

## ASX ANNOUNCEMENT

30 October 2023

### SEPTEMBER 2023 QUARTERLY ACTIVITY REPORT

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#### **Key Highlights**

##### **Corridor Sands Project, Mozambique**

- Memorandum of Understanding (MOU) entered with Tianjin Lanqi Materials Company Limited (“LANQI”) for a Joint Venture operation (“JV”) on Corridor Sands projects
- The parties shall sign a JV Agreement upon or before completion of Due Diligence period to set up a JV company in Mozambique owned 75% by LANQI and 25% by MRG, achieved upon first production
- LANQI committed to purchase AUD\$500,000 shares at 0.4c upon successful completion of Due Diligence and entering the JV, with a further USD\$3 million to be invested at JV commencement
- Three-month Due Diligence period commenced 26 July 2023
- During the quarter, LANQI sent a technical team to Mozambique as part of Due Diligence process for field inspection and sampling of Corridor Sands Projects
- MRG has sent 3 representative heavy mineral concentrate (HMC) samples up to 30km in size to LANQI for review and analysis.

##### **Shawa Carbonatite Complex, Zimbabwe**

- Post quarter, a Binding MOU was entered into with Wickbury Investments (Pvt) Ltd (“Wickbury”) for a JV on a package of 10 mining licences held by Wickbury over the Shawa Carbonatite Complex in Zimbabwe
- MRG has acquired exclusive rights to exploration and development for all commodities within the 10 mining licences of Wickbury from signature of MOU
- Although largely unexplored, MRG believes Shawa Carbonatite Complex to be well mineralised, with proven known occurrences of the following multi-commodity mineralisation: Rare Earth Elements, Phosphate, Vermiculite, Magnetite and Magnesite.

#### **Corporate**

- Capital raising completed comprising a Placement of 200,000,000 fully paid ordinary shares at \$0.0025, with 1 for 2 free attaching MRQO options, raising \$0.5 million.
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MRG Metals Limited (“**MRG**” or “**the Company**”) (**ASX Code: MRQ**) is pleased to provide a summary of the Company’s activities for the September 2023 quarter.

## **CORRIDOR SANDS PROJECT, MOZAMBIQUE**

### **MOU WITH LANQI TO FORM JV ON CORRIDOR SANDS PROJECTS**

During the quarter, MRG announced 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 26 July 2023. During the Due Diligence period, LANQI to send a technical team to Mozambique for field inspection and sampling of the Corridor Projects. MRG shall send its representatives to assist LANQI to carry out this work.
- During the Due Diligence period, LANQI shall also draft a JV agreement and 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 USD3 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 USD\$40k for minimum of 12 months.
    - ii) MRG Management involvement in JV at USD\$15k/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 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.

**Due Diligence process update (Refer ASX announcement 21 September 2023)**

- LANQI has sent a team to Mozambique to review administrative requirements with the Mozambique Government and to visit existing heavy mineral sand (HMS) operations within the country, including adjacent operations at Dinsheng's Corridor One mine.
- MRG has sent 3 representative heavy mineral concentrate (HMC) samples to LANQI for review and analysis. The samples are up to 30kg in size. Analysis to date supports continuation of the Due Diligence process.
- After the coming Chinese Holiday period, the LANQI technical team will arrive in Mozambique for field inspection and further sampling (if required) of MRG's Corridor Projects. MRG representatives will assist LANQI to achieve the following objectives:
  - o Confirm location alternatives for potential mine start up and processing;
  - o Meet with INAMI (Mozambique Mining Department);
  - o Commence preliminary design work to feed into Mining Permit application process to potentially expedite mine approval, with a view to seeking pilot plant approvals from INAMI; and
  - o Inspection of port options at nearby Chongoene.

**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.

#### **LICENCE APPLICATIONS UPDATE**

##### **Linhuane (7423L) – Target: HMS**

- Following substantive work on the environmental approval process, MRG has engaged with the relevant department, ANAC and awaiting further advice.

##### **Corridor North (10779L) – Target: HMS**

- Application still awaiting grant from INAMI.

##### **Adriano (11000L) – Target REE**

- Boundary has been realigned to exclude Forestry concession areas to expedite approval process.

##### **Patricio (10999L) – Target: REE**

- Boundary has been realigned to exclude Forestry concession areas to expedite approval process.

##### **Fotinho (11002L) – Target: REE**

- Boundary has been realigned to exclude Forestry concession areas to expedite approval process.

##### **Olinga (11005L) – Target: Uranium**

- No change. Awaiting grant from INAMI.

## SHAWA CARBONATITE COMPLEX, ZIMBABWE

### BINDING MOU SIGNED OVER 10 MINING LICENCES IN ZIMBABWE

Post quarter, MRG announced it has entered into a binding MOU with Wickbury Investments (Pvt) Ltd (“Wickbury”) for a JV on a package of 10 mining licences held by Wickbury over the Shawa Carbonatite Complex in Zimbabwe.

#### Key aspects of the MOU:

- MRG has acquired exclusive rights to exploration and development for all commodities within the 10 mining licences of Wickbury (refer Table 2) from signature of the MOU (refer Table 1).
  - The Shawa Carbonatite Complex is well mineralised, with proven and mapped mineralisation of the following:
    - Rare Earth Elements (REEs) - Niobium, Strontium**
      - The trench sampling on Wickbury licences recorded peak Total Rare Earth Elements (TREE) concentration of 2186ppm
      - Historical gravity survey showed significant depth extent to the Carbonatite of >500m.
    - Phosphate** (Note, DLC operating Phosphate mine adjacent), **Vermiculite** (Dormant Mine operation), **Magnetite** (Mapped) and **Magnesite** (Mapped)
      - Very limited exploration has been conducted on the Wickbury licences, with potential for other mineralisation often associated with carbonatites, such as Fe, Cu, barite, CaCO<sub>3</sub>, Ti, nepheline and Zr.
  - Infrastructure, including offices and sheds associated with the dormant vermiculite mine is available for use.

