MRG METALS LIMITED

Financial Services Guide and Independent Expert's Report

5 December 2018

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RSM

FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an external dispute resolution scheme for the financial services industry. Further details about AFCA are available at the AFCA website www.afca.org.au.

If you are not satisfied with our handling of your complaint, you may, therefore, lodge a complaint with AFCA at the following:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Toll Free: 1800 931 678

Email: info@afca.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

CONTENTS

1. Introduction 5
2. Summary and Conclusion 6
3. Summary of Proposed Transaction 9
4. Scope of the Report 13
5. Profile of MRG Metals Limited 13
6. Profile of Sofala Resources Pty Ltd and Trophosys Pty Ltd 22
7. Valuation Approach 24
8. Valuation of the Consideration 27
9. Valuation of Sofala 33
10. Is the Proposed Transaction Fair? 35
11. Is the Proposed Transaction Reasonable? 36

TABLE OF APPENDICES

A. Declarations and Disclaimers 40

B. Sources of Information 41

C. Glossary of Terms and Abbreviations 42

D. Industry Overview 44

E. Valuation Report prepared by Agricola 45

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5 December 2018

The Directors
MRG Metals Limited
12 Anderson Street West
Ballarat VIC 3350

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement to be provided to shareholders for a General Meeting of MRG Metals Limited ("MRG" or "the Company") to be held on or around 8 January 2018, at which shareholder approval will be sought for Resolution 1, as set out below.

Resolution 1: Approval of the issue of the Consideration Shares, Consideration Options and the Performance Rights

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given for the Company to:

- *issue a total of 50,000,000 Consideration Shares and 50,000,000 Consideration Options to the Sofala Vendors and 40,000,000 Consideration Shares and 40,000,000 Consideration Options to the Trophosys Vendors on completion of the Proposed Transaction and otherwise on the terms and conditions set out in the Explanatory Statement; and*

- *issue 480,000,000 Performance Rights (comprising 160,000,000 Class A Performance Rights and 320,000,000 Class B Performance Rights) to the Vendors on completion of the Proposed Transaction and otherwise on the terms and conditions set out in the Explanatory Statement."*

1.2 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether Resolution 1, comprising the acquisition of a 100% equity interest in Trophosys Pty Ltd and a 100% equity interest in Sofala Resources Pty Ltd ("the Proposed Transaction") is fair and reasonable to the shareholders of MRG who are not associated with the Proposed Transaction ("Shareholders").

1.3 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

Opinion

2.1 In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is **fair and reasonable** to Shareholders.

Approach

2.2 In assessing the fairness and reasonableness of the Proposed Transaction to Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.

2.3 RG 111 provides specific guidance on how a transaction should be analysed if the transaction is a control transaction, whereby a person acquires, or increases a controlling stake in a company, achieved by a number of different legal mechanisms, or, involves a related party transaction requiring shareholder approval under Chapter 2E of the Corporations Act or under ASX Listing Rule 10.

2.4 Notwithstanding the above, we have been advised that the vendors of Trophosys Pty Ltd ("Trophosys") and Sofala Resources Pty Ltd ("Sofala") (collectively, "the Vendors"), are not associated for the purpose of the Proposed Transaction, and the Vendors are not related parties to MRG. Accordingly, the Proposed Transaction is not considered to be a control transaction or a related party transaction.

2.5 However, in accordance with the guidance of RG 111, we have assessed whether the Proposed Transaction is fair and reasonable by undertaking a separate assessment of whether the transaction is "fair" and "reasonable" to the Shareholders.

2.6 We have considered whether the Proposed Transaction is fair to the Shareholders by assessing and comparing:

- the Market Value of the Consideration Shares and Consideration Options (collectively, "the Consideration"); compared to
- the Market Value of a 100% equity interest in Trophosys and Sofala.

2.7 We have considered whether the Proposed Transaction is "reasonable" to Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.8 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 4 of this Report.

Fairness

2.9 Our assessed values of the Consideration (both on an undiluted basis and a diluted basis) and the Market Value of a 100% interest in Trophosys and Sofala are summarised in the table and chart below.

	Low	High	Preferred
Market Value of one (1) MRG share (undiluted) ($)	0.009	0.014	0.011
Number of Consideration Shares (thousands)	90,000	90,000	90,000
Market Value of Consideration Shares ($'000)	810	1,260	990
Market Value of one (1) MRQOB option	0.003	0.004	0.0035
Number of Consideration Options (thousands)	90,000	90,000	90,000
Market Value of Consideration Options ($'000)	270	360	315
Total Market Value of Consideration ($'000) (undiluted)	**1,080**	**1,620**	**1,305**
Market Value of one (1) MRG share (diluted) ($)	$0.009	$0.012	$0.010
Number of Consideration Shares (thousands)	90,000	90,000	90,000
Market Value of Consideration Shares ($'000)	810	1,080	900
Market Value of one (1) MRQOB option	0.003	0.004	0.0035
Number of Consideration Options (thousands)	90,000	90,000	90,000
Market Value of Consideration Options ($'000)	270	360	315
Total Market Value of Consideration ($'000) (diluted)	**1,080**	**1,440**	**1,215**
Market Value of 100% interest in Trophosys and Sofala ($'000)	**1,633**	**3,033**	**2,333**

Source: RSM analysis

Table 1: Valuation Summary

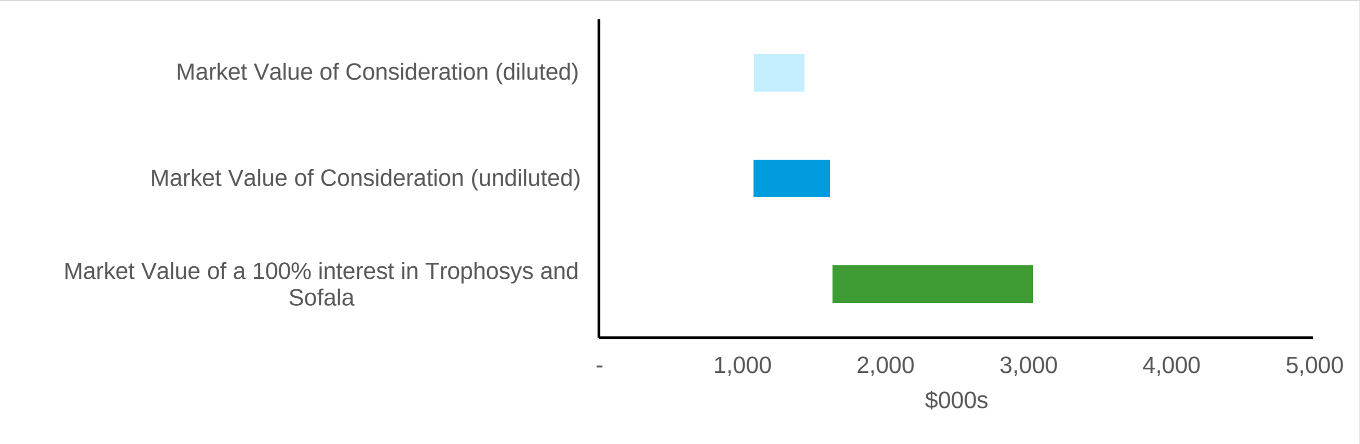


Chart 1: Valuation summary graphical representation

2.10 In accordance with the guidance set out in RG 111 and in the absence of any other relevant information, we consider the Proposed Transaction to be **fair** to the Shareholders as the Market Value of the Consideration is less than the Market Value of a 100% equity interest in Trophosys and Sofala.

2.11 As set out in Section 3, the Proposed Transaction also includes 2 further issues of shares to the Vendors subject to the certain milestones being met. We have not included adjustments for milestone payments in our assessment of the Consideration on the basis that there would be a corresponding material change to the value of the Sofala Projects if any of the milestones were met.

Reasonableness

2.12 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- the prospects of MRG if the Proposed Transaction does not proceed;
- the trading of MRG shares following the announcement of the Proposed Transaction;
- other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding; and
- alternative proposals to the Proposed Transaction.

Prospects of MRG if the Proposed Transaction does not proceed

2.13 If the Proposed Transaction does not proceed, the board of directors will continue to seek alternative assets to add value to Shareholders.

Trading of MRG shares following the announcement of the Proposed Transaction

2.14 On 11 April 2018, MRG announced it had entered into a binding Heads of Agreement ("HOA") to acquire three HMS Projects held by Sofala ("1st Announcement"). On 30 August 2018, MRG announced that negotiations in relation to the Proposed Transaction with the Vendors had come to an end, without any agreements being reached.

2.15 On 7 November 2018, MRG announced it had re-established negotiations and has reached an agreement to acquire the Sofala Projects on revised terms ("2nd Announcement").

2.16 MRG's share price traded primarily in the range of \$0.008 to \$0.010 post the 1st Announcement to 23 August 2018. The Company's share price decreased and traded at a low of \$0.004 post the Termination Announcements and traded in the range of \$0.004 to \$0.006 thereafter.

2.17 We further note the following:

- The volume of shares traded increased significantly post the 1st Announcement. However, shares traded included the share placement of 60 million new ordinary shares to sophisticated investors and retail private clients of PEAK, together with 30 million attaching MRQOB options to raise \$600,000 (before capital raising costs) on 16 April 2018;
- The 30-day VWAP post the 1st Announcement of \$0.011 was higher than the 5 and 30-day VWAP of shares traded prior to the announcement of \$0.009 and \$0.008, respectively; and
- The 5 and 60-day VWAP of shares traded post the Termination Announcements decreased to \$0.006 and \$0.005, respectively.

2.18 On the above basis, we consider that the market reacted favourably to the Proposed Transaction and did not react favourably to the Termination Announcements.

Advantages of approving the Proposed Transaction to Shareholders:

2.19 The advantages of the Proposed Transaction are:

- the Proposed Transaction is fair;
- the Company's activities would diversify into the exploration of Heavy Metal Sands ("HMS") in Mozambique. Management considers the Sofala Projects to be highly prospective for titanium and zircon HMS deposits, further adding to MRG's current exploration asset portfolio;
- the 30-day VWAP post the 1st Announcement of $0.011 was higher than the 5 and 30-day VWAP of shares traded prior to the announcement of $0.009 and $0.008, respectively; and
- there is a risk that MRG's share price will decline further in the event that the Proposed Transaction is not approved.

Disadvantages of approving the Proposed Transaction to Shareholders:

2.20 The disadvantages of the Proposed Transaction are:

- the dilution of Shareholders' interests from 100.0% to 88.1%, immediately following the approval of the Proposed Transaction;
- the Consideration includes 90,000,000 listed options exercisable at $0.01 per option and expiring 20 December 2020 ("MRQOB Options"). The Company currently has 321,389,880 MRQOB Options on issue. The Company's share price was circa $0.005 as at the date of this Report. Nonetheless, in the event that the Vendors exercised their MRQOB Options, Shareholders' interest in the Company will be further diluted to 78.8% (assuming no other MRQOA or MRQOB Options currently on issue are exercised); and
- there is no guarantee that the acquisition of the Sofala Projects will translate to economic benefits to Shareholders.

Alternative proposals

2.21 We are not aware of any alternative proposals which may provide greater benefit to the Shareholders.

Conclusion on Reasonableness

2.22 In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for Shareholders.

3. Summary of Proposed Transaction

Overview

3.1 On 11 April 2018, MRG announced it had entered into a binding Heads of Agreement ("HOA") to acquire three HMS Projects held by Sofala ("1st Announcement"). On 30 August 2018, MRG announced that negotiations in relation to the Proposed Transaction with the Vendors had come to an end, without any agreements being reached.

3.2 On 7 November 2018, MRG announced it had re-established negotiations and had reached an agreement to acquire the Sofala Projects on revised terms ("2nd Announcement").

3.3 Sofala currently holds a 99% equity interest in Sofala Mining and Exploration Limitada ("Sofala Mozambique"). The other 1% interest in Sofala Mozambique is held by ECH2 Pty Ltd ("ECH2"). Sofala Mozambique currently holds:

- 100% of 2 granted exploration licences ("EL") and 1 pending attribution EL within the Xai District of Mozambique, which cover an area of over 631 square kilometres; and
- 2 applications for exploration licences ("ELA") comprising one in the Xai-Xai District covering 247 square kilometres and one in the Inhambane Province covering 113 square kilometres

(collectively "the Sofala Projects" or "the HMS Projects").

3.4 Trophosys has a binding agreement to acquire a 100% interest in Sofala as well as the 1% interest in Sofala Mozambique from ECH2. Under its agreement with Sofala, Trophosys may complete the acquisition of Sofala via a nominee or parent company to affect a listing on the ASX.

3.5 Trophosys is a shell company with no operations.

3.6 Trophosys and Sofala will be MRG's subsidiaries (100%) post completion of the Proposed Transaction. The chart below summarises the organisational structure of MRG if the Proposed Transaction is approved.

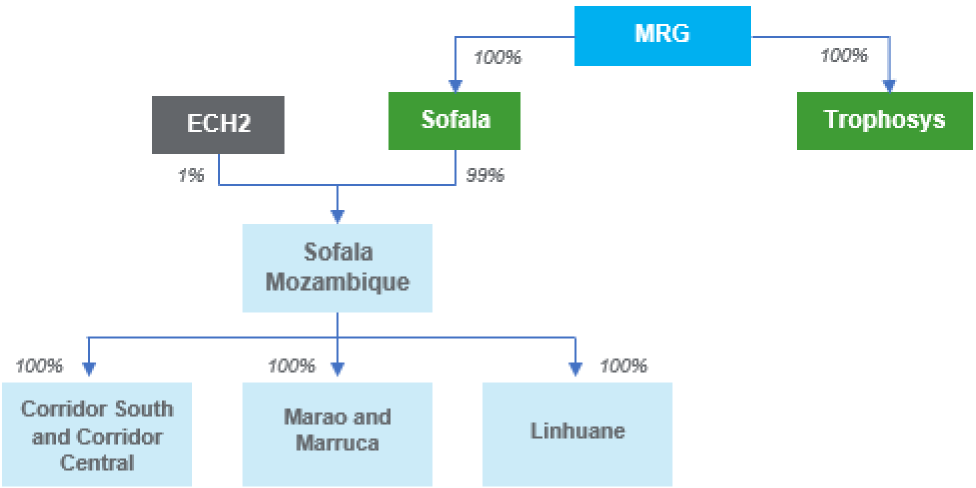


Chart 2: Organisational structure if the Proposed Transaction is approved

Consideration

3.7 The consideration to acquire the Sofala Projects comprises:

- MRG reimbursing Sofala loans (not exceeding US$100,000); and
- the issue of 90,000,000 fully paid ordinary MRG shares ("Consideration Shares") and 90,000,000 MRQOB Options ("Consideration Options") (collectively, "the Consideration") to the Vendors (40,00,000 Consideration Shares and 40,00,000 Consideration Options to the vendors of Trophosys, and 50,00,000 Consideration Shares and 50,00,000 Consideration Options to the vendors of Sofala).

3.8 Consideration also includes 480,000,000 performance rights to the Vendors upon the completion of the Proposed Transaction. Details of the performance rights are as set out below.

Performance rights	Performance milestone	Performance period
Class A (160,000,000)	Satisfaction of one of the following: • The publication of a JORC 2012-compliant Mineral Resource suitable for a scoping study of greater than 350,000,000 tonnes at a minimum of 5% Total Heavy Mineral (THM) within the Performance Period; or • The HMS Projects are sold at a valuation greater than A$100 million cash or based on consideration that is valued by an Independent Expert's Report during the Performance Period.	• 2 years from the date of the grant of the performance right. • 30 months from the date of the grant of the performance right.
Class B (320,000,000)	Satisfaction of one of the following: • Completion of a Scoping Study on the HMS Projects showing positive economics at any time during the Performance Period combined with the decision of the Board to commence a PFS within 60 days from the date of completion of the Scoping Study; or • The HMS Projects are sold at a valuation greater than A$100 million cash or based on consideration that is valued by an Independent Expert's Report during the Performance Period.	• 30 months from the date of the grant of the performance right. • 30 months from the date of the grant of the performance right.

Each performance right will automatically convert into one MRG share upon satisfaction of the performance milestones tabled above.

3.9 All Consideration Shares and Options will be subject to voluntary escrow for a period of 12 months from date of issue. The shares to be issued pursuant to the Class A Performance Rights and Class B Performance Rights will be subject to voluntary escrow for a period of 3 months from the date of issue. If MRG sells the HMS Projects, then any period of voluntary escrow on foot will cease on the date of completion of that sale.

Conditions Precedent

3.10 Completion of the Proposed Transaction is conditional upon the satisfaction (or waiver by the relevant party) of the following conditions precedent:

- MRG receiving all necessary shareholder approvals required to complete the Proposed Transaction (including the issuance of the Consideration Shares and Consideration Options, and the grant of the Class A Performance Rights and the Class B Performance Rights) pursuant to the Sale Agreement (Shareholders' Approval); and
- MRG receiving all necessary ASX approvals (if any) required to enable it to undertake the Proposed Transaction.

3.11 On 11 May 2018, the Company announced that the due diligence in relation to the HMS Projects had been successfully completed.

Settlement

3.12 Completion will take place within 14 days after all the Conditions Precedent are satisfied or waived.

3.13 MRG will be responsible for payment of any tax payable by the Vendors to the Mozambique Authorities directly arising from the Proposed Transaction.

3.14 The directors of Trophosys will resign on a no claim basis and will be replaced by MRG's nominated directors, at completion.

3.15 MRG will commit to fund US$2,000,000 in exploration expenditure within the Sofala Projects, over a 2.5-year period from settlement of the Proposed Transaction.

3.16 Each party will bear its own costs in connection with the Proposed Transaction.

Impact of Proposed Transaction on MRG's capital structure

3.17 The table below sets out MRG's capital structure prior to and immediately following the Proposed Transaction.

	Number of shares	%	Number of MRQOA Options	%	Number of MRQOB Options	%
MRG capital structure prior to the Proposed Transaction						
Number of ordinary shares and listed options held by Shareholders	667,169,639	100.0%	72,978,404	100.0%	321,389,880	100.0%
Total	**667,169,639**	**100.0%**	**72,978,404**	**100.0%**	**321,389,880**	**100.0%**
MRG capital structure after the Proposed Transaction						
Number of ordinary shares and options held by the Vendors	90,000,000	11.9%	-	0.0%	90,000,000	21.9%
Number of ordinary shares and options held by the Shareholders	667,169,639	88.1%	72,978,404	100.0%	321,389,880	78.1%
Total	**757,169,639**	**100.0%**	**72,978,404**	**100.0%**	**411,389,880**	**100.0%**

Table 2: MRG capital structure prior to and immediately after the Proposed Transaction

3.18 The Proposed Transaction would result in the dilution of Shareholders' interests from 100.0% to 88.1%.

3.19 In the event the Vendors exercise the Consideration Options, Shareholders' interests would be further diluted to 78.8% (assuming no other MRQOA or MRQOB Options were exercised).

3.20 As at the date of this Report, MRG had 394,368,284 listed share options on issue comprising the following:

- 72,978,404 listed options exercisable at $0.15 per option and expiring 31 August 2020 ("MRQOA Options"); and
- 321,389,880 MRQOB Options, exercisable at $0.01 per option and expiring 20 December 2020.

3.21 The 90,000,000 Consideration Options to be issued to the Vendors comprise wholly of MRQOB Options.

4. Scope of the Report

Basis of evaluation

4.1 In assessing the fairness and reasonableness of the Proposed Transaction to Shareholders, we have considered RG 111, which provides specific guidance as to how an expert is to appraise transactions.

4.2 RG 111 provides specific guidance on how a transaction should be analysed if the transaction is a control transaction, whereby a person acquires, or increases a controlling stake in a company, achieved by a number of different legal mechanisms, or, involves a related party transaction requiring shareholder approval under Chapter 2E of the Corporations Act or under ASX Listing Rule 10.

4.3 Notwithstanding the above, we have been advised that the Vendors are not associates for the purpose of the Proposed Transaction, and the Vendors are not related parties to MRG. Accordingly, the Proposed Transaction is not considered to be a control transaction or a related party transaction.

4.4 However, in accordance with the guidance of RG 111, we have assessed whether the Proposed Transaction is fair and reasonable by undertaking a separate assessment of whether the transaction is "fair" and "reasonable" to Shareholders.

4.5 We have considered whether the Proposed Transaction is fair to Shareholders by assessing and comparing:

- the Market Value of the Consideration (the Consideration Shares and Consideration Options); compared to
- the Market Value of a 100% equity interest in Trophosys and Sofala.

4.6 We have considered whether the Proposed Transaction is "reasonable" to Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to Shareholders in their decision of whether to approve the Proposed Transaction.

4.7 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

4.8 Agricola Mining Consultants Pty Ltd ("Agricola") has prepared a report providing an independent valuation dated 29 October 2018 of the mineral assets held by MRG and the HMS assets held by Sofala ("the Valuation Report"). For the purpose of this IER, we have relied upon the Valuation Report provided by Agricola in our assessment of the valuation of MRG and Sofala. A copy of Agricola's Valuation Report is set out in Appendix E.

5. Profile of MRG Metals Limited

Background

5.1 MRG is an Australian minerals exploration company focused on the discovery of gold, silver and other base metals through its portfolio of mineral exploration assets in Western Australia and Queensland and its earn-in agreement for the Norrliden Project in Sweden.

5.2 The exploration projects in Western Australia comprise the following:

- Yardilla Project comprising 11 ELs prospective for gold, nickel and base metals;
- Loongana Project comprising 2 ELs prospective for platinum group elements, nickel, copper and gold;
- Kalgoorlie East Project comprising 2 ELs prospective for gold, silver, nickel and base metals; and
- Xanadu Project comprising 15 ELs prospective for gold.

5.3 The exploration projects in Queensland (“Queensland Projects”) comprise 7 ELs in the Mount Isa region prospective for copper and gold. The exploration project in Sweden comprises an earn-in agreement for the Norrliden Project.

5.4 In 2013, MRG acquired a 100% equity interest in Sasak Resources Australia Pty Ltd (“Sasak”). Sasak was a privately owned Australian company that was founded in 2010. Sasak developed an in-house data mining technology, maintains a large Geographic Information System ("GIS") database, and is principally engaged in the application of data mining techniques including predictive analytics to identify and commercialise high potential or high value mineral exploration targets. Sasak’s data mining technology and GIS technology was transferred to a separate entity, and MRG acquired a portfolio of exploration projects owned by Sasak.

5.5 MRG utilises Sasak’s predictive modelling technology when assessing prospective exploration projects.

Directors and management

5.6 The directors of MRG comprise the following:

- Mr Andrew Van Der Zwan (Non-Executive Chairman, Non-Executive Director);
- Mr Christopher Gregory (Non-Executive Director); and
- Mr Shane Turner (Non-Executive Director).

Financial information

5.7 The information in the following section provides a summary of the consolidated financial performance and financial position of MRG for the years ended 30 June 2016 (“FY16”), 30 June 2017 (“FY17”), 30 June 2018 (“FY18”) and the 3-month period ended 30 September 2018.

Financial performance

5.8 The following table sets out MRG's financial performance for FY16, FY17, FY18 and the 3-month period ended 30 September 2018.

