



## AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

29 November 2019

# INFILL DRILLING CONFIRMS MORE HIGH GRADE MINERAL SANDS AT KOKO MASSAVA

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### Key Highlights

- **INFILL AIRCORE DRILLING SHOWS GOOD CONTINUITY OF HIGH GRADES IN SOUTHEAST PORTION OF KOKO MASSAVA.**
- **FURTHER THICK ZONES OF VERY HIGH GRADE ESTIMATED VISUAL MINERALISATION (visTHM) IDENTIFIED NEAR SURFACE BETWEEN EXISTING HOLES AND ON NEW DRILL LINES.**
- **HIGHLIGHTS INCLUDE:**
  - **51M @ 5.66% ESTIMATED THM, 0-51M (HOLE 19CCAC184) INCLUDING 9M @ 8.7% visTHM (24-33M);**
  - **51M @ 5.24% ESTIMATED THM, 0-51M (HOLE 19CCAC179) INCLUDING 45M @ 5.7% visTHM (0-45M);**
  - **51M @ 5.01% ESTIMATED THM, 0-51M (HOLE 19CCAC173) INCLUDING 36M @ 5.4% visTHM (0-36M).**
- **INDIVIDUAL 3M SAMPLE INTERVALS DELIVERED VISUAL THM GRADE ESTIMATES OF UP TO 14% THM.**
- **MULTIPLE CONSECUTIVE 3M INTERVALS OF >6% IN A LARGE NUMBER OF HOLES.**
- **MAIDEN MINERAL RESOURCE ESTIMATE FOR KOKO MASSAVA ON TRACK FOR Q1 2020.**

## Background

**29 November 2019: Mozambique-focused heavy mineral sands project developer MRG Metals (ASX: MRQ) (MRQ or the Company)** is pleased to report that further high grade heavy mineral sands are being encountered from infill drilling at the 100%-owned Koko Massava project.

Phase 1 drilling of wide spaced holes at 500m x 1000m was completed in mid-November (refer ASX release 15 November 2019). The very encouraging results underpinned the Company's decision to commence the Phase 2 infill drilling in areas of high estimated THM grades, closing the hole spacing to 250m x 1000m and 500m x 500m.

As of 25 November 2019, a total of 48 Phase 1 and 34 Phase 2 aircore holes have been completed at Koko Massava, comprising 4,112.5m of drilling (Figure 1), with holes varying in depth from 24m–75m and an average depth of 50.1m. A total of 1,372 primary samples were collected and 56 QA/QC samples inserted into the sample stream.

### Visual Total Heavy Mineral Results

Thirty one of the 34 holes completed in Phase 2 drilling intersected individual 3m sample intervals of >4% estimated visual THM, with 24 of the 34 holes showing uncut, average estimated visual THM% grades >3% over the entire hole depth (Table 1). Maximum individual sample intervals in the holes completed range from 2.9% – 14.0% estimated visual THM. The host lithology is typically red-brown, moderately to well sorted, medium grained sand with moderate silt content.

**The best hole reported in this third update is 19CCAC184, drilled to 51m depth, which contains 51m @ 5.66% estimated visual THM from surface (Table 1), including 9m @ 8.7% estimated visual THM (24-33m). This hole 19CCAC184 had an individual sample peak of 14% visual THM.**

**The second most significant hole reported for this update is 19CCAC179, comprising 51m @ 5.24% estimated visual THM from surface, including 45m @ 5.7% estimated visual THM (0-45m).**

Similar to previously reported data, visual estimated THM grades typically range between 1.0%-6.0% from surface to about 18m, whereas grades below 18m depth in the hole commonly range 3.5%-8% visual THM. The highest visual estimated THM grades (ie 10-14%) appear to be located between 21-48m downhole, depending on the elevation of the hole collar, which suggests there may be a palaeo-strandline in this zone.

Drilling of the Phase 1 wide spaced holes (500m x 1000m), defined a large 20km<sup>2</sup> footprint of estimated high grade heavy mineral sand with thick zones of very high grade near surface. The preliminary Phase 2 infill drill data has supported this large mineralised footprint and suggests good continuity of the high grade mineralisation between drill lines, particularly in the southeast portion of the Koko Massava target (Figure 1).