#### Terms of the Agreement:

- Wickbury to receive 20 million MRQ Shares on signing of the MOU (Stage 1)
- Following a Stage 2 Due Diligence process, a Joint Venture Company (JVC) will be set up under the same terms as the MOU, with MRG having the right during Stages 3 to 5 to earn 80% equity in the JVC as follows:

Stage 3	US\$250,000 expenditure to achieve	MRG to own 30%
Stage 4	A further US\$250,000 to achieve	MRG to own 51%
Stage 5	A further US\$1,500,000 spend	MRG to own 80%
- Upon completion of Stage 5, MRG’s expenditure would total US\$2,000,000. Wickbury will then have the option to co-invest at the 20% equity level, or dilute at a rate of 1% per US\$100,000 to a floor of 10% equity.
- Wickbury will be responsible for maintaining all tenements (both existing and future), in good standing, for government reporting (including technical and environmental reporting) and ESG compliance.

### **About Wickbury**

Wickbury is a Zimbabwean company which was formed to identify and develop mineral deposits associated with the Shawa Carbonatite Complex.

The two founding directors and 90% shareholders of Wickbury, Mr Nathan Kalumbu and Mr Paul Chimbodza, both Zimbabwe nationals, bring significant experience to the partnership. Nathan holds a Master's Degree in Business Administration from Emory University and a Bachelor's Degree in Business Studies. He is former president of the Coca-Cola Company - East & Central Africa Business Unit. Paul is a geologist and mining executive with 30 years of industry experience. He holds BSc General and BSc Geology Honours degrees. Paul is acknowledged for bringing Prospect Lithium Zimbabwe's world-class lithium deposit to market; the deposit is now in feasibility stage. The project is managed by Prospect Resources Limited (ASX: PSC).

The remaining 10% of Wickbury is held by a local community group, which MRG regards as an ESG benefit to the partnership.

### **Key highlights of the Shawa Carbonatite Complex**

- The Shawa Carbonatite Complex is well mineralised, with known mineral occurrences of the following:
  - Rare Earth Elements (REEs)
    - The trench sampling on Wickbury licences recorded peak Total Rare Earth Elements (TREE) concentration of 2186ppm
  - Phosphate
    - Resource of 20.3 million tonnes containing 10.8% P<sub>2</sub>O<sub>5</sub> on IDC licences
    - Results from two trenches on Wickbury licences of 42m with 23.03 P<sub>2</sub>O<sub>5</sub>% and 5m with 33.58 P<sub>2</sub>O<sub>5</sub>%
  - Vermiculite
    - Active vermiculite mining operations taking place on an adjacent SAMREC property
    - Inferred resources on Wickbury licences of 164,000t @ 24.1% vermiculite and 106,250t @ 27.2% from two areas
  - Niobium
    - Trench sampling on Wickbury licences recorded highest Nb grade to of 1114ppm Nb
  - Strontium
    - Two trenches on Wickbury licences have shown appreciable SrO values of 3m with 1.13% SrO and 6m with 1.11% SrO
  - Magnetite (mapped)
  - Magnesite (mapped)
  - Very limited exploration has been conducted on the Wickbury licences to date, with possibility for other mineralisation often associated with carbonatites.

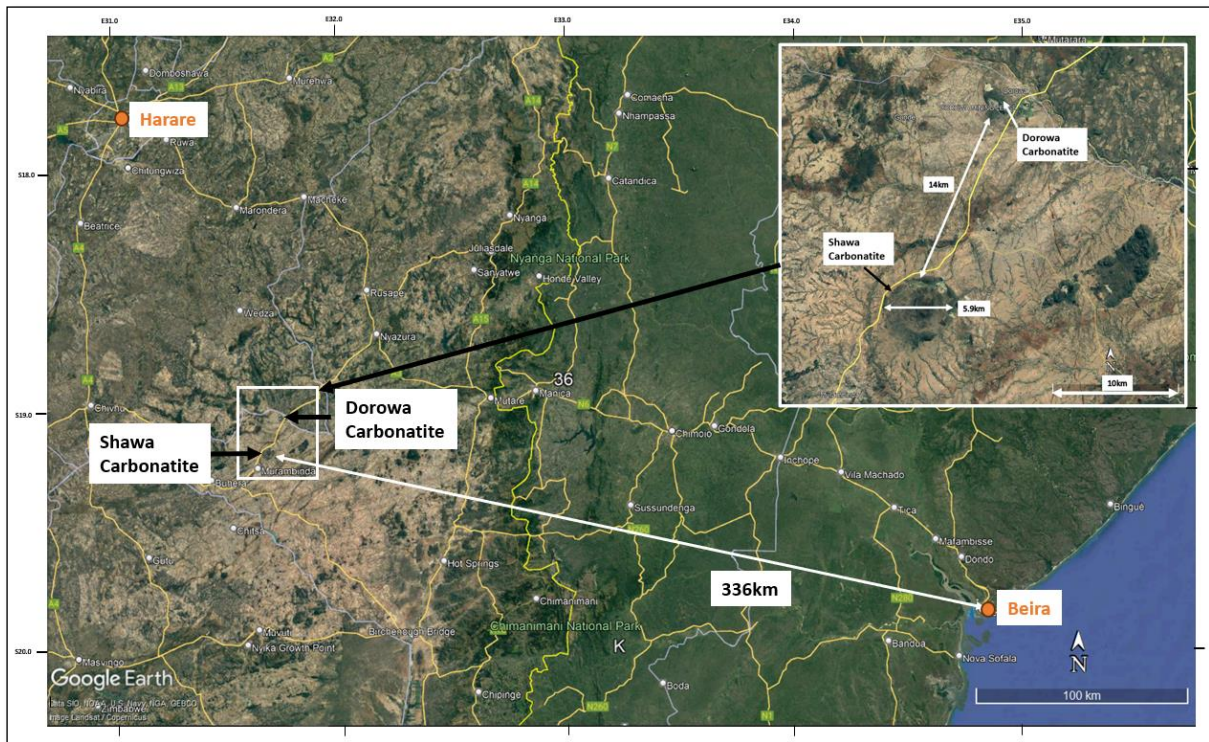
- Historical gravity survey showed significant depth extent to the carbonatite of >500m.
- There is infrastructure on the Wickbury licences at the dormant vermicular mine.