MRG Metals Ltd Financial performance ($)	Note	YTD19[1] *Unaudited*	FY18 *Audited*	FY17 *Audited*	FY16 *Audited*
Revenue	5.9	7,106	11,543	9,799	3,714
Reseach and development incentive		-	-	174,452	215,745
Other income		-	-	26,181	21,600
Employee benefits expense		(54,755)	(255,483)	(248,390)	(306,594)
Consultants		(25,002)	(289,858)	(295,307)	(273,461)
Promotions expense		-	-	(65,754)	(84,513)
Administration expenses		(93,389)	(155,441)	(190,203)	(197,507)
Amortisation/Depreciation expenses		-	(1,106)	(975)	(532)
Exploration/Tenements write off expenses		(68,506)	(204,049)	-	(1,400,772)
Loss before tax	5.11	**(234,546)**	**(894,394)**	**(590,197)**	**(2,022,320)**
Tax expense		-	-	-	-
Loss after tax		**(234,546)**	**(894,394)**	**(590,197)**	**(2,022,320)**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive losses	5.11	**(234,546)**	**(894,394)**	**(590,197)**	**(2,022,320)**

Source: Audited financial statements for FY17 and FY18 and unaudited management accounts for the three months ended 30 September 2018

1. Comprises three months ended 30 September 2018

Table 3: MRG financial performance

5.9 MRG's revenue comprises interest income from bank deposits. The Company has yet to generate operating revenue due to the exploratory nature of MRG's activities.

5.10 Expenses primarily comprise employee benefits expense, consultancy fees and administrative costs.

5.11 The Company disclosed losses before tax of circa $235,000, $894,000 and $590,000 for the 3-month period ended 30 September 2018, FY18 and FY17, respectively. MRG disclosed losses of $2.0 million in FY16 due primarily to $1.4 million in relinquishment costs recognised during the year, representing capitalised exploration costs written off when ownership of certain tenements related to the Kalgoorlie East Project were relinquished.

Financial position

5.12 The table below sets out MRG's financial position as at 30 June 2017, 30 June 2018 and 30 September 2018.

MRG Metals Ltd Financial position ($)	Note	As at 30-Sep-18 *Unaudited*	As at 30-Jun-18 *Audited*	As at 30-Jun-17 *Audited*
Current assets				
Cash and cash equivalents		1,532,889	1,724,570	579,964
Other receivables		5,000	35,887	728,503
Total current assets		1,537,889	1,760,457	1,308,467
Non-current assets				
Plant and equipment		2,063	2,063	1,809
Exploration and evaluation	5.14	3,628,518	3,628,518	3,056,142
Total non-current assets		3,630,581	3,630,581	3,057,951
Total assets		5,168,470	5,391,038	4,366,418
Current liabilities				
Trade and other payables		96,204	84,227	132,843
Total liabilities		96,204	84,227	132,843
Net assets	5.13	**5,072,265**	**5,306,811**	**4,233,575**
Equity				
Share capital and reserve		20,775,552	20,775,552	18,807,922
Accumulated losses		(15,703,287)	(15,468,741)	(14,574,347)
Total equity	5.13	**5,072,265**	**5,306,811**	**4,233,575**

Source: Audited financial statements for FY17 and FY18 and unaudited management accounts for the three months ended 30 September 2018

Table 4: MRG financial position

5.13 MRG disclosed net assets of $5.1 million, $5.3 million and $4.2 million at 30 September 2018, 30 June 2018 and 30 June 2017, respectively. The circa $1.1 million increase in net assets from 30 June 2017 to 30 June 2018 was primarily a net result of share placements undertaken during the period totalling circa $2.0 million and net losses incurred for the period totalling circa $900,000.

5.14 Exploration and evaluation assets comprise the costs capitalised in relation to mineral assets.

Capital structure

5.15 As at 26 November 2018, MRG had 667,169,639 ordinary shares on issue of which 39.0% was held by the top 20 shareholders. The top 20 MRG shareholders are set out in the table below.

MRG Metals Ltd Shareholders	Number	%
Mr Paul Cozzi	33,700,000	5.05%
Syracuse Capital Pty Ltd	24,000,000	3.60%
Mr Thomas Lovendahl Sorensen	20,951,806	3.14%
Mr Christopher Jordan Gregory & M/S Maria Gregory	19,349,250	2.90%
Jolanza Pty Ltd	18,000,450	2.70%
Futurity Private Pty Ltd	15,998,017	2.40%
Dr Erwin Jimmy Heymann	15,135,000	2.27%
Mr Marko Bazdaric	14,000,000	2.10%
Mr Adrian Phillip Manger	11,798,520	1.77%
Freedom Trader Pty Ltd	11,412,500	1.71%
Mrs Kathryn Valerie Van Der Zwan	10,025,250	1.50%
A & J Turner Pty Ltd	9,485,000	1.42%
Mr Timothy Colin Wallace	7,500,000	1.12%
Teltoo Pty Ltd	7,048,673	1.06%
Mr Joshua Vincent Newman	7,000,000	1.05%
Mazarine Investments Ltd	6,530,000	0.98%
Mr David Stuart Bodin	6,000,000	0.90%
Giojaz Management Pty Ltd	6,000,000	0.90%
Mr Shane Turner & Mrs Elizabeth Turner	5,708,700	0.86%
Mrs Yu Feng Cai	5,600,000	0.84%
Total top 20 shareholders	**255,243,166**	**38.26%**
Other shareholders	411,926,473	61.74%
Total	**667,169,639**	**100.00%**

Table 5: MRG shareholder summary as at 26 November 2018

5.16 As at 26 November 2018, MRG had 72,978,404 listed MRQOA options on issue (exercisable at $0.15 per option and expiring 31 August 2020), of which 79.6% was held by the top 20 option holders. The top 20 MRQOA option holders are set out in the table below.

MRG Metals Ltd MRQOA option holder	Number	%
Tempo Capital Pty Ltd	10,304,015	14.12%
Mr Christopher Williams	5,500,000	7.54%
Mr Christopher Jordan Gregory & M/S Maria Gregory	5,000,000	6.85%
Mr Skye Stephen Ackling	4,000,000	5.48%
Mr Andrew Van Der Zwan & Mrs Kathryn Van Der Zwan	3,500,000	4.80%
Jolanza Pty Ltd	3,300,000	4.52%
Mr Ken Grogan	2,926,531	4.01%
Mr Shannon Gregory O'Rourke & Ms Julie Harrison	2,250,000	3.08%
Mr Mark Raymond Foreman	2,246,190	3.08%
Maplestone Pty Ltd	2,075,000	2.84%
Mr David Michael Gartner	2,000,000	2.74%
Mr Lucas Harvey Gentry	1,577,893	2.16%
Mr Shane Turner & Mrs Elizabeth Turner	1,500,000	2.06%
Mr Paul Steven Perrella	1,250,000	1.71%
Amw Investments Pty Ltd	1,000,000	1.37%
Mr Thomas Andrew O'Connor & Dr Sapphire Mcmullan-Fisher	1,000,000	1.37%
Mr Richard Racz & Mrs Lada Racz	1,000,000	1.37%
Faraway Pty Limited	1,000,000	1.37%
Mr Anton Louis Clowes & Mr Simon Lavercombe	1,000,000	1.37%
N & S Shaw Pty Ltd	1,000,000	1.37%
Total top 20 option holders	**53,429,629**	**73.21%**
Other MRQOA option holders	19,548,775	26.79%
Total	**72,978,404**	**100.00%**

Table 6: MRG MRQOA option holder summary as at 26 November 2018

5.17 As at 26 November 2018, MRG had 321,389,880 listed MRQOB options on issue (exercisable at $0.01 per option and expiring 20 December 2020), of which 61.4% was held by the top 20 option holders. The top 20 MRQOB option holders are set out in the table below.

MRG Metals Ltd MRQOB option holder	Number	%
Mr Kenneth James Baker	37,423,769	11.64%
Mr Peter Andrew Proksa	25,000,000	7.78%
Ms Sihol Marito Gultom	15,000,000	4.67%
Mr Raymond Laurence Carroll	15,000,000	4.67%
Mr David Fagan	9,255,555	2.88%
Mr Paul Cozzi	8,500,000	2.64%
Mr Christopher Jordan Gregory & M/S Maria Gregory	6,449,750	2.01%
Zaman Perak Pty Ltd	6,250,000	1.94%
Jolanza Pty Ltd	6,000,150	1.87%
A & J Turner Pty Ltd	5,495,000	1.71%
Lehav Pty Ltd	5,401,502	1.68%
Dr Erwin Jimmy Heymann	5,045,000	1.57%
Durbanator Pty Ltd	5,000,000	1.56%
Mr Michael Zollo	5,000,000	1.56%
Mr Giovanni Forte	5,000,000	1.56%
Mr Stephen Gee Fay Siu	4,921,599	1.53%
Freedom Trader Pty Ltd	4,825,000	1.50%
Valiant Equity Management Pty Ltd	4,500,000	1.40%
Mr Andrew Van Der Zwan & Mrs Kathryn Van Der Zwan	4,140,000	1.29%
Ms Emily Sue Coakley	4,085,000	1.27%
Total top 20 option holders	**182,292,325**	**56.72%**
Other MRQOB option holders	139,097,555	43.28%
Total	**321,389,880**	**100.00%**

Table 7: MRG MRQOB option holder summary as at 26 November 2018

Share price performance

5.18 The chart below sets out a summary of MRG's daily closing share price and traded volumes on the ASX from the period 26 May 2017 to 26 November 2018.

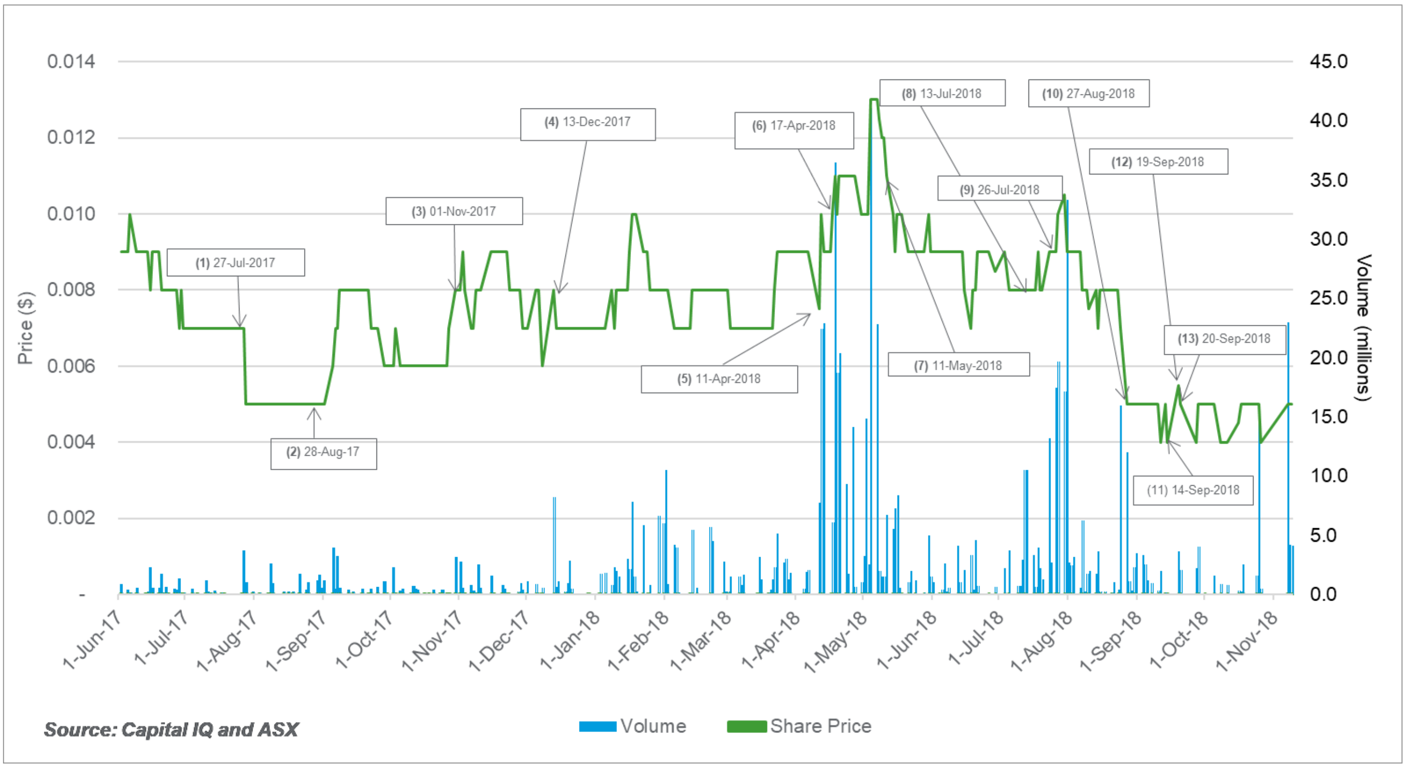


Chart 3: MRG traded share price and volume chart

5.19 **(1)** On 27 July 2017, the Company announced that results from rock chip sampling at the Norrliden Sodra prospect in June 2017 confirmed poly-metallic (Pb-Zn-Ag-Au) mineralisation at surface. MRG announced that it intended to follow up with exploration drilling to test surface mineralisation at depth, with all regulatory and stakeholder approvals expected to be received by mid-August for drilling to commence in September 2017.

5.20 **(2)** On 28 August 2017, MRG announced that it had finalised plans for initial drill testing of several targets at the Norrliden Project and was waiting regulatory approval to commence drilling. On 11 September 2017, the Company announced that the drilling program had commenced, and further announced on 18 September 2017 that the first drill hole at Norrliden Sodra had been completed, with a second drill hole commenced at Norrliden Norre prospect.

5.21 **(3)** On 1 November 2017, MRG announced that the Company had entered into a binding Heads of Agreement with AU Resource Company Limited ("AU") for AU to farm-in to MRG's Yardilla and Xanadu gold projects. Under the agreement, AU was to also review other projects held by MRG. AU will acquire a 10% interest in the Yardilla and Xanadu Projects after incurring $300,000 in exploration expenditure within 12 months, 40% interest after incurring cumulative expenditure of $1.5 million or the total amount of measured, indicated and inferred gold resource calculated according to the JORC Code (2012) amounts to 250,000 ounces in the project area within 24 months, and 60% interest after incurring cumulative expenditure of $3 million or the total amount of measured, indicated and inferred gold resource amounts to 500,000 ounces calculated in accordance with the JORC Code (2012) in the project area within 36 months.

5.22 **(4)** On 13 December 2017, the Company announced that it had successfully raised $432,000 (before issue costs) through the issue of 48 million shares at $0.005 per share and 32 million shares at $0.006 per share to sophisticated investors and retail private clients of PEAK Asset Management Pty Ltd ("PEAK"). PEAK was also engaged to provide corporate and financial advice to MRG and to identify growth opportunities. The funds raised were to be used primarily to facilitate the AU joint venture due diligence process, completion of the current work program at Norrliden and to review and optimise the remaining Australian portfolio.

5.23 **(4)** The Company also announced the Rights Issue of 1 share for every 2 shares held by shareholders at $0.005 per share, together with 1 attaching MRQOB option to raise $1,001,949 (before costs of the raising). On 23 January 2018, MRG announced that the Company had successfully raised $654,191 from the Rights Issue, and further announced on 25 January 2018 that the Company had successfully placed the shortfall of $347,758 under the Rights Issue. MRG issued 200,389,880 new ordinary shares together with 200,389,880 attaching MRQOB options under the Rights Issue.

5.24 **(5)** On 11 April 2018, the Company announced the Proposed Transaction (1st Announcement).

5.25 **(6)** On 17 April 2018, MRG announced that it had raised $600,000 (before capital raising costs) through the issue of 60,000,000 new ordinary shares at $0.01 per share to sophisticated investors and retail private clients of PEAK, together with 30,000,000 MRQOB attaching options

5.26 **(7)** On 11 May 2018, the Company announced that the due diligence in relation to the HMS Projects had been successfully completed and that milestone payments as part of the Proposed Transaction had been changed slightly to reflect the requirements of the ASX's policy and Listing Rules.

5.27 **(8)** On 13 July 2018, MRG announced an updated Mineral Resource Estimate ('MRE'). This update significantly increased the global MRE for the Norrliden Project. The Company also advised that positive optimisation results had been returned for the Norra and Bjurfors polymetallic sulphide deposits. Further, the analysis indicated that the Bjurfors deposits were more price sensitive than the Norra mineralisation.

5.28 **(9)** On 26 July 2018, MRG announced that the Singapore based Magnaver Group, through its subsidiary Apollo Exploration & Mining Ltd ("Apollo"), had entered into a Memorandum of Understanding to farm-in to the Pulchera Project. Subject to due diligence, Apollo agreed to pay MRG $100,000 upon the transfer of Intellectual Property to earn up to 80% of the Pulchera Project over 2 stages for a total exploration investment of $4,000,000. A joint venture between Apollo and MRG will be formed when the 80% milestone is reached.

5.29 **(10)** On 24 August 2018, MRG was notified that Trophosys had sought orders to restrain MRG from entering into direct negotiations with Sofala by way of a Writ of Summons filed in the Supreme Court of Western Australia. This information was announced by MRG on 27 August 2018. Sofala's desire to no longer engage in negotiations with Trophosys and MRG in respect of this deal was also communicated in the 27 August announcement. On 30 August 2018, MRG announced that negotiations in relation to the Proposed Transaction with the Vendors had come to an end, without any agreements being reached (collectively "the Termination Announcements").

5.30 **(11)** On 14 September 2018, MRG released the results from the bottom-till ("BOT") exploration drilling in Northern Sweden which was completed for the Norrliden Project. The BOT drilling successfully identified Sodra mineralised trends, in addition to generating high calibre drill targets which were used to further grow the resource base.

5.31 **(12)** On 19 September 2018, MRG announced it had entered into a new Farm-in Agreement with Au Resource Company Limited. The Binding Heads of Agreement ("HOA") provided that Au would commence due diligence on all remaining MRG Queensland projects, except for the Xanadu project, which remained subject to a deferred Due Diligence as outlined by the original HOA.

5.32 **(13)** On 20 September 2018, MRG provided an update on the farm-in status of the Norrliden Project and announced the successful completion of Phase 1. The update revealed MRG had reached their first earn-in milestone of US$500,000 expenditure to earn 10% of the project and that extensive exploration plans were in development for Phase 2. Additionally, Mandalay and MRG had reached an agreement to explore sale of asset opportunities in which MRG has a right to earn up to 50% equity under the joint venture agreement.

5.33 On 7 November 2018, MRG announced it has re-established negotiations and had now reached agreement on revised terms with the Vendors, to acquire Sofala Resources Pty Ltd and Trophosys Pty Ltd.

5.34 On 23 November 2018, MRG announced it has reached an agreement on revised terms to acquire Sofala Resources Pty Ltd and Trophosys Pty Ltd and execution of the formal sale agreement had been completed.

5.35 MRG's share price fluctuated primarily in the range of $0.008 and $0.010 during the period of 11 April 2018, the date of the 1st Announcement, to 23 August 2018. The Company's share price decreased and traded at a low of $0.004 post 27 August 2018, the date when it was announced that Sofala no longer wished to engage in negotiations with Trophosys and MRG in respect of the Proposed Transaction. Since then, the Company's share price fluctuated in the range of $0.004 to $0.006.

6. Profile of Sofala Resources Pty Ltd and Trophosys Pty Ltd

Background

6.1 Sofala was incorporated on 14 November 2012 for the primary purpose of acquiring, exploring and developing mineral deposits, with a focus on heavy mineral sand deposits in Mozambique.

6.2 Sofala holds a 99% equity interest in Sofala Mozambique. As set out in section 3, ECH2, also a shareholder in Sofala, holds the 1% interest in Sofala Mozambique.

6.3 Sofala Mozambique was established to hold the Sofala Projects, comprising the following:

- the Corridor Project (Corridor Central 6620L and Corridor South 6621L);
- the Marao/Marruca Project (6842L and 6846L); and
- the Linhuane Project (7423L).

6.4 Trophosys was incorporated on 14 August 2015. Trophosys is currently a shell company with net assets of $200 (cash and share capital). As set out in Section 3, Trophosys has a binding agreement to acquire a 100% interest in Sofala as well as the 1% interest in Sofala Mozambique from ECH2. Under its agreement with Sofala, Trophosys may complete the acquisition of Sofala via a nominee or parent company to affect a listing on the ASX.

Directors and management

6.5 The directors of Sofala comprise of the following:

- Mr Brendan Cummins
- Mr Mark Alvin; and
- Mr Adrian Hill.

Financial information

6.6 The information in the following section provides a summary of the consolidated financial performance and financial position of Sofala, comprising Sofala Resources Pty Ltd and Sofala Mozambique, for FY16, FY17, FY18 and the four months ended 31 October 2018.

Financial performance

6.7 The table below summarises Sofala's consolidated financial performance for FY16, FY17, FY18 and the four months ended 31 October 2018.

Sofala Resources Pty Ltd **Financial performance ($)**	**Note**	**YTD19[1]** ***Unaudited***	**FY18** ***Unaudited***	**FY17** ***Unaudited***	**FY16** ***Unaudited***
Interest	6.8	42	3	157	302
Other income				-	5,928
Administration expenses		(531)	(2,101)	(11,960)	-
Professional fees		(20,721)	(27,078)	(2,744)	(446)
Amortisation		(566)	(587)	-	(1,658)
Profit/(loss) before income tax		**(21,776)**	**(29,763)**	**(14,547)**	**4,126**
Income tax expense		-	-	-	-
Profit/(loss) attributable to members		**(21,776)**	**(29,763)**	**(14,547)**	**4,126**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive losses		**(21,776)**	**(29,763)**	**(14,547)**	**4,126**

Source: Unaudited consolidated management accounts of Sofala and Sofala Mozambique for FY16, FY17, FY18 and the four months ended 31 October 2018

1. Comprises four months ended 31 October 2018

Table 8: Sofala financial performance

6.8 Sofala's revenue primarily comprised interest income. Sofala has yet to generate operating revenue due to the exploratory nature of the company's activities.

Financial position

6.9 The table below sets out Sofala's consolidated financial position as at 31 October 2018, 30 June 2018 and 30 June 2017.

Sofala Resources Pty Ltd **Financial position ($)**	**Note**	**As at** **31-Oct-18** ***Unaudited***	**As at** **30-Jun-18** ***Unaudited***	**As at** **30-Jun-17** ***Unaudited***
Current assets				
Cash and cash equivalents		18,852	78,228	22,217
Other current assets		9,549	4,701	6,370
Total current assets		28,401	82,929	28,587
Non-current assets				
Plant and equipment		359	908	1,421
Other non-current assets - tenement deposits		11,946	11,725	11,151
Tenement acquisition and exploration costs	6.11	158,498	164,762	61,391
Total non-current assets		170,803	177,395	73,963
Total assets		**199,204**	**260,323**	**102,550**
Current liabilities				
Trade and other payables		8,177	41,922	6,060
Total liabilities		**8,177**	**41,922**	**6,060**
Net assets	6.10	**191,027**	**218,401**	**96,490**
Equity				
Share capital		382,300	382,300	230,000
Accumulated losses		(191,273)	(163,899)	(133,510)
Total equity	6.10	**191,027**	**218,401**	**96,490**

Source: Unaudited consolidated mgmt accounts of Sofala and Sofala Mozambique for FY17, FY18 and the four months ended 31 October 2018

Table 9: Sofala financial position

6.10 Sofala disclosed net assets of $191,000, $218,000 and $96,000 as at 31 October 2018, 30 June 2018 and 30 June 2017, respectively. The increase in net assets from 30 June 2017 to 30 June 2018 was due primarily to capital raised during the period.

