

ASX ANNOUNCEMENT

30 October 2020

MRG METALS SEPTEMBER 2020 QUARTERLY ACTIVITY REPORT

Key Highlights

- MRG completes Phase 1 and 2 aircore drilling at Nhacutse, delineating high-grade Heavy Mineral Sand (HMS) Strandline within 18km² footprint.
- MRG is planning follow up aircore drilling to test for further high grade extension of this Priority 1 target.
- Maiden aircore drilling at Zulene intersects significant thicknesses of high-grade heavy mineral sand, visually estimated at grades up to 7.5% THM.
- Planning underway for infill drilling to test the lateral continuity of this thick, high-grade zone.
- Bulk sampling returns high quality mineral assemblage from multiple targets including Nhacutse, Koko Massava East and Poiombo.
- Koko Massava metallurgical testwork demonstrates potential for quality TiO₂ product.
- Ultra Low Temperature Roasting (ULTR) under reduced conditions produced a quality upgraded Ilmenite product with 47.1% TiO₂, 0.9% SiO₂, 0.5% Al₂O₃, 0.1% Cr₂O₃ and <20ppm U+Th – potential to upgrade to an Ilmenite product approaching 50% TiO₂ with next step optimization.
- MRG doubles its Mozambique tenement size with approval for Marao and Marruca exploration licences.
- MRG completes \$660,000 placement to accelerate exploration across its Mozambique portfolio.
- MRG appoints Kobus Badenhorst as Country Manager - Exploration in Mozambique.

MRG Metals Limited (“MRG” or “the Company”) (ASX Code: MRQ) is pleased to provide a summary of its activities for the September 2020 quarter at its Heavy Mineral Sands projects in southern Mozambique. Activities during the quarter focused on the Corridor Central and Corridor South projects.

MRG Metals Chairman, Mr Andrew Van Der Zwan said: *“It’s been a busy and productive quarter with two phases of aircore drilling completed, confirming the high-grade HMS mineralised footprint extends between our Nhacutse and Bungane, which underpins the prospectivity of this exciting area. We also identified high grade HMS in the Zulene-Viaria area, adding to the number of targets that can build on our existing resource at Koko Massava.*

Mineral assemblage results, which included impressive results from Nhacutse, add to the exploration potential of our tenements and metallurgical test work on samples from Koko Massava give us confidence in the ability to produce a 50% TiO₂ concentrate with a low cost capital requirement.

In addition, we extended our explorational footprint in Mozambique with approval of our applications for the Marao and Marruca licences, completed a \$660,000 placement to help accelerate our exploration and appointed a new in-country exploration manager to oversee our efforts in Mozambique.

Looking ahead, we are planning more drilling at Nhacutse and Zulene in Q4 and look forward to providing updates on this work."

Activity across MRG's Corridor Portfolio

Drilling at Nhucutse, Poiombo and Bungane targets

In August, MRG announced it had commenced field preparation for an aircore drilling campaign across Corridor South to comprise of 28 holes with 15 across the Nhacutse and Bungane targets and 13 at Poiombo. It represented maiden aircore drilling at Nhacutse and Bungane, while at Poiombo drilling was following up an aircore drilling program completed in March 2020.

Drilling at Nhacutse is supported by excellent THM grades over the central section of the target, where the mineralised footprint of auger holes with >5% THM currently covers approximately 2.5km x 1.5km (refer ASX announcement 3 July 2020). Mineral assemblage data reported in July (see below) indicated high valuable heavy mineral (VHM) components in the east of Nhacutse, providing the Company with further encouragement to follow-up with further aircore drilling in these areas.

MRG planned 14 aircore holes at Nhacutse, with drilling beginning in the Priority 1 area of known high-grade VHM (hole 19CSHA067, mineral assemblage sample CSNH03) and then progressing in terms of priority.