**Table 1: MOU funding and equity in Joint Venture.**

Stage	Stage Expenditure MRG (USD)	Cumulative Expenditure MRG (USD)	Cumulative Acquisition in JV Company MRG (%)	Estimated Work Program	Estimated Time Frame (Months)	Decision Point at End of Stage
1	20 Million MRQ Shares			<ul style="list-style-type: none"> <li>• Sign and Commence the MOU</li> </ul>		
2	N/A	N/A	0	<ul style="list-style-type: none"> <li>• Geological Mapping and sampling, Ground truthing.</li> <li>• Soil Sampling – (grid Soil Sampling if IDC deal is possible).</li> <li>• Commence negotiation with IDC. (Minimum Work Commitment)</li> </ul>	6	**
3	250,000	250,000	30	<ul style="list-style-type: none"> <li>• Target Testing by Auger/Aircore etc Drilling</li> <li>• Sighter metallurgy/mineralogy as required</li> </ul>	12	**
4	250,000	500,000	51	<ul style="list-style-type: none"> <li>• Infill/Extension drilling +/- MRE</li> </ul>	12	**
5	1,500,000 Ω	2,000,000	80	<ul style="list-style-type: none"> <li>• MRE, Metallurgical Study +/- Scoping Study</li> </ul>	24	***

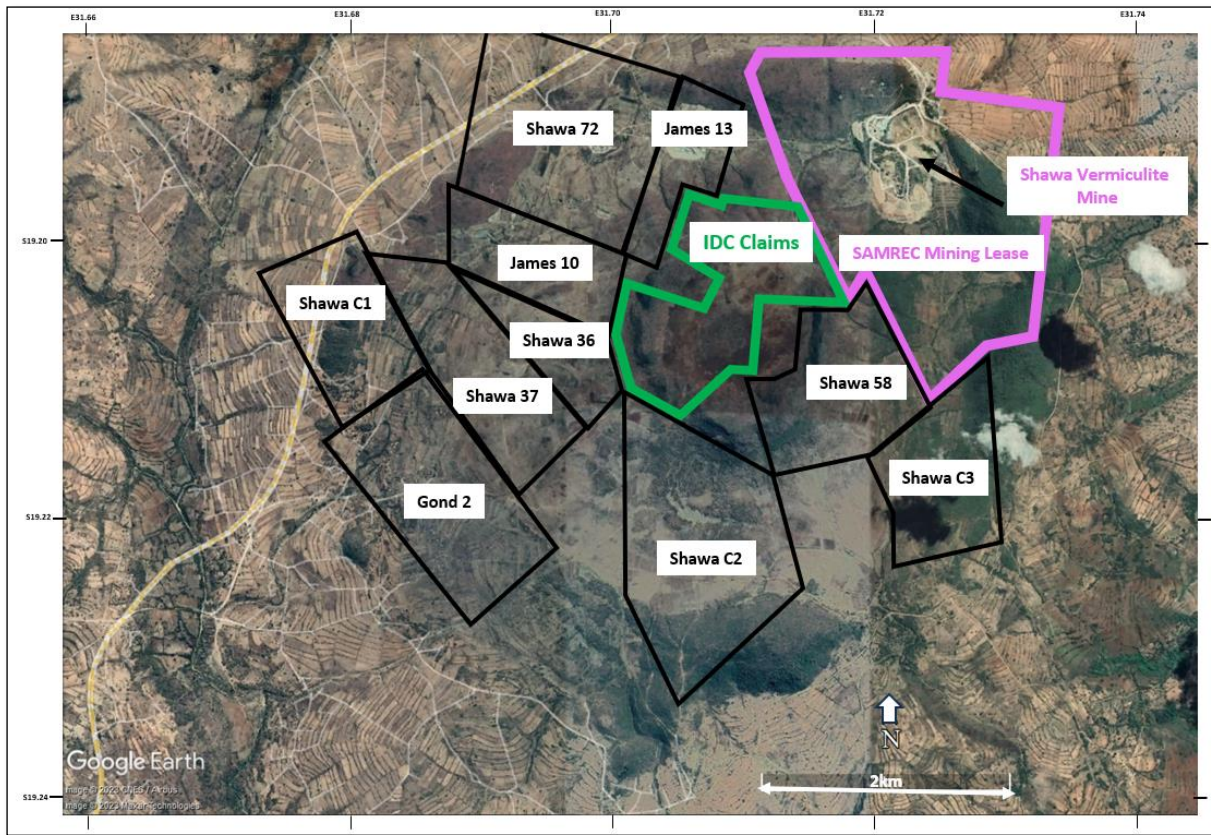
**Table 2: Wickbury mining licences.**

Tenement Name	Area Coverage (Ha)	Ownership
James 13	62.0	Wickbury Investments
James 10	77.9	Wickbury Investments
Shawa 72	150.0	Wickbury Investments
Shawa 36	79.9	Wickbury Investments
Shawa 37	111.5	Wickbury Investments
Shawa C 1	132.0	Wickbury Investments
Shawa C2	132.0	Wickbury Investments
Shawa C3	110.0	Wickbury Investments
Shawa 58	146.7	Wickbury Investments
Gono 2	40.0	Wickbury Investments
<b>Total</b>	<b>1042</b>	

