's Report thereon.

Director details

The following persons were directors of MRG Metals Ltd during or since the end of the financial year.

Mr Andrew Van Der Zwan
BE Chemical Engineering (hons)
Independent Non Executive Director since 07/01/2013
Chairman since 08/10/2013
Director since 14/02/2011

Andrew has over 30 years engineering and commercial experience, both local and international. He was a Non Executive Director of Gulfx Ltd for 11 years and was employed in various senior positions within the worldwide operations of Exxon Mobil for 17 years.
Other current directorships:
Argo Exploration Ltd (ASX: AXT) since 19/03/2013
JVG Global Ltd (ASX: JVG) since 12/05/2019
Previous directorships (last 3 years):
None
Interests in shares:
14,835,250 shares
Interest in options:
3,590,000 August 2020 options
7,611,750 December 2020 options

Mr Shane Turner
CA, Bachelor of Business
Independent Non-Executive Director
Director since incorporation 24/01/2011

Shane is a Chartered Accountant and has over 30 years financial and accounting experience. He has been employed with KPMG, a large regional public accounting practice, operated his own public accounting practice and now is employed with RSM Australia. He has been Company Secretary and CFO of White Rock Minerals (ASX: WRM) since August 2015. He was a Non Executive Director and Company Secretary for Metminco (ASX: MNC) for 2 years.
Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
9,958,700 shares
Interest in options:
1,520,000 August 2020 options
4,652,900 December 2020 options

Mr Christopher Gregory
BSc Geology, MAusIMM, MAIG, FSEG, MAICD
Independent Non-Executive Director since 12/08/2013
Director since 12/08/2013

Chris has extensive global minerals industry experience over 38 years, at both technical and executive levels. Career foundation of 22 years in the Asia-Pacific region with Rio Tinto. Currently Vice President – Operational Geology at Mandalay Resources (TSX: MND) and MD at Sasak Minerals.

Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
37,349,700 shares
Interest in options:
8,300,000 August 2020 options
12,449,900 December 2020 options

Company secretary

Shane Turner is a Chartered Accountant and the Group Chief Financial Officer. Shane has held senior positions with a number of professional accounting firms and has a degree in Business. Shane has held the role of Company Secretary at White Rock Minerals (ASX: WRM) since August 2015. Shane has previously held the role of Company Secretary for Metminco (ASX: MNC) for 2 years. He has been the Company Secretary of MRG since incorporation on 24/01/2011.

Principal activities

During the period, the principal activities of entities within the Group were exploration and development of gold, base metals, heavy mineral sands and other commodities within Australia and Overseas. There have been no significant changes in the nature of these activities during the period.

Review of operations and financial results

The operating result of the Group for the year ended was a loss of $4,089,395 (2018 loss $894,394). This loss was predominantly due to writing off Australian projects to pursue the Mozambique HMS project. Refer detailed Review of Operations that follows this report.

Earnings per share (0.58) cents (2018 (0.19) cents).

Further information on the detailed operations of the Group during the year is included in the Review of Operations Report.

Significant changes in the state of affairs

During the year, the Company acquired a Heavy Mineral Sands project in Mozambique.

During the year, the remaining Australian tenements were relinquished.

During the year, the Company and its Joint Venture Partner on the Norrliden project, Mandalay Resources Corporation, marketed the Norrliden project for sale.

Dividends

There were no dividends declared or paid during the financial period.

Events arising since the end of the reporting period

On 14 August 2019, the Company completed a $661,500 equity raise that will enable it to immediately commence drilling activities at its 100% owned Corridor Central and Corridor South Mozambique HMS Projects.
The Company issued 94.50 million ordinary shares at $0.007, together with 94.50 million free attaching MRQOB options, which have an exercise price of $0.01 and an expiry date of 20 December 2020; to sophisticated and professional investors and retail private clients.

Further, the Company has issued a Notice of General Meeting for Shareholders to approve a contribution by Directors of $199,500 on the same terms and conditions as the placement on 14 August 2019. This meeting is to be held on 2 October 2019.

Since the end of the year no further significant events have occurred other than those noted in the Review of Operations Report.

Likely developments

Explore Mozambique HMS project.
Pursue a sale of Norrliden.

Directors' meetings

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

Name	Board meetings	
	A	B
Mr A Van Der Zwan	7	7
Mr S Turner	7	7
Mr C Gregory	7	6

Where:
A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

Remuneration Report (audited)

The Directors of MRG Metals Ltd ('the Group') present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration
e. Bonuses included in remuneration
f. Other information

(a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

MRG Metals Ltd has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board, in accordance with its charter as approved by the Board, is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Superannuation to meet statutory obligations.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Board annually as part of the review of executive. All bonuses, options and incentives must be linked to pre-determined performance criteria.

(b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of MRG Metals Ltd are shown in the table below.

Director and other Key Management Personnel Remuneration

	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments		% of remuneration that is performance based
Name	**Cash salary and fees ($)**	**Cash bonus ($)**		**Superannuation ($)**	**Long-term bonus ($)**	**Termination payments ($)**	**Performance Rights ($) (1)**	**Total ($)**	
Non-executive directors									
Mr A Van Der Zwan	100,000	-		4,750	-	-	12,160	116,910	Nil
Mr S Turner	100,000	-		9,500	-	-	12,160	121,660	Nil
Mr C Gregory	110,000	-		4,750	-	-	12,160	126,910	Nil
2018 Total	**310,000**	**-**		**19,000**	**-**	**-**	**36,480**	**365,480**	**Nil**
Non-executive directors									
Mr A Van Der Zwan	100,000	-		4,750	-	-	12,160	116,910	Nil
Mr S Turner	100,000	-		9,500	-	-	12,160	121,660	Nil
Mr C Gregory	100,000	-		4,750	-	-	12,160	116,910	Nil
2019 Total	**300,000**	**-**		**19,000**	**-**	**-**	**36,480**	**355,480**	**Nil**

(1) Non-monetary benefits are Performance Rights that will lapse if they have not vested within 5 years of grant date (22 November 2016) and vest upon Company achieving a 5 day VWAP of $0.05 per share. The amount for each Non-executive director was $60,800 based on the Monte-Carlo valuation model. The amount allocated each year is the proportion that is expensed to the year.