6.11 Tenement acquisition and exploration costs comprise the costs capitalised for the HMS Projects held by Sofala Mozambique.

Capital structure

6.12 At the date of this Report, Sofala had 18,291,997 ordinary shares on issue. Sofala's major shareholders are set out in the table below.

Sofala Resources Pty Ltd Shareholders	Number	%
Silverpeak Nominees Pty Ltd as trustee for the RGM Hill Trust	2,900,000	15.85%
Icon Custodians Pty Ltd as trustee for Icon Custodians Family Trust	2,900,000	15.85%
Samatzo Holdings Pty Ltd as trustee for Hill Family Trust	2,900,000	15.85%
Mark Peter Alvin	2,900,000	15.85%
Karen Pittard as trustee for Whitehaven Mansions Trust	1,149,999	6.29%
Accord Pty Ltd	1,149,999	6.29%
Beacon Explorations Pty Ltd	1,141,999	6.24%
Total major shareholders	**15,041,997**	**82.23%**
Other shareholders	3,250,000	17.77%
Total	**18,291,997**	**100.00%**

Table 10: Sofala shareholder summary as at 26 November 2018

7. Valuation Approach

Basis of valuation

7.1 The valuation of the Consideration and a 100% equity interest in Trophosys and Sofala have been prepared on the basis of Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

Valuation methodologies

7.2 In assessing the Market Value of the Consideration compared to the Market Value of a 100% interest in Sofala, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

7.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

7.4 Market based methods estimate the Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

7.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

7.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

7.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- capitalisation of maintainable earnings; and
- discounted cash flow ("DCF") methods.

7.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

7.9 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

7.10 Asset based methodologies estimate the Market Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

7.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

7.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.

7.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Valuation methodology of mineral assets utilised by Agricola

7.14 RG 111 envisages the use by an independent expert of specialists when valuing specific assets. We determined the need for a specialist's involvement with regards to valuing the MRG Projects and the HMS Projects. We have engaged Agricola to prepare an independent technical assessment and valuation for the MRG Projects and the HMS Projects (the Valuation Report).

7.15 Agricola's Valuation Report has been prepared in accordance with the requirements of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("VALMIN Code", 2015 edition). We have satisfied ourselves as to Agricola's qualifications and independence from MRG and Sofala and have placed reliance on the Valuation Report. A copy of the Valuation Report is set out in Appendix E.

7.16 Agricola has utilised the Kilburn Geoscience Rating ("Geo Rating") and the Comparable Transactions methodologies to value the MRG Projects and the Sofala Projects. The Geo Rating method is the primary valuation methodology adopted by Agricola to value the MRG Projects and the Sofala Projects.

Geo Rating method

7.17 The Geo Rating (Kilburn) method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors, usually as a range of values. The multiplier factors are then applied to the base acquisition cost ("BAC") of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at Market Value.

7.18 The Base Acquisition Cost ("BAC") is calculated as the sum of the application fees, annual rent, work required to facilitate granting, and statutory expenditure for a period of 12 months. This is usually expressed as average expenditure per square kilometre (km^2). Equity ownership and grant status are also taken into account. The BAC represents the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months.

Comparable Transactions method

7.19 The comparable transactions method uses other mineral asset sales with attributes comparable to the mineral asset being valued to assess fair market value. This method was used as a cross-check to Agricola's primary valuation methodology and comprises a list of transactions that offer comparability to the projects being valued in terms of reported tonnes, grade or the state of the project as a whole.

Selection of valuation methodologies

Valuation of the Consideration

7.20 In assessing the Market Value of a Consideration Share in MRG, we have utilised the net assets on a going concern basis and relied upon the net book value of assets and liabilities as set out in MRG's unaudited management accounts as at 30 September 2018, and the valuation of the MRG Projects as set out in Agricola's Valuation Report (refer Appendix E).

7.21 We consider that the net book value of assets and liabilities as set out in MRG's unaudited management accounts as at 30 September 2018 to be materially reflective of Market Value on the basis that the majority of the Company's assets and liabilities comprised current trade receivables and payables, as well as cash and cash equivalents. Further, the book value of these assets and liabilities did not differ materially from the Company's audited financial position as at 30 June 2018.

7.22 As the Vendors are acquiring a minority interest in MRG, we have applied a discount for lack of control in our assessment of the Market Value of a Consideration Share.

7.23 We have also utilised the quoted market price methodology as a secondary valuation methodology. MRG's shares are listed on the ASX which means there is a regulated and observable market for its shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the quoted market price method.

7.24 Notwithstanding the relatively low liquidity of MRG's shares (discussed in further detail in section 8) as well as the Company’s recent share placements, we have utilised the quoted market price as our secondary methodology in valuing an MRG share.

7.25 In assessing the Market Value of a Consideration Option, we have utilised a binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying MRG share, the expected early exercise and the risk-free interest rate for the term of the option.

7.26 We have also had regard to the MRQOB Option price and volumes traded as disclosed on the ASX from the period 25 January 2018 to 26 November 2018.

Valuation of Sofala (on a controlling basis)

7.27 In assessing the Market Value of Sofala on a controlling basis, we have utilised the net assets on a going concern basis and relied on the valuation of the Sofala Projects as set out in the Valuation Report.

7.28 We have also relied on the net book value of assets and liabilities as set out in Sofala’s unaudited consolidated management accounts as at 31 October 2018.

7.29 Trophosys is a shell company, with $200 in net assets as at the date of this Report.

8. Valuation of the Consideration

Valuation of an MRG share (non-controlling basis)

8.1 As stated in Section 7, we have assessed the Market Value of an MRG share using the net assets on a going concern basis and relied upon the net book value of assets and liabilities as set out in MRG’s unaudited management accounts as at 30 September 2018, and the valuation of the MRG Projects as set out in Agricola’s Valuation Report.

8.2 As at the date of this Report, MRG had 321,389,880 MRQOB Options on issue. We have assessed the Market Value of an MRG share on an undiluted basis (assuming no MRQOB options are exercised), as well as on a diluted basis (assuming all MRQOB options are exercised).

8.3 We have assessed the value of an MRG share on a diluted basis as our assessed Market Value of an MRG share on an undiluted and non-controlling basis (refer Table 12) is in the range of $0.009 to $0.014, with a preferred value of $0.011 and accordingly, the MRQOB Options are considered to be in the money based on our assessed Market Value at the date of this Report.

8.4 As at the date of this Report, MRG had 72,978,404 MRQOA Options on issue with an exercise price of $0.15. We have not factored the exercise of these options into our assessment of the value of an MRG share on a diluted basis as they are not considered to be in the money based on our assessed Market Value at the date of this Report.

8.5 As the Vendors are acquiring a minority interest in MRG, we have applied a discount for lack of control in our assessment of the Market Value of a Consideration Share.

8.6 We have also utilised the quoted market price methodology as a secondary valuation methodology. MRG's shares are listed on the ASX which means there is a regulated and observable market for its shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the quoted market price method.

Net assets on a going concern basis (undiluted and controlling basis)

8.7 Our assessment of the fair value of MRG's net assets is set out in the table below, based on MRG's unaudited net assets as at 30 September 2018, and adjusted to reflect the MRG Projects' Fair Value.

MRG Metals Ltd Assessed value (undiluted and controlling) ($)	As at 30-Sep-18 *Unaudited*	Note	Valuation of MRG (undiluted) Assessed Value Low	High	Preferred
Current assets					
Cash and cash equivalents	1,532,889		1,532,889	1,532,889	1,532,889
Other receivables	5,000		5,000	5,000	5,000
Total current assets	1,537,889		1,537,889	1,537,889	1,537,889
Non-current assets					
Plant and equipment	2,063		2,063	2,063	2,063
Capitalised exploloration and evaluation - Norrliden	591,133	8.8	591,133	591,133	591,133
Exploration and evaluation / Value of MRG Projects assessed by Agricola	3,037,385	8.9 to 8.10	6,100,000	10,300,000	8,200,000
Total non-current assets	3,630,581		6,693,196	10,893,196	8,793,196
Total assets	5,168,470		8,231,085	12,431,085	10,331,085
Current liabilities					
Trade and other payables	96,204		96,204	96,204	96,204
Total liabilities	96,204		96,204	96,204	96,204
Net assets	**5,072,265**		**8,134,881**	**12,334,881**	**10,234,881**
Number of ordinary shares on issue	667,169,639		667,169,639	667,169,639	667,169,639
Assessed value per share (100% basis)	**$0.008**		**$0.012**	**$0.018**	**$0.015**

Source: RSM analysis and Agricola

Table 11: Valuation of MRG (undiluted and controlling basis)

8.8 Capitalised exploration and evaluation expenditure relates to expenditure on the mineral projects valued by Agricola, with the exception of $591,133 in capitalised costs related to the Norrliden Project. Agricola has not valued the Norrliden Project on the basis that, whilst the Company has achieved the requirements for a 10% earn-in with the Norrliden Project, the Company has not yet been legally granted an equity interest in the Norrliden Project.

8.9 We have excluded all capitalised exploration and evaluation expenditure related to the MRG Projects disclosed at 30 September 2018 and included Agricola's valuation of the MRG Projects.

8.10 The range of values attributed to the MRG Projects, comprising the Yardilla, Loongana, Kalgoorlie East, Xanadu and Queensland Projects by Agricola is $6.10 million to $10.30 million, with a preferred value of $8.20 million.

8.11 We consider that the net book value of the other assets and liabilities as at 30 September 2018 to be materially reflective of Market Value on the basis that the majority of the Company's assets and liabilities comprised current trade receivables and payables, as well as cash and cash equivalents. Further, the book value of these assets and liabilities did not differ materially from the Company's reviewed financial position as at 30 June 2018.

8.12 The above valuation represents the value of a controlling shareholding.

Net assets on a going concern basis (undiluted and non-controlling basis)

8.13 The table below sets out our assessment of the Market Value of an MRG share on an undiluted and non-controlling basis.

MRG Metals Ltd Assessed value (undiluted and non-controlling) ($)	Note	Low	High	Preferred
Value per share (controlling basis)	Table 11	$0.012	$0.018	$0.015
Discount for minority interest	8.16	-25.9%	-25.9%	-25.9%
Value per share (non-controlling interest)		**$0.009**	**$0.014**	**$0.011**

Source: RSM analysis

Table 12: Valuation of an MRG share (undiluted and non-controlling basis)

8.14 A discount to reflect a non-controlling interest in an entity (minority interest) is the inverse of a control premium.

8.15 RSM has undertaken a survey of control premiums paid over a 5-year period to 30 June 2016 in 463 successful takeovers and schemes of arrangements of companies listed on the ASX ("RSM Control Premium Study 2017"). The findings are summarised in the table below, showing the average control premiums paid 20, 5 and 2 days prior to announcement of a transaction, which are applied at the equity level.

	Number of transactions	20 days pre	5 days pre	2 days pre
Average control premium - all industries	463	34.5%	28.3%	26.4%
Average control premium - Metals & Mining	**134**	**35.8%**	**32.4%**	**29.9%**

Source: RSM Control Premium Study 2017

Table 13: Control premium study

8.16 Based on the above, we consider that a control premium of 35% would be applicable to MRG and applied the inverse of this premium of 25.9% in our assessment of the Market Value of an MRG share on a non-controlling basis.

8.17 Based on the above, we have assessed the Market Value of an MRG share (on an undiluted and non-controlling basis), to be in the range of $0.009 to $0.014, with a preferred value of $0.011.

Net assets on a going concern basis (diluted and controlling basis)

8.18 The table below sets out our valuation of MRG on a diluted and controlling basis.

MRG Metals Ltd Assessed value (diluted and controlling) ($)	As at 30-Sep-18 *Unaudited*	Note	Valuation of MRG (diluted) Assessed Value Low	High	Preferred
Current assets					
Cash and cash equivalents	1,532,889	8.20	4,746,788	4,746,788	4,746,788
Other receivables	5,000		5,000	5,000	5,000
Total current assets	1,537,889		4,751,788	4,751,788	4,751,788
Non-current assets					
Plant and equipment	2,063		2,063	2,063	2,063
Capitalised exploloration and evaluation - Norrliden	591,133		591,133	591,133	591,133
Exploration and evaluation / Value of MRG Projects assessed by Agricola	3,037,385	8.19	6,100,000	10,300,000	8,200,000
Total non-current assets	3,630,581		6,693,196	10,893,196	8,793,196
Total assets	5,168,470		11,444,984	15,644,984	13,544,984
Current liabilities					
Trade and other payables	96,204		96,204	96,204	96,204
Total liabilities	96,204		96,204	96,204	96,204
Net assets	**5,072,265**		**11,348,780**	**15,548,780**	**13,448,780**
Number of ordinary shares on issue	667,169,639	8.2	988,559,519	988,559,519	988,559,519
Assessed value per share (100% basis)	**$0.008**		**$0.011**	**$0.016**	**$0.014**

Source: RSM analysis and Agricola

Table 14: Valuation of MRG (diluted and controlling basis)

8.19 Consistent with Table 11, we have excluded all capitalised exploration and evaluation expenditure related to the MRG Projects disclosed at 30 September 2018 and included Agricola's valuation of the MRG Projects.

8.20 In our assessment of the Market Value of MRG on a diluted basis, we have assumed that all 321,389,880 MRQOB Options will be exercised at $0.01 per option and accordingly, adjusted the balance sheet for the further issue of $3.21 million in shares.

8.21 The above valuation represents the value of a controlling shareholding on a diluted basis.

Net assets on a going concern basis (diluted and non-controlling basis)

8.22 The table below sets out our assessment of the Market Value of an MRG share on a diluted and non-controlling basis.

MRG Metals Ltd Assessed value (diluted and non-controlling) ($)	Note	Low	High	Preferred
Value per share (controlling basis)	Table 14	$0.011	$0.016	$0.014
Discount for minority interest	8.23	-25.9%	-25.9%	-25.9%
Value per share (non-controlling interest)		**$0.009**	**$0.012**	**$0.010**

Source: RSM analysis

Table 15: Valuation of an MRG share (diluted and non-controlling basis)

8.23 Consistent with Table 12, we have applied the inverse of a control premium of 35%, being 25.9%, in our assessment of the Market Value of an MRG share on a diluted and non-controlling basis.

8.24 Based on the above, we have assessed the Market Value of an MRG share (on a diluted and non-controlling basis), to be in the range of $0.009 to $0.012, with a preferred value of $0.010.

Quoted price of listed securities (secondary method)

8.25 In order to provide a comparison and cross-check to our valuation of an MRG share under the net assets methodology, we have considered the recent quoted market price of MRG shares prior to the second announcement of the Proposed Transaction on 7 November 2018.

8.26 RG 111.69 indicates that for the quoted market share price methodology to represent a reliable indicator of Market Value, there needs to be an active and liquid market for the securities. The following characteristics may be considered to be representative of a liquid and active market:

- regular trading in the company's securities;
- approximately 1% of a company's securities traded on a weekly basis;
- the bid/ask spread of a company's shares must not be so great that a single majority trade can significantly affect the market capitalisation of the company; and
- there are no significant but unexplained movements in the share price.

8.27 The Proposed Transaction was announced on 7 November 2018. To provide further analysis of the quoted market prices for MRG's shares, we have considered the VWAP over a number of trading day periods to 7 November 2018, being the last trading day prior to the announcement of the Proposed Transaction. An analysis of the volume in trading in MRG's shares for the 5, 10, 30, 60, 90, 120 and 180-day trading periods is set out in the following table.

Calendar days	Share price Low $	Share price High $	No. of days traded	Volume traded	Value traded $	VWAP $	Percentage of issued capital %
5 days	0.004	0.004	-	-	-	-	0.0%
10 days	0.004	0.004	-	-	-	-	0.0%
30 days	0.004	0.005	8	21,643,010	105,922	0.005	3.2%
60 days	0.004	0.006	18	37,817,310	184,327	0.005	5.7%
90 days	0.004	0.008	37	92,281,300	517,638	0.006	13.83%
120 days	0.004	0.011	58	247,439,590	1,920,778	0.008	37.09%
180 days	0.004	0.011	89	315,482,470	2,547,624	0.008	47.29%

Source: Capital IQ and RSM analysis

Table 16: Traded volume of MRG shares prior to 11 April 2018

8.28 We note the following:

- There were no shares traded in the 5-day and 10-day trading periods prior the second announcement of the Proposed Transaction;
- only 3.2% of MRG’s quoted shares were traded in the 30-day trading period prior the second announcement of the Proposed Transaction;
- the VWAP has decreased from $0.008 to $0.005 for the 180-day trading period prior to the second announcement of the Proposed Transaction;
- the bid/ask spread is often used to measure efficiency. For the 180-day period, the closing bid/ask spread of MRG averaged 14.9% of the midpoint price. On the basis that, over a comparable period, all stocks trading on the ASX had an average bid-ask spread of 0.216%[1], we consider the bid/ask spread of MRG to be relatively large;
- notwithstanding the relatively low levels of liquidity, MRG complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of MRG; and

[1] Equity market data for the quarter ended 30 June 2018 – ASIC

- prior to the first announcement of the Proposed Transaction, the Company successfully raised $1.4 million at $0.005 per share and the share price ranged from $0.007 to $0.009 in the 60-day trading period prior to 11 April 2018.

8.29 Based on the above, we have assessed the value of an MRG share based on the quoted market price prior to the announcement of the Proposed Transaction (on a non-controlling basis) to be $0.006 to $0.008.

Valuation Summary – valuation of an MRG share

8.30 A summary of our assessed value of an MRG ordinary share on a non-controlling basis, derived under the two methodologies, is set out in the table below.

MRG Metals Ltd Valuation summary (non-controlling) ($)	Low	High	Preferred
Net assets basis - undiluted	$0.009	$0.014	$0.011
Net assets basis - diluted	$0.009	$0.012	$0.010
Quoted market price	$0.006	$0.008	$0.007

Table 17: MRG share valuation summary

8.31 We have relied upon the net assets on a going concern basis as our primary methodology. We consider that the relatively low liquidity of MRG's shares may have distorted the overall value of the Company's quoted share price.

8.32 Notwithstanding the low liquidity, we note that MRG's share price was trading primarily in the range of $0.008 to $0.010 prior to the announcements on 24 August 2018 and 27 August 2018. Subsequent to the announcements, which related to Trophosys seeking orders to restrain MRG from entering into direct negotiations with Sofala and Sofala's desire to no longer engage in negotiations with Trophosys and MRG in respect of the Proposed Transaction, MRG's share price fell to a new low of $0.004 and has subsequently been trading in the range of $0.004 to $0.006.

8.33 We have therefore assessed the Market Value of an MRG share on a non-controlling basis to be in the range of $0.009 to $0.014, with a preferred value of $0.011 on an undiluted basis, and $0.009 to $0.012, with a preferred value of $0.010 on a diluted basis.

Valuation of an MRQOB Option

8.34 In assessing the Fair Value of a Consideration Option, we have utilised a binomial option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying MRG share, the expected early exercise and the risk-free interest rate for the term of the option.

8.35 We have also had regard to the MRQOB Option price and volumes traded as disclosed on the ASX from the period 25 January 2018 to 26 November 2018.

8.36 The table below sets out our assessment of the Fair Value of an MRQOB Option using a binomial option pricing model and the quoted market price methodology.

	Low	High	Preferred
Binomial option pricing model	$0.003	$0.004	$0.0035
Quoted market price	$0.002	$0.003	$0.0025

Table 18: Fair Value of a Consideration Option

8.37 Our assumptions utilising the binomial option pricing model are based on the following:

- share price at grant date of $0.006 to $0.008, based on our assessed value of an MRG share using the quoted market price method (refer Table 17);
- a risk-free rate of 2.00% based on the yield of Australian Government 3-year bonds for November 2018;
- expected dividend yield of 0% based on MRG's exploratory activities to date;
- expected life of 2.06 years based on the MRQOB options' expiry date of 20 December 2020; and
- expected volatility of 130% based on MRG's historical 2-year average volatility to the date of the announcement of the Proposed Transaction on 7 November 2018.

8.38 Based on the above, we have assessed the Fair Value of an MRQOB option using the binomial option pricing model to be in the range of $0.003 to $0.004, with a preferred value of $0.0035.

8.39 We note the following in relation to the price and volumes traded of MRQOB options on the ASX:

- since 25 January 2018, MRQOB Options traded at between $0.003 to $0.005 to 5 April 2018, the last traded date prior to the first announcement of the Proposed Transaction on 11 April 2018, and traded at between $0.004 to $0.008 during the period from 11 April 2018 to 23 August 2018; and
- MRQOB Options' price decreased to $0.002 on 30 August 2018, the date when MRG announced that its negotiations with the Vendors in relation to the Proposed Transaction have come to an end, without any agreements being reached, and traded in the range of $0.001 to $0.003 thereafter.

8.40 Based on the above, we have assessed the Fair Value of an MRQOB option using the quoted marekt price to be in the range of $0.002 to $0.003, which is relatively consistent with the values assessed using the binomial option pricing model.

9. Valuation of Sofala

Net assets on a going concern basis (100% controlling basis)

9.1 As set out in Section 7, in assessing the Market Value of Sofala on a controlling basis, we have utilised the net assets on a going concern basis and relied on the valuation of the Sofala Projects as set out in Agricola's Valuation Report (Appendix E).

9.2 We have also relied on the net book value of assets and liabilities as set out in Sofala's unaudited management accounts as at 31 October 2018.

9.3 Trophosys is a shell company, with $200 in net assets as at the date of this Report. Accordingly, we have not ascribed a value to Trophosys on the basis that the value of a 100% equity interest in Trophosys is immaterial to our assessment of the Proposed Transaction.

9.4 The table below sets out our assessment of the Market Value of a 100% equity interest in Trophosys and Sofala.

Trophosys and Sofala Assessed Market Value (controlling) ($)	Sofala As at 31-Oct-18 *Unaudited*	Note	Valuation of Trophosys and Sofala Assessed Value Low	High	Preferred
Current assets					
Cash and cash equivalents	18,852		18,852	18,852	18,852
Other current assets	9,549		9,549	9,549	9,549
Total current assets	28,401		28,401	28,401	28,401
Non-current assets					
Plant and equipment	359		359	359	359
Other non-current assets	11,946		11,946	11,946	11,946
Tenement acquisition and exploration costs / Value of Sofala Projects assessed by Agricola	158,498	9.5 to 9.6	1,600,000	3,000,000	2,300,000
Total non-current assets	170,803		1,612,305	3,012,305	2,312,305
Total assets	199,204		1,640,706	3,040,706	2,340,706
Current liabilities					
Trade and other payables	8,177		8,177	8,177	8,177
Total liabilities	8,177		8,177	8,177	8,177
Net assets / Market Value of Trophosys and Sofala (100% interest)	**191,027**		**1,632,529**	**3,032,529**	**2,332,529**

Source: RSM analysis and Agricola

Table 19: Valuation of Sofala (controlling basis)

9.5 Tenement acquisition and exploration costs relate to expenditure on the mineral projects valued by Agricola. We have, therefore, excluded all capitalised exploration and evaluation expenditure related to the Sofala Projects disclosed at 31 October 2018, and included Agricola's valuation of the Sofala Projects.