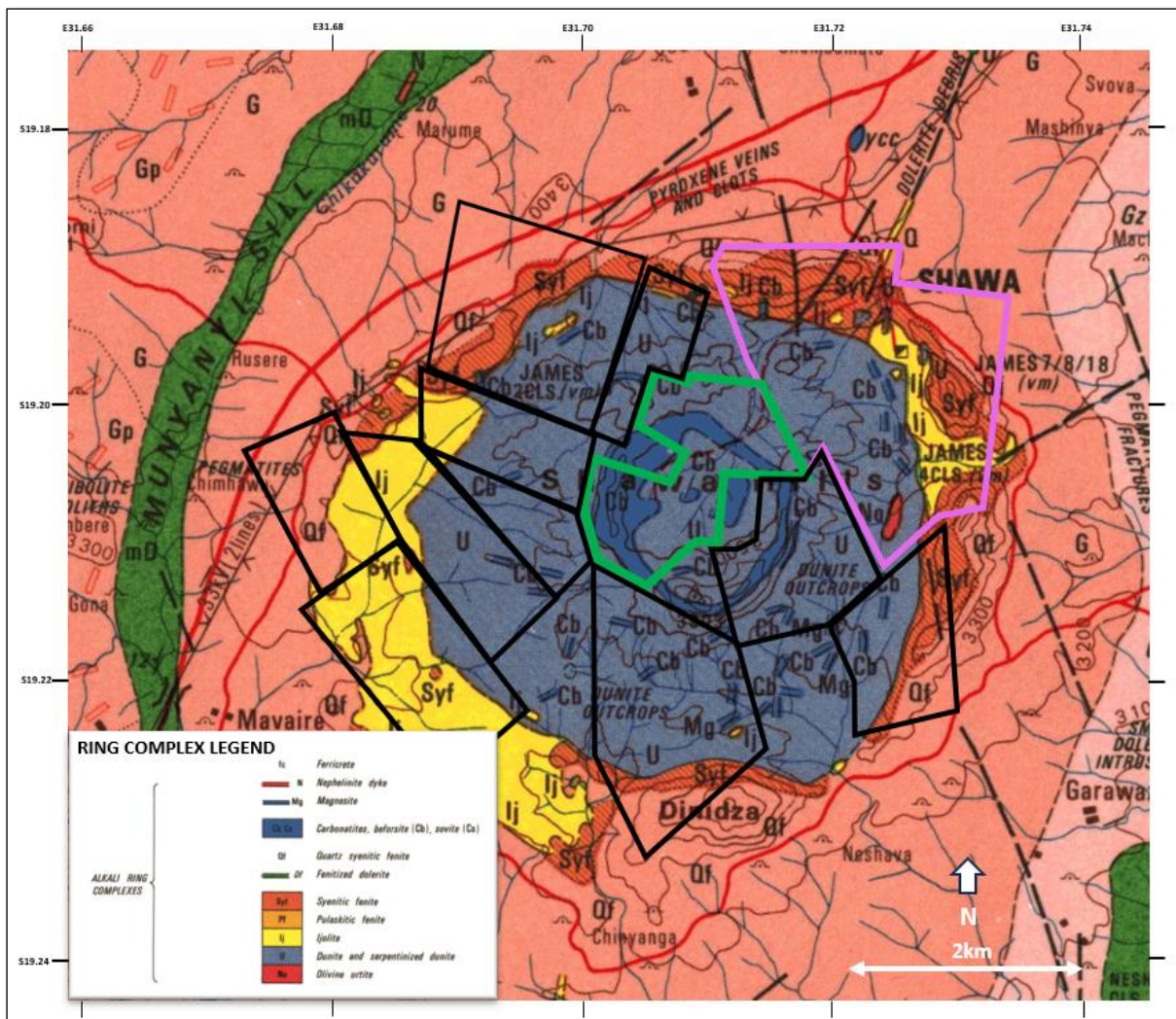


**Figure 1:** Shawa Carbonatite in relation to Harare and the Mozambican Beira Port shown on Google Earth image, yellow roads national tar roads. Insert close-up of Shawa and adjacent Dorowa carbonatites.





**Figure 2:** Shawa Carbonatite licences shown on Google Earth image, Wickbury licences in Black, IDC licences in Green, SAMREC licences in magenta.



**Figure 3:** Shawa licences shown on the geology map of the Shawa carbonatite complex from the Dorowa-Shawa 1:100,000 geology map, geology by J.N. Lauderdale, 1984-1986.

### **Economic importance of Carbonatite Complex deposits**

Carbonatite and alkaline-carbonatite Complexes are multi-element deposits and host some very significant metallic and industrial mineral deposits (Figure 4). Two examples, the Palabora Carbonatite Complex and the Dorowa Carbonatite Complex (due to its proximity to the Shawa Carbonatite Complex), are briefly discussed further.

The **Palabora Carbonatite Complex** in the Limpopo Province of South Africa is recognised as one of the most important carbonatites in the world, being not only one of the world's major sources of copper,

but also the host of a wide range of other valuable commodities besides. The Palabora orebody is vertical and the reserve extends to a depth of 1,800m over an area of 700m by 200m.

The central complex of the carbonatite measures about 7km north-south and varies between about 1.5 and 3.5km in width, with an area of 15km<sup>2</sup>. There are also numerous associated plugs and dykes of syenite and carbonate-bearing breccias. The Carbonatite Complex is mined and processed by the Palabora Copper Pty Ltd (PC) (Palabora Mining Company, or PMC). Mining started in 1965 by open cut mining methods, which transitioned to underground operations in 2003. The open-pit measures almost 2km wide and reached 800m deep at the end of the open-pit mining phase.

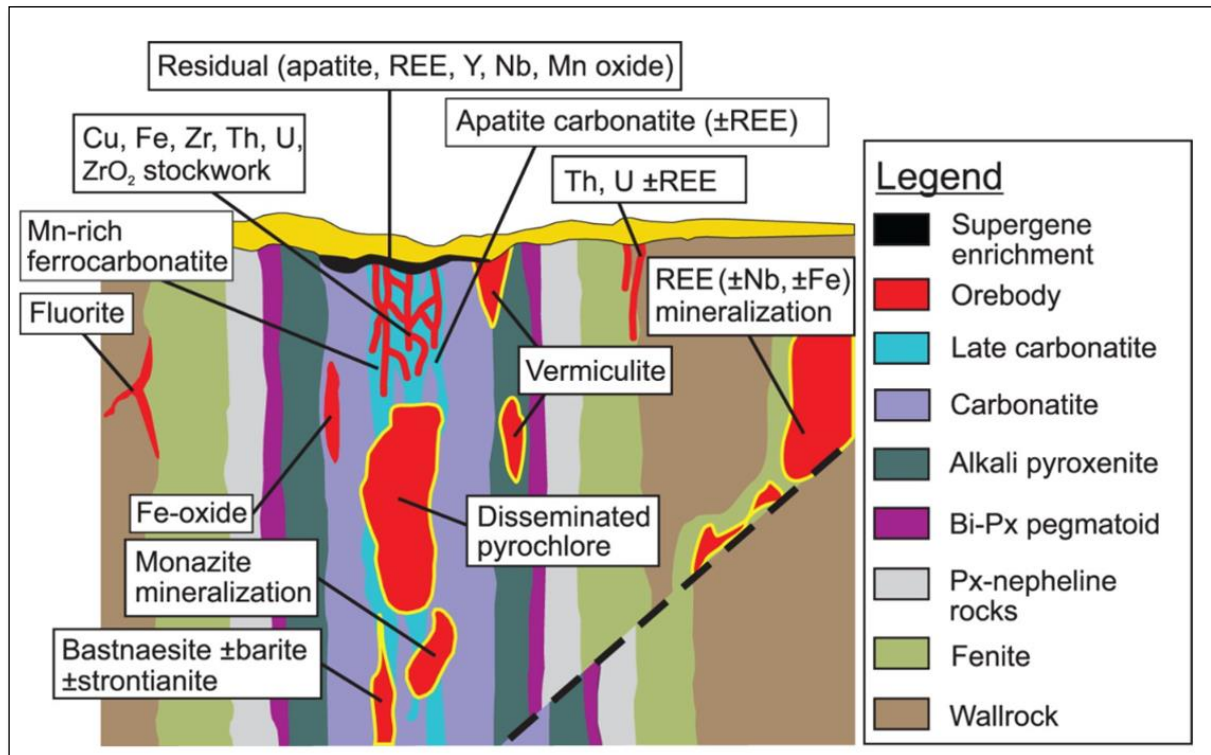
The PMC underground copper mine employs a block caving mining method for the extraction of ore beneath the old open cut void. Production has been sourced from Lift I of the block cave from 500m below the floor of the open cut void. In 2011, PMC developed a plan to extend the life of the underground mine up to 2033 through the construction of a Lift II block cave 450m beneath the current Lift I, thus nearly 1,800m deep. The Lift II Feasibility Study has been completed.

