

## ASX ANNOUNCEMENT

9 January 2023

### EXCELLENT NEW DISCOVERIES DEMONSTRATE POTENTIAL TO SIGNIFICANTLY UPGRADE EXISTING PEA AT CORRIDOR HMS PROJECT

---

#### Key Highlights

- MRG's Preliminary Economic Assessment (PEA) (refer ASX Announcement 3 November 2022), which delivered an NPV of A\$417 million, has already been eclipsed by excellent aircore drilling results in the past two months.
- New discoveries with significantly better mineral assemblage at similar grade compared to the existing PEA material (45% VHM) have been identified at Azaria (72.4% VHM), Malambane (61.6% VHM), Cihari (58.1% VHM), Viaria (63.5% VHM) and Zulene (62.6% VHM) targets (refer Figures 2, 3 and 4; Table 1).
- This breakthrough has come about because of MRG's strong technical approach and determination to understand the geological (economic) significance of the red sand and white sand lithological boundary.
- An exciting work program in 2023 is planned (refer Table 2), including:
  - Metallurgical study
    - Azaria and Malambane drillhole material; and
    - Non magnetic (zircon) upgrade testwork on existing PEA material.
  - Infill / Extension aircore drilling of Azaria and Malambane for MRE and pit optimisation purposes.
  - Update the PEA.
  - Commence exploration at MRG's REE + U projects immediately upon grant of their Exploration Licences.
  - Timing of Infill / Extension aircore drilling of Cihari, Viaria, Zulene and Magonde target at Marao project will be dependent on the funds raised in the current rights issue.

MRG Metals Limited ("MRG" or "the Company") (ASX Code: MRQ) is pleased to announce an extensive exploration program planned by the Company for 2023. The activities are compelled by the excellent Q4 2022 results from aircore drilling and associated laboratory Total Heavy Mineral (THM) % and from detailed mineralogical investigations at Corridor Central (11142C), Corridor South (11137C) and Marao (6842L) licences (refer Figure 1).

Aircore drilling within the Corridor licences focused on the red sand/white sand lithological boundary (refer **Figures 2, 3 and 4**) where previous mineralogical investigations showed significantly higher Valuable Heavy Mineral (VHM) content of the Heavy Mineral Concentrate (HMC) in the red sand close to the boundary compared to what was found in the Koko Massava, Nhacutse and Poiombo Mineral Resource Estimations (MREs); studies also showed very high VHM in the white sand (refer **ASX Announcements 11 August 2021 and 1 April 2022**). The drilling therefore aimed to target areas with significantly better VHM % than used in the Corridor Sands Preliminary Economic Assessment (PEA) average of 41% VHM found within the Koko Massava MRE area (refer **ASX Announcement 16 December 2021**) or the average 45% VHM from the >4% THM Nhacutse and Poiombo MRE area (refer **ASX Announcement 8 April 2022**).

The aircore drilling resulted in the discovery of the new Azaria Target east of the Koko Massava deposit within the white sand lithology (refer **Figures 2 and 3; ASX Announcement 10 November 2022**). This new large approximately 8.0 km<sup>2</sup> discovery has very high VHM of 72.4% and additionally 9.1% Titanomagnetite (refer **Table 1**).

The Malambane Target within the red sand lithology, close to the red sand/white sand boundary (refer **Figures 2 and 4**), was infill drilled and returned very high laboratory average THM results of 5.93% (refer **Table 1**) and average mineralised depth of 19.5m from 5 aircore holes within the target. Additionally, comprehensive mineralogical studies showed high VHM results of 61.6% and 21.0% Titanomagnetite (refer **Table 1**). The Malambane Target falls inside the >4% THM grade MRE of the Poiombo deposit (refer **Figure 4**), but importantly falls **outside** the high grade (>5% THM) PEA pit optimised areas (refer **Figure 4**). Malambane therefore has the potential to add very high grade and significantly higher VHM material to a PEA update.