9.6 The range of values attributed to the Sofala Projects, comprising the Corridor, Marao/Marruca and Linhuane Projects, by Agricola is $1.60 million to $3.00 million, with a preferred value of $2.30 million.

9.7 As set out in Section 3, the Consideration to acquire the HMS Projects includes MRG reimbursing Sofala loans to an amount not exceeding US$100,000. We have not made an adjustment for Sofala loans on the basis that there would be no change to the Company on a consolidated basis post the Proposed Transaction.

9.8 We consider that the net book value of the other assets and liabilities as at 31 October 2018 to be materially reflective of market value on the basis that the majority of the Company's assets and liabilities comprised current trade receivables and payables, as well as cash and cash equivalents.

9.9 The above valuation represents the value of a controlling shareholding. Accordingly, we consider the value generated under the net assets on a going concern basis to incorporate a premium for control and no further premium is necessary to assess the value of Sofala on a controlling basis.

9.10 We have assessed the Market Value of a 100% equity interest in Sofala (and Trophosys) to be in the range of $1.63 million to $3.03 million, with a preferred valuation of $2.33 million.

10. Is the Proposed Transaction Fair?

10.1 To determine whether the Proposed Transaction is "fair" to the Shareholders, we have compared the

- Consideration; to
- the Market Value of a 100% equity interest in Sofala (and Trophosys).

10.2 Our assessment is set out in the table and chart below.

	Low	High	Preferred
Market Value of one (1) MRG share (undiluted) ($)	0.009	0.014	0.011
Number of Consideration Shares (thousands)	90,000	90,000	90,000
Market Value of Consideration Shares ($'000)	810	1,260	990
Market Value of one (1) MRQOB option	0.003	0.004	0.0035
Number of Consideration Options (thousands)	90,000	90,000	90,000
Market Value of Consideration Options ($'000)	270	360	315
Total Market Value of Consideration ($'000) (undiluted)	**1,080**	**1,620**	**1,305**
Market Value of one (1) MRG share (diluted) ($)	$0.009	$0.012	$0.010
Number of Consideration Shares (thousands)	90,000	90,000	90,000
Market Value of Consideration Shares ($'000)	810	1,080	900
Market Value of one (1) MRQOB option	0.003	0.004	0.0035
Number of Consideration Options (thousands)	90,000	90,000	90,000
Market Value of Consideration Options ($'000)	270	360	315
Total Market Value of Consideration ($'000) (diluted)	**1,080**	**1,440**	**1,215**
Market Value of 100% interest in Trophosys and Sofala ($'000)	**1,633**	**3,033**	**2,333**

Source: RSM analysis

Table 20: Valuation summary

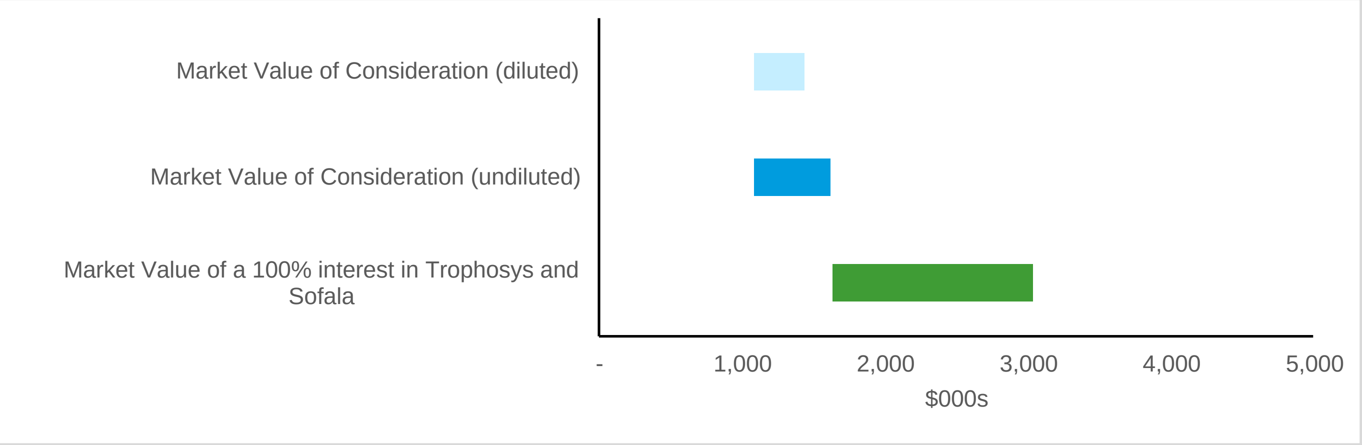


Chart 4: Valuation summary graphical representation

10.3 In accordance with the guidance set out in RG 111 and in the absence of any other relevant information, we consider the Proposed Transaction to be fair to the Shareholders of MRG as the Market Value of the Consideration is less than the Market Value of a 100% equity interest in Trophosys and Sofala.

10.4 We have not included adjustments for Milestone payments in our assessment of the Consideration on the basis that there would be a corresponding material change to the value of the Sofala Projects if any of the milestones were met.

11. Is the Proposed Transaction Reasonable?

11.1 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

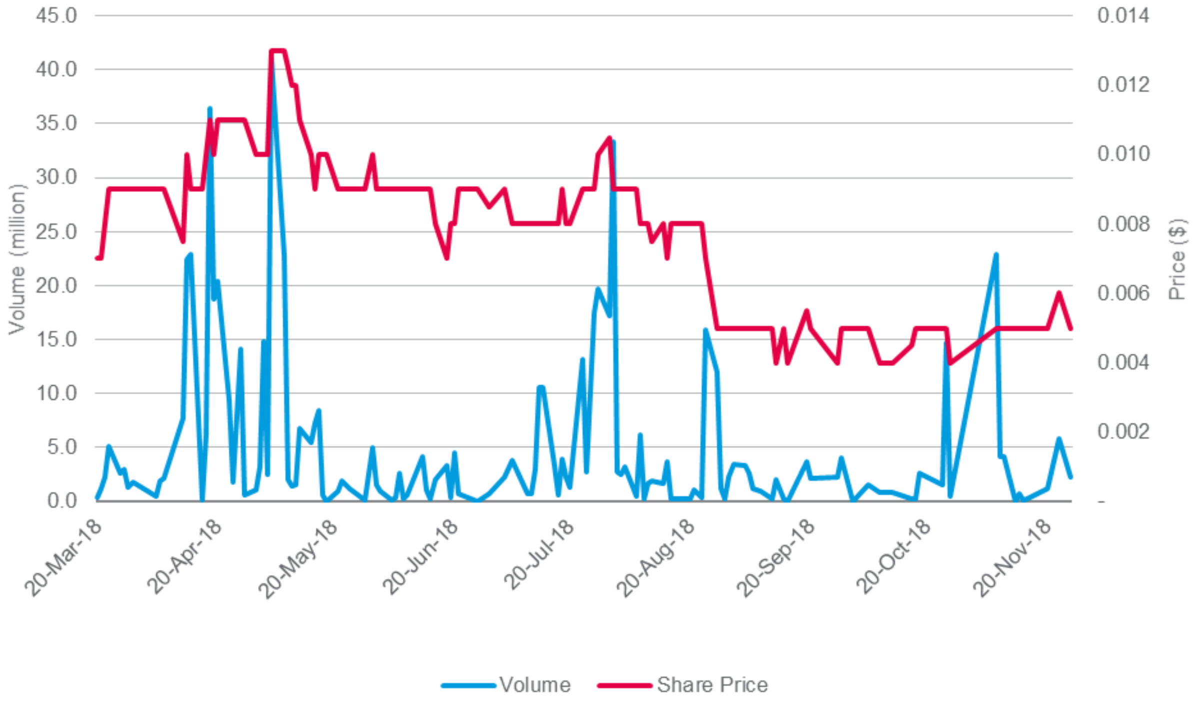
- the prospects of MRG if the Proposed Transaction does not proceed;
- the trading of MRG shares following the announcement of the Proposed Transaction;
- other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding; and
- alternative proposals to the Proposed Transaction.

Prospects of MRG if the Proposed Transaction does not proceed

11.2 If the Proposed Transaction does not proceed, the board of directors will continue to seek alternative assets to add value to Shareholders.

Response of the Market to the 1st Announcement and the Termination Announcements

11.3 The chart below sets out the share price and volumes traded of MRG shares from the 1st Announcement to 26 November 2018.



Source: Capital IQ and ASX

Chart 5: MRG traded share price and volume chart post the announcements of Proposed Transaction

11.4 MRG's share price traded primarily in the range of $0.008 to $0.010 post the 1st Announcement to 23 August 2018. The Company's share price decreased and traded at a low of $0.004 post the Termination Announcements and traded in the range of $0.004 to $0.006 thereafter.

11.5 The table below sets out the VWAP of MRG's shares from the 1st Announcement to the Termination Announcements.

	Share price Low $	Share price High $	No. of days traded	Volume traded	Value traded $	VWAP $	Percentage of issued capital %
Calendar days prior to 11 April 2018							
5 days	0.009	0.009	1	2,100,390	18,904	0.009	0.7%
30 days	0.007	0.009	15	27,145,910	229,256	0.008	8.5%
Calendar days from 11 April 2018							
30 days	0.008	0.013	20	251,319,410	2,756,303	0.011	37.7%
60 days	0.008	0.013	38	295,521,070	3,187,139	0.011	44.3%
90 days	0.007	0.013	51	319,362,290	3,383,149	0.011	47.9%
136 days	0.007	0.013	82	501,720,880	4,983,282	0.010	75.2%

Source: Capital IQ and RSM analysis

11.6 The table below sets out the VWAP of MRG's shares post the Termination Announcements to 26 November 2018.

	Share price Low $	Share price High $	No. of days traded	Volume traded	Value traded $	VWAP $	Percentage of issued capital %
Calendar days prior to 24 August 2018							
5 days	0.008	0.008	3	1,664,600	13,317	0.008	0.3%
30 days	0.007	0.011	19	114,297,290	1,051,735	0.009	18.8%
Calendar days from 24 August 2018							
5 days	0.005	0.007	2	29,098,450	177,416	0.006	4.4%
30 days	0.004	0.007	15	51,509,950	289,265	0.006	7.7%
60 days	0.004	0.007	24	64,243,390	348,831	0.005	9.6%
90 days	0.004	0.007	35	114,625,580	600,292	0.005	17.2%

Source: Capital IQ and RSM analysis

11.7 Based on the tables above, we note the following:

- The volume of shares traded increased significantly post the 1st Announcement. However, shares traded included the share placement of 60 million new ordinary shares to sophisticated investors and retail private clients of PEAK, together with 30 million attaching MRQOB options to raise $600,000 (before capital raising costs) on 16 April 2018;
- The 30-day VWAP post the 1st Announcement of $0.011 was higher than the 5 and 30-day VWAP of shares traded prior to the announcement of $0.009 and $0.008, respectively; and
- The 5 and 60-day VWAP of shares traded post the Termination Announcements decreased to $0.006 and $0.005, respectively.

11.8 On the above basis, we consider that the market reacted favourably to the Proposed Transaction and did not react favourably to the Termination Announcements.

Advantages of approving the Proposed Transaction

11.9 The advantages of approving the Proposed Transaction are:

- the Proposed Transaction is fair;
- the Company's activities would diversify into the exploration of Heavy Metal Sands ("HMS") in Mozambique. Management considers the Sofala Projects to be highly prospective for titanium and zircon HMS deposits, further adding to MRG's current exploration asset portfolio;
- the 30-day VWAP post the 1st Announcement of $0.011 was higher than the 5 and 30-day VWAP of shares traded prior to the announcement of $0.009 and $0.008, respectively; and
- there is a risk that MRG's share price will decline further in the event that the Proposed Transaction is not approved.

Disadvantages of approving the Proposed Transaction

11.10 The disadvantages of the Proposed Transaction are:

- the dilution of Shareholders' interests from 100.0% to 88.1%, immediately following the approval of the Proposed Transaction; and
- the Consideration includes 90,000,000 MRQOB Options. The Company currently has 321,389,880 MRQOB Options on issue. The Company's share price was circa $0.005 as at the date of this Report. Nonetheless, in the event that the Vendors exercised their MRQOB Options, Shareholders' interest in the Company will be further diluted to 78.8% (assuming no other MRQOA or MRQOB Options currently on issue are exercised); and
- there is no guarantee that the acquisition of the Sofala Projects will translate to economic benefits to Shareholders.

Alternative proposals

11.11 We are not aware of any alternative proposal at the current time which might offer Shareholders a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

11.12 In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for Shareholders.

11.13 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

G YATES	**A CLIFFORD**
Director	Director

APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr Glyn Yates and Mr Andrew Clifford are directors of RSM Corporate Australia Pty Ltd. Both Mr Yates and Mr Clifford are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of MRG Metals Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

Mr Shane Turner is a current director of MRG Metals Limited. Mr Turner is also a senior manager in the Business Solutions division of the Ballarat office of RSM Australia Pty Ltd. Mr Turner is not a director of RSM Corporate Australia Pty Ltd and has had no involvement in the preparation of this Report.

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Glyn Yates, Andrew Clifford, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that Shane Turner is a director of the Company and RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately $25,000, excluding GST, based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether MRG Metals Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Draft copy of the Notice of Meeting;
- Audited financial statements for MRG for the three years ended 30 June 2017;
- Unaudited management accounts for MRG for the 3 months ended 30 September 2018;
- Unaudited management accounts (on a consolidated basis) for Sofala for the three years ended 30 June 2018;
- Unaudited management accounts (on a consolidated basis) for Sofala for the 4 months ended 31 October 2018;
- Share and options register of MRG as at 26 November 2018;
- Independent Technical Assessment and Valuation Report of the MRG Projects and the Sofala Projects prepared by Agricola Mining Consultants Pty Ltd;
- ASX announcements of MRG;
- S&P Capital IQ database; and
- Discussions with Directors and Management of MRG.

C. GLOSSARY OF TERMS AND ABBREVIATIONS

Term or Abbreviation	Definition
$ or A$	Australian dollar
1st Announcement	MRG's first announcement of its intentions to acquire Trophosys Pty Ltd and Sofala Resources Pty Ltd on 11 April 2018, i.e. the Proposed Transaction
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
Ag	Silver
Agricola	Agricola Mining Consultants Pty Ltd
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Au	Gold
AU	AU Resource Company Limited
Company or MRG	MRG Metals Limited
Consideration	The Market Value of the Consideration Shares and Consideration Options to be issued to the Vendors, as assessed in this IER
Consideration Shares	The proposed issue of 90,000,000 new fully paid ordinary shares in MRG to the Vendors as set out in Resolution 1
Consideration Options	The proposed issue of 90,000,000 new MRQOB options to the Vendors as set out in Resolution 1
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
EL	Exploration Licence
ELA	Exploration Licence Application
Fair Value, Fair Market Value or Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FSG	Financial Services Guide
FY16	Financial year ended 30 June 2016
FY17	Financial year ended 30 June 2017
FY18	Financial year ended 30 June 2018
Going concern	An ongoing operating business enterprise
IER or Report	This Independent Expert Report
JORC Code 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition

Term or Abbreviation	Definition
JORC	Joint Ore Reserves Committee
Management	The management of MRG
Minority interest	A non-controlling ownership interest, generally less than 50% of a company's voting shares
MRQOA option	Listed MRG options exercisable at $0.15 per option and expiring 31 August 2020
MRQOB option	Listed MRQ options exercisable at $0.01 per option and expiring 20 December 2020
Pb	Lead
PEAK	PEAK Asset Management Pty Ltd
Proposed Transaction	Resolution 1 as set out in the Notice of General Meeting and Explanatory Statement accompanying this IER
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poor's which is a third-party provider of company and other financial information
Share	Ordinary fully paid share in the capital of the Company
Shareholders	Shareholders of MRG who are not a party, or associated to a party, to the Proposed Transaction
Sofala	Sofala Resources Pty Ltd
Sofala Mozambique	Sofala Mining and Exploration Limitada
Termination Announcements	MRG's announcements on 24 August 2018, 27 August 2018 and 30 August 2018, which related to the termination of the Proposed Transaction
Trophosys	Trophosys Pty Ltd
US$	US dollar
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
Valuation Report	A report providing an independent valuation of MRG's mineral assets and Sofala's HMS assets prepared by Agricola Mining Consultants Pty Ltd
Vendors	Collectively, the vendors of Trophosys Pty Ltd and Sofala Resources Pty Ltd
VWAP	Volume weighted average share price
YTD19	3-month period ended 30 September 2018
Zn	Zinc

D. INDUSTRY OVERVIEW

Heavy Mineral Sands in Mozambique[2]

The mineral sands industry comprises two product streams, being:

- Titanium dioxide minerals, in the form of rutile, ilmenite and leucoxene; and
- Zircon.

Titanium Dioxide

In 2017, titanium dioxide pigment production was valued at approximately $3.0 billion. End-user consumption of titanium dioxide included paints (68%), plastics (25%), paper (3%), and other (4%). Other uses comprised ceramics, coated fabrics and textiles, floor coverings, printing ink and roofing granules.

Approximately 90% of titanium mineral concentrate (ilmenite and rutile) output was consumed by titanium dioxide pigment producers, with the remaining 10% utilised in welding rod coatings and for the manufacture of carbides, chemicals and metal. Therefore, consumption of ilmenite and rutile is highly correlated with the production of titanium dioxide pigments.

The table below outlines the world mine production and reserves for ilmenite and rutile for 2017 and 2016 in thousand metric tons.

Ilmenite World Mine Production and Reserves	Mine Production 2016	 2017	Reserves 2017
United States	100	100	82,000
Australia	780	900	250,000
Brazil	48	50	43,000
Canada	595	475	31,000
China	840	800	220,000
India	180	200	85,000
Kenya	280	375	54,000
Madagascar	92	140	40,000
Mozambique	540	550	14,000
Norway	260	260	37,000
Senegal	250	300	NA
South Africa	1,020	1,300	63,000
Ukraine	210	350	5,900
Vietnam	240	300	1,600
Other countries	71	90	26,000
World total (ilmenite, rounded)	**5,500**	**6,200**	**870,000**

Rutile World Mine Production and Reserves	Mine Production 2016	 2017	Reserves 2017
Australia	380	450	29,000
India	19	20	7,400
Kenya	84	80	13,000
Mozambique	7	7	880
Senegal	9	10	NA
Sierra Leone	130	160	490
South Africa	67	65	8,300
Ukraine	95	90	2,500
Other countries	8	15	400
World total (rutile, rounded)	**800**	**900**	**62,000**

Mozambique produced approximately 550,000 metric tons of ilmenite in 2017, an increase of 1.9% compared to 540,000 metric tons in 2016. This represented 8.9% of the total global production and 1.6% of the worlds reserves of ilmenite in 2017. Approximately 7,000 metric tons of rutile were produced by Mozambique in 2017, which is consistent with the amount produced in 2016. This represented 0.8% of the total global production and 1.4% of the worlds reserves of rutile in 2017.

Zircon

Zircon is predominantly used in ceramics, foundry sand, opacifies, refractories, abrasives, chemicals, metal alloys and welding rod coatings. Leading consumers of zirconium metal (contained within zircon) are the chemical process and nuclear energy industries.

The table below outlines the world mine production and reserves for zircon for 2017 and 2016 in thousand metric tons.

Zircon World Mine Production and Reserves	Mine Production 2016	 2017	Reserves 2017
United States	NA	50	500
Australia	450	600	47,000
China	140	140	500
India	40	40	3,400
Indonesia	110	120	NA
Mozambique	68	75	1,800
Senegal	53	60	NA
South Africa	360	400	14,000
Other countries	96	110	7,200
World total (rounded)	**1,320**	**1,600**	**74,000**

Mozambique produced 75,000 metric tons of zircon in 2017, an increase of 10.3% compared to 68,000 metric tons in 2016. This represented approximately 4.7% of the total global production and 2.4% of the worlds reserves of zircon in 2017.

[2] US Geological survey (USGS) – Mineral Commodity Summaries 2018

E. VALUATION REPORT PREPARED BY AGRICOLA

AGRICOLA MINING CONSULTANTS PTY LTD

INDEPENDENT VALUATION of the MINERAL ASSETS held by MRG METALS LTD in WESTERN AUSTRALIA and QUEENSLAND and the MINERAL SANDS PROJECTS in MOZAMBIQUE held by SOFALA RESOURCES PTY LTD

29 October 2018

Georgius Agricola, De Re Metallica, 1556

Malcolm Castle
Agricola Mining Consultants Pty Ltd
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Email: mcastle@castleconsulting.com.au
ABN: 84 274 218 871

29 October 2018

The Directors

RSM Corporate Australia Pty Ltd

Dear Sirs,

Re: INDEPENDENT VALUATION of the MINERAL ASSETS held by MRG METALS LTD in WESTERN AUSTRALIA and QUEENSLAND and the MINERAL SANDS PROJECTS in MOZAMBIQUE held by SOFALA RESOURCES PTY LTD

RSM Corporate Australia Pty Ltd ("RSM") has been engaged by the Directors of MRG Metals Limited ("MRG" or the "Company") to prepare an Independent Expert's Report ("IER") in relation to the proposed acquisition of Projects held by Sofala Resources Pty Ltd ("Sofala"). RSM is to prepare an IER stating whether, in its opinion, the proposed acquisition is fair and reasonable to the non-associated shareholders of MRG.

Agricola Mining Consultants Pty Ltd ("Agricola") was commissioned by the Directors of RSM Australia Corporate Pty Ltd (the "Expert" or the "Client") to provide a Mineral Asset Valuation Report (the "Report") on the mineral assets. This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the assets based on the information in this Report.

Agricola is independent of, and is perceived to be independent of, interested parties and has a clear written agreement with the Expert concerning the purpose and scope of the Specialist's work.

The present status of the tenements is based on information made available by the Company and independently verified by Agricola. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

Scope of the Valuation Report

A valuation report expresses an opinion as to monetary value of a mineral asset but specifically excludes commentary on the value of any related corporate Securities. Agricola prepared this Report utilizing information relating to exploration methods and expectations provided to it by various sources. Where possible, Agricola has verified this information from independent sources. This Report has been prepared for the purpose of providing information to the Client.

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

This is commonly known as the *Spencer Test* after the Australian High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value of a property. In attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is assumed that the property will be put to its "highest and best use".

Applying the *Spencer Test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with the current market for mineral properties.

The findings of the valuation Report include an assessment of the technical value (i.e. the value implied by a consideration of the technical attributes of the asset) and a market value (which considers the influences of external market forces and risk). A range of values (high, low and preferred) has been determined and stated in the Report to reflect any uncertainties in the data and the interaction of the various assumptions made.