There are three large opencast mines on the Phalaborwa complex producing copper, apatite and vermiculite, together with a range of other valuable by-products, particularly from the copper mine. It provides copper ore to the company's copper processing plant, smelting and refinery plants on site to produce copper rod and copper cathode sheet. Vermiculite ore is mined from a series of shallow open cuts (up to 50m deep) and is upgraded through a processing plant to produce saleable vermiculite products. Magnetite is recovered from old tailings dumps and pumped to a magnetic separator for production of a magnetite concentrate. Apatite is mined from an open pit on pyroxenite at the northwestern margin of the complex. Apatite is absent from the central part of the northern pyroxenite, but an average of 6.7% P<sub>2</sub>O<sub>5</sub> is found in an outer 500m-wide zone. FOSKOR, which holds the rights to exploitation of phosphate at Phalaborwa, also receives large tonnages of phosphate-bearing tailings from the Palabora Mining Company mine together with phoscorite, from which FOSKOR recover copper, baddeleyite and magnetite in addition to apatite.

By-products of the copper exploitation are linked to impurities in different phases of the processing phase and results in the following by-products: nickel sulphate hexahydrate crystals, Silver (Ag), Arsenic (As), Gold (Au), Bismuth (Bi), Lead (Pb), Antimony (Sb), Selenium (Se) and Tellurium (Te). Sulphuric acid is also a major product.

The **Dorowa Carbonatite Complex** adjacent to the Shawa Carbonatite (14km northeast, Figure 2) has two principal apatite phosphate orebodies with resources in the weathered zone of the southern body amounting to 40 million tonnes and in the northern body with 33 million tonnes. The phosphate produced at Dorowa is used in the production of phosphate fertiliser blends. The mine also produces magnetite, which is exported to Mozambique. Ore from the pit is at 6.5% P<sub>2</sub>O<sub>5</sub> and the concentrates

being dried and sent to Zimbabwe Phosphate Industries (ZimPhos) are at 37% P<sub>2</sub>O<sub>5</sub>. The dried concentrates are sent to the railhead at Nyazura along the Mutare highway, some 65km away, by road and 190km to Zimbabwe Phosphate Industries, in Harare by rail.



**Figure 4:** Vertical section of a hypothetical carbonatite mineralising system displaying the relationship between metallic and industrial mineral deposits relative to lithological units and geological contacts, not to scale (image sourced from *Carbonatites: related ore deposits, resources, footprint, and exploration methods*; George J. Simandl & Suzanne Paradis).

- Large REE resources (e.g. Bayan Obo, China; Maoniuping, China; Mountain Pass, USA and Mount Weld, Australia), mostly strongly enriched in Light Rare Earth Elements (LREE), however, they also contain significant resources of heavy rare earth elements (HREE).
- Alkaline carbonatite complex related deposits are also the main source of Nb (e.g. Catalão, Brazil; Lueshe, Democratic Republic of Congo; and St. Honoré, Oka, and Aley, Canada).
- Vermiculite and phlogopite deposits are predominantly hosted by mafic or ultramafic rocks of the alkaline-carbonatite complex (e.g. Northern pyroxenite at Palabora, South Africa); near the contacts of carbonatites with these rocks, or within mafic country rocks (e.g. Upper Fir carbonatite, Canada).
- Apatite (phosphate mineral) deposits currently in production are mostly enriched by weathering, such as Tapira, Brazil; Ipanema, Brazil; Catalão I, Brazil; Matongo, Burundi and

Dorowa, Zimbabwe; with examples of the exceptions the Siilinjärvi mine, Finland, and Cajati mine, Jacupiranaga Complex, Brazil.

- Cu, U, Th, and baddeleyite (natural zirconia) were produced for decades from the Palabora carbonatite-phoscorite complex in South Africa, but baddeleyite is currently produced only from the Kovdor deposit in Russia (Dickson Citation 2015).
- Other materials produced from carbonatites or related rocks are: iron (e.g. Kovdor, Russia; Bayan Obo, China; and Palabora, South Africa); fluorite (e.g. Mato Preto, Brazil; Okorusu, Namibia; and Amba Dongar, India); carbonates for lime and cement production (e.g. Tororo, Uganda and Xiluvo, Mozambique; and Jacupiranga, Brazil; Alves Citation 2008); and sodalite for use as dimension, ornamental, and semi-precious stone (e.g. Swartboosdrift, Namibia; and Cerro Sapo, Bolivia).

### **About Shawa Carbonatite Complex**

#### ***Introduction***

The Shawa Carbonatite is approximately 165km SE of Harare (Figure 1), accessible via tar road, with good access on the 10 Wickbury mining licences (Table 2) on the carbonatite. The Nyazura rail head is approximately 80km via tar road northeast of the Shawa Carbonatite Complex. The carbonatite is c 5.9km in diameter, or c 34.8km<sup>2</sup> (Figures 1, 2 and 3).