(c) Service agreements

Remuneration and other terms of employment for Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Mr A Van Der Zwan	50,000	Rotation per Corporations Act 2001	Nil
Mr A Van Der Zwan - Consultant	50,000	No fixed term	Nil
Mr C Gregory	50,000	Rotation per Corporations Act 2001	Nil
Mr C Gregory - Consultant	50,000	No fixed term	Nil
Mr S Turner - Director	50,000	Rotation per Corporations Act 2001	Nil
Mr S Turner - Secretary	50,000	No fixed term	Nil

(d) Share based remuneration

During the year, share based remuneration comprised the share based payments expense in connection with the performance rights granted on 22 November 2016.

(e) Bonuses included in remuneration

No short-term incentive cash bonuses were awarded as remuneration during the financial year.

(f) Other information

Loans to key management personnel (KMP) – there were no loans from the Company to KMP's during the financial year (2018: nil).
Other transactions with KMP's – none (2018: nil).

Shares held by key management personnel

The number of ordinary shares in the Company held by each of the Group's key management personnel, including their related parties, is set out below:

2018 **Key Management Person**	**Balance at start of year**	**Additions**	**Received on exercise**	**Other changes**	**Held at the end of the reporting period**
Van Der Zwan	7,187,500	7,647,750	-	-	14,835,250
Turner	5,305,800	4,652,900	-	-	9,958,700
Gregory	24,899,800	12,449,900	-	-	37,349,700
	37,393,100	24,750,550	-	-	62,143,650

2019 **Key Management Person**	**Balance at start of year**	**Additions**	**Received on exercise**	**Other changes**	**Held at the end of the reporting period**
Van Der Zwan	14,835,250	-	-	-	14,835,250
Turner	9,958,700	-	-	-	9,958,700
Gregory	37,349,700	-	-	-	37,349,700
	62,143,650	-	-	-	62,143,650

Options held by key management personnel
The number of options to acquire shares in the Company held by each of the key management personnel of the Group; including their related parties are set out below.

2018 Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	3,590,000	7,647,750	-	-	11,237,750
Turner	1,520,000	4,652,900	-	-	6,172,900
Gregory	8,300,000	12,449,900	-	-	20,749,900
	13,410,000	24,750,550	-	-	38,160,550

2019 Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	11,237,750	-	-	-	11,237,750
Turner	6,172,900	-	-	-	6,172,900
Gregory	20,749,900	-	-	-	20,749,900
	38,160,550	-	-	-	38,160,550

End of audited remuneration report.

Environmental legislation

The Group's projects are subject to environmental regulation under laws in Australia, Sweden and Mozambique; specifically the Group is required to comply with terms of the grant of the tenement and all directions given to it under those terms of the tenement which it holds. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the period ended 30 June 2019.

Indemnities given and insurance premiums paid to auditors and officers

During the year, MRG Metals Ltd negotiated a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

During the previous period, Grant Thornton Audit Pty Ltd, the Group's auditors, performed no other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Group, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in note 15 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 30 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the directors.

Andrew Van Der Zwan
Chairman

30 September 2019

Grant Thornton

Collins Square, Tower 5
727 Collins St
Melbourne Victoria 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of MRG Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MRG Metals Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner - Audit & Assurance

Melbourne, 30 September 2019

Corporate Governance Statement

MRG Metals Ltd has adopted comprehensive systems of controls and accountability as the basis for the administration of corporate governance. To the extent that they are applicable, MRG has adopted the Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014. The Corporate Governance Statement is current at 30 June 2019 and has been approved by the Board of Directors.

ASX Corporate Governance Council Recommendation	MRG policy
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1: Companies should establish functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance framework includes a Board Charter, which details the specific responsibilities of the Board and identifies those areas of authority delegated to senior executives.
Recommendation 1.2: Companies should: - undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and - provide security holders with all material information it its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company's Board Charter provides that appropriate checks should be undertaken before the appointment of a director. If checks reveal any information that is relevant , then the Company will disclose that information to Shareholders.
Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company's Board Charter sets provides that all directors and senior executives, at the time of their appointment, should execute a written agreement that sets out the key terms of their appointment.
Recommendation 1.4: Company Secretaries should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	The Company's Board Charter sets out the role of the Company Secretary and ensures that the Company Secretary is accountable to the Board, through the Chairman.
Recommendation 1.5: Companies should: - have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to access annually both the objectives and the progress in achieving them; - disclose the diversity policy or a summary of the policy; - disclose, at the end of each reporting period, the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board, in accordance with the diversity policy, and its progress towards achieving them, and either: - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the company has defined "senior executive" for these purposes); or	The Company's Diversity Policy requires the Board to set out measurable objectives for achieving gender diversity. The Diversity Policy requires the Board to annually assess its diversity objectives and report on the Company's progress in achieving those objectives. At the end of each reporting period, the Diversity Policy requires the Company to report on its progress and set out the respective proportion of men and women across the whole of the Company (including their representation in key management positions)

<table>
<tr><th>ASX Corporate Governance Council Recommendation</th><th>MRG policy</th></tr>
<tr><td>- if the Company is a "relevant employer" under the Workplace Gender Equality Act, the Company's most recent "Gender Equality Indicators" as defined in and published under that Act.</td><td></td></tr>
<tr><td>Recommendation 1.6: Companies should:
- have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors;
- disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td><td>The Company Secretary plays an integral role in monitoring the conduct and activities of Board, ensuring the Board has an appropriate mix of skills and experience and reviewing individual director's performance.
The Chairman is responsible for reviewing the performance of the Company Secretary.</td></tr>
<tr><td>Recommendation 1.7: Companies should:
- have and disclose a process for periodically evaluating the performance of its senior executives; and
- disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</td><td>The Chairman is responsible for reviewing the individual performance of senior executives.</td></tr>
<tr><td colspan="2">Principle 2: Structure the board to add value</td></tr>
<tr><td>Recommendation 2.1: Companies should:
- have a nominations committee which:
  - has at least three members, a majority of whom are independent directors; and
  - is chaired by an independent director.

