

**AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT  
& MEDIA RELEASE**

30 October 2019

## **MOZAMBIQUE HMS CORRIDOR PROJECTS – AIRCORE DRILLING CONTINUES TO DEFINE THICK ZONES OF VERY HIGH GRADE VISUAL ESTIMATED MINERALISATION**

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### **Key Highlights**

- **VISUAL ESTIMATIONS OF THM% FROM THE FIRST 40 HOLES OF AIRCORE DRILLING AT KOKO MASAVA HAS SHOWN AT LEAST 2 DRILLHOLES ON EACH LINE SPACED AT 1KM APART CONTAIN UNCUT DOWNHOLE AVERAGES  $\geq 5\%$  OVER BETWEEN 33 TO 75M.**
- **HIGHLIGHTS OF THE RECENT VISUAL GRADE ESTIMATIONS FROM AIRCORE DRILLING INCLUDE:**
  - **51M @ 5.3% ESTIMATED VISUAL THM, 0-51M (HOLE 19CCAC137) INCLUDING 15M @ 7.9% visTHM (30-45M).**
  - **51M @ 5.8% ESTIMATED VISUAL THM, 0-51M (HOLE 19CCAC140) INCLUDING 9M @ 9.1% visTHM (9-18M).**
  - **51M @ 6.4% ESTIMATED VISUAL THM, 0-51M (HOLE 19CCAC143), INCLUDING 9M @ 10.0% visTHM (42-51M).**
- **INDIVIDUAL 3M SAMPLE INTERVALS DELIVERED VISUAL THM GRADE ESTIMATES OF UP TO 13% THM, AND MULTIPLE CONSECUTIVE 3M INTERVALS OF 10%.**
- **THE FIRST BATCH OF AIRCORE SAMPLES IS NOW IN MAPUTO WITH THE EXPORT PERMIT PROCESS UNDERWAY. THE THIRD AUGER SAMPLE BATCH FROM HOLES ON THE KOKO MASAVA EXTENSIONS IS NOW IN PERTH.**
- **HIGH DEGREE OF CONFIDENCE THAT LAB ASSAY RESULTS WILL CONFIRM VISUAL ESTIMATES TO BE ACCURATE AND POTENTIALLY CONSERVATIVE AT HIGHER GRADES.**
- **CONTINUATION OF HIGH GRADE ESTIMATES IS LIKELY TO JUSTIFY EXTENSION OF THE CURRENT DRILLING PROGRAM TO INFILL DRILLING, WITH INTENTION OF PROVIDING SUFFICIENT DATA POINTS FOR A RESOURCE ESTIMATION.**

## Background

MRG Metals (ASX Code: MRQ) is pleased to provide another update on the ongoing Aircore drilling programme that commenced at Koko Masava on 25 September. This is the second of regular market updates on drilling progress.

The Koko Masava target was generated from wide spaced historic drilling and confirmed by excellent recent Auger drilling results from work undertaken by MRG. The Aircore rig arrived on site 24 September and commenced drilling on 25 September and the planned program will progress through to late November (refer ASX announcement 15 October 2019).

Phase 1 drilling of wide spaced holes at 500m x 1000m commenced in the northeast and has now progressed systematically along drill lines to the southwest up to the final line immediately adjacent to the Limpopo River valley. This particular drill hole spacing was established from comparison with other World Class heavy mineral sand deposits, including Mutamba, so that the data will meet geological confidence requirements to establish the Company's maiden JORC Mineral Resource for the area.

As of 25 October 2019, a total of 40 aircore holes have been completed comprising 2071.5m of drilling (Figure 1), with holes varying in depth from 33m–75m with an average depth of 51.8m.

## Details

Drilling is being 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 two 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. If anything, there may be visual underestimation the THM grade in the field. Ongoing calibration is aimed at training the Geologist's eye to increase the accuracy of visual estimation of grade in the field.

This second 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.