The first batch of aircore samples has arrived in Perth and will be delivered to the laboratory after quarantine treatment. Results are likely to be available ~8 December 2019. The second aircore sample batch was fully permitted by the Ministry of Mineral Resources on 26 November 2019, with final Customs clearance underway and is anticipated to arrive in Perth ~15 December 2019.

MRG is in discussion with suitably qualified consultants to define the scope and deliverables for a JORC code compliant Mineral Resource Estimate and Technical Report.

A key value driver for heavy mineral sand projects is the mineral assemblage, and to this end a number of heavy mineral concentrate (HMC) samples have been selected from auger drill work over the Koko Massava target to obtain additional mineral assemblage data. These HMC samples have been selected on the basis of characterising mineral assemblage for very high grade zones (>5% THM), high grade zones (3-5% THM), medium grade zones (1-3% THM), and a distribution across the mineralised footprint from east to west. This data will be collected before the end of 2019 and will form a foundation for additional and more comprehensive mineral assemblage characterisation that will be needed for the MRE which is expected to be published Q1 2020.

### **Commentary**

**Chairman Andrew Van Der Zwan said:** *“These excellent results from infill drilling tell us that with a significant degree of confidence that there is continuity of high grade heavy mineral sands across our existing 20km<sup>2</sup> footprint at Koko Massava. It is most encouraging to see high grade near surface and at depth and we believe that the footprint will continue to expand given mineralisation is open in many directions.*

*“The 2019 drill program has now been successfully concluded with more assay results to be reported. We are now firmly focused on commencing work on a maiden Mineral Resource Estimate that will further reflect the value of Koko Massava and establish, without question, its status as another one of Mozambique’s large-scale THM deposits that matches neighbouring projects in size and grade.”*