The Company should disclosed:
- The charter of the nomination committee;
- The members of the nomination committee; and
- as at the end of each reporting period, the number of times the nomination committee met through the period and the individual attendances of the members at those meetings; or

if the Company does not have a nomination committee disclose, that fact, and the process it employs to address Board successions issues and to ensure that the Board has appropriate balance of skills knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</td><td>The Company does not currently have a nomination committee. The Board does not consider it necessary given the size of the Company's current operations. Board appointments will be decided by the Board as a whole, taking into consideration the needs of the Company at the relevant time. Where the Company considers there is a need to review the skills and competencies of the existing Directors and to supplement that experience, the Company would consider engaging appropriately qualified third parties to assist with the review. The Company's Board Charter requires the Board to develop succession plans for the future management of the Company.</td></tr>
<tr><td>Recommendation 2.2: Companies should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</td><td>The Company's Board Charter sets out the directors' obligations to prepare and disclose a Board skills matrix.</td></tr>
</table>

ASX Corporate Governance Council Recommendation	MRG policy
Recommendation 2.3: Companies should disclose: - the names of directors considered by the Board to be independent directors; - If a director has an interest, position, association or relationship of a type set out in Box 2.3 of the Third Edition of the Recommendations, but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and - the length of service of each director.	The Company's Board Charter sets out the directors' obligations in relation to conflicts of interests and the disclosure requirements of the Board.
Recommendation 2.4: The majority of the Board of a Company should be independent directors.	All of the Company's current directors, being Chris Gregory, Andrew Van Der Zwan and Shane Turner, are independent directors.
Recommendation 2.5: The Chairman of the Board should be an independent director and, in particular, should not be the same person as the CEO of the Company.	Andrew Van Der Zwan, an independent director, is the Chairman of the Board.
Recommendation 2.6: Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company's Board Charter requires the Board to implement an induction procedure to assist newly appointed directors to gain an understanding of the Company's policies and procedures. In addition, the Board Charter requires the Board to develop continuing education opportunities in order to provide the directors with the ability to enhance their skills.
Principle 3: Promote ethical and responsible decision making	
Recommendation 3.1: Companies should: - have a code of conduct for its directors, senior executives and employees; and - disclose that code or a summary of it.	The Board has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account the Company's legal obligations and the reasonable expectations of shareholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct will be available on the Company's website.
Principle 4: Safeguard integrity in financial reporting	
Recommendation 4.1: The Board should establish an audit committee. If the Company does not have an audit committee, disclose that fact, and the process it employs to independently verify and safeguard the integrity of its corporate reporting, including the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company does not currently have an audit committee. The Board does not consider it necessary given the size of the Company's current operations. The functions of this committee will be carried out by the whole Board. The Company Secretary has significant experience in financial and accounting matters and will be primarily responsible for monitoring and preparing the financial reports. External resources will be commissioned where necessary.
Recommendation 4.2: The Board should, before it approves the company’s financial statements for a	The Company's process and practices comply with the Recommendation. In particular, the CFO of the

ASX Corporate Governance Council Recommendation	MRG policy
financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Company provides a declaration in relation to the Company's financial statements that, in his opinion, the financial records of the Company have been maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3: Companies that have AGMs should ensure that their external auditors attend their AGMs and are available to answer questions from security holders relevant to the audit	As a matter of practice, the Company invites the external auditors of the Company to attend the AGM of the Company. The security holders are provided with an opportunity to ask questions of the external auditors at the AGM.
Principle 5: Make timely and balanced disclosure	
Recommendation 5.1: Companies should: - have a written policy for compliance with its continuous disclosure obligations under the ASX Listing Rules; and - disclose that policy or a summary of it.	The Company has established a Continuous Disclosure Policy which applies to all directors and senior management. A copy of the Continuous Disclosure Policy has been made available on the Company's website.
Principle 6: Respect the rights of shareholders	
Recommendation 6.1: Companies should provide information about itself and its governance to investors via its website.	The Company's Continuous Disclosure Policy requires the Company to include all of its corporate governance policies on its websites.
Recommendation 6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company's Board Charter sets out the manner in which the Board should endeavor to communicate with its shareholders and the manner in which shareholders can make enquiries to the Company.
Recommendation 6.3: Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	The Company's Board Charter sets out the Company's goal to encourage participation at general meetings.
Recommendation 6.4: Companies should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	The Company's Board Charter addresses the means to effectively communicate with shareholders.
Principle 7: Recognise and manage risk	
Recommendation 7.1: Companies should have a committee to oversee risk. If a Company does not have a risk committee, it must disclose that fact, and the processes it employs for overseeing the Company's risk management framework.	Given the size of the Company's current operations, the Board has formed the view that a separate risk committee is not necessary. The Board itself monitors all areas of operational and financial risk and considers strategies for appropriate risk management arrangements on an ongoing basis. If considered necessary, external input will be sought to assess and counteract identified risks.
Recommendation 7.2: Companies should: - review their risk management framework at least annual to satisfy that the continue to be sound; and	The Board requires that Andrew Van Der Zwan, as Chairman undertakes a review of the Company's risk management framework annually to ensure that the framework continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.

ASX Corporate Governance Council Recommendation	MRG policy
- disclose in relation to each reporting period, whether such a review has taken place.	
Recommendation 7.3: Companies should: - if they have an internal audit function, how the function is structured and what role it performs; or - if they do not have an internal audit function, that fact and the process they employ for evaluating and continually improving effectiveness of their risk management and internal control process.	Given the size of the Company's current operations, the Board has formed the view that the appointment of an internal auditor is not necessary. The Board will oversee the risk management and internal control process. If considered necessary, external input will be sought to assess and review the effectiveness of the Company's risk management and internal control process.
Recommendation 7.4: Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risk.	The Board will be responsible for disclosing whether the Company has any material exposure to economic, environmental and social responsibility risks and, if it does, how it intends to manage those risks.
Principle 8: Remunerate fairly and responsibly	
Recommendation 8.1: The Board should establish a remuneration committee. If the Company does not have a remuneration committee, disclose that fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensure that such remuneration is appropriate and not excessive.	The Company does not currently have a remuneration committee. The Board does not consider it necessary given the size of the Company's current operations. The Board is responsible for making recommendations regarding director and management remuneration packages. The Company's Board Charter sets out the principles that should be considered by the Board in making recommendations in relation to management remuneration packages.
Recommendation 8.2: Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Board is aware of the need to ensure remuneration remains competitive and consistent with competitor companies and that remuneration reflects the performance of the Company over time. The directors performing an executive role are remunerated based on the scope of their responsibilities and the performance of the Company. Non-executive directors are paid fees within the total as determined by shareholders. The Company will provide the requisite disclosure regarding executive remuneration policies in its annual report.
Recommendation 8.3: Companies which have equity based remuneration schemes should: - have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and - disclose the policy or a summary of it.	The Share Trading Policy of the Company prohibits employees of the Company from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in the Company.