## Visual Total Heavy Mineral Results

Thirty nine of the 40 holes completed to date have intersected individual 3m sample intervals of >4% estimated visual THM, with 25 of the 40 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% – 13.0% estimated visual THM. The host lithology is typically red-brown, moderately to well sorted, medium grained sand with moderate silt content.

The best hole completed to date is 19CCAC143, drilled to 51m depth, which contains 51m @ 6.4% estimated visual THM from surface (Table 1), including 33m @ 7.6% estimated visTHM (18-51m). Figure 3 shows the pan concentrate photos of hole 19CCAC143 from 0–51m.

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 10-13%) appear to be located between 21-33m downhole, which suggests there may be a palaeostrandline in this zone.

Importantly, in terms of depth potential of mineralisation, numerous holes ended in visual estimated THM grades >8%. These holes include 19CCAC119, -121, -125, -130, -131, -140, -142, and -143.

Drilling of the Phase 1, wide spaced holes, is likely to be completed in the week beginning 28 October and Phase 2 infill drilling will then commence in zones where visual high THM grades have been defined from the Phase 1 drilling.

The first batch of aircore samples is now in Maputo and the process for export permitting has begun. Based on recent past experience, the permit process takes about 3-4 weeks to complete. The third batch of auger samples has now arrived in Perth and is undergoing quarantine treatment prior to being delivered to Western GeoLabs for analysis.