The aircore drilling also resulted in the discovery of the new Cihari Target, north-east of the Nhacutse deposit at the edge of the red sand lithology (refer **Figures 2 and 3; ASX Announcement 16 November 2022**). This new discovery has very high VHM of 58.1.4% and additionally 21.6% Titanomagnetite (refer **Table 1**). Aircore drilling at Viaria and Zulene (refer **Figures 2 and 4; ASX Announcement 19 December 2022**) returned similar high VHM results of 63.5% and 19.1% Titanomagnetite at Viaria and 62.6% VHM with 19.6% Titanomagnetite at Zulene (refer **Table 1**).

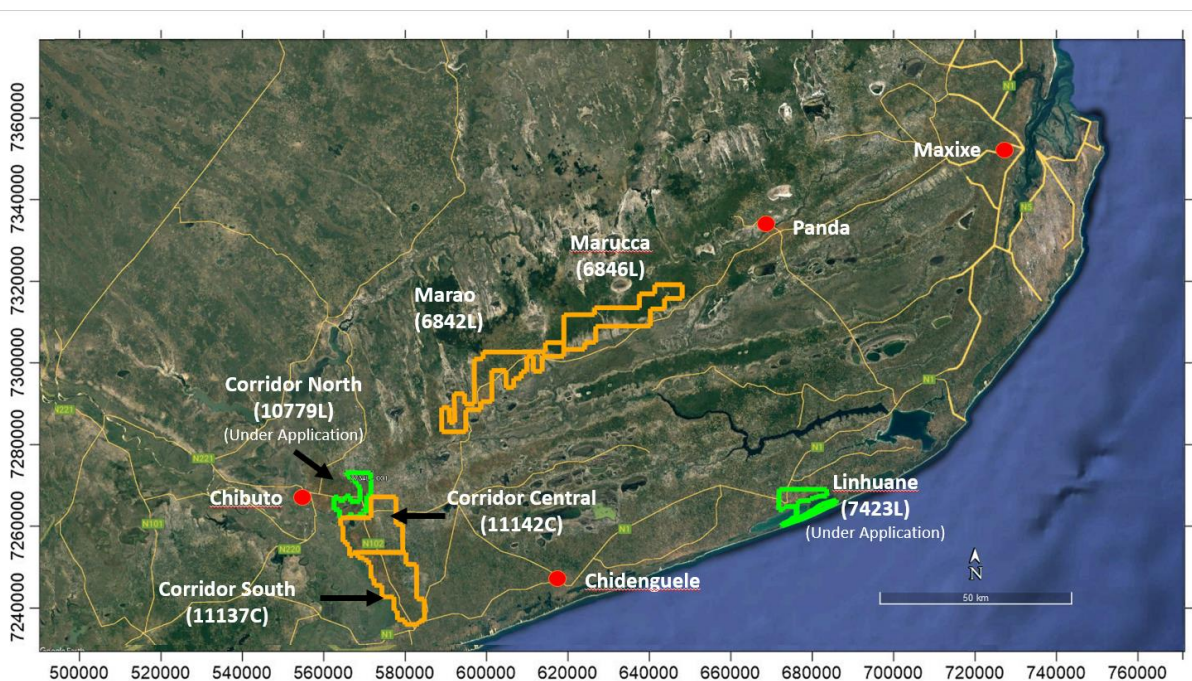
Aircore drilling at Marao (6842L) on the Magonde, Maduacua and Mandende Targets showed the Magonde Target as a very high-grade target (refer **ASX Announcement 21 July 2022**), supported by mineralogical studies of the heavy mineral concentrate that showed high VHM of 58.2% and additionally 15.1% Titanomagnetite (refer **Table 1; ASX Announcement 12 December 2022**).

The exploration activities and 2023 HMS work plan (refer **Table 2**) will focus on new data to update and hopefully further increase the already substantial NPV for the Corridor Project. This will likely comprise infill / extension aircore drilling, mineralogical and metallurgical studies, with new grade and metallurgical recovery work to be undertaken initially on Azaria and Malambane drill samples