The Board actively monitors the Company's governance framework, related practices and overall culture.

Statement of Financial Position

As of 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current			
Cash and cash equivalents	8	423,937	1,724,570
Other receivables	7	14,550	35,887
Assets held for sale	13	608,596	-
Total current assets		1,047,083	1,760,457
Non-current			
Plant & Equipment	11	957	2,063
Exploration & Evaluation	12	860,315	3,628,518
Total non-current assets		861,272	3,630,581
Total assets		1,908,355	5,391,038
Liabilities			
Current			
Trade and other payables	10	114,459	84,227
Total current liabilities		114,459	84,227
Total liabilities		114,459	84,227
Net assets		1,793,896	5,306,811
Equity			
Share capital	9	20,389,818	20,029,818
Reserve	9	952,452	745,734
Retained earnings		(19,548,374)	(15,468,741)
Total equity		1,793,896	5,306,811

This statement should be read in conjunction with the notes to the financial statements.

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Interest income	5	13,270	11,543
Other income		18,593	-
Employee benefits expense		(255,499)	(255,483)
Consultants		(278,265)	(289,858)
Promoters fee		(240,000)	-
Administration expenses		(219,974)	(155,441)
Depreciation expenses		(1,106)	(1,106)
Exploration/Tenements write off expenses	12	(3,126,414)	(204,049)
(Loss) before tax		(4,089,395)	(894,394)
Tax expense	14	-	-
(Loss) after tax		(4,089,395	(894,394)
Other comprehensive income, net of tax		-	-
Total comprehensive (losses)		(4,089,395)	(894,394)

		Cents	Cents
Earnings per share	16		
Basic earnings per share			
Earnings/(loss) from continuing operations		(0.58)	(0.19)
Diluted earnings per share			
Earnings/(loss) from continuing operations		(0.58)	(0.19)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2019

	Share Capital $	Share based payments reserve $	Retained earnings $	Total equity $
Balance at 1 July 2018	20,029,818	745,734	(15,468,741)	5,306,811
Issue of share capital	360,000	-	-	360,000
Transaction costs	-	-	-	-
Share based payments	-	216,480	-	216,480
Forfeited performance rights	-	(9,762)	9,762	-
Loss after income tax expense for the period	-	-	(4,089,395)	(4,089,395)
Balance at 30 June 2019	20,389,818	952,452	(19,548,374)	1,793,896
Balance at 1 July 2017	18,104,748	703,174	(14,574,347)	4,233,575
Issue of share capital	2,064,199	-	-	2,064,199
Transaction costs	(139,129)	-	-	(139,129)
Share based payments	-	42,560	-	42,560
Loss after income tax expense for the period	-	-	(894,394)	(894,394)
Balance at 30 June 2018	20,029,818	745,734	(15,468,741)	5,306,811

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Operating activities			
Interest received		13,254	11,090
Sale of Data		5,000	-
Research & Development Incentive		-	669,271
Payments to suppliers and employees		(712,080)	(686,536)
Net cash used in operating activities	17	(693,826)	(6,175)
Investing activities			
Payment for exploration & evaluation		(467,783)	(772,930)
Acquisition of tenements		(139,024)	-
Payment for plant & equipment		-	(1,360)
Net cash used in investing activities		(606,807)	(774,290)
Financing activities			
Proceeds from issue of capital		-	2,064,199
Payment of transaction costs		-	(139,128)
Net cash from financing activities		-	1,925,071
Net change in cash and cash equivalents		(1,300,633)	1,144,606
Cash and cash equivalents, beginning of year		1,724,570	579,964
Cash and cash equivalents, end of year	8	423,937	1,724,570

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements

1 Nature of operations

The activities of MRG Metals Ltd and its subsidiaries, MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd are exploration and development of gold, base metals, heavy mineral sands and other commodities within Australia, Sweden and Mozambique.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MRG Metals Ltd is the Group's ultimate parent company. MRG Metals Ltd is a public company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2019 were approved and authorised for issue by the board of directors on 30 September 2019 (see note 25).

3 New Accounting Standards and Interpretations adopted

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the year ended 30 June 2019.

New standards adopted as at 1 July 2018:

Revenue

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. There has been no material impact on the Group as result of the implementation of AASB 15.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. There has been no material impact on the Group as result of the implementation of AASB 9.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of or disclosure in, its financial statements.

Accounting standards issued but not yet effective and not adopted early by the Company

AASB 16 leases replaces AASB 117 leases and some lease related interpretations. Requires all leases to be accounted for "on balance sheet" by lessees, other than short term and low value asset leases. Provides new guidance on the application of the definition of lease and on sale and lease back accounting. Based on the assessment, it is expected that the first time adoption of AASB 16 for the year ending 30 June 2020 will not have a material impact on the transactions and balances recognised in the financial statements.

4 Summary of accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Presentation of financial statements

AASB 101 requires two comparative periods to be presented for the statement of financial position in certain circumstances.

4.3 Basis of measurement

Going Concern

The Group recorded a loss after tax of $4,089,395 and net cash outflows from operating and investing activities were $1,300,633 for the year ended 30 June 2019. The Group's financial position as at 30 June 2019 was as follows:

- The Group had available cash reserves of $423,937;
- The Group's current assets of $1,047,083 exceed current liabilities of $114,459 by $932,624;
- The Group's main activity is exploration and as such it does not presently have a source of operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

Current forecasts indicate that cash on hand as at 30 June 2019 will not be sufficient to fully fund the planned exploration and operational activities during the next twelve months. The Company did raise $661,500 on 14 August 2019.

The Group's position as at 31 August 2019 was as follows:

- The Group had available cash reserves of $840,631;
- The Group continued to have a positive working capital position; and
- There have been no material changes to the Group's liabilities or non-cancellable commitments since 30 June 2019.

The Directors intend to contribute $199,500, subject to Shareholder approval at a General Meeting to be held on 2 October 2019.

The Directors are confident that, if required, the Group will be able to secure sufficient funds or reduce or defer expenditure to ensure that the Group can meet essential operational and expenditure commitments for at least the next twelve months.