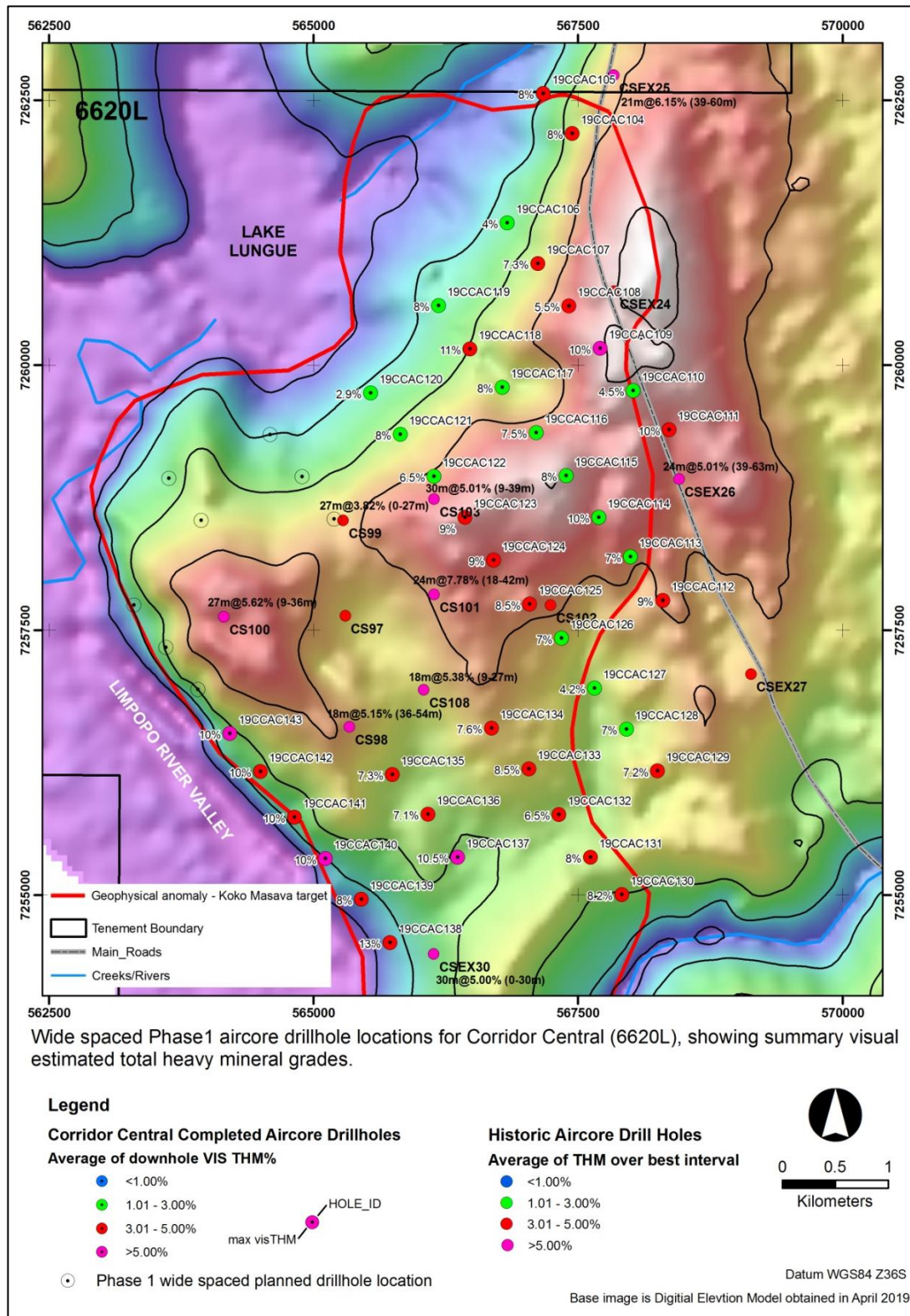


Figure 2: Location map of aircore drillholes completed to 25 October 2019 at Koko Massava.

*Table 1: Summary of new Koko Massava drill data completed to 25 October 2019 with preliminary estimated visual THM% data. Average (AVG) data is uncut from surface to end of hole.*