The main requirements of the Valuation Report are:

- Prepared in accordance with the VALMIN Code 2015
- Experience and qualifications of key personnel to be set out
- Details of valuation methodologies
- Reasoning for the selection of the valuation approach adopted
- Details of the valuation calculations
- Conclusion on value as a range with a preferred value

The Mineral Assets

The Yardilla Project straddles part of the Cundeelee Fault, which separates two adjacent geological terrains; the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen. The Loongana Igneous Complex is a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250 metres to 350 metres below the surface and includes one of the strongest gravity residuals in Australia. The Kalgoorlie East Project is located in an area that hosts a number of large gold and silver deposits, including the Kalgoorlie Super Pit 7km to the west, Kanowna Belle 12kms to the north and Nimbus 2kms to the south east. The

Xanadu project is located 4 kilometres WSW of Northern Star Resources Ltd's Ashburton Project. The Queensland projects are located in the Mt. Isa Block, and have similar geophysical characteristics to known deposits such as Glencore PLC's Ernest Henry Mine) and BHP's Cannington Mine.

The Corridor Projects were drilled by South African company Southern Mining Corporation Ltd and Western Mining Corporation and comprise the most advanced project within the portfolio and lie between the Corridor 1 and Chiluban deposits with established resources. Linhuane Project includes a Palaeodune adjacent to the coast that Rio Tinto undertook shallow drilling The Marao/Marruca Project covers a Palaeodune system that lies approximately 50km inland from the present coastline.

DECLARATIONS

Relevant codes and guidelines

This Report has been prepared as a technical assessment and valuation in accordance with the *Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets* (the "VALMIN Code", 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") Regulatory Guides that pertain to Content of Experts Reports (RG 111, March 2011) and Independence of Experts (RG 112, March 2011).

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guide 112 with respect to Agricola's independence as experts. Agricola regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests that would affect the expert's ability to present an unbiased opinion within this report.

Where exploration results and mineral resources have been referred to in this report, the information was prepared and first disclosed under the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* ("JORC Code" 2004 and 2012), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia.

Rounding to Significant Figures

Estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the mineral occurrence and on the available sampling results. Reporting of figures should reflect the relative uncertainty of the estimate by rounding off to appropriately significant figures and to emphasize the imprecise nature of a Mineral Asset Valuation. (*Adapted from JORC Code 2012, Clause 25)*

Status of Tenure

The present status of the tenements is based on information made available by the Company and independently verified by Agricola. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation (refer to Tenement Schedule section of the report).

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the purposes of the Report. Tenure that is Material must be or recently have been verified independently of the Commissioning Entity. (*Adapted from VALMIN Code 2015, Clause 7.2)*

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions in the technical information prior to lodgement.

In compiling this report, Agricola did not carry out a site visit to the Project areas. Based on its professional knowledge, experience and the availability of extensive databases and technical reports made available by various Government Agencies and the early stage of exploration, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

This Report contains statements attributable to third persons. These statements are made in, or based on, statements made in previous geological reports that are publicly available from either a government department or the ASX. The statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

The independent valuation report has been compiled based on information available up to and including the date of this report. The information has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to value. However, Agricola does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

> Malcolm Castle has over 50 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 30 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has

completed numerous Independent Geologist's Reports and Mineral Asset Valuations over the last decade as part of his consulting business.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr Castle is the Principal Consultant for Agricola Mining Consultants Pty Ltd, an independent geological consultancy established 30 years ago. He is a Member of the Australasian Institute of Mining and Metallurgy ("MAusIMM").

- Mr Castle is appropriately qualified geologist and is a member of a relevant recognized professional association;
- He has the necessary technical and securities qualifications, expertise, competence and experience appropriate to the subject matter of the report; and
- He has at least five years of suitable and recent experience in the particular technical or commercial field in which he is to report.

Declaration – VALMIN Code: The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Malcolm Castle, who is a Member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle is not a permanent employee of the Company. Malcolm Castle has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity, which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – JORC Code: The information in this report that relates to Exploration Results and Mineral Resources of the Company is based on, and fairly represents, information and supporting documentation reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information and supporting documentation in the form and context in which they appear.

Agricola or Malcolm Castle is not aware of any new information or data, other than that disclosed in this Report, that materially affects the assessments included in this Report and that all material assumptions and parameters underpinning Exploration Results and Mineral Resource Estimates continue to apply and have not materially changed.

Independence

- Agricola has no material present or contingent interest in or association with the Company and its subsidiaries or the assets under review.
- Agricola has had no material association during the previous two years with the owners/promoters of the mineral assets, the company acquiring the assets or any of the assets to be acquired and has no material interest in the projects;
- There are no business relationships between Agricola and the Company. Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company. The relationship with the Company is solely one of professional association between client and independent consultant;
- Agricola does not hold and has no interest in the securities of the company under review;
- Agricola has no relevant pecuniary interest, association or employment relationship with the Company and its subsidiaries;
- Agricola has no interest in the material tenements, the subject of the Report;
- Agricola is not a substantial creditor of an interested party, or has a financial interest in the outcome of the proposal. The review work and this report are prepared in return for professional fees of $10,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Consent has been given for the distribution of this report in full in the form and context in which it is provided, for the purpose for which this report was commissioned. Agricola provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report. Agricola consents to the use and reliance upon this specialist valuation report on the Mineral Assets in preparation of the IER. Agricola has no reason to doubt the authenticity or substance of the information provided.

Valuation Opinion

- ***Based on an assessment of the factors involved, the estimate of the market value for 100% equity in the MRG Projects, is in the range of:***

<u>A$6.1 million to A$10.3 million with a preferred value of A$8.2 million</u>.

- ***Based on an assessment of the factors involved, the estimate of the market value for 100% equity in the Sofala Projects, is in the range of:***

<u>A$1.6 million to A$3.0 million with a preferred value of A$2.3 million</u>.

This valuation is effective on 29 October 2018.

Summary of the Valuation Elements:

MRG METALS & SOFALA	***Market Value, A$M***		
0	**Low**	**High**	**Preferred**
MRG Metals Ltd			
Yardilla Project - WA	3.18	5.37	4.28
Loongana Project - WA	1.58	2.67	2.13
Kalgoorlie East Project - WA	0.04	0.06	0.05
Xanadu, WA	0.66	1.04	0.85
Queensland Projects	0.66	1.12	0.89
TOTAL	**6.12**	**10.26**	**8.19**
Unit Rate* A$/km^2	6,400	10,300	8,400
Sofala Mining and Exploration Ltda			
Corridor South	0.48	0.89	0.68
Corridor Central	0.41	0.77	0.59
Marao	0.34	0.71	0.52
Marruca	0.22	0.42	0.32
Linhuane	0.10	0.19	0.15
TOTAL	**1.55**	**2.98**	**2.27**
Unit Rate* A$/km^2	1,800	3,400	2,600

- *Applies to fully granted tenements*
- *There is a significant difference between the valuations of the Marao and Marruca projects for several reasons. The Marao Project is a granted tenement (according to independent enquiry of the Mozambique Cadastre Portal and covers an area of 947.17 square kilometres. The Company has stated that the area of the tenement is in fact 244.10 square kilometres. The Marruca tenement is pending and on that basis a discount of 60% is applied to the BAC. The area of the tenement application is 246.90 square kilometres. The projects are assessed on the basis of value per unit area and the combination of grant discount and smaller area influences the valuation.*

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the *Spencer Test).*

Agricola's opinion should be considered as a whole as the various elements of its analysis are often interdependent. Agricola cautions against examination of individual elements of its analysis as this may create a misleading impression of the overall opinion.

Yours faithfully

Malcolm Castle

B.Sc.(Hons) MAusIMM, GCertAppFin (Sec Inst)

Agricola Mining Consultants Pty Ltd

Table of Contents

TENEMENT SCHEDULE **11**

MRG PROJECT REVIEW - AUSTRALIA **13**
- YARDILLA PROJECT 13
- QUEENSLAND IOCG 14
- XANADU PROJECT 15
- LOONGANA PROJECT 16
- KALGOORLIE EAST PROJECT 18

SOFALA PROJECT REVIEW – MOZAMBIQUE **19**
- CORRIDOR PROJECT: 20
- LINHUANE PROJECT: 21
- MARAO/MARRUCA PROJECT: 21

VALUATION CONSIDERATIONS **22**
- FAIR MARKET VALUE OF MINERAL ASSETS 22
- METHODS OF VALUING MINERAL ASSETS 23
- AGRICOLA'S VALUATION METHODOLOGY 25

VALUATION ASSESSMENT **31**

GEO-FACTOR RATING – EXPLORATION GROUND **32**
- GEO FACTOR ASSESSMENT 34
- TECHNICAL VALUE 37
- EXPLORATION GROUND CROSS CHECK BY COMPARABLE TRANSACTIONS $/KM^2 39

MARKET VALUE **42**
- MARKET PREMIUM OR DISCOUNT 42
- MARKET VALUE SUMMARY 43

RISKS FOR EXPLORATION COMPANIES **43**

VALUATION OPINION **46**

REFERENCES **47**

TENEMENT SCHEDULE

Tenement	Project	Holder	Area, Km2	Grant Date	Expiry Date
Yardilla Project - Western Australia					
E28/2338	Fraser Range	MRGA	105.00	11/02/2014	10/02/2019
E28/2368	Yardilla	MRGA	63.00	9/10/2014	8/10/2019
E28/2669	Buningonia	MRGA	99.00	12/10/2017	11/10/2022
E28/2670	Buningonia	MRGA	18.00	12/10/2017	11/10/2022
E28/2671	Buningonia	MRGA	33.00	13/10/2017	12/10/2022
E28/2672	Buningonia	MRGA	12.00	13/10/2017	12/10/2022
E28/2673	Buningonia	MRGA	12.00	13/10/2017	12/10/2022
E28/2674	Buningonia	MRGA	51.00	13/10/2017	12/10/2022
E28/2678	Buningonia	MRGA	210.00	12/10/2017	11/10/2022
E63/1626	Fraser Range	MRGA	48.00	1/11/2013	31/10/2018
E63/1837	Buningonia	MRGA	12.00	13/10/2017	12/10/2022
	Total Area		**663.00**		
Loongana Project - Western Australia					
E69/3104	Loongana	MRGE	210.00	1/08/2013	31/07/2018
E69/3288	Loongana	MRGE	120.00	28/01/2015	27/01/2020
	Total Area		**330.00**		
Kalgoorlie East Project - Western Australia					
P26/4015	Kalgoorlie East	MRGE	1.85	28/04/2015	27/04/2019
P26/4016	Kalgoorlie East	MRGE	1.96	24/04/2015	23/04/2019
	Total Area		**3.81**		
Xanadu Project - Western Australia					
E52/3065	Mininer	MRGA	63.00	6/11/2015	5/11/2020
P52/1366	Xanadu	MRGA	1.85	12/05/2011	11/05/2019
P52/1367	Xanadu	MRGA	1.93	12/05/2011	11/05/2019
P52/1368	Xanadu	MRGA	1.77	12/05/2011	11/05/2019
P52/1369	Xanadu	MRGA	1.64	12/05/2011	11/05/2019
P52/1372	Xanadu	MRGA	1.88	15/02/2011	14/02/2019
P52/1373	Xanadu	MRGA	1.92	15/02/2011	14/02/2019
P52/1374	Xanadu	MRGA	1.97	15/02/2011	14/02/2019
P52/1375	Xanadu	MRGA	1.99	15/02/2011	14/02/2019
P52/1376	Xanadu	MRGA	2.00	15/02/2011	14/02/2019
P52/1377	Xanadu	MRGA	1.99	15/02/2011	14/02/2019
P52/1378	Xanadu	MRGA	2.02	15/02/2011	14/02/2019
P52/1379	Xanadu	MRGA	2.02	15/02/2011	14/02/2019
P52/1380	Xanadu	MRGA	2.00	15/02/2011	14/02/2019
P52/1381	Xanadu	MRGA	1.97	15/02/2011	14/02/2019
	Total Area		**89.95**		

Tenement	Project	Holder	Area, Km2	Grant Date	Expiry Date
Queensland Projects					
EPM19470	Squirrel Hill	MRGE	6.00	23/07/2014	22/07/2020
EPM19471	Pulchera	MRGE	75.00	17/07/2014	16/07/2019
EPM25883	Oban	SMPL	12.00	07/02/2017	06/02/2022
EPM25884	Mt Angelay	SMPL	6.00	07/09/2015	06/09/2020
EPM25885	Kamileroi	SMPL	12.00	07/02/2017	06/02/2022
EPM25887	Selwyn	SMPL	3.00	07/09/2015	06/09/2020
EPM26167	Mt Angelay II	MRGE	6.00	17/10/2016	16/10/2021
	Total Area		**120.00**		
Holders:					
MRGA	MRG METALS (AUSTRALIA) PTY LTD				
MRGE	MRG METALS (EXPLORATION) PTY LTD				
SMPL	SASAK METALS PTY LTD				

Tenement	Project	Holder	Area, Km2	Grant Date	Expiry Date
		Mozambique Tenements			
6621 L	Corridor South	SMEL	207.52	04/12/2014	04/12/2019
6620 L	Corridor Central	SMEL	178.82	14/01/2016	14/01/2021
6842 L	Marao	SMEL	947.17	09/03/2015	09/03/2020
6846 L	Marruca	SMEL	246.90	Pending	
7423 L	Linhuane	SMEL	113.03	Pending	
	Total Area		**1,693.44**		
SMEL	SOFALA MINING AND EXPLORATION LTDA				

The status of the tenements has been independently verified by Agricola, based on a recent inquiry of on-line databases for Western Australia and Queensland operated by the Mines Departments in those states and by reference to the Mozambique Mining Cadastre Portal pursuant to section 7.2 of the Valmin Code, 2015.

The Marao Project is a granted tenement (according to independent enquiry of the Mozambique Cadastre Portal and covers an area of 947.17 square kilometres. The Company has stated that the area of the tenement is in fact 244.10 square kilometres.

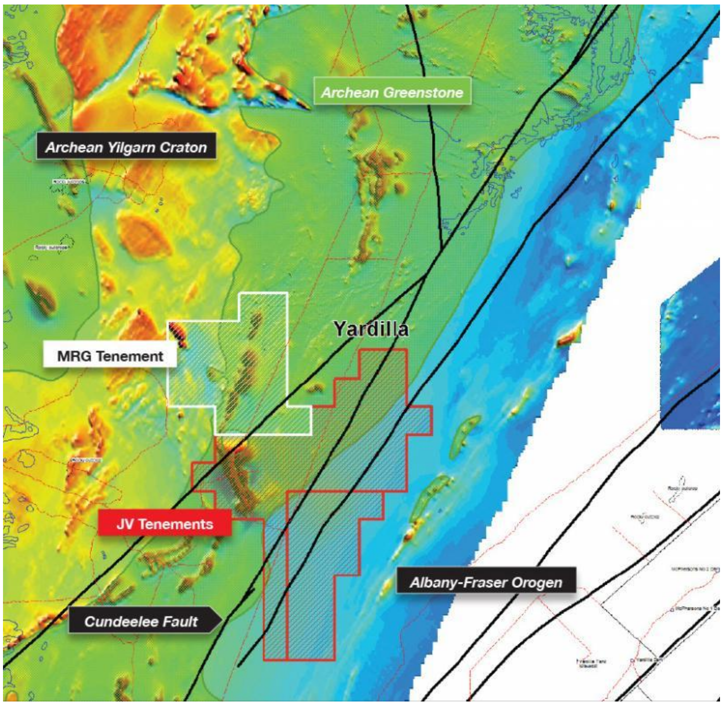
The tenements are believed to be in good standing based on this inquiry. Rental and expenditure commitments have been met by the Companyin a timely manner.

MRG PROJECT REVIEW - AUSTRALIA

Yardilla Project

Western Australia / Gold, Nickel & Base Metals / 100% MRG Metals

The Yardilla Project covers an area of approximately 663 square kilometres and straddles part of the Cundeelee Fault, which separates two adjacent geological terrains; the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen. The area is considered to be prospective for gold and nickel mineralisation that may be present in both terrains. The prime focus of exploration is within reworked Archean rocks of the Northern Foreland portion of the Albany Fraser Orogen.



Yardilla Project over Aeromagnetics

The area has been explored by several companies, and Sipa Resources (2006 – 2013 in JV with Newmont) and AngloGold Ashanti (2008 – 2013) have completed widespread systematic exploration. MRG's primary target is gold and nickel mineralisation associated with structural dislocations in the Archean greenstones and analogues of Tropicana style gold mineralisation in the Albany Fraser Orogen.

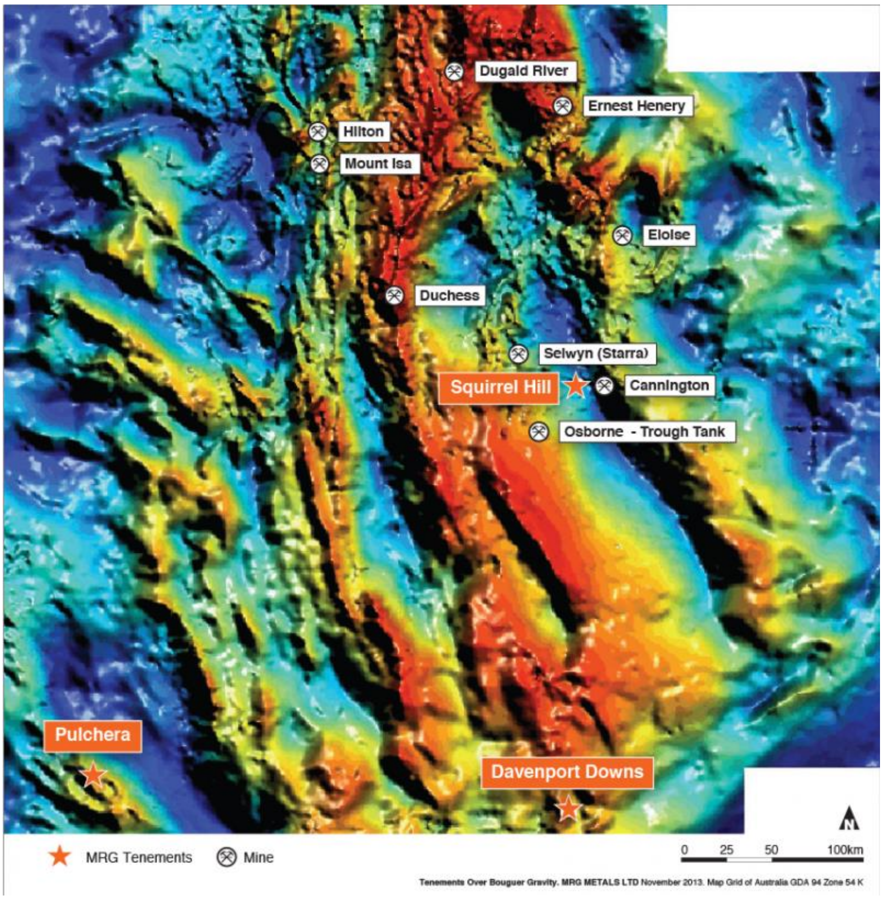
An initial program of auger sampling, combined with an analysis of data of previous explorers, generated several targets that were subsequently tested by a diamond drilling program during late 2016. Several of these holes detected an alteration zone with key similarities to those associated with the >5 Million Ounce Tropicana Deposit. A further step out RC drilling program was completed around the alteration zone in early 2017.

Queensland IOCG

Western Queensland / Copper & Gold / 100% MRG Metals

MRG holds six projects in the Mt. Isa Block, a large geological province in western Queensland. These projects have the potential to host Iron Oxide, Copper Gold ('IOCG') and base metal deposits, as they have similar geophysical characteristics to known deposits such as Glencore PLC's Ernest Henry Mine and BHP's Cannington Mine.

MRG completed an airborne VTEM & Magnetic survey over most of the Queensland EPM's and applications, except Pulchera and data from this survey was analysed to define prospective areas. A program of geological mapping and soil sampling was then undertaken to define drill targets.



North Queensland Project Tenements on Aeromagnetics

Squirrel Hills - EPM19470

The Squirrel Hill Project is located approximately 125 km SSE of Cloncurry and some 15 kilometres WNW of the Cannington mine, operated by South 32.

Pulchera - EPM19471

Situated in the Simpson Desert near the Northern Territory border in western Queensland EPM19471 is located 135 kilometres north west of Bedourie. The Pulchera project is near the major Toomba Fault, which lies on the south western edge of the Mt. Isa Block. Previous broad spaced drilling by BHP revealed that the depth of cover ranges from a manageable 40 to 100 m. Recent exploration on an adjacent licence returned strongly anomalous results.

Mount Angelay – EPM25884 & Epm26167

This Project is 44km southwest of the Eloise Mine. It lies on part of a prospective structural corridor associated with the major regional feature, the Cloncurry Overthrust. The licence covers portion of this feature and associated fault splays.

Selwyn – EPM25887

Selwyn lies just to the north of Cannington Deposit and like Mount Angelay it is situated on part of the Cloncurry Overthrust. MRG's recent geophysical survey has identified a strong magnetic feature upon which future ground geophysical surveys will be concentrated.

Kamileroi – EPM25885

The Kamileroi Project lies approximately 150 kilometres north northeast of Mount Isa and 40 kilometres west of the Burke & Wills Roadhouse. The area has been subject to limited prior drilling by CRA, Teck & Paradigm Resources

Oban – EPM25883

The Oban EPM is approximately 20 kilometres SSW of Mount Isa on the Mount Isa – Boulia road. It covers the southern extension of the Mount Isa Fault systems and is prospective for Middle Proterozoic Isa style shale hosted Pb- Zn-Ag and Cu mineralisation within Mount Isa group sediments adjacent to the Mount Isa Fault system.

Xanadu Project

Pilbara Region, Western Australia / Gold / 100% MRG Metals

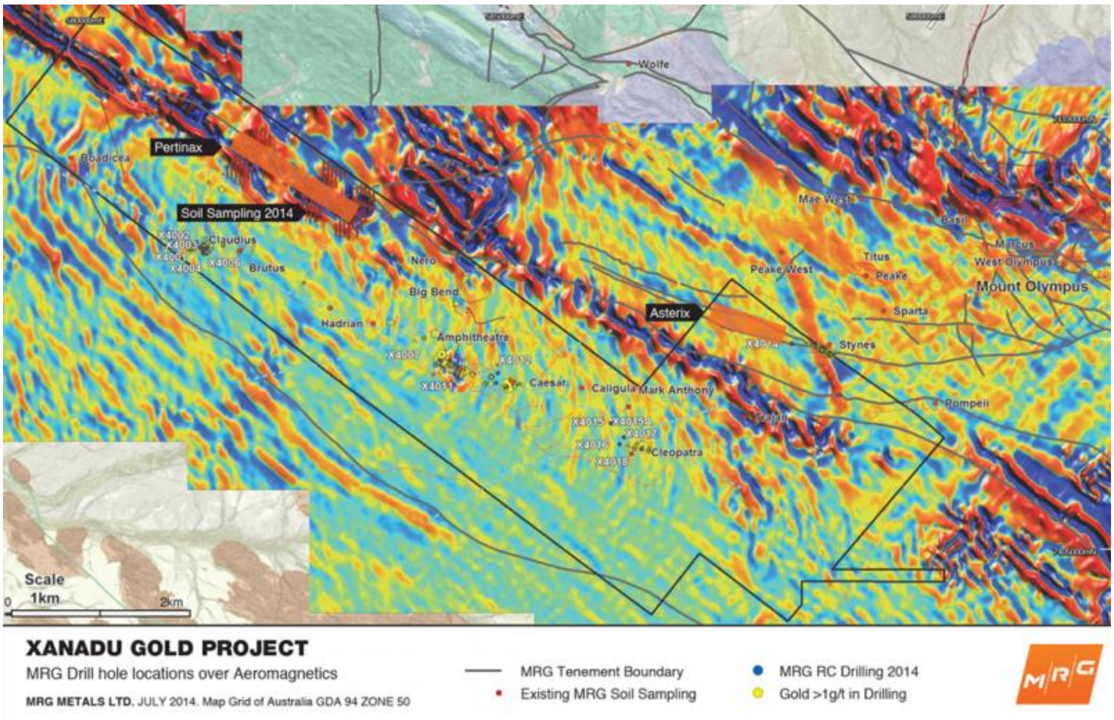
The project is located close to the northern margin of the Ashburton Basin, some 4 kilometres WSW of Northern Star Resources Ltd's Ashburton Project. Mineralisation was discovered in the mid 1980's by BP Minerals and the Project area was subject to various phases of exploration in the ensuing period until MRG's acquisition in 2011.