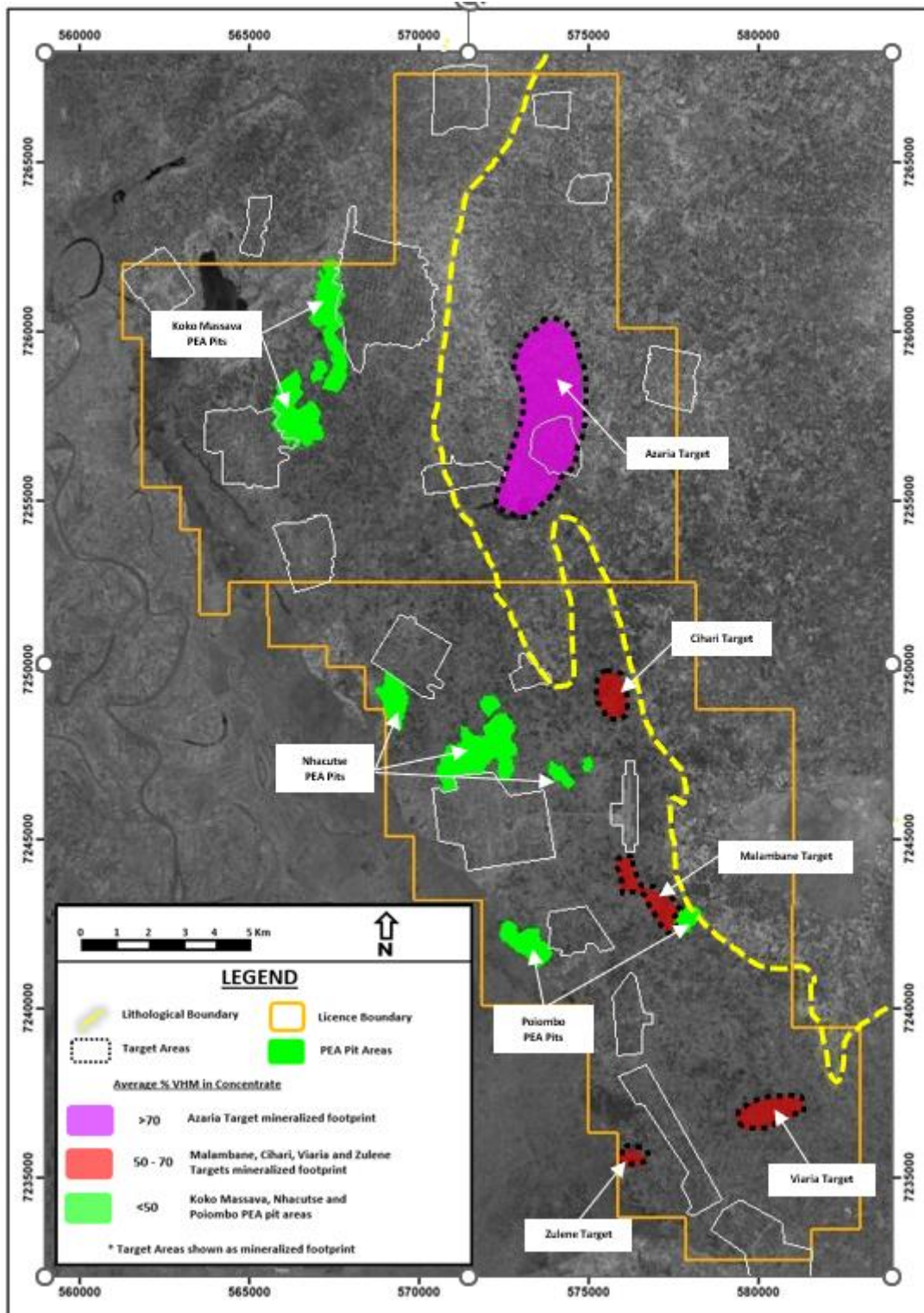
and further study of the non-magnetic part of the existing PEA material to upgrade the zircon recoveries.

Field based exploration activities will commence on the applied for REE + U projects (**refer ASX Announcements 11 May 2022 and 15 November 2022**) immediately upon grant of their Exploration Licences. The timing of Infill / Extension aircore drilling of Cihari, Viaria, Zulene and Magonde target at Marao Project will be dependent on the funds raised in the current rights issue.