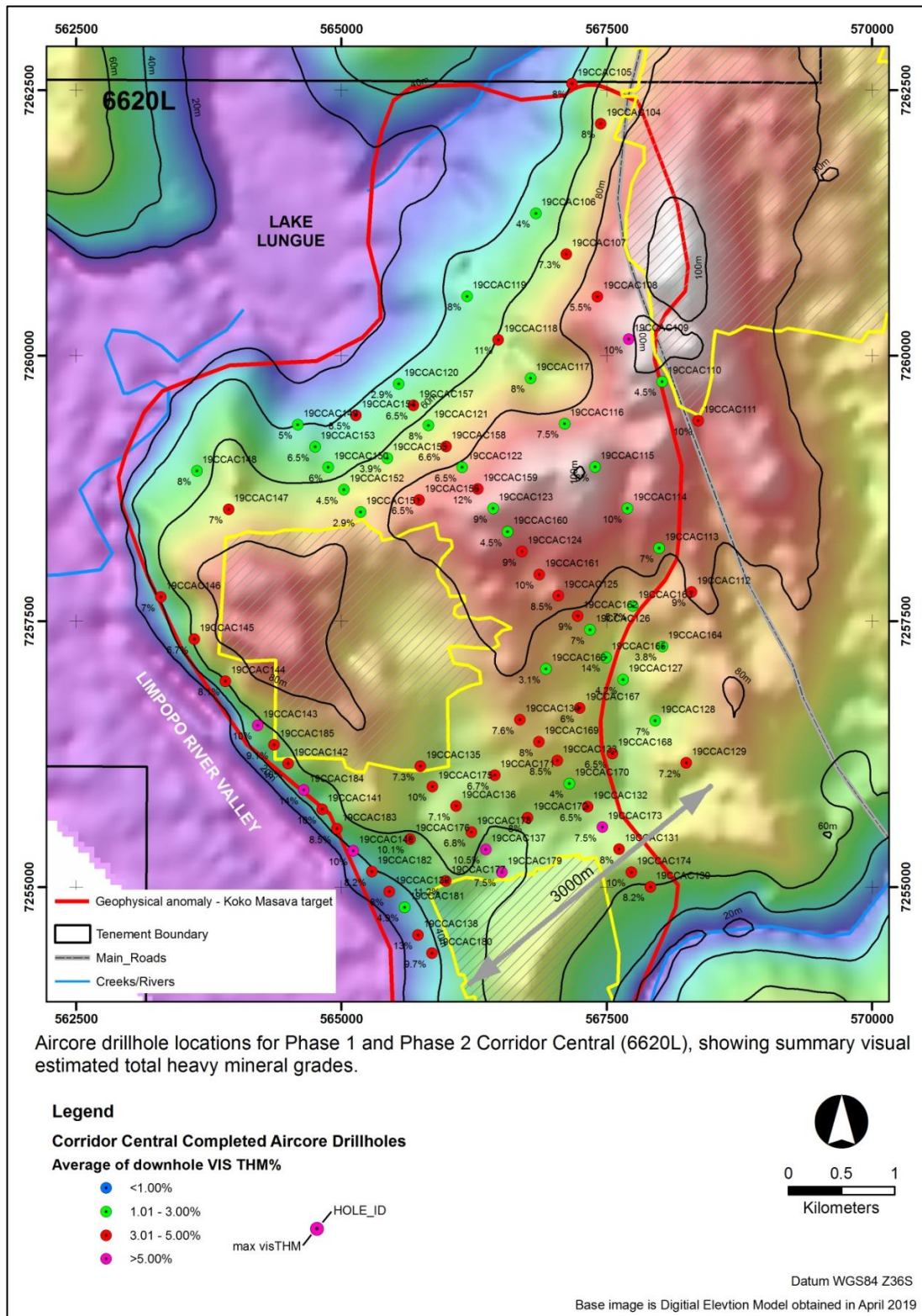


Figure 1: Location map of Phase 1 (wide spaced) and Phase 2 (infill) aircore drillholes completed to 25 November 2019 at Koko Massava.



Table 1: Summary of new Phase 2 Koko Massava drill data completed to 25 November 2019 with preliminary estimated visual (VIS) THM% data. Average (AVG) data is uncut grade weighted from surface to end of hole.