MRG has completed three drill programs over the project, targeting both near surface stratabound mineralisation, the focus of previous exploration and deeper sub vertical feeder structures which have received little attention.

The 2015 program focused on extensions to the Cleopatra Prospect mineralisation as well as the first holes into Pertinax Prospect, discovered by the MRG soil sampling. The first holes at Pertinax reveal a similar order of multi-element anomalies to the adjacent Mt Olympus mine.

An extended soil sampling program also commenced to the north east of the Pertinax prospect and easterly extension of Cleopatra. Initial results have revealed anomalism in both these areas and further infill soil sampling is planned in order to define future drill targets.

A 600m deep vertical hole on the previously mined Amphitheatre Prospect was drilled to provide an enhanced understanding of the relationships between the major lithological units. Anomalous pathfinder geochemistry was discovered at the interface of the Duck Creek Dolomite and Mount McGrath Formations, providing validation of the geological model. A second deep hole targeted a major feeder fault zone, revealing strong anomalism, of up to 1% arsenic.



Xanadu Project Tenements on Aeromagnetics

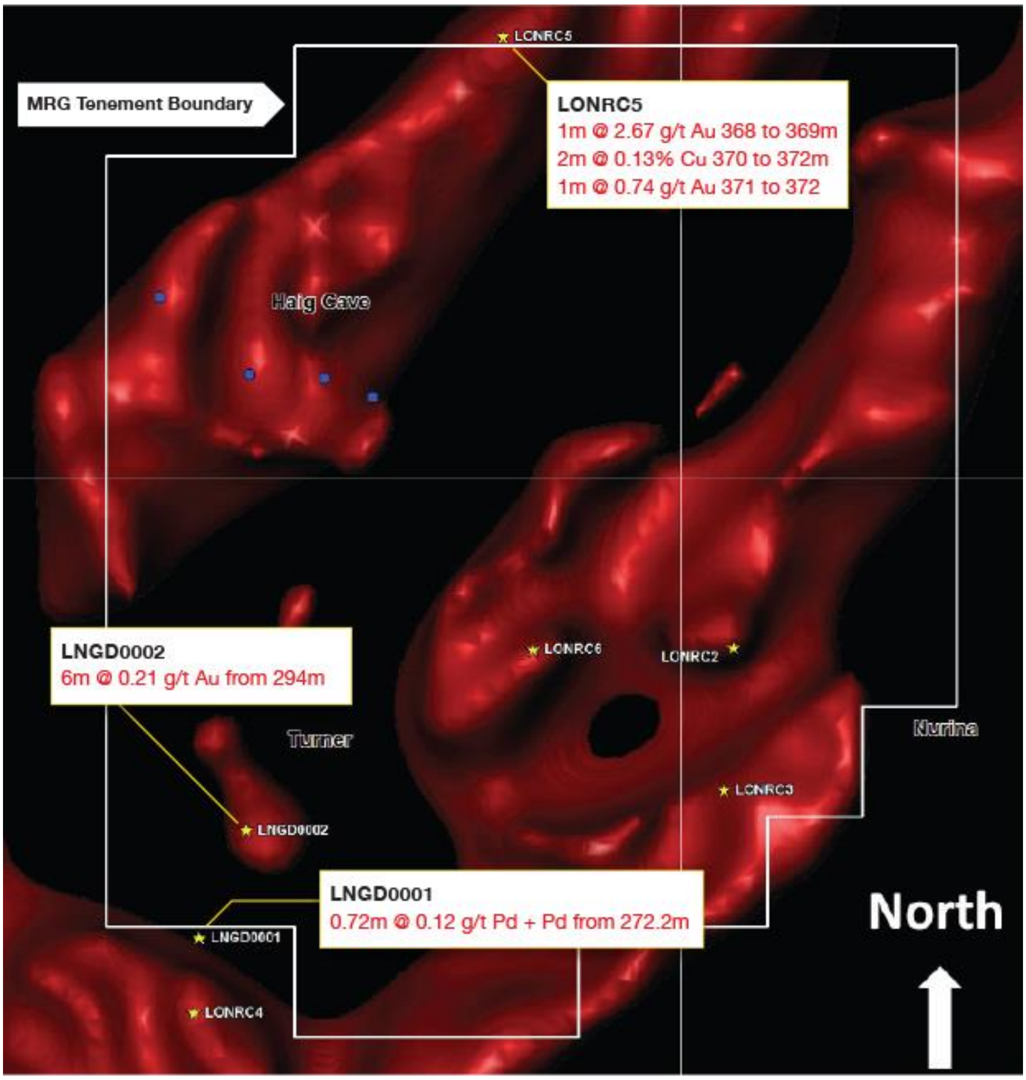
Loongana Project

Western Australia / Platinum Group Elements & Nickel – Copper - Gold/ 100% MRG Metals

The Loongana Project is located on the Nullarbor Plain, 500km east of Kalgoorlie and 60km north of the Trans Australia railway line. MRG holds two tenements that cover the majority of the Loongana Igneous Complex. This Complex is a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250 metres to 350 metres below the surface.

It includes one of the strongest gravity residuals in Australia, with accompanying magnetic features. The geophysical data covering the Complex, particularly the aero magnetics, clearly delineate the intrusive body and related bounding faults. Positive aspects of the Complex derived from limited prior exploration include confirmation that part of the Complex represents a layered intrusion; highly anomalous platinum group elements and gold values recorded in earlier drilling;

moderate thickness of cover rocks considering the potential value of any discovery; traces of sulphides (chalcopyrite, pyrrhotite, pentlandite) were noted in an ultramafic cumulate; and several features that indicate IOCG processes may potentially be operating in the granitic rocks, including hematite and chlorite alteration noted in drill core; thin section evidence for hydrothermal rather than metamorphic alteration; common trace chalcopyrite and blue quartz in the granites.



Enhanced 3D Inversion of Gravity Data revealing better detail and depth resolution.

Loongana Project on Gravity Data

A review of geophysical data has identified a number of targets for drill testing. An initial deep drill hole was completed in June 2015 into the strike extension of platinum - palladium bearing reef structure identified by historic drilling.

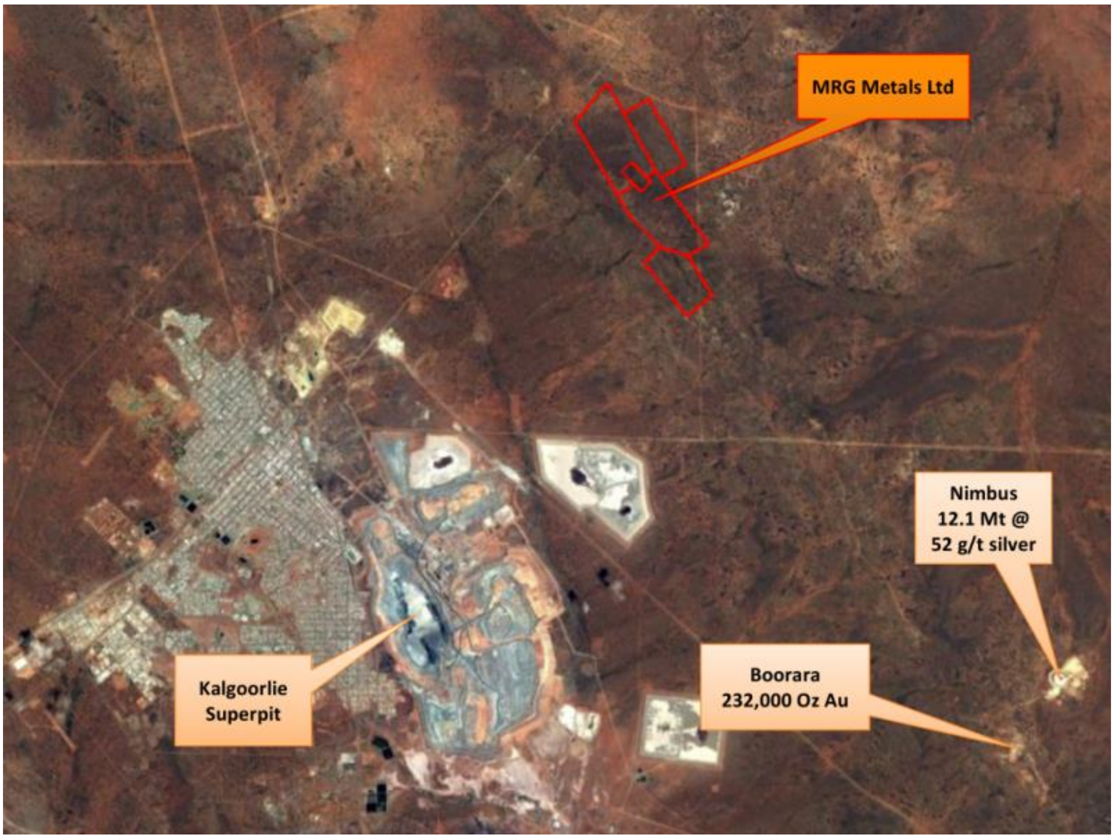
The hole was collared 770m along strike of, and 150m stratigraphically above the historic drill hole. At 311m below surface, a package of cyclically layered gabbroic rocks, with thin pyroxenitic bases grading through melanogabbro to mesogabbro were discovered. Whilst no olivine cumulates were present, the geochemical data suggest a chromium bearing sequence of rocks is developed at the targeted horizon, containing a 4.5m zone of anomalous Platinum Group Elements.

The chromium bearing clinopyroxenite was intersected at around 443- 446.5m, hosting the anomalous PGE, no olivine bearing rocks and no visual sulphide bearing reef, where observed above this position. However, there is a mylonite zone developed between 442.5- 443.65m, with an apparent north dip and north block down movement sense that has excised the critical part of the Cr rich stratigraphy, and any potential PGE reef, at this point. A review of past drilling and the available geophysical data has refocussed exploration to the delineation of Cu-Ni mineralisation associated with major structural features.

Kalgoorlie East Project

Eastern Goldfields, Western Australia / Gold, Silver, Nickel & Base Metals / 100% MRG Metals

The Kalgoorlie East Project is located approximately 8km east of Kalgoorlie in the Eastern Goldfields of WA, and consists of 4 contiguous prospecting licences. This region is highly prospective and hosts a number of large gold and silver deposits, including the Kalgoorlie Super Pit 7km to the west, Kanowna Belle 12kms to the north and Nimbus 2kms to the south east.



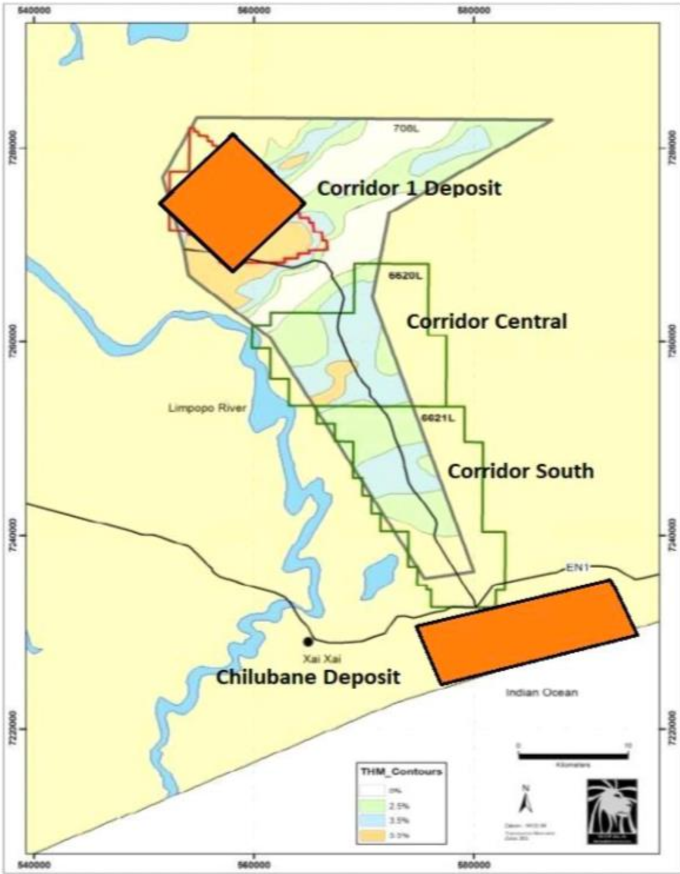
Kalgoorlie East Project in relation to the Superpit

The geology of the project area consists of a structurally complex assemblage of Archean ultramafic, mafic and felsic volcanic rocks with associated sediments and cherts, intruded by a series of younger dolerite dykes and felsic porphyries, together known as the Golden Ridge Belt.

Indications of a number of styles of mineralisation have been identified on the project, including Kambalda style nickel sulphide, shear hosted gold, Nimbus style silver mineralisation and disseminated base metal mineralisation. In addition, the Boorara type mineralisation, may also be present. At Boorara, <1km east, mineralisation is controlled by the intersection of a north east trending fault with the major regional NNW trending faults. This NE fault and others of a similar orientation, extend into the MRG tenements.

SOFALA PROJECT REVIEW – MOZAMBIQUE

The Corridor Project consists of Corridor Central Exploration License 6620L and Corridor South Exploration Licence 6621L and cover 386.34km². These areas were initially discovered and drilled by South African company; Southern Mining Corporation and subsequently by Western Mining Corporation and comprise the most advanced project within the portfolio.



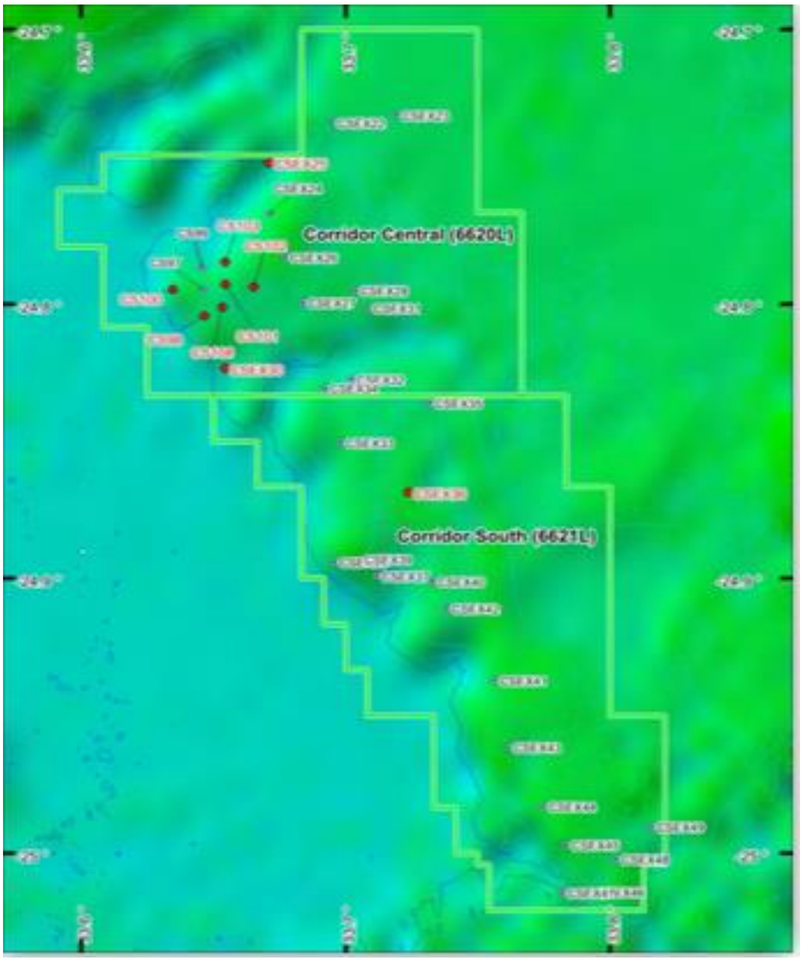
Corridor 1 deposit and Chilubane deposit location map (orange polygons)

Linhuane Project consists of Exploration Licence application 7423L and comprises 113.03km² of a Palaeodune adjacent to the coast that Rio Tinto undertook shallow drilling on.

Marao/Marruca Project consists of Granted Exploration License 6842L and Exploration Licence application 6846L that cover a combined 1194.07 km^2 of a Palaeodune system that lies approximately 50km from the present coastline. There has been limited drill testing of the Marao licence by Rio Tinto.

Corridor Project:

The Corridor Project consists of Corridor Central and Corridor South licenses and first pass RC drilling yielded total heavy mineral ("THM") intervals from all 35 completed holes. This wide spaced drilling on EL6620L has encountered high grade mineralisation from surface to 90m depth over an area of 14km x 9km. Drilling on EL6621L has encountered high grade mineralisation over an area of 14km x 6km.



Drillhole location plan over the Corridor South and Central tenements

The mineralisation is associated with HMS sourced from the interior of Mozambique via the Limpopo River. The Corridor Projects lie on the north-eastern side of the Limpopo River alluvial plain in a similar geological setting as the currently mined Corridor 1 deposit and the Chilubane deposit currently at feasibility stage.

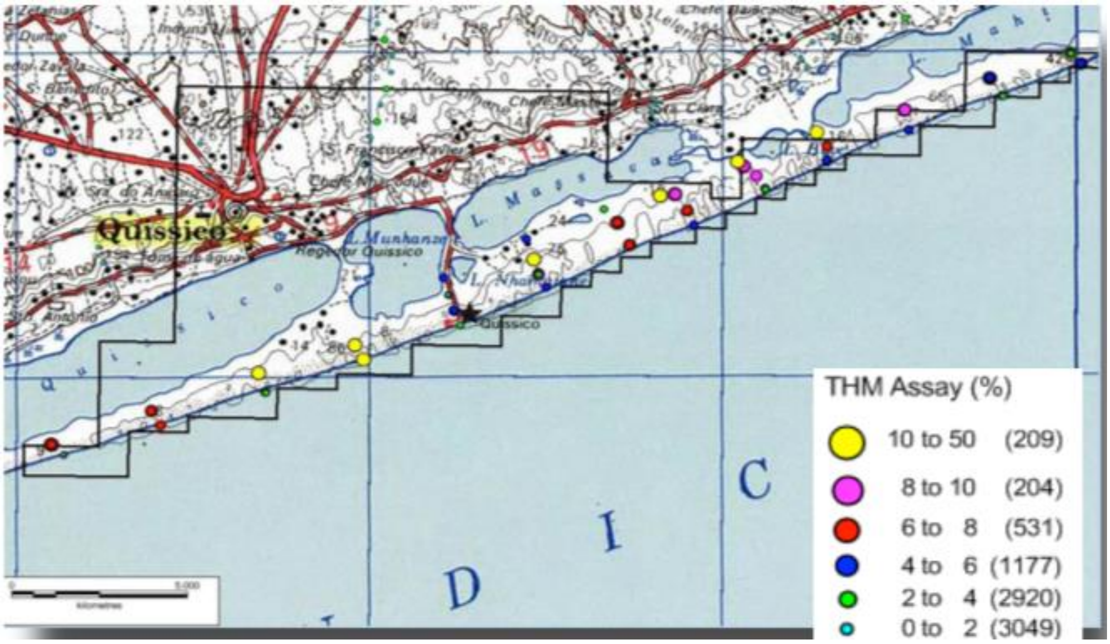
The Corridor 1 deposit lies 10km to the north of the licences and the Chilubane deposit immediately to the south. The Corridor 1 deposit, northwest of the

Corridor Projects, is owned by Chinese group Anhui Foreign Economic Construction Group and is in production.

The Chilubane deposit to the south of the Corridor Project is owned by Rio Tinto and is currently undergoing a feasibility study as a precursor to mining.

Linhuane Project:

This Project is under application and is located in Gaza Province covering an area of 113.03km^2 including a 20km strike of a prospective Palaeodune feature, adjacent to the present coast. Open file reports indicate Rio Tinto conducted shallow reconnaissance exploration drilling within the licence. Auger drill holes 500m apart on drill traverses 3km apart. Results show continuous zones of high grade THM to depths of 10m. No drilling information is available below 10.5m depth.



Linhuane project application area.

Marao/Marruca Project:

This project covers an ancient Heavy Mineral strandline. The Marao licence was previously drilled by Rio Tinto and the Marruca application (246.9km^2) along strike is untested. Open file reports show Rio Tinto undertook shallow reconnaissance exploration on a small portion of the Marao licence 6842L (244.1 km^2). Grades of 1.5%-2.0% THM from surface to 10.5m downhole, ending in 2.0% THM. Surface mineralisation extends up to 7km along strike with drill holes 1km apart. Combined prospective Palaeodune strike length of 75km, inland from an interpreted Palaeoshoreline. Extent of mineralisation has never been systematically tested at depth or along strike.

VALUATION CONSIDERATIONS

The author of this report (the Technical Specialist) is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and therefore, is obliged to prepare mineral asset valuations in accordance with the Australian reporting requirements as set out in the VALMIN Code (2015 Edition).

The opinions expressed and conclusions drawn with respect to this valuation are appropriate at the date stated in the Report. The valuation is valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to on-going exploration results.

The objective of a mineral asset valuation is to establish a "fair market" value for an asset in the context of the factors outlined in the body of this report and in line with the *Spencer Test*.

Fair Market Value of Mineral Assets

Mineral assets are defined in the VALMIN Code as all property including, but not limited to real property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

The VALMIN Code defines fair market value of a mineral asset as the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Specialist reached in accordance with the provisions of the VALMIN Code, the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arm's length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

In effect therefore, the valuation Specialist is assumed to have the knowledge and experience necessary to establish a realistic value for a mineral asset. The real value of a tenement or other mineral right can only be established in an open market situation where an informed public is able to bid for an asset. The most open and public valuation of mineral assets occur when they are sold to the public through a public share offering by a company wishing to become a public listed resource company, or by a company raising additional finance. In this instance, the public is given a free hand to make the decision, whether to buy or not buy shares at the issue price, and once the shares of the company are listed, the market sets a price.