**MRG Metals Chairman, Mr Andrew Van Der Zwan said:** *“Following on from our recent announcements and as we progress our extensive aircore drilling programs across our portfolio of assets in Mozambique, confidence is growing that we have multiple resources of value. Our stated goal now is to dramatically improve the economics of the project via 3 areas of focus – the targeted upgrade of the resource via improved THM grades, dramatically improved VHM components and a combination of both. In addition, we are pressing hard to gain access to our other Mozambique projects so we can run a project development process while continuing our greenfield exploration opportunities.”*



**Figure 1:** Map of the location of the Corridor Central (11142C), Corridor South (11137C) and Marao (6842L) Licence in relation to other MRG HMS licences.



**Figure 2:** New Targets within Corridor Central (11142C) and Corridor South (11137C) in proximity of the red sand/white sand lithological boundary (yellow dashed line), as well as the PEA pit areas.

**Table 1: MRG Projects, summary information for all Mozambican Projects and Funding Priority 2023.**

**CORRIDOR PROJECTS**

Deposit / Target	PEA NPV to Nov 22 A\$ Million	Exploration Target Mineralised Footprint (SQ KM)	Aircore Drillholes to Dec 22 (No of holes)	Grade (THM %)	Mineralogy VHM (Total %)	Titano-magnetite (%)	Funding Priority 2023 (Table 2)
Koko Massava, Nhacutse + Poiombo (Pit Optimised PEA)	417				45		1
Malambane		1.3	5	5.93	61.6	21.0	2
Azaria		8.0	3	3.72	72.4	9.1	3
Cihari		1.3	4	4.23	58.1	21.6	7
Viaria		1.4	2	4.22	63.5	19.1	8
Zulene		0.3	2	5.03	62.6	19.6	9

**MARAO PROJECT**

Magonde		1.1	1	6.04	58.2	15.1	10
Mandende		NA	1	3.65	58.7	19.5	11
Maduacua		NA	2	3.25	57.4	19.1	12

