

**ASX ANNOUNCEMENT & MEDIA RELEASE  
20 FEBRUARY 2020  
STRATEGIC EXPLORATION UPDATE**

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**MRG Metals Ltd (MRG or the Company) has made a number of achievements since embarking on a new strategy in 2018.**

**The result and centrepiece of this new strategy has been the acquisition and successful exploration of the Company's Heavy Mineral Sands (HMS) projects in Mozambique.**

**With many new Shareholders investing in MRG now is an opportune time to reflect on the Company's strategy, progress to date and current developments.**

**MRG'S CORPORATE STRATEGY**

**Twenty four months ago MRG stopped work on all of its Australian projects and introduced a new corporate strategy requiring the review of over 120 exploration projects globally. One of the key criteria included in the strategy was the potential for massive scale exploration and resource development in commodities with a steady to positive growth profile. In addition, exploration success needed to be achievable within 12 months and within a junior explorer's budget.**

- ✓ **Mozambique Corridor Central and Corridor South tenements and Linhuane, Marão and Marruca tenement applications were acquired within these parameters.**

## **Exploration Strategy**

**MRG is a cost effective, technically driven exploration company, implementing programs designed to maximise the probability of discovering globally significant mineral resources.**

**MRG is open to potential interest from large Industry players with the financial capacity and experience to take our discoveries into production.**

### **Mozambique HMS Exploration Strategy:**

- 1 Collate historic exploration data into a GIS database;**
- 2 Fly an airborne geophysical survey (magnetics and radiometrics) to generate and prioritise exploration targets;**
- 3 Reconnaissance auger drilling at wide spacing to 12 metres depth over the targets and then infill to grid auger drilling over highly mineralised zones;**
- 4 Aircore drill at wide spacing over the auger anomalies and if successful, infill/extension drilling to achieve a JORC compliant Mineral Resource Estimate;**
- 5 Deliver a JORC Mineral Resource Estimate over the target, then:
  - a. Progress that target to a scoping study for potential mine development, while**
  - b. Implement step 3 above on the next highest priority target and get on to make the next discovery.****

### **Mozambique HMS Exploration Scorecard:**

- 1. Historic data from the tenements area was collated into a GIS database;**
- 2 An airborne magnetic and radiometric survey was flown over both tenements, then data analysis, target generation and prioritisation (see Announcement 13 June 2019);**

3. Reconnaissance and then (due to it being successful), infill hand auger grid drilling was completed at Koko Massava (1<sup>st</sup> target explored of 13 targets identified);
4. Aircore drilling then successfully tested the auger drilling anomaly leading to infill drilling and the commissioning of a Mineral Resource Estimate study.
5. (a) MRG now awaits delivery of the Mineral Resource Estimate, at which time next steps will be decided for a Scoping Study at Koko Massava;  
(b) In parallel, back to strategy item 3 (above), hand auger drilling at the next target, Poiombo, is underway. Planning for a third target, Nhacutse, has commenced.

MRG also has tenement applications at Linhuane, Marão and Marruca, which will further add to the exploration portfolio to be tested under the strategy.

### Key Elements for Success – Tonnage, Grade and Mineralogy

Tonnage, Grade and Mineralogy are key technical parameters that are crucial elements in the achievement of the economic viability of any HMS deposit.

With Koko Massava we are confident to deliver a JORC Mineral Resource Estimate by the end of March which will address all of these elements, so that preliminary viability can be established.

At Poiombo – we will be implementing the same exploration strategy steps, but with an evolving potential mineral resource position at Koko Massava, we will have the advantage of discrete and prioritised targeting with a focus on high HMS grade and mineral assemblage while also enhancing tonnage.