HOLE ID	UTM EAST WGS84	UTM NORTH WGS84	EOH (M)	ELEV'N (M)	DIP	AZI	AVG VIS THM%	MIN VIS THM%	MAX VIS THM%	INCLUDING
19CCAC152	565025	7258740	48	60	-90	360	1.58	0.2	4.5	6m @ 3.8% visTHM (24-30m)
19CCAC153	564753	7259143	51	40	-90	360	2.78	0.5	6.5	9m @ 5.8% visTHM (30-39m)
19CCAC154	565139	7259441	50	40	-90	360	3.93	1.2	8.5	9m @ 3.6% visTHM (0-9m) 41m @ 4.0% visTHM (9-50m)
19CCAC155	565434	7259038	51	61	-90	360	2.44	0.4	3.9	9m @ 3.5% visTHM (24-33m)
19CCAC156	565734	7258645	51	77	-90	360	3.17	1.3	6.5	27m @ 3.0% visTHM (0-27m) 24m @ 3.4% visTHM (27-51m)
19CCAC157	565680	7259536	51	45	-90	360	3.68	1.4	6.5	15m @ 4.8% visTHM (3-18m) 12m @ 4.3% visTHM (18-30m)
19CCAC158	565987	7259148	51	67	-90	360	3.97	1.3	6.6	21m @ 5.5% visTHM (021m)
19CCAC159	566287	7258747	51	83	-90	360	4.87	1.7	12	27m @ 3.8% visTHM (0-27m) 21m @ 6.6% visTHM (27-48m)
19CCAC160	566568	7258344	48	85	-90	360	2.91	1.9	4.5	18m @ 3.5% visTHM (27-45m)
19CCAC161	566867	7257942	54	78	-90	360	4.89	2	10	27m @ 3.8% visTHM (0-27m) 27m @ 6.0% visTHM (27-54m)
19CCAC162	567229	7257552	54	73	-90	360	3.62	0.7	9	27m @ 3.3% visTHM (0-27m) 12m @ 6.1% visTHM (27-39m)
19CCAC163	567747	7257646	54	68	-90	360	2.94	1	5.7	36m @ 3.5% visTHM (0-36m)
19CCAC164	568027	7257266	51	74	-90	360	2.35	0.4	3.8	18m @ 3.0% visTHM (3-21m)
19CCAC165	567495	7257162	45	66	-90	360	2.63	0.3	14	30m @ 3.4% visTHM (0-30m) 9m @ 5.8% visTHM (21-30m)
19CCAC166	566930	7257054	51	68	-90	360	2.03	1	3.1	27m @ 2.6% visTHM (6-33m)
19CCAC167	567248	7256685	51	66	-90	360	3.38	2	6	45m @ 3.5% visTHM (0-45m) 6m @ 5.6% visTHM (24-30m)
19CCAC168	567554	7256257	42	62	-90	360	3.12	0.6	6.5	39m @ 3.3% visTHM (0-39m) 9m @ 5.1% visTHM (30-39m)
19CCAC169	566862	7256367	51	69	-90	360	3.15	0.9	8	21m @ 3.0 visTHM (0-21m) 15m @ 4.8% visTHM (21-36m)
19CCAC170	567149	7255975	36	61	-90	360	2.64	1.3	4	15m @ 2.9% visTHM (0-15m)
19CCAC171	566447	7256053	42	62	-90	360	4.04	2.1	6.7	36m @ 4.3% visTHM (0-36m) 6m @ 6.5% visTHM (30-36m)
19CCAC172	566757	7255652	51	58	-90	360	4.27	2	8	42m @ 4.6% visTHM (0-46m) 9m @ 6.1% visTHM (30-39m)
19CCAC173	567460	7255565	51	57	-90	360	5.01	1.5	7.5	36m @ 5.4% visTHM (0-36m) 15m @ 4.2% visTHM (36-51m)
19CCAC174	567735	7255141	51	52	-90	360	4.84	2.4	10	18m @ 4.3% visTHM (0-18m) 33m @ 5.2% visTHM (18-51m)
19CCAC175	565859	7255947	51	53	-90	360	3.51	1.4	10	33m @ 3.0% visTHM (0-33m) 15m @ 4.9% visTHM (33-48m)
19CCAC176	565648	7255453	51	56	-90	360	4.4	1.9	10.1	36m @ 3.4% visTHM (0-36m) 15m @ 6.7% visTHM (36-51m)
19CCAC177	565983	7255057	51	53	-90	360	4.4	1.9	11.2	21m @ 2.5% visTHM (0-21m) 30m @ 5.7% visTHM (21-51m)
19CCAC178	566227	7255518	51	58	-90	360	3.86	1.5	6.8	18m @ 4.3% visTHM (3-21m) 15m @ 5.2% visTHM (27-42m)
19CCAC179	566514	7255141	51	49	-90	360	5.24	1.8	7.5	45m @ 5.7% visTHM (0-45m)
19CCAC180	565856	7254377	45	35	-90	360	4.74	1.6	9.7	18m @ 4.7% visTHM (3-21m) 24m @ 5.0% visTHM (21-45m)
19CCAC181	565597	7254811	39	27	-90	360	2.4	0.1	4.9	12m @ 3.0% visTHM (3-15m)
19CCAC182	565288	7255145	45	35	-90	360	4.42	0.5	8.2	33m @ 5.3% visTHM (3-36m)
19CCAC183	564957	7255548	51	45	-90	360	4.58	1.7	8.5	9m @ 4.9% visTHM (0-9m) 36m @ 5.0% visTHM (15-51m)
19CCAC184	564648	7255913	51	48	-90	360	5.66	2	14	9m @ 8.7% visTHM (24-33m)
19CCAC185	564367	7256338	51	49	-90	360	4.91	1.6	9.1	15m @ 4.7% visTHM (0-15m) 21m @ 6.7% visTHM (30-51m)