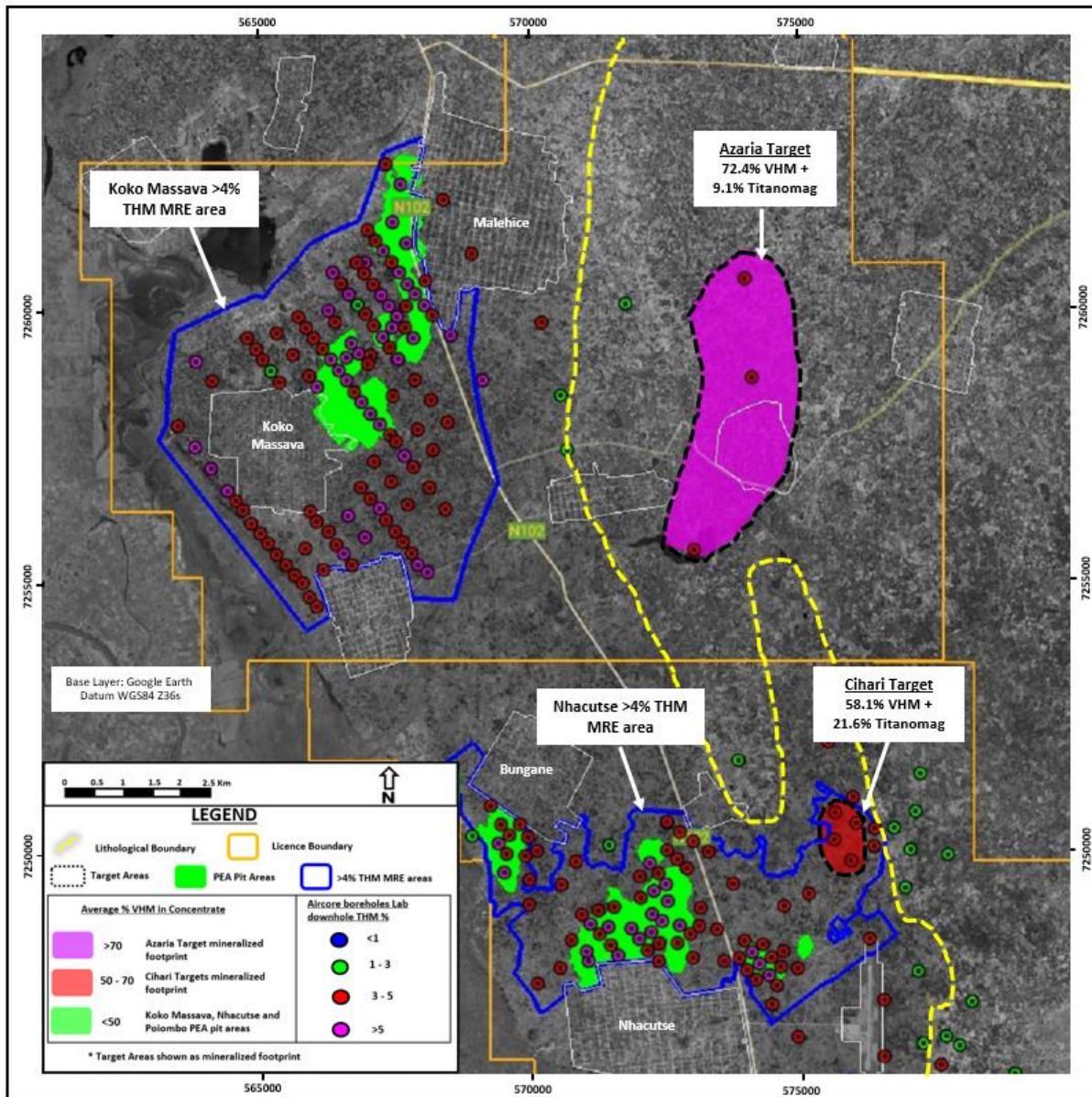
**REE + U PROJECTS**

REE (Applications)							
Patricio, Fotinho, Adriano							4*
Olinga							5*

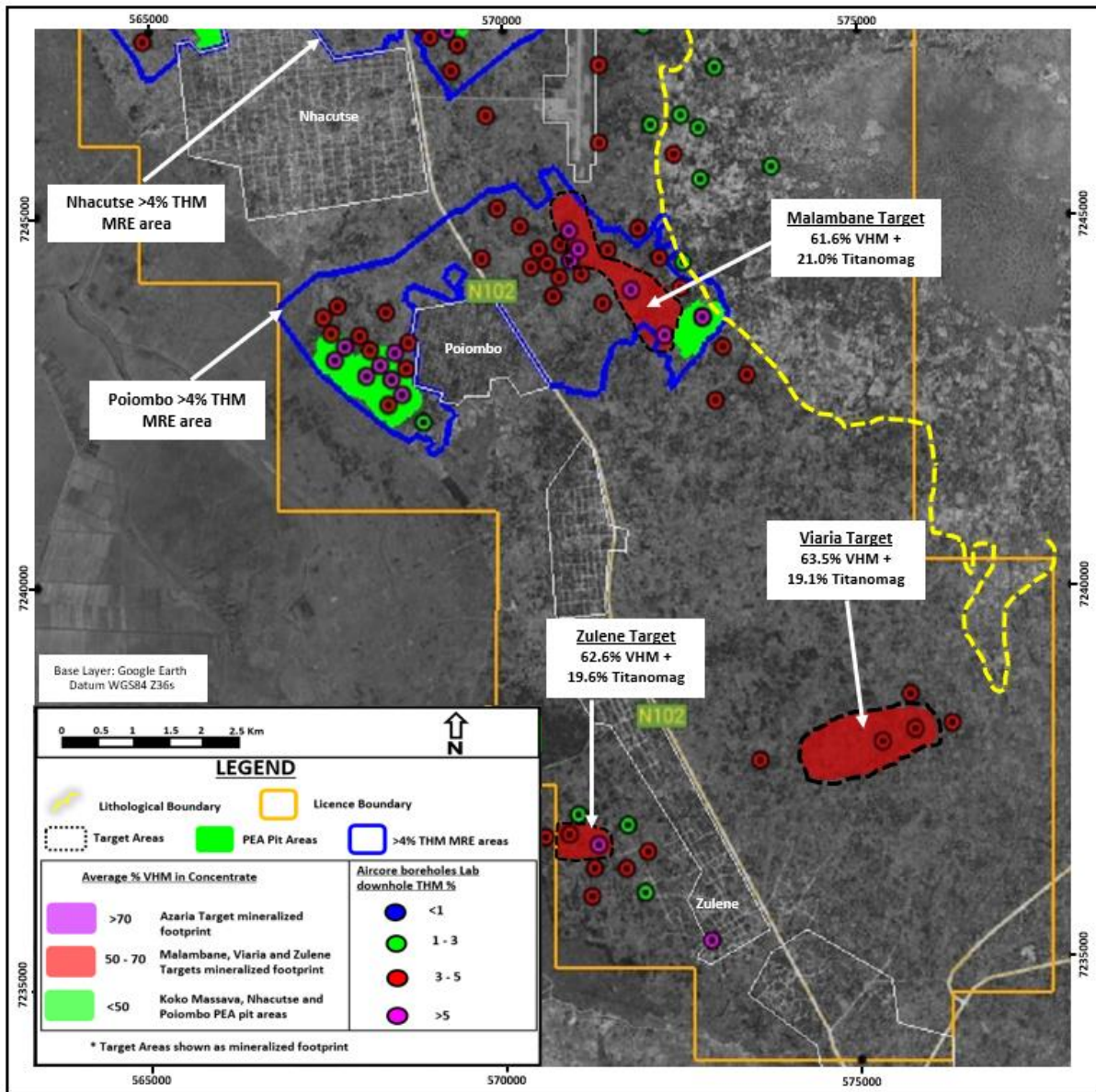
**HMS PROJECTS**

HMS (Applications)							
Linhuane							6*
Corridor North							13*

**\*Work programs to commence immediately upon grant of Exploration Licence**



**Figure 3:** Location of the Azaria and Cihari Targets in relation to the Koko Massava and Nhacutse MRE areas within Corridor Central (11142C) and Corridor South (11137C). Aircore holes with laboratory THM % grades shown.



**Figure 4:** Location of the Malambane, Viaria and Zulene Targets in relation to the Nhacutse and Poiombo MRE areas within Corridor South (11137C). Aircore holes with laboratory THM % grades shown.

**Table 2:** Work program for 2023, with priority rating of targets.

Funding Priority 2023	Deposit / Target	Mineralogy VHM (Total %)	Next Step 2023
1	Koko Massava + Nhacutse + Poiombo PEA ( NPV ) A\$417M	45	Focussed metallurgy aimed to upgrade non-magnetic product value, to in turn substantially increase the project NPV
2	Malambane	61.6	Initial metallurgy to confirm significant VHM mineralogy results compared to Koko Massava, Nhacutse + Poiombo
3	Azaria	72.4	Initial metallurgy to confirm significant VHM mineralogy results compared to Koko Massava, Nhacutse + Poiombo