Accordingly, the financial statements for the year ended 30 June 2019 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its essential operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

However, the Directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Group may be required to relinquish title to certain tenements, significantly curtail further expenditures and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

4.4 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to 30 June 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.5 Segment reporting

Operating segments are presented using the 'management approach', where information is presented on the same basis as the internal reports provided to chief operating decision makers, being the Board of Directors. The Board of Directors are responsible for the allocation of resource to operating segments and assessing their performance.

4.6 Revenue

Interest income is recognised on an accrual basis using the effective interest method.

4.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.8 Exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

4.9 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 Other Receivables

Other receivables are recognised at amortised cost, less any impairment.

4.12 Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

4.13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MRG Metals Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4.14 Equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

4.15 Post employment benefits

The Group provides post employment benefits through various accumulation funds.

An accumulation fund is a superannuation fund under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to the funds are recognised as an expense in the period that relevant employee services are received.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.17 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.18 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred tax assets/Tax losses

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised in the foreseeable future.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Exploration and evaluation assets

At each reporting date, the directors review the carrying amount of each area of interest, with reference to the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources.

One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

(a) the period for which the entity has a right to explore in the specific arear has expired during the period or will expire in the near future and is not expected to be renewed.

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Company wrote off the remaining Australian tenements during the current period as they had lapsed.

4.19 Other intangible assets

Recognition of other intangible assets

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.20 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.21 Government incentives and grants

Government incentives and grants comprise assistance by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the activities of the Group. Government incentives and grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government incentives and grants are recognised in profit or loss on a systematic basis over the periods in which expenses are recognised for the related costs for which grants are intended to compensate.

4.22 Asset held for sale

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as 'held for sale', the assets are not subject to depreciation or amortization.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

4.23 Share based payments

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

In addition equity settled share based payment transactions, the company shall measure the goods or services rendered and the corresponding increase in equity, directly at fair value of the goods or services received, unless that fair value cannot be estimated reliably.

The Company issued shares and options in connection with the acquisition of the HMS project.

4.24 Business combinations

The acquisition method in accounting is used for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any assets or liability arising from a contingent consideration arrangement. Acquisition cost are expensed as incurred. In order to be classified a business combination, the operations of the company acquired must constitute a "business" under this standard.

5 Revenue

	Consolidated 2019 $	Consolidated 2018 $
Interest	13,270	11,543
	13,270	11,543

6 Segment reporting

The Group is organised into one operating segment, which is the exploration and development of Gold, base metals, heavy mineral sands and other commodities within Australia, Sweden and Mozambique. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

All items of Revenue and Expense are allocated to the Australian segment.
All items of Assets and Liabilities are allocated to the Australian segment, except for cash $20,168, capitalised exploration assets of $860,315 and accrued expenses of $70,609, which are allocated to Mozambique and Asset held for sale of $608,596, which is allocated to Sweden.

7 Other receivables

	Consolidated 2019 $	Consolidated 2018 $
GST receivables	9,081	30,434
Other	5,469	5,453
Other receivables	14,550	35,887

The receivables noted above are not impaired nor past due.

8 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Consolidated 2019 $	Consolidated 2018 $
Cash at bank and in hand:		
AUD	381,910	1,703,257
USD	20,025	-
MZN	143	-
Short term deposits (AUD) (a)	21,859	21,313
Cash and cash equivalents	423,937	1,724,570

The effective interest rate on short-term bank deposits is 2.55%; these deposits have an average maturity of 365 days.

(a) The $21,859 is restricted cash as it is security for Company credit cards.

9 Equity

9.1 Share capital & reserves

The share capital of MRG Metals Ltd consists of fully paid ordinary shares and options, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of MRG Metals Ltd.

Details	Quantity	Consolidated 2018 $
SHARES		
Total at 1 July 2017	320,779,759	18,104,748
Additions during the year	346,389,880	2,064,199
Costs of raising	-	(139,129)
Total share capital at 30 June 2018	667,169,639	20,029,818
OPTIONS RESERVE		
Total at 1 July 2017	72,978,404	677,402
Additions during the year	321,389,880	-
Total issued options at 30 June 2018	394,368,284	677,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2017		25,772
Created during the year		42,560
Total reserve at 30 June 2018		68,332
SHARE CAPITAL & RESERVES		20,775,552

Details	Quantity	Consolidated 2019 $
SHARES		
Total at 1 July 2018	667,169,639	20,029,818
Additions during the year	90,000,000	360,000
Costs of raising	-	-
Total share capital at 30 June 2019	757,169,639	20,389,818

OPTIONS RESERVE		
Total at 1 July 2018	394,368,284	677,402
Additions during the year	90,000,000	180,000
Total issued options at 30 June 2019	484,368,284	857,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2018		68,332
Created during the year		36,480
Lapsed during the year		(9,762)
Total reserve at 30 June 2019		95,050
PERFORMANCE RIGHTS		
Total at 1 July 2018	-	-
Additions during the year (Note 12)	480,000,000	-
Total rights at 30 June 2019	480,000,000	-
SHARE CAPITAL & RESERVES		21,342,270

9.2 Dividends

No dividends were declared or paid during the year. There are no franking credits outstanding at period end.

10 Trade and other payables

Trade and other payables recognised in the Statement of Financial Position can be analysed as follows:

	Consolidated 2019	Consolidated 2018
Current	$	$
- Trade payables	9,350	24,114
- Other payables and accrued expenses	105,109	60,113
	114,459	84,227

11 Plant and equipment

	Consolidated 2019	Consolidated 2018
	$	$
Plant & Equipment	5,780	5,780
Accumulated Depreciation	(4,823)	(3,717)
	957	2,063

12 Exploration and evaluation assets

	Consolidated 2018 $
Cost as at 1 July 2017	3,056,142
Other exploration costs	776,425
Relinquishments	(204,049)
Cost as at 30 June 2018	3,628,518

	Consolidated 2019 $
Cost as at 1 July 2018	3,628,518
Reclassification of Norrliden to asset held for sale (Note 13)	(608,596)
Acquisition costs HMS project	509,633
Other exploration costs	457,174
Relinquishments	(3,126,414)
Cost as at 30 June 2019	860,315

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The relinquishments represent the capitalised amounts written off during the period when ownership of the tenements is abandoned.

The acquisition of HMS did not constitute a business combination; the acquisition is accounted for under AASB 2 share based payments. The acquisition is measured at the fair value of the options and shares provided as consideration to acquire the HMS project.