At Poiombo, MRG planned follow up drilling comprising 13 holes on the successful initial aircore program in March 2020, which identified strandline style HMS mineralisation in numerous holes, including 36m @ 7.09% THM in hole 20CSAC355. Three areas of priority were defined for the drilling. Drilling in Priority areas 1 and 2 comprised 11 aircore holes, planned to test extension of the very high-grade strandline mineralisation to the west, as well as continuity of the same strandline mineralisation along strike to the east, subparallel with the magnetic anomalism. In the west, drilling is limited by the proximity of the Limpopo River Valley.

MRG planned one reconnaissance aircore hole at the Bungane target, testing where auger hole 20CSHA312 returned an average grade of 7.82% THM over 12m from surface.

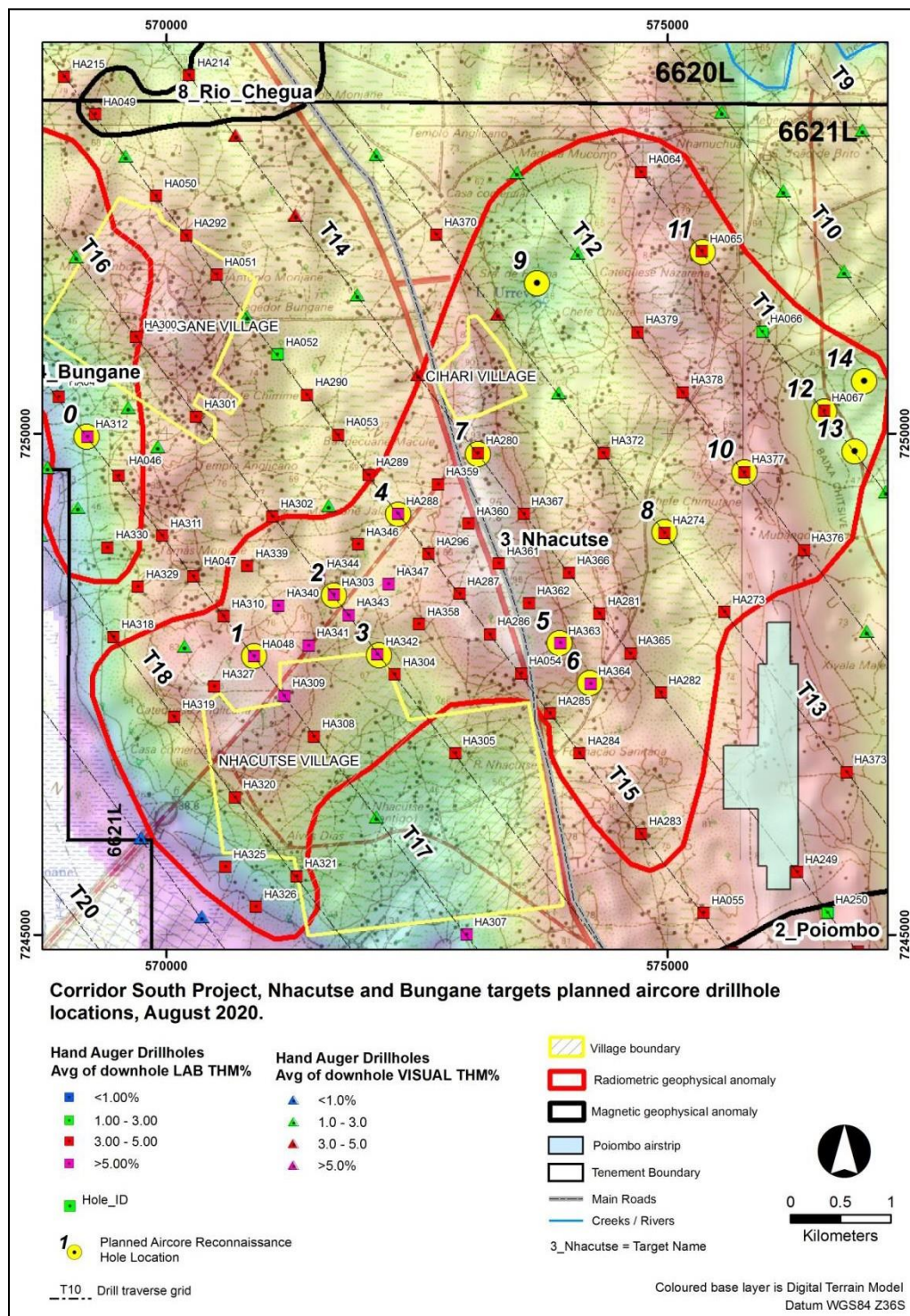


Figure 1: Location map of planned reconnaissance Aircore drill program, relative to previously drilled hand auger holes, for the Nhacutse and Bungane targets on the Corridor South project (6621L).