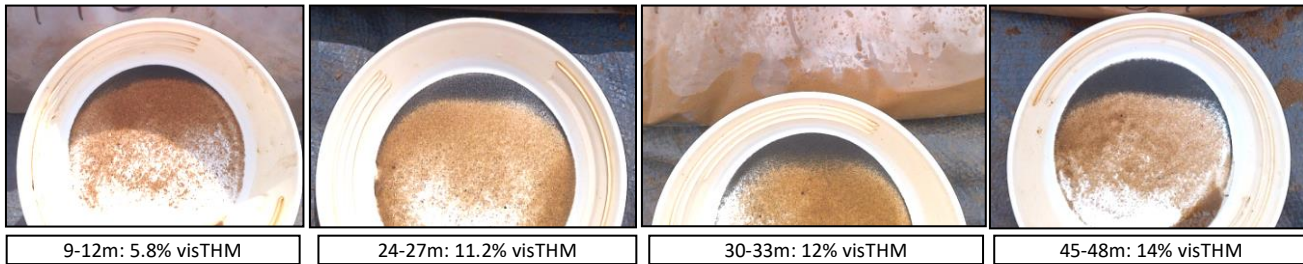


Figure 2: Examples of pan concentrates for selected high grade samples from aircore hole 19CCAC184.

### Drill Program Process and Additional Details

Drilling was undertaken by Bamboo Rock Drilling Limitada utilising a purpose-built Thor Reverse Circulation Aircore drill rig with 76mm diameter rods and 80mm diameter Harlsan aircore bits. Samples are collected via a cyclone as entire 3m composites. Each sample is logged by the Geologist onsite and analysed by wet pan concentration for estimated visual total heavy mineral (visual THM) percent using a standard procedure defined by the Company and validated by three rounds of laboratory assays. In terms of QA/QC, field duplicates are prepared at a frequency of 1 per 25 primary samples and a standard reference material (SRM) sample is inserted at a frequency of 1 per 50 primary samples.

Wet pan concentration analysis to estimate visual THM percent for each sample in the field is a preliminary and qualitative method. However, from the auger drilling program at Koko Massava, visual estimation of grade in the field compares well with quantitative assay results of the same sample interval received later from the laboratory.

This fourth progress update is provided in the interests of continuous market disclosure of information that the Board believes is 'material' during a lengthy aircore drilling program with a long turnaround time for assay results from the laboratory.

### Competent Persons' Statement

The information in this report, as it relates to Mozambique Exploration Results is based on information compiled and/or reviewed by Dr Mark Alvin, who is a member of The Australasian Institute of Mining and Metallurgy. Dr Alvin is an employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

-ENDS-

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# Appendix 1

## JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Aircore drilling was used to obtain samples at 3.0m intervals.</li> <li>The larger 3.0m interval aircore drill samples were homogenized by rotating the sample bag prior to being grab sampled for panning.</li> <li>A sample of sand, approximately 20g, was scooped from the sample bag of each sample interval for wet panning and visual estimation.</li> <li>The same sample mass is used for every pan sample visual estimation.</li> <li>The consistent sized pan sample is to ensure visual calibration is maintained for consistency in percentage visual estimation of total heavy mineral (THM).</li> <li>Images of pan concentrate samples with associated laboratory THM results are used in the field as comparisons to further refine visual estimation of THM.</li> <li>Geologists enter the laboratory THM results for each sample on field log sheets against the visual estimation of THM to refine and further calibrate field visual estimation of THM.</li> <li>Geotagged photographs are taken of each panned sample with the corresponding sample bag to enable easy reference at a later date.</li> <li>A sample ledger is kept at the drill rig for recording sample intervals and sample mass, and photographs are taken of samples for each hole to cross-reference with logging.</li> <li>The large 3.0m drill samples have an average of about 23kg and are being split down in Mozambique to approximately 300-600g by three tier riffle splitter for export to the Primary processing laboratory.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Reverse Circulation 'Aircore' drilling with inner tubes for sample return was used.</li> <li>Aircore drilling is considered a standard industry technique for HMS mineralization. Aircore drilling is a form of reverse circulation drilling where the sample is collected at the face and returned inside the inner tube.</li> </ul>