Contingent consideration in the form of performance rights were provided as part of the HMS acquisition consideration.
Performance rights were provided as part of the HMS acquisition consideration as follows:

(a) 160,000,000 Class A Performance Rights in MRG Metals Limited (**MRG**), each convertible to 1 fully paid MRG Share on the publishing of a JORC 2012-compliant Mineral Resource suitable for a scoping study of greater than 350,000,000 tonnes at a minimum of 5% Total Heavy Mineral (THM) within two years of completion of the Purchase (**Completion**); and

(b) 320,000,000 Class B Performance Rights in MRG, each convertible to 1 fully paid MRG Share following completion of a Scoping Study on the HMS Projects showing positive economics combined with a MRG Board decision to commence a PFS within 60 days following completion of the Scoping Study

(c) If the HMS Projects are sold at a valuation greater than $100 million cash or based on consideration that is valued by an Independent Expert's Report, prior to the completion of (a) or (b), then all shares under (a) and (b) will be issued.

At 30 June 2019 the probability cannot be accurately estimated, as a result a value is not allocated to these performance rights at 30 June 2019.

The acquisition of the HMS project comprised:	$
- Issue of 50,000,000 shares	200,000
- Issue of 50,000,000 options	100,000
- Reimbursement of costs	139,024
- Tax payable on transaction	70,609
	509,633

13 Asset held for sale

The Norrliden project is currently being marketed for sale. The Norrliden asset was previously recognised as a non-current exploration and evaluation asset. The asset held for sale is recognised at lower of the carrying value and fair value less cost to sell.

	2019	2018
Non-current assets held for sale	608,596	-

14 Income tax expense

The relationship between the expected tax expense based on the tax rate of MRG Metals Ltd and the reported tax expense in profit or loss can be reconciled as follows, also showing major components of tax expenses:

	Consolidated 2018 $	Consolidated 2018 $
Profit/(loss) before tax	(4,089,395)	(894,394)
Expected tax expense/(benefit) @ 27.5%	(1,124,584)	(245,958)
Adjustment for non-deductible expenses:		
- Movement in accruals	12,374	13,766
- Exploration and evaluation expenses	-	-
Adjustment for non-assessable income:		
- Movement in other receivables	(4)	186,408
	(1,112,214)	(45,784)
Current period tax (loss) not recognised	(1,112,214)	(45,784)
Deferred tax expense:		
- Temporary differences	12,370	200,174
- Unused tax losses	1,112,214	45,784
Deferred tax assets not recognised	1,124,584	245,958

The above potential tax benefit has not been recognised as the recovery is uncertain.
The carry forward tax losses at 30 June 2019 were $13,257,096.
The taxation benefit of tax losses and temporary differences not brought to account will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the Group in realising the benefits from deducting the tax losses.

15 Auditor remuneration

	Consolidated 2019 $	Consolidated 2018 $
Audit services		
Auditors of MRG Metals Ltd – Grant Thornton		
- Audit and review of the financial reports	43,500	41,000
Audit services remuneration	43,500	41,000
Other services	-	-
Total Auditor's remuneration	43,500	41,000

16 Earnings per share

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax	(4,089,395)	(894,394)
Weighted average number of shares used in basic earnings per share	710,073,749	465,534,830
Weighted average number of shares used in diluted earnings per share	710,073,749	465,534,830
Earnings Per Share	(0.58) cents	(0.19) cents
Diluted Earnings Per Share	(0.58) cents	(0.19) cents

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for the inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the Group is loss generating.

17 Reconciliation of cash flows from operating activities

	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities		
(Loss) after income tax expense for the year	(4,089,395)	(894,394)
Cash flows excluded from loss attributable to operating activities		
Non cash flows in loss:		
Amortisation/Depreciation	1,106	1,106
Share based payments transactions	216,480	36,480
Write off deferred exploration and evaluation expenditure	3,126,414	204,049
Change in other assets and liabilities:		
(Increase)/decrease in trade and other receivables	21,337	692,616
Increase/(decrease) trade and other payables	30,232	(46,032)
Net cash used in operating activities	(693,826)	(6,175)

18 Related party transactions

The Parent entity is MRG Metals Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Australia) Pty Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Exploration) Pty Ltd.

MRG Metals Ltd owns 100% of the shares of Sofala Resources Pty Ltd.

Sofala Resources Pty Ltd owns 99% of the shares of Sofala Mining & Exploration Limitada (a Mozambique Company).

Sofala Mining & Exploration Limitada owns the HMS tenements.

MRG Metals Ltd owns 100% of the shares of Trophosys Pty Ltd.

MRG Metals (Australia) Pty Ltd, MRG (Exploration) Pty Ltd and Trophosys Pty Ltd have no Assets or Liabilities.

The Group's related parties include its key management and others as described in Note 17.2.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

18.1 Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:

The Group used the accounting and taxation services of RSM Australia, an entity associated with Mr. Turner and Mr. Turner. The amounts billed were based on normal market rates and amounted to $41,000 (2018 $41,000).

Receivable from and payable to related parties

There were no trade receivable from or trade payables to related parties.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions are made on normal commercial terms and conditions and at market rates.

18.2 Transactions with key management personnel

Key management of the Group are the Board of Directors. Key management personnel remuneration is set out in the Remuneration Report in the Director's Report.

	Consolidated 2019 $	Consolidated 2018 $
Short term benefits	300,000	310,000
Post employment benefits	19,000	19,000
Share based payments	36,480	36,480
Total KMP remuneration	355,480	365,480

18.3 Equity instruments held by KMP

The number of shares in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2019

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	14,835,250	-	-	-	14,835,250
Turner	9,958,700	-	-	-	9,958,700
Gregory	37,349,700	-	-	-	37,349,700
	62,143,650	-	-	-	62,143,650

Year ended 30 June 2018

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	7,187,500	7,647,750	-	-	14,835,250
Turner	5,305,800	4,652,900	-	-	9,958,700
Gregory	24,899,800	12,449,900	-	-	37,349,700
	37,393,100	24,750,550	-	-	62,143,650

The number of options in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2019

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	11,237,750	-	-	-	11,237,750
Turner	6,172,900	-	-	-	6,172,900
Gregory	20,749,900	-	-	-	20,749,900
	38,160,550	-	-	-	38,160,550

Year ended 30 June 2018

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	3,590,000	7,647,750	-	-	11,237,750
Turner	1,520,000	4,652,900	-	-	6,172,900
Gregory	8,300,000	12,449,900	-	-	20,749,900
	13,410,000	24,750,550	-	-	38,160,550

19 Contingent assets and contingent liabilities

There were no contingent assets or liabilities.