MRG provided an update on the drilling progress on 21 September, with 15 holes of the program completed (14 holes at Nhacutse, 1 hole at Bungane). Two holes at Nhacutse intersected grades that suggest Strandline style mineralisation exists in the area. Two aircore holes (20CSAC543 and 20CSAC544) 1km apart at Nhacutse yielded individual 3m sample intervals with visual estimated grade >10% THM, with the best interval having an estimated THM grade of 14.0%. These very high estimated THM grades at Nhacutse confirm the discovery of a zone of heavy mineral sand mineralisation with estimated Strandline style grades that is both laterally extensive and can extend from surface to depths of >30m.

Best results were returned from hole 20CSAC543, with an average downhole result of 8.9% visual THM from surface, drilled to 36m depth. Hole 20CSAC543 was collared at surface (0-3m) in 8.3% visual THM and had a maximum of 14.0% visual THM in the sample interval 30-33m. The adjacent end of hole sample interval 33-36m comprises 13.5% visual THM. This aircore hole 20CSAC543 correlates with mineral assemblage sample CSNH01 which yielded 41.30% ilmenite+leucoxene and 1.44% zircon.

The second most significant hole was 20CSAC544 with 6.6% downhole average visual THM over 36m from surface, with 10.2% visual THM from 30-33m. This hole was collared at surface in 5.5% visual THM, with every sample interval from 3m to 33m containing an estimated THM grade of >6%.

Another significant hole at Nhacutse is 20CSAC545 with downhole average visual THM over 30m from surface, with peak visual THM grade of 9% from the sample interval 15-18m. This aircore hole 20CSAC545 correlates with mineral assemblage sample CSNH06 which yielded 40.16% ilmenite+leucoxene and 1.62% zircon.

These three significant holes in the central zone of the Nhacutse Target are approximately 1km apart, along a line oriented southwest-northeast and sub-parallel to the interpreted long axis of the broader radiometric anomaly. The very high grades intersected in 20CSAC543 and '544 are indicative of Strandline-style HMS mineralisation. Based on these aircore visual results, additional drilling is warranted to further define the extent of this very thick HMS mineralisation.

The relationship between THM grade and VHM mineral assemblage that is emerging at Nhacutse is shown on Figures 2 and 3 below.