## SUMMARY HIGHLIGHTS TO DATE

### **KOKO MASSAVA:**

- **Target 1 of 13 targets identified from the airborne geophysics.**
- **Hand auger drilling at Koko Massava identified a massive target with very good grades to +10m depth over +20km<sup>2</sup>.**
- **Wide spaced aircore drilling (mainly 50 metres deep - see Announcements 16 December 2019, 20 January 2020, 3 February 2020 and 18 February 2020) delivering the following achievements:**
  - **Definition of an approximate 20km<sup>2</sup> highly mineralised zone (excluding townships) with assay results averaging >4.5% Total Heavy Minerals (THM) from surface to end of hole; and**
  - **A high grade zone of 5km x 1km averaging >5% THM from surface to end of hole.**
- **Infill aircore drilling has successfully identified further high grade zones and will likely provide sufficient data to establish an Inferred Mineral Resource Estimate with a portion potentially at Indicated resource confidence level.**
- **The mineralised footprint at Koko Massava is massive and has the potential to deliver a +2billion tonne resource. For reference, a large HMS mining operation would process greater than 20 million tonnes of ore per annum (50 to 100 years of mine production), producing in the order of 150k-200k tonnes of heavy mineral concentrates per annum.**
- **The mineral resource estimation work will define grade and tonnage at various THM cut-off grades within Koko Massava.**
- **The establishment of a maiden mineral resource at Koko Massava would allow the Company to target high grade mill feed in the ongoing exploration of the remaining 12 targets.**

#### **POIOMBO:**

- **Second target of 13 targets identified.**
- **A mineralized zone currently measuring 4km x 3km of potential high grade has been identified in the initial hand auger drilling program (see Announcement 13 February 2020). Visual THM estimates to 12 metres depth from surface show grades >5% THM.**
- **Aircore drilling is being planned and is expected to commence when preparation is complete, with a view to identifying another extensive and thick zone of high grade HMS.**

#### **CURRENT AND FUTURE DEVELOPMENTS**

- **Koko Massava – maiden JORC compliant Mineral Resource Estimate currently underway.**
- **Poiombo – planning underway for aircore drilling of high grade targets identified from auger drilling.**
- **Nhacutse (Third target of 13 targets identified in Corridor Central and Corridor South) – auger drilling to commence shortly.**
- **Linhuane – finalise application approval, then commence exploration.**
- **Targets 4 - 13 in Corridor Central and Corridor South to be considered for testing in the second half of 2020.**

#### **UPCOMING SIGNIFICANT NEWS FLOW:**

- ✓ **Aircore drill program for March - June (by end February);**
- ✓ **Technical update (early March);**
- ✓ **Mineral Resource Estimate for Koko Massava (late March);**
- ✓ **Mineralogy assemblage analysis (late March);**
- ✓ **Auger drilling program updates (ongoing as visual data and subsequent assays come in); and**
- ✓ **Aircore drilling program updates (ongoing from April as visual data and subsequent assays come in).**

*MRG Chairman, Mr Andrew Van Der Zwan, said “MRG has achieved a lot in a relatively short space of time, but in my discussions with Shareholders it has become apparent that expectations of drilling results at Koko Massava is the dominant thought of Investors. Koko Massava has exceeded our best expectations. To drill our first target and discover a massive, high grade deposit, with these high grades from surface in almost every hole is a significant achievement. However, from our perspective the best thing about Koko Massava is it provides a massive potential resource foundation for us to build on. We no longer need to find that base resource within our additional targets, we have it, and we think Koko Massava will stack up on its own. We will continue to prove up the potential resource, but we can now be extremely targeted in looking for even higher unit-value tonnage at our other targets that will add to the already significant value we believe will be proven at Koko Massava, resulting in MRG being the holder of World class HMS assets.*

*The initial Auger results at Poiombo are an exciting example of what we are trying to achieve. We don’t need to drill out Poiombo as we did Koko Massava, as we are just looking to find the best potential mineral resource. Grades of THM greater than 5% down to 12m is a fantastic start. Add this to the other 11 targets, Linhuane and other properties yet to be granted, it isn’t hard to see that the potential resource base built on the back of an exceptional start at Koko Massava will not only get bigger, but more importantly will get better.*

*The Board of MRG thanks all Shareholders for their support and look forward to sharing our exploration activities through 2020.”*

-ENDS-

On behalf of:  
Mr Andrew Van Der Zwan  
Chairman  
MRG Metals Ltd