HOLE ID	UTM EAST WGS84	UTM NORTH WGS84	ELEV'N (M)	DIP	AZI	EOH (M)	AVG VIS THM%	MIN VIS THM%	MAX VIS THM%	INCLUDING
19CCAC114	567698	7258564	79	-90	360	63	2.8	1.0	10.0	15m @ 4.8% visTHM (30-45m)
19CCAC115	567390	7258955	95	-90	360	75	2.6	1.0	8.0	21m @ 3.3% visTHM (30-51m) 15m @ 4.0% visTHM (60-75m)
19CCAC116	567105	7259362	81	-90	360	54	2.4	0.2	7.5	9m @ 5.1% visTHM (12-21m) 3m @ 7.5% visTHM (39-42M)
19CCAC117	566784	7259790	62	-90	360	54	2.0	0.8	8.0	3m @ 4.0% visTHM (24-27m) 6m @ 5.2% visTHM (42-48m)
19CCAC118	566480	7260153	54	-90	360	51	3.5	1.4	11.0	18m @ 5.8% visTHM (15-33m) 6m @ 10.5% visTHM (21-27m)
19CCAC119	566185	7260561	36	-90	360	51	2.7	1.4	8.0	6m @ 3.8% visTHM (12-18m) 9m @ 5.7% visTHM (42-51m)
19CCAC120	565541	7259737	40	-90	360	51	1.7	0.5	2.9	18m @ 2.4% visTHM (24-42m)
19CCAC121	565821	7259346	53	-90	360	51	2.9	1.4	8.0	12m @ 5.2% visTHM (39-51)
19CCAC122	566140	7258951	74	-90	360	51	2.5	1.0	6.5	6m @ 5.0% visTHM (18-24m)
19CCAC123	566431	7258564	85	-90	360	51	3.0	1.4	9.0	15m @ 3.0% visTHM (3-18m) 9m @ 5.4% visTHM (24-33m)
19CCAC124	566703	7258159	83	-90	360	51	3.2	1.1	9.0	18m @ 3.2% visTHM (18-36m) 15m @ 5.0% visTHM (36-51m)
19CCAC125	567044	7257743	78	-90	360	54	3.8	1.7	8.5	21m @ 6.0% visTHM (33-54m)
19CCAC126	567345	7257422	68	-90	360	51	2.4	0.6	7.0	12m @ 5.30% visTHM (33-45m)
19CCAC127	567656	7256952	57	-90	360	51	2.6	1.3	4.2	6m @ 3.5% visTHM (6-12m) 12m @ 3.5% visTHM (24-36m)
19CCAC128	567959	7256565	57	-90	360	51	2.9	1.6	7.0	15m @ 3.7% visTHM (9-24m) 3m @ 7.0% visTHM (42-45m)
19CCAC129	568252	7256169	68	-90	360	51	4.1	1.0	7.2	18m @ 4.3% visTHM (3-21m) 3m @ 6.3% visTHM (33-36m) 9m @ 5.2% visTHM (42-51m)
19CCAC130	567914	7255002	48	-90	360	51	4.6	2.1	8.2	9m @ 4.3% visTHM (12-21m) 30m @ 5.3% visTHM (21-51m) 6m @ 7.8% visTHM (33-39m)
19CCAC131	567619	7255356	59	-90	360	51	4.1	2.0	8.0	24m @ 3.9% visTHM (3-27m) 18m @ 5.0% visTHM (33-51m)
19CCAC132	567321	7255757	56	-90	360	51	3.5	1.6	6.5	9m @ 5.4% visTHM (3-12m)
19CCAC133	567035	7256190	63	-90	360	51	4.4	1.0	8.5	39m @ 5.0% visTHM (0-39m) 6m @ 8.2% visTHM (24-30m)
19CCAC134	566683	7256574	70	-90	360	51	3.6	2.1	7.6	15m @ 3.6% visTHM (3-18m) 12m @ 5.3% visTHM (30-42m)
19CCAC135	565746	7256137	63	-90	360	51	3.7	1.3	7.3	15m @ 5.0% visTHM (24-29m)
19CCAC136	566082	7255762	60	-90	360	51	3.6	1.2	7.1	6m @ 5.4% visTHM (12-18m) 18m @ 4.5% visTHM (27-45m)
19CCAC137	566362	7255355	53	-90	360	51	5.3	0.9	10.5	15m @ 7.9% visTHM (30-45m)
19CCAC138	565724	7254549	32	-90	360	51	4.4	0.5	13.0	18m @ 8.0% visTHM (18-36m)
19CCAC139	565453	7254958	27	-90	360	42	3.8	0.5	8.0	9m @ 6.2% visTHM (6-15m) 9m @ 5.4% visTHM (24-33m)
19CCAC140	565114	7255341	40	-90	360	51	5.8	2.0	10.0	9m @ 9.1% visTHM (9-18m) 9m @ 7.8% visTHM (42-51m)
19CCAC141	564820	7255732	46	-90	360	51	4.6	1.5	10.0	9m @ 6.4% visTHM (15-24m) 3m @ 10.0% visTHM (42-45m)
19CCAC142	564499	7256163	48	-90	360	51	4.8	1.0	10.0	12m @ 5.1% visTHM (0-12m) 9m @ 7.5% visTHM (21-30m) 9m @ 7.1% visTHM (42-51m)
19CCAC143	564211	7256523	55	-90	360	51	6.4	1.6	10.0	9m @ 5.7% visTHM (0-9m) 24m @ 6.7% visTHM (18-42m) 9m @ 10.0% visTHM (42-51m)



Figure 3: Field pan concentrate photos for aircore hole 19CCAC143 showing the high grades intersected. Each sample shown is panned from the same volume of sand grab sampled from the relevant 3m sample interval.

### 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-

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

# 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>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</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>
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</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>
Sub-sampling techniques	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</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
and sample preparation	<ul style="list-style-type: none"> <li>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• 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.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• riffle splitter to reduce sample mass.</li> <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>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• 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.</li> <li>• 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.</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>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</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>
Location of	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and</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
<i>Mineral tenement and land tenure status</i>	<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 South tenement (6621L) 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>
<i>Exploration done by other parties</i>	<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>
<i>Geology</i>	<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>

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		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><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><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></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 additional Phase 1 aircore drilling and sampling, Phase 2 infill aircore sampling and heavy liquid separation analysis.</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>