20 Commitments for expenditure

	2019	2018
	$	**$**
Exploration and evaluation:		
Within 12 months	1,250,579	941,040
After 12 months but not later than 5 years	1,250,579	2,813,300

Exploration and evaluation:
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements of the State Mine Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

21 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk (including interest rate risk), credit risk and liquidity risk.

The Group's risk management is carried out by the board of directors and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

21.1 Foreign currency sensitivity

The Group's transactions during the year have been carried out in Australian Dollars, United States Dollars (USD), Mozambican Meticals (MZN) and Swedish Kroner (SKR).

There is a risk that changes in foreign exchange rates will affect the Group's income or amounts to be paid or received arising from its financial obligations. The Group's objective of foreign currency risk management is to manage and control foreign currency risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to foreign currency risk relates primarily to foreign exchange rates applicable to the Group's foreign currency denominated obligations recognised in the balance sheet.

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The primary foreign currency exposure is to the MZN and USD.

Management monitors the exposure to foreign exchange risk on an ongoing basis by regularly reviewing forward foreign exchange rates applicable to its foreign currency denominated obligations.

The Group's exposure to assets and liabilities to MZN at 30 June 2019 is set out below (Australian dollar equivalents):

	30 June 2019
Reported exchange rate	43.47
Cash at Bank	143
Trade and other payables	(70,609)
Total exposure	**(70,466)**

The Group's exposure to assets and liabilities to USD at 30 June 2019 is set out below (Australian dollar equivalents):

	30 June 2019
Reported exchange rate	0.7013
Cash at Bank	20,025
Total exposure	**20,025**

The table below shows the effect on profit after income tax expense and total equity from MZN currency exposures, had the rates been 10% higher or lower than the year end rate. Whilst directors cannot predict movements in foreign currency rates, a sensitivity of 10% is considered reasonable taking in to account the current level of exchange rates and the volatility observed on a historical basis.

	30 June 2019	
	Increase/(Decrease) in profit after income tax	Increase/(Decrease) in Equity
Foreign exchange rates - 10%	(5,044)	(5,044)
Foreign exchange rates + 10%	5,044	5,044

21.2 Interest rate sensitivity

The Group's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

At 30 June 2019, there was $21,859 on deposit at 2.55% (Note 8).

An increase/decrease by 30% or 0.08 basis points would have a favourable/adverse effect on profit for the year of $167. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

21.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to minimal credit risk as its only exposure is to interest receivable and GST refunds.

21.4 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring actual and forecast cash inflows and outflows due in day-to-day business.

The Group's working capital, being current assets less current liabilities, at 30 June 2019 was $932,624. Further, the Company raised $661,500 on 14 August 2019. Further, the Directors will contribute $199,500, subject to Shareholder approval at a General Meeting to be held on 2 October 2019. Based on this, the directors are satisfied the Group will have sufficient funds to pay its debts as and when they fall due.

As at 30 June, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non current	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
30 June 2019	**$**	**$**	**$**	**$**
Trade and other payables	114,459	-	-	-
Total	114,459	-	-	-

	Current		Non current	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
30 June 2018	**$**	**$**	**$**	**$**
Trade and other payables	84,227	-	-	-
Total	84,227	-	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values due to their short term nature.

22 Capital risk management

The Group's objectives when managing capital is to ensure the Group's ability to continue as a going concern so that it can provide an adequate return to shareholders.

The Group would look to raise capital when an opportunity to invest in a business, company or tenement is seen as value adding.

23 Post-reporting date events

On 14 August 2019, the Company completed a $661,500 equity raise that will enable it to immediately commence drilling activities at its 100% owned Corridor Central and Corridor South Mozambique HMS Projects.

The Company issued 94.50 million ordinary shares at $0.007, together with 94.50 million free attaching MRQOB options, which have an exercise price of $0.01 and an expiry date of 20 December 2020; to sophisticated and professional investors and retail private clients.

Further, the Company has issued a Notice of General Meeting for Shareholders to approve a contribution by Directors of $199,500 on the same terms and conditions as the placement on 14 August 2019. This meeting is to be held on 2 October 2019.

There are no other events occurring since the end of the year that have, or may, significantly affect the Group's operations, results of those operations or the state of affairs of the Group.

24 Parent entity information

Information relating to MRG Metals Ltd ('the parent entity')

	2019	2018
	$	$
Statement of financial position		
Current assets	1,047,083	1,760,457
Total assets	1,908,355	5,391,038
Current liabilities	114,459	84,227
Total liabilities	114,459	84,227
Issued capital	20,389,818	20,029,818
Reserves	952,452	745,734
Retained earnings	(19,548,374)	(15,468,741)
	1,793,896	5,306,811
Statement of comprehensive income		
Profit/(loss) for the period	(4,089,395)	(894,394)
Total comprehensive income	(4,089,395)	(894,394)

25 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2019 were approved by the board of directors on 30 September 2019.

A.V. Z

Slg Turner

Andrew Van Der Zwan
Chairman

Shane Turner
Director/Secretary

Directors' declaration

1. In the opinion of the directors of MRG Metals Ltd:

   a the consolidated financial statements and notes of MRG Metals Ltd are in accordance with the Corporations Act 2001, including

      i. giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial period ended on that date; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b there are reasonable grounds to believe that MRG Metals Ltd will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial period ended 30 June 2019.

3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne, the 30 day of September 2019.

Andrew Van Der Zwan
Director

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of MRG Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of MRG Metals Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Material uncertainty related to going concern

We draw attention to Note 4.3 in the financial statements, which indicates that the Group incurred a net loss of $4,089,395, and net outflows from operating and investing activities were $1,300,633 for the year ended 30 June 2019. As stated in Note 4.3, these events or conditions, along with other matters as set forth in Note 4.3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. 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 report of the current period. These matters were addressed in the context of our audit of the financial report 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 the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets – Note 12	

At 30 June 2019 the carrying value of exploration and evaluation assets was $860,315.
 	
In accordance with Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.
 	
The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.
 	