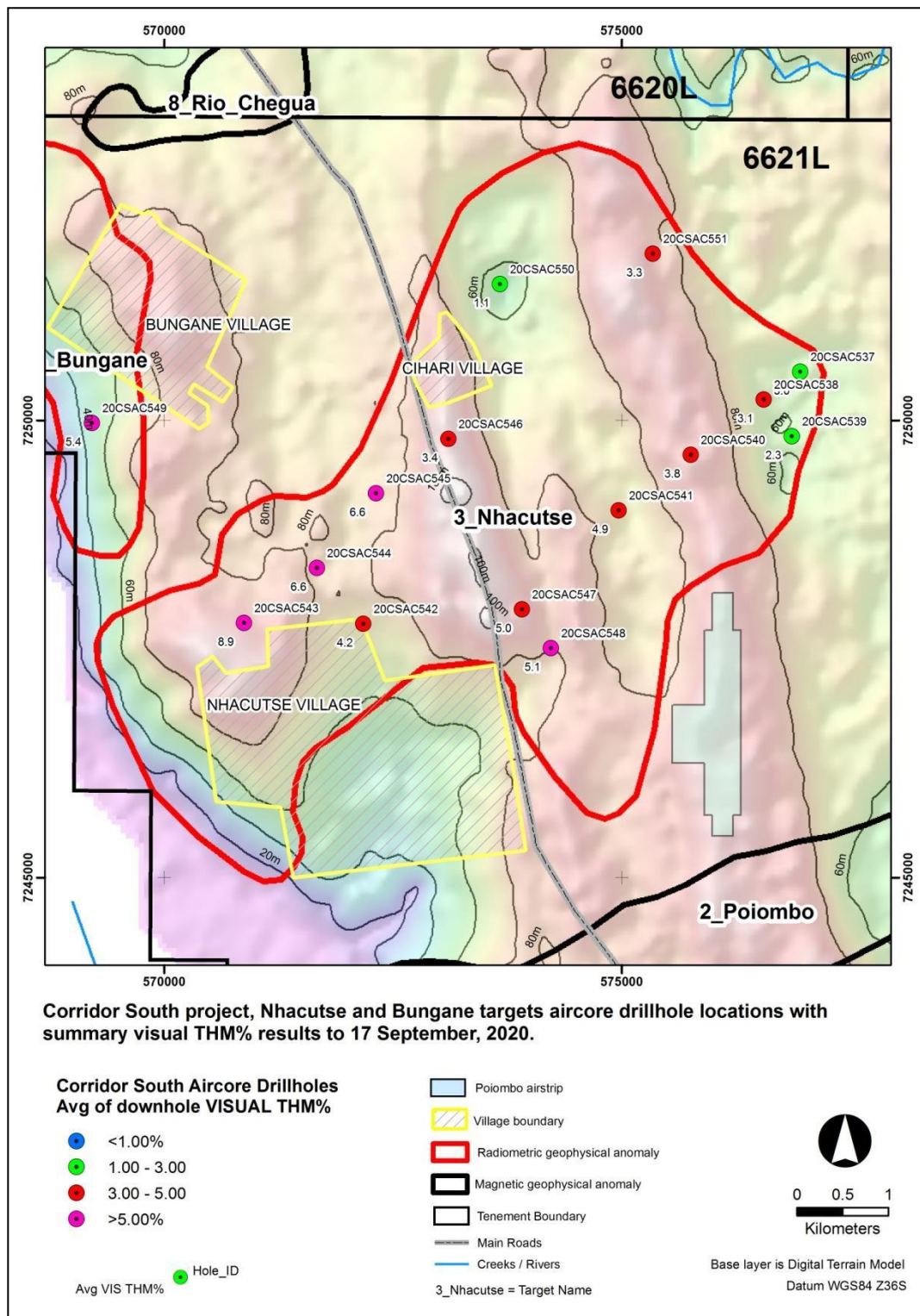


Figure 2: Location map of the Nhacutse and Bungane targets (Corridor South project 6621L) aircore drillholes completed in September 2020, showing summary visual estimated data for THM grades.