It is well known to most valuation Specialists that where mineral tenement or other mineral right valuation is concerned there are two quite distinct markets operating. Almost without exception, the values achieved for mineral assets sold through public flotation are higher than where values are established through, say, the cash sale by a liquidator, or the sale by a small prospector to a large company neighbour, or through joint venture arrangements.

The VALMIN Code notes that the value of a mineral asset usually consists of two components; the underlying or Technical Value, and the Market component which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or neutral. When the Technical and Market components of value are added together the resulting value is referred to as the Market Value.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change. Other factors that can influence the valuation of a specific asset include the size of the company's interest, whether it has sound management and the professional competence of the asset's management. All these issues can influence the market's perception of a mineral asset over and above its technical value.

Methods of Valuing Mineral Assets

Estimated Mineral Resources in accordance with the JORC Code 2012

Where Mineral Resources have been defined, Agricola's approach is to excise them from the mineral property and to value them separately on a value per ounce/resource tonne/metal unit basis. The value of the exploration potential of the remainder of the property can then be assessed. Where appropriate, the quality of the mineral resource is assessed on the basis of available information and discounts are applied to represent uncertainty in the information.

In Agricola's opinion, a Specialist charged with the preparation of a development or production project valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'.

Comparable market value

When the economic viability of a resource has not been determined by scoping or higher-level studies, then a 'rule of thumb' or comparable market value approach is typically applied. The comparable market value approach for resources is a similar process to that for exploration property however a dollar value per resource tonne / metal in the ground is determined.

As no two mineral assets are the same, the Specialist must be cognisant of the quality of the assets in the comparable transactions. Key technical issues that need to be taken into account include:

Mineral Resources - Technical Value

- JORC Category – overall confidence in the Mineral Resource estimate;
- The grade of the resource; by products and co products
- Mining factors - difficulty and cost of extraction; economies of scale; the amount of pre-strip (for open pits) or development (for underground mines) necessary; the likely ore to waste ratio (for open pits);
- Metallurgical factors - processing characteristics; the metallurgical qualities of the resource; waste disposal;
- Environmental factors Chemical safeguards (cyanidation)
- Infrastructure -; the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled work force, equipment, .

- Likely operating and capital costs; Profitability

Exploration Stage Projects with no Estimated Mineral Resources

When valuing an exploration or mining property without resources, the Specialist is attempting to arrive at a value that reflects the potential of the property to yield a mineable Ore Reserve and which is, at the same time, in line with what the property will be judged to be worth when assessed by the market.

It is obvious that on such a matter, opinions are based entirely on professional judgement, where the judgement reflects the Specialist's previous geological experience, local knowledge of the area, knowledge of the market and so on, that no two Specialists are likely to have identical opinions on the merits of a particular property and therefore, their assessments of value are likely to differ.

The most commonly employed methods of exploration asset valuation are:

- *Geo Factor (Geoscience) rating methods* such as the Kilburn method (potential based); - assessing various aspects relating to future prospectivity;
- *Multiple of exploration expenditure method* (exploration based) also known as the premium or discount on costs method or the appraised value method - assessing the value outcome of previous exploration expenditure, and
- *Comparable market value method* - Comparing other mineral asset sales with the current mineral asset;

It is possible to identify positive and negative aspects of each of these methods. It is notable that most specialists have a single favoured method of valuation for which they are prepared to provide a spirited defence and, at the same time present arguments for why other methods should be disregarded. The Specialist must be cognisant of actual transactions taking place in the industry in general to ensure that the value estimates are transparent, reasonable and realistic.

Transparency requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information. (VALMIN Code 2015, clauses 3.3)

Reasonableness requires that an assessment that is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation. (VALMIN Code 2015, clauses 4.1)

In Agricola's opinion, a Specialist charged with the preparation of a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'. Key technical issues that need to be taken into account include:

Exploration Ground - Technical Value

- Evidence of mineralization and mines on adjacent properties;
- Proximity to existing production facilities of the property;

- Geological setting of the property;
- Existing mineralised deposits within tenement boundaries;
- The relative size of the landholding;
- Proportion of prospective ground within tenement boundaries
- Results of exploration activities on the tenement;
- Implications for future successful exploration outcomes;

Market Value

In addition to these technical issues the Specialist has to take particular note of the market's demand for the type of property being valued. Obviously this depends upon professional judgement. As a rule, adjustment of the technical value by a market factor must be applied most judiciously. It is Agricola's view that an adjustment of the technical value of a mineral tenement should only be made if the technical and market values are materially different.

Market Value

- Legal issues; Native Title; State and National reserves and restrictions
- Commercial issues; royalties; Joint Venture/Farm In; Administration Risk
- Market Conditions; supply and demand
- Commodity Price outlook
- Country Risk
- Community resistance
- Competing projects

It is Agricola's opinion that the market may pay a premium over the technical value for high quality mineral assets (i.e. assets that hold defined resources that are likely to be mined profitably in the short-term or projects that are believed to have the potential to develop into mining operations in the short term even though no resources have been defined). On the other hand exploration tenements that have no defined attributes apart from interesting geology or a 'good address' may well trade at a discount to technical value. Deciding upon the level of discount or premium is entirely a matter of the Specialist's professional judgement. This judgement must of course take account of the commodity potential of the tenement, the proximity of an asset to an established processing facility and the size of the land holding.

Agricola's Valuation methodology

It is Agricola's opinion that no single valuation approach should be used in isolation as each approach has its own strengths and weaknesses. Where practicable, Agricola undertakes its valuations using a combination of valuation techniques in order to help form its opinion.

Mineral Resource estimates

For the valuation of Mineral Resource and Exploration Target estimates, Agricola's approach is to value these assets by assigning a dollar value to the in situ metal. To establish a benchmark market value for in-ground metal, where possible, Agricola has completed a search of the publicly available information on recent market transactions over the preceding three year period. Agricola's search is not intended to be a definitive listing of all market transactions in this period, but rather a list of transactions that offer comparability to the projects in terms of reported tonnes, grade or the state of the project as a whole. The level of disclosure and complexity of some of the transactions reviewed limited Agricola's ability to assign meaningful cash equivalent values and these were therefore disregarded for the purpose of this analysis.

The quality of the mineral asset under consideration is assessed based on a number of aspects outlined in the JORC Code (and discussed above) and the overall assessment compared to the range of comparable sales.

Exploration potential – Geo Rating Method

Having considered the various methods used in the valuation of exploration properties, Agricola is of the opinion that the Kilburn method provides the most appropriate approach to utilise in the technical valuation of the exploration potential of mineral properties on which there are no defined resources. Kilburn, a Canadian mining engineer was concerned about the haphazard way in which exploration tenements were valued. He proposed an approach, which essentially requires the specialist to justify the key aspects of the valuation process.

The specialist must specify the key aspects of the valuation process and must specify and rank aspects, which enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC") which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC.

The Geo Factor method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors, usually as a range of values. The multipliers are then applied to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value. An overview of the factors influencing the current market is outlined in more detail in the section entitled: Market and commodity overview.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor.

Agricola is philosophically attracted to the Geo Factor type of approach because it endeavours to implement a system that is systematic and defendable. It also takes account of the key factors that can be reasonably considered to impact on the exploration potential.

Geoscientific Ranking Factors				
Ranking	**Off Property Factors**	**On Property Factors**	**Anomaly Factors**	**Geological Factors**
	A	B	C	D
0.5			Extensive previous exploration with poor results to date. Further exploration may be warranted.	Generally unfavourable geological setting/Poor geological setting.
0.9				Generally favourable setting, under cover.
1.0	No Known Mineralisation in the district	No known mineralisation within the tenement	No targets defined. Exploration has been extensive.	Generally favourable geological setting exposed over part of the tenement.
1.5	Mineralisation identified	Mineralisation identified	Targets identified with initial positive indications.Scattered soil/geophysics/RAB results. Drilling recommended.	
2.0	Resource Targets Identified with good potential	Exploration targets identified. Historic resources may be present.		Favourable geological setting. Prospective host rocks over most of the tenement.
2.5			Significant intersections from drilling with no evidence of extent.	
3.0	Along Strike or adjacent to known significant mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks.
3.5			Several Significant Ore grade intersections that can be correlated between sections. Extent could be significant.	
4.0	Along Strike from a major mine	Major mine with significant historical production		
5.0	Along strike from a world class mine			
*Prospectivity Index = A*B*C*D*				

It has also been argued that the GeoFactor method is a valuation-by-numbers approach. In Agricola's opinion, the strength of the method is that it reveals to the public, in the most open way possible, just how a tenement's value was systematically determined. It is an approach that lays out the subjective judgements made by the Specialist.

In arriving at a technical value for the projects, Agricola has taken into consideration the company's equity position if the tenements are subject to a farm-in, joint venture or option to purchase arrangement. Agricola has reviewed the status of the tenure and elected to only value tenement applications where it is satisfied that there is no cause to doubt their eventual granting and where there is no pre-existing or related title. A discount is usually applied to tenements that have not been granted.

Base Acquisition Cost (BAC)

The keystone of the method is the Basic Acquisition Cost (BAC also known as the base holding cost), which provides a standard base from which to commence a valuation. The acquisition and holding costs of a tenement for one year provides a reasonable, and importantly, consistent starting point. Presumably when a tenement is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost.

- *Australian Holding Costs*

It may be argued that on occasions an exploration licence may be converted to a mining lease expediently for strategic reasons rather than based on exploration success, and hence it is unreasonable to value such a mining lease starting at a relatively high BAC compared to that of an exploration licence. In Agricola's opinion, Exploration ground should be valued on the basis of an Exploration Licence without regard to the actual tenement type. Agricola has researched and reviewed information on application fees, annual rent and exploration commitments for the states of Australia and compiled the following table.

Conceptual Minimum Year 1 Exploration Program
Range of values for each State, A$/km2

State	Application Fee		Rent		Exploration	
	Low	High	Low	High	Low	High
WA	15.00	17.00	30.00	35.00	325	375
NSW	14.00	16.00	22.00	25.00	350	400
QLD	10.00	12.00	35.00	40.00	375	425
TAS	16.00	17.00	25.00	30.00	250	300
NT	10.00	12.00	35.00	40.00	350	400
SA	13.00	15.00	10.00	15.00	275	325
VIC	13.00	15.00	35.00	40.00	350	400

Source: State Government publications and websites; Agricola estimates

Mining Leases and Prospecting Licences may carry all the obligations set out in the Mining Act, from a valuation point of view they are equivalent to Exploration Licences and it is unreasonable to value such these MLs or PLs starting at a relatively high holding cost compared to that of an EL where only exploration results are available. To value these areas at the higher levels of BAC may not be considered to be reasonable under the VALMIN Code.

Conceptual Minimum Year 1 Exploration Program
Average BAC values for each State, A$/km2

	WA	NSW	QLD	TAS	NT	SA	VIC	Ave.
Application Fee	16.00	15.00	11.00	16.50	11.00	14.00	14.00	14.00
Annual Rent	32.50	23.50	37.50	27.50	37.50	12.50	37.50	30.00
Exploration Commitment	350.00	375.00	400.00	275.00	375.00	300.00	375.00	350.00
Administration	35.00	37.50	40.00	27.50	37.50	30.00	37.50	35.00
Total	433.50	451.00	488.50	346.50	461.00	356.50	464.00	429.00
Agricola's Preferred BAC	**430.00**	**450.00**	**490.00**	**350.00**	**460.00**	**360.00**	**460.00**	**430.00**

The valuation metrics for the Australian States and Agricola's preferred BAC are shown above. Values have been rounded in accordance with the JORC Code.

- *Overseas Jurisdictions Holding Costs*

Many overseas jurisdictions do not specify a minimum expenditure commitment but require that sufficient work be completed in the first year to allow granting of the tenement into the second year. This usually requires preparation of a report with results of exploration carried out. For example with a grass roots portfolio 500 square kilometres in the first year the expenditure would be approximately US$200,000 which is appropriate for early work of desktop studies, field visits rock chip sampling, soil surveys and general research. Agricola believes an Australian company would consider this reasonable for the first phase of work in any country based on its experience with exploration budgets.

A company may well choose to spend more than that and budgets of US$0.5 to $1.0 million are not uncommon but these budgets are usually based on significant previous encouragement such as scout drilling, aeromagnetic targets etc. The BAC is designed for grass roots projects where no earlier work is available and only regional selection information is available.

Conceptual Minimum Year 1 Exploration Program, A$/km^2
Overseas Tenements

	Low	High	Preferred
Application Fee, A$/km^2	15.00	18.00	16.50
Rent, A$/km^2	30.00	40.00	35.00
Surface Exploration, A$/km^2	375.00	500.00	437.50
Administration, 10%	37.50	50.00	43.75
Establishment & Legal, A$/km^2	15.00	20.00	17.50
Total	472.50	628.00	550.25

Source: Valuation Reports, publications and websites; Agricola estimates

The BAC for overseas tenements is higher than for those in Australia because of the difficulties in getting established and additional legal costs. Agricola has researched and BAC estimates from other specialists and considered its own experience in overseas jurisdictions. A conceptual minimum exploration budget was compiled to assess the expected minimum level of expenditure and the table compiled. The preferred base acquisition cost for overseas exploration projects is selected at **A$550 per square kilometre.**

Multiple of Exploration Expenditure Valuation Method

The cost approach to exploration property valuation is sometimes used, as a secondary method to valuation of exploration properties not yet advanced enough to estimate mineral resources. Various valuation methods exist which make reference to historical exploration expenditure. One such method is based on a 'multiple of historical exploration expenditure'. Successful application of this method relies on the specialist assessing the extent to which past exploration expenditure is likely to lead to a target resource being discovered, as well as working out the appropriate multiple to apply to such expenditure.

Prospectivity Enhancement Multiplier (PEM) Factors	
Range	**Criteria**
0.2 – 0.5	Exploration downgrades the potential. Relinquish recommended on technical grounds.
0.5 – 1	Exploration has maintained the potential. Scattered surface indications including regional mapping and rock chip results.
1.0 - 1.3	Exploration has slightly increased the potential with some encouraging surface results. Further exploration recommended on sound technical grounds.
1.3 – 1.5	Exploration has considerably increased the potential. Anomalous zones defined from geochemistry and/or geophysics.
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections, not on adjacent sections.
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest. Results can be linked between sections. Exploration Targets could be estimated.
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category in accordance with the JORC Code. Further detailed drilling recommended to define or expand the resource
PEM Factors are applied to recend valid exploration expenditure	

The direct use of historical costs raises several issues:

- The exploration must be relevant
- The exploration must be effective
- Exploration companies accounting methods are different and administration can be excessive
- Old expenditure must be adjusted for time
- Duplication of work might have taken place
- Recommended PEMs do not have meaningful derivation

VALUATION ASSESSMENT

Mineral Assets Classification	
Pre-development projects	*Mineral assets with Feasibility Studies* - Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken; • **Projects:** none *Valuation Methods: Comparable Transactions, **Discounted Cash Flow** (if Ore Reserves have been estimated)*
Advanced exploration projects	*Mineral assets with Mineral Resources* - Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralization present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category; • **Projects:** None *Valuation Methods: **Unit Value - $/oz**, **Comparable Transactions**.*
Early stage exploration projects	*Mineral assets in the exploration stage* - Tenure holdings where mineralization may or may not have been identified, but where Mineral Resources have not been identified; • **Projects:** MRG Projects in Western Australia and Queensland. Sofala projects in Mozambique. *Valuation Methods: **Geo Rating**, **Comparable Transactions, $/km²***

Agricola's preferred valuation method is in bold print

GEO-FACTOR RATING – Exploration Ground

The Geo Rating Method (also known as the Kilburn Method) attempts to convert a series of scientific opinions about a property into a numeric evaluation system. The success of this method relies on the selection of multiplying factors that reflect the tenement's prospectivity. The issues that need to be addressed for exploration properties include:

- Possible extensions of mineralization from adjacent areas
- Exploration potential for other mineralization within the tenements

MRG METALS & SOFALA				
		Tenement Details		
Project	**Number**	**Area, Km²**	**Status**	**Equity**
MRG Metals Ltd				
Yardilla Project - WA	11	663.00	Granted	100%
Loongana Project - WA	2	330.00	Granted	100%
Kalgoorlie East Project - WA	2	3.81	Granted	100%
Xanadu, WA	14	89.95	Granted	100%
Queensland Projects	7	120.00	Granted	100%
Sofala Mining and Exploration Ltda				
Corridor South	1	207.52	Granted	100%
Corridor Central	1	178.82	Granted	100%
Marao	1	244.10	Granted	100%
Marruca	1	246.90	Pending	100%
Linhuane	1	113.03	Pending	100%

Status of the Mozambique tenements is accepted from Independent enquiry of the Mozambique Mining Cadastre Portal.

Base Acquisition Cost (BAC)

The Basic Acquisition Cost is the important input to the Geo Rating Method and it is assessed by estimating the statutory expenditure for a period of 12 months for a first stage exploration tenement such as an Exploration Licence (the first year holding cost). Advanced tenements such as Mining Leased may attract a higher BAC than early stage exploration Licences.

- *The Western Australian Projects are valued on the basis of a* ***BAC of A$430.***
- *The Queensland Project is valued on the basis of a* ***BAC of A$490.***
- *The Mozambique Projects are valued on the basis of a* ***BAC of A$550.***

These values will be adjusted for grant status and equity. Please refer to the discussion of BAC in the Valuation Considerations *Base Acquisition Cost (BAC*) section of this report.

Tenement Status

Uncertainty may exist where a tenement is in the application stage. Competing applications may be present where a ballot is required to determine the successful applicant or Native Title issues and negotiations may add to the risk of timely grant. Other issues may also be present such as state parks or forestry and wildlife reserves, competing land use and compensation agreements. There is an inherent risk that the tenement may not be granted and this needs to be recognized in the base value assessment. A 'grant factor' of zero may be applied where there is no realistic chance of approval (e.g. sacred sites) and where no significant impediments are known the factor may increase to about 60% to reflect delays and compliance with regulations.

- *The WA and QLD tenements are all granted and attract a 'grant factor' of 100%*
- *The Corridor South, Corridor Central and Marao Projects are granted and attract a 'grant factor' of 100%*
- *The Marruca and Linhuane Projects are pending and attract a 'grant factor' of 60%*

Equity

The equity a Company may hold in a tenement through joint venture arrangements or royalty commitments may be addressed in assessing base value but it is often considered separately at the end of a valuations report.

- *The Projects are valued initially on the basis of 100% equity*

MRG METALS & SOFALA	Base Acquisition Cost (BAC)			
Project	**Basic**			**Adjusted**
MRG Metals Ltd	**BAC**	**Grant**	**Equity**	**BAC**
Yardilla Project - WA	430	100%	100%	430
Loongana Project - WA	430	100%	100%	430
Kalgoorlie East Project - WA	430	100%	100%	430
Xanadu, WA	430	100%	100%	430
Queensland Projects	490	100%	100%	490
Sofala Mining and Exploration Ltda				
Corridor South	550	100%	100%	550
Corridor Central	550	100%	100%	550
Marao	550	100%	100%	550
Marruca	550	60%	100%	330
Linhuane	550	60%	100%	330

Prospectivity Assessment Factors

Geo Ratings

The Geo Rating (Kilburn) method provides the most appropriate approach to utilise in the technical valuation of the exploration potential of mineral properties on which there are no defined resources.

The Kilburn method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property.

- Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- Location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor (grade) of any mineralization known to exist on the property being valued;
- Geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;
- Geological patterns and models appropriate to the property being valued.

The geo factors were arrived at after careful consideration of the results so far obtained and the potential for future discoveries.

Geo Factor Assessment

- *Off Site*

Physical indications of favourable evidence for mineralization, such as workings and mining on the nearby properties. Such indications are mineralized outcrops, old workings through to world-class mines;

The West Australian and Queensland projects are located in known mining fields with a number of advanced prospects.

- The Yardilla Project straddles part of the Cundeelee Fault, which separates two adjacent geological terrains; the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen.
- The Loongana Igneous Complex is a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250 metres to 350 metres below the surface and includes one of the strongest gravity residuals in Australia.
- The Kalgoorlie East Project is located in an area that hosts a number of large gold and silver deposits, including the Kalgoorlie Super Pit 7km to the west, Kanowna Belle 12kms to the north and Nimbus 2kms to the south east.
- The Xanadu project is located 4 kilometres WSW of Northern Star Resources Ltd's Ashburton Project.
- The Queensland projects are located in the Mt. Isa Block, and have similar geophysical characteristics to known deposits such as Glencore PLC's Ernest Henry Mine) and BHP's Cannington Mine.
- The Corridor Projects were drilled by Western Mining Corporation and comprise the most advanced project within the portfolio and lie between the Corridor 1 and Chiluban deposits with established resources.
- Linhuane Project includes a Palaeodune adjacent to the coast that Rio Tinto undertook shallow drilling Marao/Marruca Project covers a Palaeodune system that lies approximately 50km from the present coastline.

- *On Site*

Local mineralization within the tenements and the application of conceptual models within the tenements. Location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property;

> ➢ Please refer to the Project Review Section of the Report for further details on the project characteristics including a discussion of aspects of mineralisation on the project areas.

Anomalies

Identified anomalies warranting follow up within the tenements. Geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;

> ➢ Please refer to the Project Review Section of the Report for further details on the project characteristics. including a discussion of target areas for future exploration on the project areas

- *Geology*

The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.;

> ➢ Please refer to the Project Review Section of the Report for further details on the project characteristics. including a discussion of the geological setting and exposure of prospective host rock sequences on the project areas.