This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.
	Our procedures included, amongst others:
	• Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
	• Reviewing expenditures incurred during the period and verify capitalised expenses are appropriate and in line with AASB 6;
	• Reviewing management's assessment of trigger events prepared in accordance with AASB 6 including;
	  ○ verifying a right to tenure exists;
	  ○ enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;
	  ○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
	• Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;
	• Evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
	• Assessing the appropriateness of the related financial statement disclosures.

Grant Thornton

Acquisition of HMS Assets – Note 12	
The value of the HMS asset acquisition was $509,633. In January 2019, the Group announced the acquisition of significant heavy mineral sands (HMS) assets in Mozambique. Consideration for the acquisition was provided in shares and options as well as performances rights based on future milestones being achieved. Accounting for this transaction requires management judgement to determine if this was a business combination or an asset acquisition, the fair value of the purchase consideration and the allocation of the purchase price to assets acquired. This is a key audit matter due to the material nature of the transaction as well as the complexity involved in accounting for the transaction.	Our procedures included, amongst others: • Obtaining and reviewing all supporting agreements to the transaction to obtain an understanding of the transaction; • Assessing the acquisition in relation to identifying whether the transaction is a business combination in accordance to AASB 3 Business Combinations or an asset acquisition; • Evaluating the determination of the fair value of the consideration calculated; • Understanding the performance conditions and related outcome probabilities to assess whether a value should be assigned to the performance rights as consideration in the transaction; and • Assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2019, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are 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 have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of MRG Metals Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd

Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 30 September 2019

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 13 September 2019.

Substantial Shareholders

	Ordinary Shares	
	Number Held	%of quoted shares
P Cozzi	39,700,000	5.21

Holding	Shareholders
1 – 1,000	33
1,001 – 5,000	18
5,001 – 10,000	54
10,001 – 100,000	236
100,000 and over	522
	863

There were 252 holders of less than a marketable parcel of ordinary shares.

	Ordinary Shares	
Twenty largest quoted shareholders	Number Held	%of quoted shares
P Cozzi	39,700,000	5.21
T Sorensen	24,084,606	3.16
M Bazdaric	21,700,000	2.85
Rojul Nominees P/L Martin S/F A/C	21,400,000	2.81
CJ & M Gregory S/F A/C	19,349,250	2.54
Jolanza P/L	18,000,450	2.36
EJ Heymann	17,135,000	2.25
R Carroll	15,582,228	2.05
A Manger	11,798,520	1.55
Freedom Trader P/L	11,412,500	1.50
A & J Turner P/L	10,235,000	1.34
KV Van Der Zwan Family A/C	10,025,250	1.32
K & H Leary S/F A/C	10,000,000	1.31
S Ackling	10,000,000	1.31
J Hondris	9,000,000	1.18
M Kocsis	8,702,208	1.14
Y Cai	8,000,000	1.05
TC Wallace	7,500,000	0.98
J Newman	7,000,000	0.92
P Sharbanee Scorpion A/C	7,000,000	0.92
	287,625,012	37.76

Restricted equity securities

90,000,000 ordinary shares, escrowed until 21 January 2020.

90,000,000 MRQOB options, escrowed until 21 January 2020.

Securities exchange

The Company is listed on the Australian Securities Exchange and shares are quoted under the code MRQ.

	Options	
Twenty largest quoted optionholders	**Number Held**	**%of quoted options**
R Carroll	44,417,772	10.68
K Baker	34,750,000	8.36
P Proksa	28,000,000	6.73
First Investment Partners P/L	25,895,825	6.23
B Liu	15,000,000	3.61
A Gashumba	10,000,000	2.40
S Gultom	10,000,000	2.40
S Brzezowski	10,000,000	2.40
K & H Leary S/F A/C	10,000,000	2.40
D Fagan	9,255,555	2.23
P Cozzi	8,500,000	2.04
B Ahmad	7,780,000	1.87
E Heymann	7,045,000	1.69
CJ & M Gregory S/F A/C	6,449,750	1.55
Zaman Perak P/L Andrew Fleischer S/F A/C	6,250,000	1.50
Jolanza P/L	6,000,150	1.44
S, S & M Jacobs Phoenix S/F A/C	6,000,000	1.44
A & J Turner P/L	5,495,000	1.32
P Sharbanee Scorpion A/C	5,000,000	1.20
Durbanator S/F A/C	5,000,000	1.20
	260,839,052	62.72

Securities exchange

The Company is listed on the Australian Securities Exchange and options are quoted under the codes MRQOA and MRQOB.

Tenements

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Norrliden	K nr 1	10	
Malanaset	nr 100	10	
Malanaset	nr 101	10	
Corridor Central	EL 6620	100	
Corridor South	EL 6621	100	
Linhuane	7423L	100	Application
Marao	6842L	100	Application
Marruca	6846L	100	Application

Corporate Directory

Directors & Secretary

Andrew Van Der Zwan
Non Executive Chairman

Christopher Gregory
Non Executive Director

Shane Turner
Non Executive Director and Company Secretary

Principal place of business

12 Anderson Street West, Ballarat VIC 3350
Telephone: +61 3 5330 5800 Fax: +61 3 5330 5890
Email: info@mrgmetals.com.au, www.mrgmetals.com.au

Registered office

12 Anderson Street West, Ballarat Victoria 3350
PO Box 237, Ballarat VIC 3353
Telephone: +61 3 5330 5800 Fax: +61 3 5330 5890

Corporate Accountant and Registered ASIC Agent

RSM Australia
12 Anderson Street West, Ballarat VIC 3350
PO Box 685, Ballarat VIC 3353
Telephone: +61 3 5330 5800 Fax: +61 3 5330 5890
www.rsm.com.au

Solicitors

Moray & Agnew
Level 6, 505 Little Collins Street, Melbourne VIC 3000
Telephone: +61 3 9600 0877 Fax: +61 3 9600 0894
www.moray.com.au

Share Registry

Link Market Services Limited
Rhodes Corporate Park, 1A Homebush Bay Drive, Rhodes NSW 2138
Telephone: 1300 554 474

Auditor

Grant Thornton Audit Pty Ltd
Collins Square, Tower 1
727 Collins Street, Melbourne Vic 3008
Telephone (office): +61 3 8320 2222 Fax: +61 3 8663 6333
Website: www.grantthornton.com.au

Stock Exchange Listing

ASX Codes: MRQ, MRQOA, MRQOB