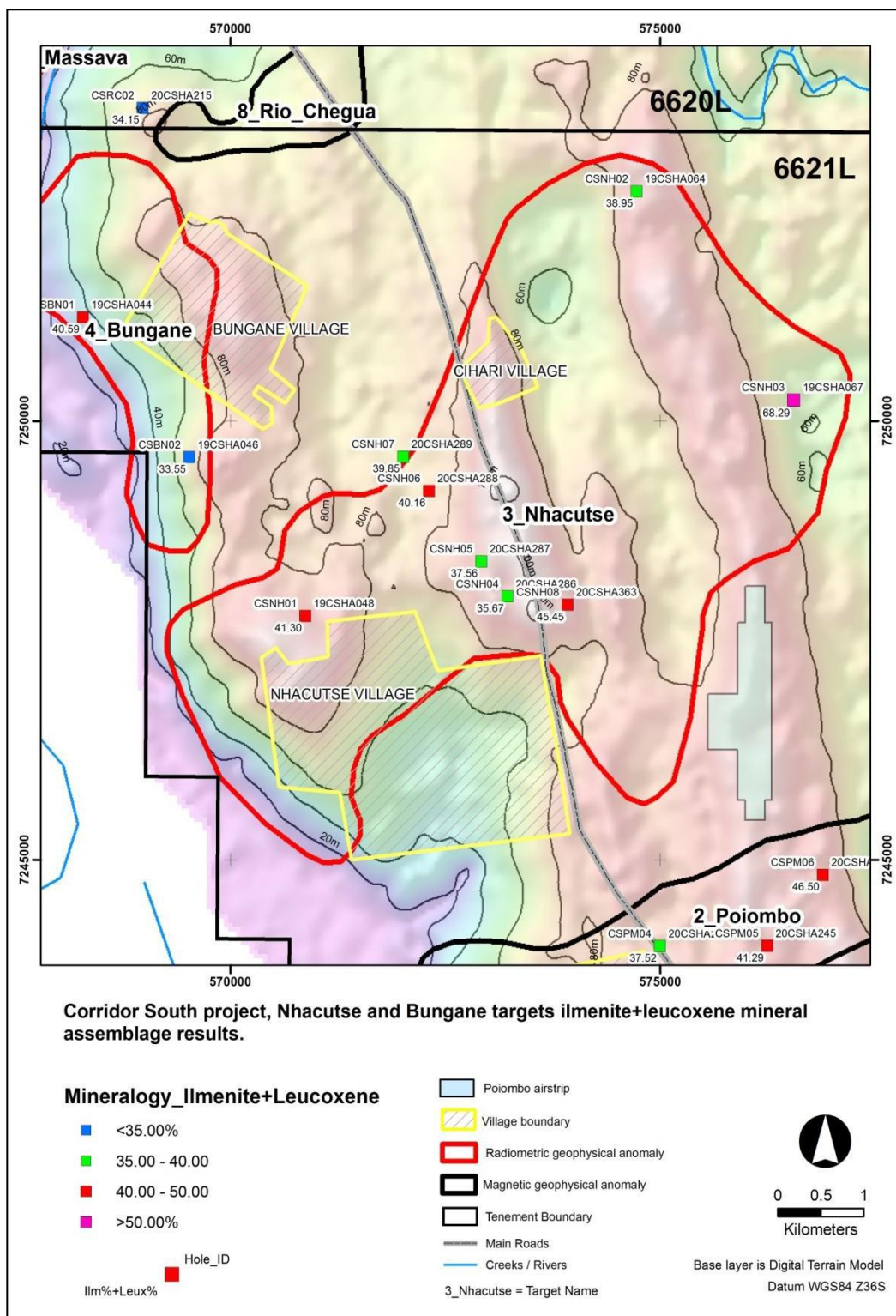


Figure 3: Location map of mineral assemblage results for ilmenite+leucoxene in the Nhacutse and Bungane target areas, reported previously (refer ASX Announcements 31 July and 31 August 2020).

Following these visual results, MRG announced it would commence Phase 2 drilling at Nhacutse which would focus on two priority targets for a total of 16 holes, with 12 holes to be completed at Priority 1 and 4 holes at Priority 2.

MRG planned a combination of auger and aircore drill holes to allow for JORC Inferred Mineral Resource estimation to be considered should they be successful. The size of the potential mineralised footprint being tested is approximately 16km². If successful, assuming an arbitrary depth of 12–20 metres, this represents possibly more than 500 million tonnes of high-grade mineralised sand being tested.