Limited exploration has been undertaken over the Wickbury licences on the Shawa Carbonatite Complex, with mainly historical exploration focused on phosphate and vermicular mineralisation, and more recently exploration for mainly REEs. The Shawa carbonatite complex has already demonstrated endowment for the following minerals:

- REE mineralisation;
- Phosphate mineralisation;
- Vermiculite mineralisation;
- Magnetite mineralisation (probably associated with V<sub>2</sub>O<sub>5</sub>);
- Magnesite mineralisation;
- Niobium; and
- Strontium.

The current mining licences over the Shawa Carbonatite are shown in Figure 2, with the Wickbury mining licences in black (10 licences covering 1042ha, Table 2), the IDC mining licences in green and SAMREC Zimbabwe (Pvt) Ltd (SAMREC) mining licences in magenta. The Wickbury licences cover a large portion, approximately 60% of the carbonatite (Figures 2 and 3), including a portion of the central carbonatite plug / intrusion (Figure 3). Active vermiculite mining is taking place at the Shawa Vermiculite Mine (Figure 2) within the SAMREC licence. The SAMREC vermiculite deposit is reportedly (by the SAMREC company) one of the larger vermiculite deposits in the world.

The dormant Wickbury Dinhidza Vermiculite Mine lies in the northwest of the Shawa Carbonatite on the Wickbury James 10 and 13 mining licences (Figure 2). There is infrastructure on the mine that will be used during exploration (plant area, loading shed, administration block and laboratory, Technical Services Office, Mine Stores, Mine guest House camp and mine workers' compound).

### ***Previous exploration on the Shawa Carbonatite Complex***

#### *i. Hawkmoth Mining and Exploration*

Exploration by Hawkmoth Mining and Exploration (Hawkmoth) took place on Wickbury licences in 2022 under an option agreement, the option was not exercised. The work included soil sampling, followed by outcrop rock chip sampling, then a limited amount of trenching.

##### **a. Soil sampling**

During the soil sampling program soil samples were collected at 20m intervals along 7 lines, the 7 lines were oriented radially to cover the oval shape of the carbonatite complex targeting the zone between the inner carbonatite ring and the circular inner ring. The first 30 soil samples were sent to Geolabs South Africa for XRD and 700 samples to SGS South Africa for multi-element ICP. The soil Geochem REEs results showed a relative enrichment of LREEs (La+Ce+Pr+Nd) in comparison to HREEs (Tb+Dy+Er+Tm+Yb+Lu+Lu+Y) and MREEs (Sm+Eu+Gd), with an average ratio HREE\_ppm: MREE\_ppm: LREE\_ppm of 1:0.56:4.56. The assays for LREEs i.e., Ce, La, Nd and Pr in order (from highest concentration) have contributed bulk of TREE content additionally with Y (HREEs), as all have peaks >100ppm. Soil Geochem line 7, outlined a REE and Nb target zone with TREE values ranging 1000ppm – 1508ppm and Nb 236ppm – 1075ppm, which aligned with eastern inner contact zone of the main carbonatite with the serpentinite. From the results an P anomaly was picked up by line 2 and 4 on the western part of the main carbonatite ring and specifically towards the outer and inner contacts. P is more enriched on the outer contacts of ring carbonatite where peaks for P were up to 10.9%.

##### **b. Rock Chip Sampling**

Follow up of random 205 rock chip sampling was done on the main ring carbonatite outcrops along and/or in proximity with the anomalous soil Geochem lines 2, 6 & 7. The peak REE assay results for the rock chips recorded TREE 355.8 ppm with the LREEs bulk Ce (peak @ 133ppm), Nd (peak @ 123ppm) and La (max @ 67ppm), where they are spatially associated with “Line 7 eastern anomaly” inner contact of the main carbonatite ring and oxidised serpentinite. LREEs are more enriched as compared to HREE and MREEs in this Eastern target anomaly with average ratio HREE:MREE: LREE as 1.4; 1; 7. The “Eastern target contact” is also well associated with Nb enrichment with peak (max) @ 428ppm, which shows a positive linear correlation of R<sup>2</sup>= 0.47 with TREE concentration and as well Sr values with peak 6851ppm. Phosphate recorded values range from 0.6% - 2.4% from the rock samples.

c. Trenching

The trenching exercise was conducted as follow up of the TREE and Nb and P anomalies identified on soil Geochem. A total of 7 trenches with a cumulative length of 1419m were excavated and sited radially inside the inner circular ridge only, exposing the contact between the main ring carbonatite and serpentinite. The trench rock chip samples recorded a relatively higher peak TREE concentration with 2186ppm and a few peaks above 1500ppm as compared to the regolith soil profile samples. Ce records the highest peak in rock chip samples with 863ppm, whilst in trench soil profiles Y (HREE) has the highest of 614ppm. In both sets of samples, it is important to note that LREE concentration is relatively higher than MREE and HREEs. Trench ATSHTR004, out of the 7 trenches has the 3 most interesting REEs target with 2 zones showing peak TREE grades @ 1620ppm (@182m – 188m over 6m) and 1793ppm (@ 234m – 236m over 2m), which are associated with a carbonatised serpentinites. Also, a major contribution of MREEs to TREE has been identified on trench ATSHTR007 @ 59m – 69m, with weighted average grades of TREE 891ppm, MREE 419ppm and LREEs 391ppm. Peak phosphate grades were identified on the trenches ATSHTR006 @ 68m – 110m over 42m (widest) with 23.03 P<sub>2</sub>O<sub>5</sub>% and ATSHTR007 @ 82m – 87m over 5m with 33.58 P<sub>2</sub>O<sub>5</sub>%. The trenches ATSHTR003 and ATSHTR004 have shown appreciable SrO values @ 150m – 153m over 3m (ATSHTR003) with 1.13% and @ 182m – 188m over 6m with 1.11%. Outstanding Nb targets from trench rock chips were sporadically distributed along trench ATSHTR004 @ 75m – 120m over 45m with weighted average grade Nb 401ppm, and with peak grade Nb 1007ppm @ 116m – 117m. This zone is arguably passively continuous towards trench ATSHTR005 @ 101.5m – 142.5m with Nb in soils ranging 335 ppm – 894 ppm and Nb in rocks ranging 56ppm – 861ppm, which can be as well influenced by multiple crystalline carbonatite intrusions. However, the highest Nb grade from trench rock chips is isolated @ 200m – 201m in trench ATSHTR004 with Nb 1114ppm.

ii. *Steffen, Robertson and Kirsten (SRK)*

SRK conducted exploration on the vermiculite deposit on licences now belonging to Wickbury in 2001 (work done for Dinidza Vermiculite Mining Private Limited), culminating in a resource potential report in August 2001.