7	Cihari	58.1	Initial metallurgy to confirm significant VHM mineralogy results compared to Koko Massava, Nhacutse + Poiombo
8	Viaria	63.5	To be announced
9	Zulene	62.6	To be announced
10	Magonde	58.2	To be announced
11	Mandende	58.7	To be announced
12	Maduacua	57.4	To be announced
13	Corridor North	NA	To be announced upon grant of ELA
4	Patricio, Fotinho, Adriano (REE + U)	NA	Field work to commence immediately upon grant of ELA. Geological mapping, stream sediment sampling, auger drilling
5	Olinga (REE + U)	NA	Field work to commence immediately upon grant of ELA. Geological mapping, stream sediment sampling, auger drilling
6	Linhuane	NA	Field work to commence immediately upon grant of ELA. Auger drilling to follow up very high THM historic anomalies



### **Competent Persons' Statement**

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

This release is authorized by the Board of MRG Metals Ltd.

### **For more Information please contact:**

#### **MRG Metals**

Andrew Van Der Zwan

Chairman

M: +61 (0) 400 982 987

E: [andrew@mrgmetals.com.au](mailto:andrew@mrgmetals.com.au)

#### **Investor Relations**

Victoria Humphries

NWR Communications

M: +61 (0) 431 151 676

E: [victoria@nwrcommunications.com.au](mailto:victoria@nwrcommunications.com.au)