



ASX ANNOUNCEMENT

26 July 2023

MEMORANDUM OF UNDERSTANDING TO FORM JOINT VENTURE ON MOZAMBIQUE CORRIDOR SANDS PROJECTS.

MRG Metals Limited (“MRG” or “the Company”) (ASX Code: MRQ) is pleased to announce it has entered a Memorandum of Understanding (MOU) with Tianjin Lanqi Materials Company Limited (“LANQI”) for a Joint Venture operation (“JV”) on its Mozambique Corridor Sands projects.

Key aspects of the MOU are:

- A period of 3 months Due Diligence commencing from today. During the period of Due Diligence, LANQI shall send their technical team to Mozambique for field inspection and sampling of the Corridor Projects. MRG shall send their representatives to assist LANQI to carry out this work.
- During the period of Due Diligence, LANQI shall also draft a JV agreement and shall send it to MRG together with LANQI’s decision to proceed to JV, such that the JV is signed at or before completion of the Due Diligence period.
- A commitment to purchase AUD\$500,000 shares at 0.4c upon successful completion of Due Diligence and entering the JV.

Key Terms of the JV are:

- Both parties shall sign a JV Agreement upon or before completion of Due Diligence period that parties will set up a JV company in Mozambique owned 75 % by LANQI and 25 % by MRG, achieved upon first production.
- LANQI shall invest USD 3 million dollars (and at the commencement of the JV place USD\$3 million into the JV trust account) for the following stages:
 - o To finish the JV company set up in Mozambique and company working capital.
 - i) Working capital to cover JV company in-country costs estimated at \$40k USD for minimum of 12 months.
 - ii) MRG Management involvement in JV at \$15k USD/month for minimum of 18 months.
 - o To complete the mine exploration and feasibility report for the Initial Corridor Project.
 - o To design the engineering and construction plan of the Initial Corridor Project.
 - o To get the mining licence approval from the Government.
- LANQI shall invest all funds necessary to develop the initial mining operation and all subsequent funds for mine expansion either on the Initial Corridor Project or subsequent Corridor Projects.
- LANQI shall guarantee that the total output of the HMC in the Initial Corridor Project shall be not less than 100,000 tpa at 18 months from the date any mining commences on the Initial Corridor Project; the total output of the HMC in Initial Corridor Project shall be increased to 200,000 tpa at

or before 3 years from the date any mining commences and to 400,000 tpa at or before 5 years from the date any mining commences.

- The JV Agreement shall specify obligation of the parties to retain JV equity with the intention of not limiting MRG's rights should the HMC production profile not deliver 100,000 tpa by 18 months, 200,000 tpa by 36 months, 400,000 tpa by 5 years and also should the JV not have implemented further expansion plans by 5 years from the date any mining commences in the Initial Corridor project.

Key Terms of the Offtake Agreement are:

1. LANQI shall be the Offtaker for all HMC products in the Initial Corridor Project.
2. The offtake price fixing can be referred to the export prices of the same quality HMC which shall be processed by other companies in Mozambique and the JV shall coordinate independent review mechanism agreeable to both Parties.
3. The JV company shall give 5% sales commission for the offtake agreement.

Definitions:

- Corridor Projects means Mineral Sands projects in Mozambique including Corridor Central (11142C), Corridor South (11137C), Corridor North (10779L) and Linhuane (7423L).
- "Initial Project" means the first of the Corridor Projects chosen by the JV for commencement of production.

About LANQI.

Located at Tianjin City, LANQI is a professional investment company, mainly engaged in the mining business of ilmenite and zircon sands in other countries. LANQI has partnership separation plants in China. LANQI is also importing ilmenite, zircon, rutile and monazite concentrates and fine products from abroad and sell to the end users in China. LANQI has partnership companies in Hong Kong, Sri Lanka, and Vietnam.

MRG Chairman, Mr Andrew Van Der Zwan, said:

"This MOU is a major step forward for MRG. On behalf of the Board, I thank MRG Shareholders for their patience. As a quick recap, we announced a positive PEA to the market in Q4, 2022. We substantially upgraded the potential start-up mine economics by discovering and completing sighter metallurgy on Malambane and Azaria deposits. We tripled the potential value per tonne of the non-magnetic concentrate of the Koko Massava 7t bulk sample. These very positive developments have not yet been rolled into a revised economic assessment.

MRG has discovered and is developing a potential mine operation of well in excess of 100 years of mine life. As a junior explorer, MRG does not have the capital to do this alone. We have been raising new capital at decreasing share-prices, so our strategy has been to identify a qualified partner/offtaker to shoulder the costs and take us forward.

We are pleased to have reached agreement in principle with LANQI, who has identified the significant potential profitability of the project given the scale, access to necessary infrastructure, proximity to port and the high base THM grades. Importantly, under the terms of the MOU, MRG will retain 25% equity, while being free-carried through the life of any mine operations that are developed by the JV.

We look forward now to working with LANQI to move to JV as quickly as possible and LANQI has committed to having their personnel on the ground in Mozambique in early August. While the terms of the MOU allow for a 3 month Due Diligence period, we have been working with LANQI technical team for the last 2 months and believe the Due Diligence can be completed well within this time line.

MRG will provide significant assistance in the Due Diligence period, but we are pleased for LANQI to take an active role, allowing MRG to continue its focus on low cost exploration, with projects including the new Uranium and Rare Earths projects currently awaiting permits.”

Authorised by the Board of MRG Metals Ltd.

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Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company’s planned exploration program and corporate activities. When used in this document, the words such as “could”, “plan” “estimate”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results, events and outcomes achieved will be consistent with these forward looking statements.