SRK conducted a trenching program (trenches planned to 2m depth), mainly focused on the then named James 13 and James 14 licences (now James 10 and James 13) where the Watts, Griffis and McQuat resources mentioned below were situated. SRK could not replicate the resource results of Watts, Griffis and McQuat, reporting an Inferred resource of 164,000t @ 24.1% vermiculite from one area within the licences; and an Inferred resource of 106,250t @ 27.2% vermiculite from another area.

iii. *Watts, Griffis and McQuat*

Watts, Griffis and McQuat (2000) reported 43-101 resources and reserves on then James 13 and James 14 licences (now James 10 and James 13) of Indicated 426,530t @ 50% vermiculite and Inferred 4,590,000t at 49% vermiculite.

iv. *Dodd (1971)*

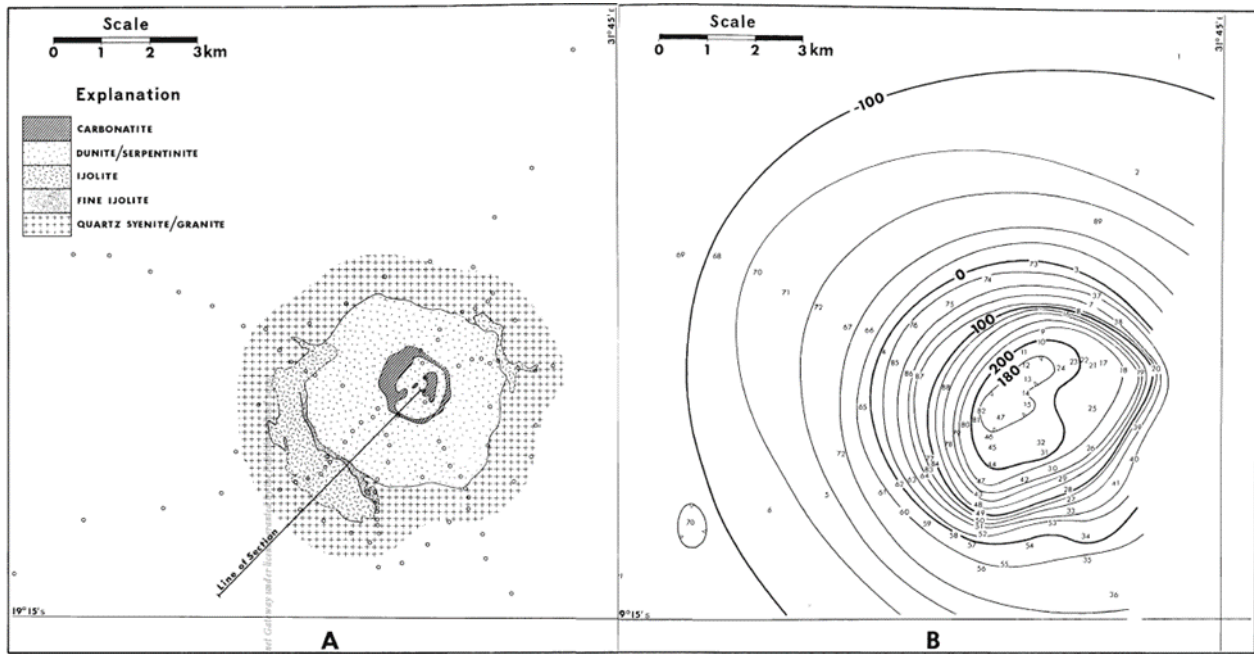
Dodd supplied resource estimation figures in 1971 for the phosphate mineralisation in weathered ijolite, with the majority of this resource situated within the IDC mining licences. The resource from Dodd is 20.3 million tonnes containing 10.8% P<sub>2</sub>O<sub>5</sub>, 31.4% Fe<sub>2</sub>O<sub>3</sub> and 1.3% CO<sub>2</sub>. Dodd calculated a lower CO<sub>2</sub> resource with CO<sub>2</sub> at 0.8% then with 16.3 million tonnes at 10.4% P<sub>2</sub>O<sub>5</sub> and 32.5% Fe<sub>2</sub>O<sub>3</sub>.

v. *Gravity survey*

A gravity survey was conducted on the Shawa Carbonatite Complex to establish the subsurface of both the dunite and the Complex as a whole. Figure 5A shows the distribution of the gravity observation points. The essentially circular symmetry observed in outcrop is very strongly reflected in the gravity anomaly, allowing the observed Bouguer anomalies for all points to be projected to a radial line as shown in Figure 5B.

The gravity model illustrated is thus of a narrow ijolite feeder to a mass of ijolite which represents the chamber on the floor of which the dunite layer was accumulated by crystal settling of olivine and magnetite. The original thickness of the dunite and the original depth of the magma chamber are not known because of erosion. The gravity model establishes that the present ultrabasic mass is about 500 m thick (Figures 6A and 6B).





**Figure 5A (left):** Geological sketch map of the Shawa Complex showing the gravity observation points (open circles) and line of section modelled. **Figure 5B (right):** Bouguer anomaly contours.