MRG METALS & SOFALA			**Prospectivity Factors**		
Project	**Off Site**	**On Site**	**Anomaly**	**Geology**	**Factor**
MRG Metals Ltd					
Yardilla Project - WA					
Low	2.00	1.50	1.50	2.50	**11.25**
High	2.25	1.75	1.75	2.75	**18.95**
Loongana Project - WA					
Low	2.00	1.50	1.50	2.50	**11.25**
High	2.25	1.75	1.75	2.75	**18.95**
Kalgoorlie East Project - WA					
Low	2.50	2.00	1.75	2.50	**21.88**
High	2.75	2.25	2.00	2.75	**34.03**
Xanadu, WA					
Low	2.25	2.00	1.50	2.50	**16.88**
High	2.50	2.25	1.75	2.75	**27.07**

Queensland Projects					
Low	2.00	1.50	1.50	2.50	**11.25**
High	2.25	1.75	1.75	2.75	**18.95**
Sofala Mining and Exploration Ltda					
Corridor South and Central					
Low	2.00	1.50	1.40	1.00	**4.20**
High	2.25	1.75	1.60	1.25	**7.88**
Marruca, Marao, Linuane					
Low	2.00	1.25	1.40	1.00	**2.63**
High	2.25	1.50	1.60	1.25	**5.25**
Prospectivity Index = [Off Site Factor][On Site Factor]*[Anomaly Factor]*[Geology Factor]*					

Base Value

The base value represents the exploration cost for a set period of the tenement adjusted for the grant status of the Tenement and the equity held. The current Base Acquisition Cost (BAC) for exploration projects or tenements at an early stage is the average expenditure for the first year of the licence tenure. This is considered to be a BAC of **A$490 per square kilometre** for Queensland and **A$430 per square kilometres** for Western Australia. *(Refer to earlier discussion of BAC)*

MRG METALS & SOFALA						
	Base	**Prospectivity Index**		**Technical Value Rate, A$/km2**		
	Value	**Low**	**High**	**Low**	**High**	**Preferred**
MRG Metals Ltd						
Yardilla Project	430	11.3	18.9	4,800	8,100	6,450
Loongana Project	430	11.3	18.9	4,800	8,100	6,450
Kalgoorlie East Project	430	21.9	34.0	9,400	14,600	12,000
Xanadu, WA	430	16.9	27.1	7,300	11,600	9,450
Queensland Projects	490	11.3	18.9	5,500	9,300	7,400
Sofala Mining and Exploration Ltda	-					
Corridor South	550	4.2	7.9	2,300	4,300	3,300
Corridor Central	550	4.2	7.9	2,300	4,300	3,300
Marao	550	2.6	5.3	1,400	2,900	2,150
Marruca	330	2.6	5.3	900	1,700	1,300
Linhuane	330	2.6	5.3	900	1,700	1,300
All values are rounded to appropriate accuracy						
Base Value = [Grant Factor][Equity Factor]*[BAC]*						
Prospectivity Index = [Off Site Factor][On Site Factor]*[Anomaly Factor]*[Geology Factor]*						
Technical Value Rate/km^2 = [Base Value][Prospectivity Index]*						
Preferred Value = average of Low and High values						

Technical Value

An estimate of technical value has been compiled for the tenements based on the base va lue, and ratings for prospectivity. For the purpose of this valuation the preferred value is selected as the average of Low and High values.

*Summary Technical Value = [Area] * [Technical Value Rate]*

MRG METALS & SOFALA		***Technical Value, A$M***		
MRG Metals Ltd	**Area, km2**	**Low**	**High**	**Preferred**
Yardilla Project - WA				
A$/km2		4,800	8,100	6,450
Value. A$M	663.00	3.18	5.37	4.28
Loongana Project - WA				
A$/km2		4,800	8,100	6,450
Value. A$M	330.00	1.58	2.67	2.13
Kalgoorlie East Project - WA				
A$/km2		9,400	14,600	12,000
Value. A$M	3.81	0.04	0.06	0.05
Xanadu, WA				
A$/km2		7,300	11,600	9,450
Value. A$M	89.95	0.66	1.04	0.85
Queensland Projects				
A$/km2		5,500	9,300	7,400
Value. A$M	120.00	0.66	1.12	0.89
Average A$/km2		6,360	10,340	8,350
Sofala Mining and Exploration Ltda				
Corridor South				
A$/km2		2,300	4,300	3,300
Value. A$M	207.52	0.48	0.89	0.68
Corridor Central				
A$/km2		2,300	4,300	3,300
Value. A$M	178.82	0.41	0.77	0.59
Marao				
A$/km2		1,400	2,900	2,150
Value. A$M	244.10	0.34	0.71	0.52
Marruca				
A$/km2		900	1,700	1,300
Value. A$M	246.90	0.22	0.42	0.32
Linhuane				
A$/km2		900	1,700	1,300
Value. A$M	113.03	0.10	0.19	0.15
Average A$/km2		1,800	3,433	2,617

The Average A$/km2 values for the MRG projects are based on granted tenements. The average value for the Sofala tenements is estimated on the basis that all tenements are granted. This is done to provide a basis for comparison with comparative transactions.

MRG	Low	High	Preferred
Yardilla Project - WA	4,800	8,100	6,450
Loongana Project - WA	4,800	8,100	6,450
Kalgoorlie East Project - WA	9,400.00	14,600.00	12,000.00
Xanadu, WA	7,300	11,600	9,450
Queensland Projects	5,500	9,300	7,400
Average	**6,360**	**10,340**	**8,350**

Sofala	Low	High	Preferred
Corridor South	2,300	4,300	3,300
Xanadu, WA	2,300	4,300	3,300
Marao	1,400	2,900	2,150
Marruca*	900/60%	1,700/60%	1,300/60%
Linhuane*	900/60%	1,700/60%	1,300/60%
Average	**1,800**	**3,433**	**2,617**

*Note: Values for Linhane and Marruco are divided by 60% to simulate granted Tenements

MRG METALS & SOFALA	Summary Technical Value, A$M		
	Low	High	Preferred
MRG Metals Ltd			
Yardilla Project - WA	3.18	5.37	4.28
Loongana Project - WA	1.58	2.67	2.13
Kalgoorlie East Project - WA	0.04	0.06	0.05
Xanadu, WA	0.66	1.04	0.85
Queensland Projects	0.66	1.12	0.89
TOTAL	**6.12**	**10.26**	**8.19**
Sofala Mining and Exploration Ltda			
Corridor South	0.48	0.89	0.68
Corridor Central	0.41	0.77	0.59
Marao	0.34	0.71	0.52
Marruca	0.22	0.42	0.32
Linhuane	0.10	0.19	0.15
TOTAL	**2.54**	**5.02**	**3.78**

There is a significant difference between the valuations of the Marao and Marruca projects for several reasons. The Marao Project is a granted tenement (according to independent enquiry of the Mozambique Cadastre Portal and covers an area of 947.17 square kilometres. The Company has stated that the area of the tenement is in fact 244.10 square kilometres. The Marruca tenement is pending and on that basis a discount of 60% is applied to the BAC. The area of the tenement application is 246.90 square kilometres. The projects are assessed on the basis of value per unit area and the combination of grant discount and smaller area influences the valuation.

Exploration Ground Cross Check by Comparable Transactions $/km^2

Agricola has identified a number of transactions relating to exploration projects in Australia that can be considered relevant in assessing the fair market value of the Company's Projects. These market transactions are listed in the following table and summarised below.

Comparative Transactions - Exploration Projects			
		Project Quality	
Range of Values, A$/km2	***LOW***	***AVERAGE***	***HIGH***
Low	$1,100	$2,100	$5,300
High	$2,100	$5,300	$9,600
Preferred	$1,600	$3,700	$7,500
Multiples (High/Low)	1.9	2.5	1.8
Market Value Unit Rates, km^2			
	Low	*High*	*Preferred*
MRG	$6,400	$10,300	$8,400
Sofala	$1,800	$3,400	$2,600

Ranges for the LOW, AVERAGE and HIGH Quality Projects are estimated by considering all the normalised values in the table and selecting the ranges at the percentile points in the following table. For example: for LOW Quality Projects the Low-High range of values is selected at the 5th and 37th percentile point; AVERAGE projects are valued between the 37th and 70th percentiles and HIGH Quality Projects are valued between the 70th and 98th percentiles. The Preferred value for the range is selected as the average of Low and High values.

Australian Exploration Areas, A$/km2			
Quality	*Low*	*Average*	*High*
Low	5%	37%	70%
High	37%	70%	98%

Comparable Transactions - Exploration Ground Assessment

Low, High and average estimates calculated from the table of comparative transactions are included in the preceding table for LOW, AVERAGE and HIGH quality projects

AUSTRALIAN PROJECTS with GOLD EXPLORATION AREAS										
Date Announced	**Project**	**Country**	**Buyer**	**Seller**	**Deal A$M**	Area (km2)	**A$/km2**	Gold Price (A$/oz)	**% of Spot**	**Normalised**
Low Quality Project Assessment										
Aug-16	Marda- Diemels Greenstone	WA	Indus Energy Ltd	IMD Gold Mines Pty Ltd	2.98	2,761.00	1,078	1,755	61.4%	1,059
Jul-16	Monument Project	WA	Syndicated Metals Limited	Monument Exploration Pty Ltd	0.23	210.00	1,095	1,776	61.7%	1,064
Mar-16	Sandstone	WA	Enterprise Uranium	Sandstone Exploration	0.88	723.00	1,217	1,721	70.7%	1,220
Mar-16	Avoca & Bailieston Gold	WA	Matsa Resources	Currawong Resources	0.25	194.00	1,289	1,666	77.3%	1,334
Sep-16	Ida South	WA	Latitude Consolidated	Private Consortium	0.35	196.00	1,787	1,747	102.2%	1,764
Oct-15	Garden Gully - Paynes Find	WA	Thundelarra Limited	Red Dragon Mines Ltd	1.24	739.50	1,680	1,609	104.4%	1,801
May-16	Mt Venn Greenstone belt	WA	Enterprise Uranium	Sandstone Exploration	0.38	206.00	1,829	1,721	106.3%	1,834
2008/2018	Narnoo	WA	A1 Minerals	Desertex	*0.93*	470.00	1,987	1,656	120.0%	2,070
Oct-17	Pilbara Gold	WA	Kalamazoo Resources	Private Company	0.50	252.00	1,984	1,641	120.9%	2,085
Average Quality Project Assessment										
Aug-15	Talga, Warrawoona, Mosquito Ck	WA	Beatons Creek Gold Pty Ltd	Talga Resources Ltd	0.54	215.90	2,504	1,533	163.3%	2,817
2008/2018	Western Shaw, WA	WA	Atlas Iron	Buxton	*0.40*	127.00	3,152	1,656	190.4%	3,284
2008/2018	Dundas, WA	WA	Australasia Gold	Private	*2.20*	660.00	3,327	1,656	200.9%	3,466
2008/2018	Yagahong	WA	Silver Swan	Mercator	*2.43*	600.00	4,043	1,656	244.2%	4,213
2008/2018	Mt Zephyr, WA	WA	Newcrest	Regal	*1.14*	254.00	4,489	1,656	271.1%	4,677
2008/2018	E40/212, WA	WA	Lumacom	Undisclosed	*0.23*	50.00	4,609	1,656	278.4%	4,802

2008/2018	Scorpion Well, WA	WA	Meteoric	Image Resources	*1.21*	244.00	4,971	1,656	300.3%	5,179
High Quality Project Assessment										
Oct-17	Hardey	WA	Elysium Resources	Hardey Resources	2.65	512.00	5,180	1,641	315.6%	5,443
2008/2018	Yalgoo, WA	WA	Ausorex	Prosperity	*2.83*	457.00	6,184	1,656	373.5%	6,443
2008/2018	Hogans, WA	WA	Newmont	Gladiator	*2.26*	325.00	6,942	1,656	419.3%	7,233
2008/2018	Kuaby Well	WA	Silver Swan	Mawson West	*0.61*	84.00	7,220	1,656	436.1%	7,522
2008/2018	Revere, WA	WA	Revere	Enterprize	*11.22*	1,403.00	7,997	1,656	483.0%	8,332
Mar-17	Mount Monger	WA	Undisclosed	Poz Minerals	0.63	72.80	8,654	1,614	536.1%	9,247
2008/2018	Sunday, WA	WA	Aust. Min. Fields	Hannans Reward	*0.46*	49.00	9,407	1,656	568.1%	9,801
Significant Outliers										
Aug-16	Bellevue Project	WA	Draig Resources	Golden Spur Pty Ltd	3.52	27.00	130,407	1,755	7429.1%	128,153
Jan-16	Radio Gold Project	WA	Resources & Energy Group Limited	Brightsun Enterprises Pty Ltd	1.08	9.80	110,020	1,564	7033.8%	121,334
Sep-16	Klondyke	WA	Keras	Haoma	0.38	6.50	57,692	1,747	3301.7%	56,954
May-13	Lynas find	WA	Alloy Resources	Trafford Resources	1.30	28.00	46,250	1,452	3186.3%	54,963
2008/2018	Mt Monger, WA	WA	Integra	Solomon	*0.64*	30.00	21,430	1,656	1294.3%	22,326
Jul-13	Valley Floor	WA	Tychean Resources	Valley Floor Resources	0.15	6.00	25,000	1,452	1722.3%	29,710
Apr-13	Mt Egarton	WA	3D Resources	Tech-Sol Pty Ltd	0.52	19.00	27,368	1,452	1885.5%	32,524
Feb-13	Aurora Tank	WA	Apollo Minerals	Marmota Energy	1.20	48.00	25,000	1,452	1722.3%	29,710
Dec-16	Sunrise Dam South	WA	Cervantes Corporation	Raven Resources Pty	0.94	46.30	20,259	1,573	1288.3%	22,223
Dec-17	Hong Kong	WA	Clancy Exploration	Undisclosed	1.35	40.00	33,750	1,656	2038.4%	35,162
2008/2018	Star of Mangaroon	WA	Prime	Fox Resources	*0.76*	72.00	10,614	1,452	731.2%	12,613
2008/2018	Talga Peak	WA	Mining Prospects	Oakover	*2.13*	180.00	11,860	1,452	817.1%	14,095
Aug-15	Spargos Reward Gold Project	WA	Mithril Resources	Corona Minerals	0.38	31.00	12,407	1,533	809.4%	13,962

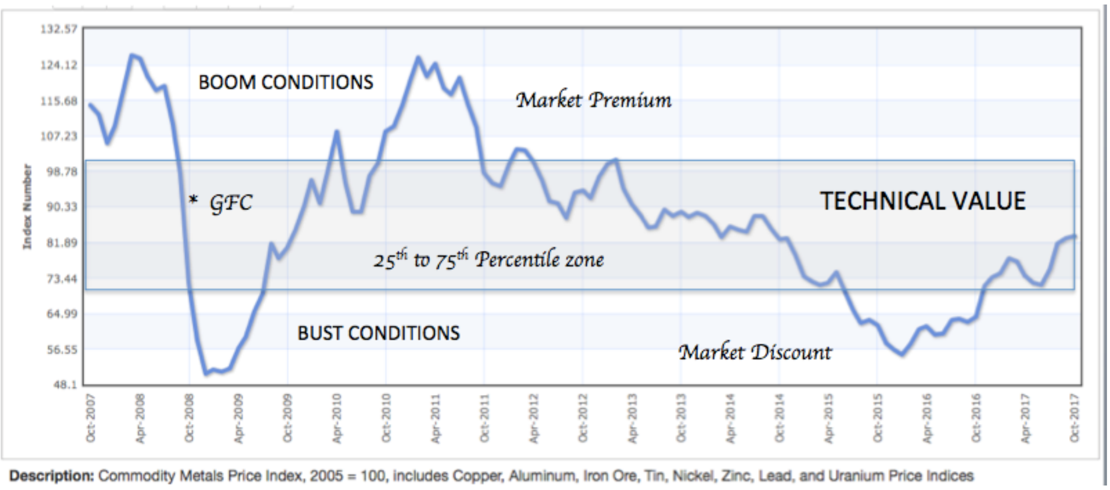
Table of Comparable Transactions – Mineral Resources

*The Normalised column refers to the estimate of value based on current gold price (% Of Spot *$1740)*

MARKET VALUE

Market Premium or Discount

Mineral Assets are volatile in nature and show marked cyclicity. In boom times the market in Australia may pay a premium over the technical value for high quality Assets (i.e. assets that hold defined resources that are likely to be mined profitably in the short-term or projects that are believed to have the potential to develop into mining operations in the short term even though no resources have been defined). On the other hand in times of bust conditions exploration tenements that have no defined attributes apart from interesting geology or a good address may well trade at a discount to technical value.



Commodity Metals Price Index variations 2007 to 2017

A review of the *Commodity Metals Price Index* over the last 10 years suggests that market premiums/discounts are in line with the estimated range of technical value. Other considerations may play a part in ascribing a premium of discount. Deciding on the level of discount or premium is entirely a matter of the technical expert's professional judgment. This judgment must of course take account of the commodity potential of the tenement, the proximity of an asset to an established processing facility and the size of the land holding.

In view of the alignment of historical gold prices and the 25th-75th percentile range **no premium or discount** has been applied to the Technical Value for the Projects.

- The MRG Projects fall within the 'High Quality' project assessment group. They are mature projects with an established background of exploration activity.
- The Sofala Projects fall within 'Average Quality" assessment group. While they are located in a favourable environment and adjacent to known mineral sands deposits the exploration is early stage and influenced by the country risk and business climate environment of Mozambique.

Market value Summary

The Geofactor Method is considered to be more accurate for exploration ground and is the preferred method. The valuation is considered in a range of Comparable Transactions as a cross check.

Market Value - Exploration Ground – Geofactor Method

MRG METALS & SOFALA		***Market Value, A$M***		
	Factor	**Low**	**High**	**Preferred**
MRG Metals Ltd				
Yardilla Project - WA	100%	3.18	5.37	4.28
Loongana Project - WA	100%	1.58	2.67	2.13
Kalgoorlie East Project - WA	100%	0.04	0.06	0.05
Xanadu, WA	100%	0.66	1.04	0.85
Queensland Projects	100%	0.66	1.12	0.89
TOTAL		**6.12**	**10.26**	**8.19**
Sofala Mining and Exploration Ltda				
Corridor South	100%	0.48	0.89	0.68
Corridor Central	100%	0.41	0.77	0.59
Marao	100%	0.34	0.71	0.52
Marruca	100%	0.22	0.42	0.32
Linhuane	100%	0.10	0.19	0.15
TOTAL		**1.55**	**2.98**	**2.27**
Market Value = [Market Factor][Summary Technical Value]*				

Please refer to the detailed estimate of value for the Exploration Ground on page 32 of the Report.

RISKS FOR EXPLORATION COMPANIES

Agricola has identified a range of risk elements or risk factors, which may affect the future operations, and financial performance of the Company's Projects. Some of the risk factors are completely external, which is beyond the control of management. However, advance planning can mitigate the project specific risks.

Exploration and mining companies are subject to the regulatory environments in which they operate and exploration and mining companies throughout the world are subject to the inherent risks of the minerals industry.

- Risks inherent in exploration and mining include, among other things, successful exploration and identification of mineral Resources; satisfactory performance of mining operations if a mineable deposit is discovered; and competent management;
- Risks associated with obtaining the grant of any or all of the mining tenements or permits which are applications, or renewal of tenements upon expiry of their current term, including the grant of subsequent titles

where applied for over the same ground.

- The grant or refusal of tenements is subject to ministerial discretion and there is no certainty that the tenements applied for will be granted.
- Applications are also subject to additional processes and requirements under the Native Title Act in Australia. The right to negotiate process under Native Title matters can result in significant delays to the implementation of any project or stall it. Negotiated native title agreements may adversely impact on the economics of projects depending on the nature of any commercial terms agreed.
- Risks arising because of the rights of indigenous groups in overseas jurisdictions which may affect the ability to gain access to prospective exploration areas and to obtain exploration titles and access, and to obtain production titles for mining if exploration is successful. If negotiations for such access are successful, compensation may be necessary in settling indigenous title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements;
- The risks associated with being able to negotiate access to land, including by conducting heritage and environmental surveys, to allow for prospecting, exploration and mining, is time and capital consuming and may be over budget and is not guaranteed of success.
- The risk of material adverse changes in the government policies or legislation of the host country affect the level and practicality of mining and exploration activities;
- Environmental management issues with which the holder may be required to comply from time to time. There are very substantive legislative and regulatory regimes with which the holder needs to comply for land access, exploration and mining that can lead to significant delays.
- Poor access to exploration areas as a result of remoteness or difficult terrain;
- Poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- Unforeseen major failures, breakdowns or repairs required to key items of exploration equipment and vehicles, mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- The availability and high cost of quality management, contractors and equipment for exploration, mining, and the corporate and administration functions in the current economic climate and the cost of identifying, negotiating with and engaging the same; and

Resources & Reserve Risk

No Mineral Resources have been estimated for the Projects in accordance with the JORC Code 2012.

Extraction and Processing Route Risk

It may be possible that unfavourable results from the future samples may jeopardise project viability. This may include problems with the future production of saleable concentrates.

Commodity Price Risk

Metal price, supply and demand are cyclical in nature and subject to significant fluctuations, and any significant decline in the gold price or demand could materially and adversely affect the Company's business and financial condition results of operations and prospects. Commodity markets are highly competitive and are affected by factors beyond the Company's control, which include but not limited to:

- Global Economic Condition;
- Government and Central Banks actions; and
- Fluctuations in industries with high demand.

If there is a fall in long term metal prices, there would be a substantial reduction in the viability of the exploration project.

Project Infrastructure Associated Risk

Although, accessibility of the project is good with existing road infrastructure, a significant infrastructure facility including access tracks for drill rigs and equipment may need to be upgraded before commencement of mining and further exploration activity.

Exploration Approvals, Tenure, and Permits

Prior to commencement of mining, government permits and approvals may be required to commence development or earth moving activities and the associated access roads. Any delays in obtaining the required approvals may affect the future timing of cash inflows.

Associated interruptions may occur in the future and that this may have a material impact on the value of the concession.

Environmental and Social Risks

While environmental and social risks and management plans have been considered, it is possible that failure to comply with the environment criteria or failure to maintain good relationships with the local community in Australia or Argentina will have an impact on the project. These risks are not considered to be greater for these Projects than any other mineral project.

Country Risk

Australia is rated as 'A2' for Country Risk and 'A1' for Business Climate Risk. Mozambique is rated as 'E' for Country Risk and 'D' for Business Climate Risk. *(Source: www.coface.com)*

This assessment will affect an investor's perception of the projects.

VALUATION OPINION

Summary of the Valuation Elements:

MRG METALS & SOFALA	Market Value, A$M		
0	Low	High	Preferred
MRG Metals Ltd			
Yardilla Project - WA	3.18	5.37	4.28
Loongana Project - WA	1.58	2.67	2.13
Kalgoorlie East Project - WA	0.04	0.06	0.05
Xanadu, WA	0.66	1.04	0.85
Queensland Projects	0.66	1.12	0.89
TOTAL	**6.12**	**10.26**	**8.19**
Unit Rate A$/km2	6,400	10,300	8,400
Sofala Mining and Exploration Ltda			
Corridor South	0.48	0.89	0.68
Corridor Central	0.41	0.77	0.59
Marao	0.34	0.71	0.52
Marruca	0.22	0.42	0.32
Linhuane	0.10	0.19	0.15
TOTAL	**1.55**	**2.98**	**2.27**
Unit Rate A$/km2	1,800	3,400	2,600

Unit rates for the MRG projects is based on the average of the values for the individual projects assuming all tenements are granted. Please refer to the notes on page 38.

Based on an assessment of the factors involved, the estimate of the market value for 100% equity in the MRG Projects, is in the range of:

A$6.1 million to A$10.3 million with a preferred value of A$8.2 million.

Based on an assessment of the factors involved, the estimate of the market value for 100% equity in the Sofala Projects, is in the range of:

A$1.6 million to A$3.0 million with a preferred value of A$2.3 million.

This valuation is effective on 29 October 2018.

This Gold Asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). *It applies to the direct sale of existing equity in the Projects at the date of this Report.*

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GLOSSARY OF TECHNICAL TERMS

alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.

bedrock	Any solid rock underlying unconsolidated material.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO_3. Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earths surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
hematite	Iron oxide mineral, Fe_2O_3.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from a magma.
insitu	In the natural or original position.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
joint venture	A business agreement between two or more commercial entities.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lithological contacts	The contacts between different rock types.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.

ppb	Parts per billion; a measure of low level concentration.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
rock chip sampling	The collection of rock specimens for mineral analysis.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silica	Dioxide of silicon, SiO_2, usually found as the various forms of quartz.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.
stocks	A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.

syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

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