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>• Aircore drill rods used were 3m long.</li> <li>• Drill rods used were 76mm in diameter and NQ diameter (80mm) Harlsan aircore drill bits were used.</li> <li>• All drill holes were drilled vertical.</li> <li>• The drilling onsite is governed by an Aircore Drilling Guideline to ensure consistency in application of the method between geologists.</li> </ul>
<p><i>Drill sample recovery</i></p>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Drill sample recovery is monitored by measuring and recording the total mass of each 3.0m sample at the drill rig with a standard spring balance.</li> <li>• While initially collaring the hole, limited sample recovery can occur in the initial 0.0m to 3.0m sample interval owing to sample and air loss into the surrounding loose soil.</li> <li>• The initial 0.0m to 3.0m sample interval is drilled very slowly in order to achieve optimum sample recovery.</li> <li>• The entire 3.0m sample is collected at the drill rig in large numbered plastic bags for dispatch to the onsite initial split preparation facility.</li> <li>• At the end of each drill rod, the drill string is cleaned by blowing down with air to remove any clay and silt potentially built up in the sample pipes and cyclone.</li> <li>• The twin-tube aircore drilling technique is known to provide high quality samples from the face of the drill hole.</li> <li>• Wet and moist samples are placed into large plastic basins to dry prior to splitting.</li> </ul>
<p><i>Logging</i></p>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The 3.0m aircore drill intervals are logged onto paper field log sheets at the drill site prior to transcribing into a Microsoft Excel spreadsheet at the field office.</li> <li>• The aircore samples were logged for lithology, colour, grainsize, rounding, sorting, estimated %THM, estimated %slimes and any relevant comments, such as slope and vegetation.</li> <li>• Geological logging is governed by an Aircore Drilling Guideline document with predefined log codes and guidance of what to include in data fields to ensure consistency between individuals logging data.</li> <li>• Data is backed-up each day at the field office to a cloud storage site.</li> <li>• Data from the Microsoft Excel spreadsheets is imported into a Microsoft Access database and the data is subjected to numerous validation queries to ensure data quality.</li> </ul>
<p><i>Sub-sampling techniques</i></p>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The entire 3.0m aircore drill sample collected at the rig was dispatched to a sample preparation facility to split with a three tier</li> </ul>