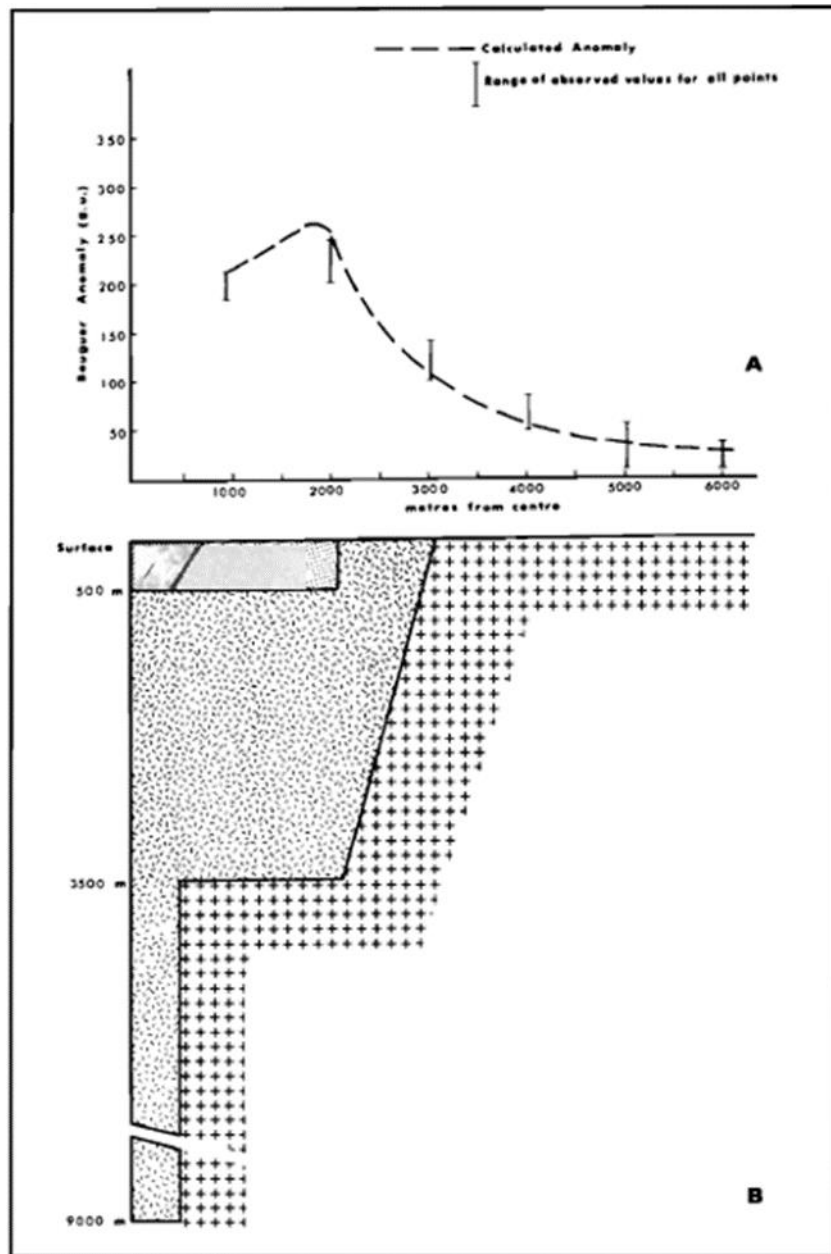


Figure 6A (top): Calculated Bouguer anomaly along the line of section. Figure 6B (bottom): Geological model of the Shawa Carbonatite Complex used in calculating the anomaly shown in Figure 5A.

## CORPORATE

### \$0.5M RAISED FROM PLACEMENT TO FUND EXPLORATION DEVELOPMENTS WHILE PROGRESSING JV DUE DILIGENCE

MRG completed a capital raising comprising a Placement of 200,000,000 fully paid ordinary shares at \$0.0025, with 1 for 2 free attaching MRQO options, raising \$0.5 million. Lead Manager for the Placement was Peak Asset Management, who received a fee of 6% of monies raised and 10,000,000 MRQO Options.

#### Proposed Use of Funds:

- Corridor Sands HMS Project:
  - o As discussed earlier in this report, a period of 3 months Due Diligence commenced during the quarter on the proposed JV with LANQI at the Corridor Sands Projects in Mozambique.
- During the Due Diligence period, MRG has the opportunity to progress a number of exploration activities outside of the Corridor Sands HMS Project. Rare Earth Elements and Uranium Projects are progressing through the granting process with exploration plans currently being finalised and to be announced shortly.
- Working Capital.

## TENEMENTS

The Tenements held by the Company at 30 September 2023 are as follows:

Project	Tenement	% Owned	Note
Norrliden	K nr 1	10	
Malanaset	nr 100	10	
Malanaset	nr 101	10	
Corridor Central	11142C	100	Mining Right Application
Corridor South	11137C	100	Mining Right Application
Corridor North	10779L	100	Application
Linhuane	7423L	100	Application
Marao	6842L	100	
Marruca	6846L	100	
Patricio	10999L	100	Application
Adriano	11000L	100	Application
Fotinho	11002L	100	Application
Olinga	11005L	100	Application

## **ASX ADDITIONAL INFORMATION**

The Company provides the following information pursuant to ASX Listing Rule requirements:

**ASX Listing Rule 5.3.1:** Exploration and Evaluation Expenditure spend during the quarter was \$100,403. Full details of exploration activity during the quarter are set out in this report.

**ASX Listing Rule 5.3.2:** The Company confirms that there was no mine production and development activities during the quarter.

**ASX Listing Rule 5.3.5:** Payment to related parties of the Company during the quarter was \$105,250 in cash. Payments to each Director for director and consulting fees and superannuation were \$27,750. Payment to Director Shane Turner for Accounting services was \$22,000.

## **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 contracted 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.

**Authorised by the Board of MRG Metals Ltd.**

**For more Information please contact:**

### **MRG Metals**

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Chairman

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MRG METALS LIMITED

ABN

83 148 938 532

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(58)	(58)
(e) administration and corporate costs	(152)	(152)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(207)</b>	<b>(207)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(100)	(100)
(e) investments		
(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(100)</b>	<b>(100)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	500	500
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>500</b>	<b>500</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	575	575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(207)	(207)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(100)	(100)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	500	500

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>768</b>	<b>768</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	28	3
5.2	Call deposits	740	572
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>768</b>	<b>575</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	25
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Director Fees, Secretarial Fees, Consulting Fees, & Accounting Fees.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>	NIL	NIL
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	207
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	100
8.3 Total relevant outgoings (item 8.1 + item 8.2)	307
8.4 Cash and cash equivalents at quarter end (item 4.6)	768
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	768
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.50
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	



**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 OCTOBER 2023

Authorised by: THE BOARD OF MRG METALS LTD  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.