Criteria	JORC Code explanation	Commentary
<i>and sample preparation</i>	<ul style="list-style-type: none"> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<p>riffle splitter to reduce sample mass.</p> <ul style="list-style-type: none"> <li>The water table depth was noted in all geological logs if intersected.</li> <li>Employees undertaking the primary sampling and splitting are closely monitored by a geologist to ensure sampling quality is maintained.</li> <li>Almost all of the samples are sand, silty sand, sandy silt, clayey sand or sandy clay and this sample preparation method is considered appropriate.</li> <li>The sample sizes were deemed suitable to reliably capture THM, slime, and oversize characteristics, based on industry experience of the geologists involved and consultation with laboratory staff.</li> <li>Field duplicates of the samples are completed at a frequency of 1 per 25 primary samples.</li> <li>Standard Reference Material (SRM) samples are inserted into the sample stream in the field at a frequency of 1 per 50 samples.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<ul style="list-style-type: none"> <li>The wet panning of samples provides an estimate of the %THM content within the sample which was sufficient for the purpose of determining approximate concentrations of THM.</li> <li>The field derived visual panned THM estimates are compared to a range of laboratory derived THM images of pan concentrates. This allows the field geologists to calibrate the field panned visual estimated THM with known laboratory measured THM grades.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>Selected visual estimated THM field data are checked by the Chief Geologist.</li> <li>Significant visual estimated THM &gt;5% are verified by the Chief Geologist. This is done either in the field or via field photographs of the pan sample.</li> <li>The Chief Geologist makes regular visits to the field drill sites to check on process and procedure.</li> <li>No twinned holes have been completed during this programme to date but twin holes are planned.</li> <li>The geologic field data is manually transcribed into a master Microsoft Excel spreadsheet which is appropriate for this stage in the exploration program. Data is then imported into a Microsoft Access database where it is subjected to various validation queries.</li> </ul>
<i>Location of</i>	<ul style="list-style-type: none"> <li><i>Accuracy and quality of surveys used to locate drill holes (collar and</i></li> </ul>	<ul style="list-style-type: none"> <li>Downhole surveys for these aircore holes are not required due to the</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>data points</i>	<p><i>down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<p>relatively shallow nature.</p> <ul style="list-style-type: none"> <li>A handheld 16 channel Garmin GPS is used to record the positions of the aircore holes in the field.</li> <li>The handheld Garmin GPS has an accuracy of +/- 5m in the horizontal.</li> <li>The datum used for coordinates is WGS84 zone 36S.</li> <li>The accuracy of the drillhole locations is sufficient for this early stage exploration.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>Grid spacing used in the Phase 1 drill program is 1000m between drill lines (traverses) and 500m between hole stations.</li> <li>The 500m space between aircore holes is sufficient to provide a reasonable degree of confidence in geological models and grade continuity within the holes for aeolian style HMS deposits.</li> <li>Closer spaced drilling planned in Phase 2 (500m x 500m and 1000m x 250m spaced holes) will provide a higher confidence in geological models and grade continuity between the holes.</li> <li>Each aircore drill sample is a single 3.0m sample of sand intersected down the hole.</li> <li>No compositing has been applied to values of THM, slime and oversize.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>The aircore drilling was oriented perpendicular to the interpreted strike of mineralization defined by reconnaissance auger drill data and geophysical data interpretation.</li> <li>Drill holes were vertical and the nature of the mineralisation is relatively horizontal.</li> <li>The orientation of the drilling is considered appropriate for testing the lateral and vertical extent of mineralization without any bias.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>Aircore samples remained in the custody of Company representatives while they were transported from the field to Chibuto field camp for splitting and other processing.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>Internal data and procedure reviews are undertaken.</li> <li>No external audits or reviews have been undertaken.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The exploration work was completed on the Corridor Central tenement (6620L) which is 100% owned by the Company through its 100% ownership of its subsidiary, Sofala Mining &amp; Exploration Limitada, in Mozambique.</li> <li>All granted tenements have initial 5 year terms, renewable for 3 years.</li> <li>Traditional landowners and village Chiefs within the areas of influence were consulted prior to the aircore drilling programme and were supportive of the programme.</li> <li>Representatives from the Provincial Directorate of Mineral Resources and Directorate of Lands, Environment and Rural Development, and District Planning and Infrastructure Departments are also part of the consent and consultation process.</li> <li>An Environment Management Plan was prepared by an independent consultant and submitted to the Provincial Directorate of Lands, Environment and Rural Development in accordance with Mining Law and Regulations.</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Historic exploration work was completed by Corridor Sands Limitada, a subsidiary of Southern Mining Corporation and subsequently Western Mining Corporation, in 1999. BHP-Billiton acquired Western Mining Corporation and undertook a Bankable Feasibility Study of the Corridor Deposit 1 about 15km north of the Company's tenements.</li> <li>The Company has obtained digital data in relation to this historic information.</li> <li>The historic data comprises limited Aircore/Reverse Circulation drilling.</li> <li>The historic results are not reportable under JORC 2012.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Two types of heavy mineral sand mineralisation styles are possible along coastal Mozambique: <ol style="list-style-type: none"> <li>Thin but high grade strandlines which may be related to marine or fluvial influences, and</li> <li>Large but lower grade deposits related to windblown sands.</li> </ol> </li> <li>The coastline of Mozambique is well known for massive dunal</li> </ul>

Criteria	JORC Code explanation	Commentary																																																												
		systems such as those developed near Inhambane (Rio Tinto's Mutamba deposit), near Xai Xai (Rio Tinto's Chilubane deposit) and in Nampula Province (Kenmare's Moma deposit). Buried strandlines are likely in areas where palaeoshorelines can be defined along coastal zones.																																																												
Drill hole Information	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Summary drill hole information is presented within Table 1 of the main body of text of this announcement.</li> </ul>																																																												
Data aggregation methods	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>No cut-offs were used in the downhole averaging of results.</li> <li>The visual estimated THM% averaging is grade-weighted.</li> <li>An example of the data averaging is shown below.</li> </ul> <table border="1"> <thead> <tr> <th>HOLE_ID</th> <th>FROM</th> <th>TO</th> <th>PCT VIS THM</th> <th>Average visTHM</th> <th>Average visTHM</th> </tr> </thead> <tbody> <tr><td>19CCAC104</td><td>0.0</td><td>3.0</td><td>6.0</td><td rowspan="13">37.5m @ 4.9%</td><td rowspan="13">27m @ 6.3%</td></tr> <tr><td>19CCAC104</td><td>3.0</td><td>6.0</td><td>6.0</td></tr> <tr><td>19CCAC104</td><td>6.0</td><td>9.0</td><td>6.0</td></tr> <tr><td>19CCAC104</td><td>9.0</td><td>12.0</td><td>8.0</td></tr> <tr><td>19CCAC104</td><td>12.0</td><td>15.0</td><td>6.2</td></tr> <tr><td>19CCAC104</td><td>15.0</td><td>18.0</td><td>6.6</td></tr> <tr><td>19CCAC104</td><td>18.0</td><td>21.0</td><td>5.5</td></tr> <tr><td>19CCAC104</td><td>21.0</td><td>24.0</td><td>8.0</td></tr> <tr><td>19CCAC104</td><td>24.0</td><td>27.0</td><td>4.0</td></tr> <tr><td>19CCAC104</td><td>27.0</td><td>30.0</td><td>2.5</td></tr> <tr><td>19CCAC104</td><td>30.0</td><td>33.0</td><td>2.0</td></tr> <tr><td>19CCAC104</td><td>33.0</td><td>36.0</td><td>1.7</td></tr> <tr><td>19CCAC104</td><td>36.0</td><td>37.5</td><td>1.5</td></tr> </tbody> </table>	HOLE_ID	FROM	TO	PCT VIS THM	Average visTHM	Average visTHM	19CCAC104	0.0	3.0	6.0	37.5m @ 4.9%	27m @ 6.3%	19CCAC104	3.0	6.0	6.0	19CCAC104	6.0	9.0	6.0	19CCAC104	9.0	12.0	8.0	19CCAC104	12.0	15.0	6.2	19CCAC104	15.0	18.0	6.6	19CCAC104	18.0	21.0	5.5	19CCAC104	21.0	24.0	8.0	19CCAC104	24.0	27.0	4.0	19CCAC104	27.0	30.0	2.5	19CCAC104	30.0	33.0	2.0	19CCAC104	33.0	36.0	1.7	19CCAC104	36.0	37.5	1.5
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Relationship between mineralisation widths and intercept	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there</li> </ul>	<ul style="list-style-type: none"> <li>The nature of the mineralisation is broadly horizontal, thus vertical aircore holes are thought to represent close to true thicknesses of the mineralisation.</li> <li>Downhole widths are reported.</li> </ul>																																																												



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<i>lengths</i>	<i>should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Figures are displayed in the main text.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>• A summary of the visual estimated THM% data is presented in Table 1 of the main part of the announcement, comprising downhole averages, together with maximum and minimum estimated THM values in each hole.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No other material exploration information has been gathered by the Company.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Further work will include heavy liquid separation analysis for quantitative THM% data.</li> <li>• A mineral resource estimation study, including 3D geological and grade modeling, and an associated technical report has been scoped and will be commenced when all data is available.</li> <li>• Additional mineral assemblage and ilmenite mineral chemistry analyses will also be undertaken on suitable composite HM samples to determine valuable heavy mineral components.</li> <li>• As the project advances, TiO2 and contaminant test work analyses will also be undertaken.</li> </ul>