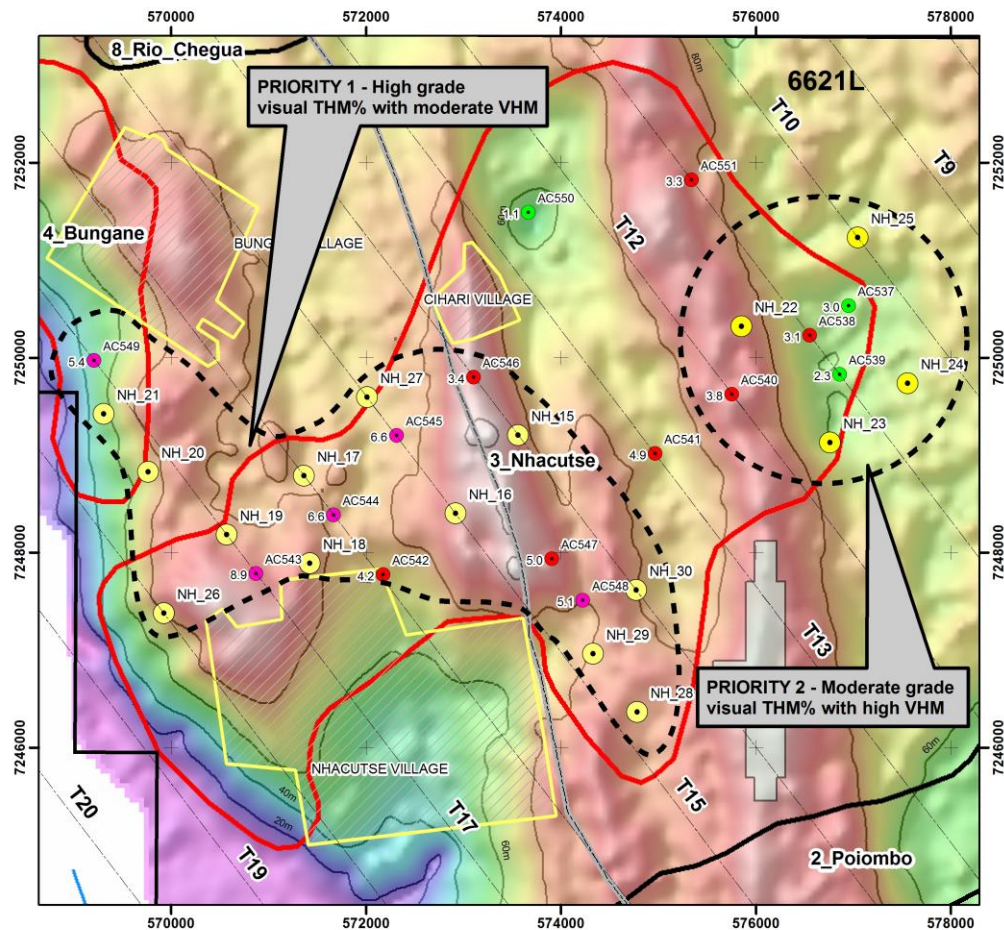
The Phase 2 program also includes four additional holes in the eastern part of Nhacutse, designed to gain a better understanding of the continuity of an emerging zone of high VHM interpreted from previous Qemscan analysis of samples from auger drilling to 12 metres. A successful test of this emerging zone will deliver a mineralised footprint of approximately 5km² of exceptionally high value ilmenite assemblage that would in turn have the potential to deliver a high value per ton future resource, even at moderate to high THM grade.

As reported in October, the Phase 2 aircore drilling on the Priority 1 target's approximately 18km² area confirmed the initial visual aircore results from the Company's Phase 1 aircore drilling at the Nhacutse Target. Phase 2 drilling confirmed the high-grade strandline style HMS mineralisation in the area between the Nhacutse and Bungane targets (Figure 4).

Phase 2 aircore holes drilled in the Priority 2 target's approximately 5km² area were drilled to generate additional Heavy Mineral Concentrate (HMC) for further mineralogical studies. The studies are in progress and will assist in developing understanding around the higher percentage VHM found in the east of Corridor Central from Koko Massava drilling and the east of Corridor South from Nhacutse drilling.

Phase 2 drilling included 12 aircore holes, 20CSAC572 to 20CSAC583, focussed on testing the continuity, strike and depth extensions of the high-grade HMS mineralisation to the northeast and also between the Nhacutse and Bungane targets. Phase 2 drilling further extended the high grade mineralised zone (hole 20CSAC578), which intersected up to 10% visually estimated THM over one of the 3m intervals at an average grade of 4.3% vis THM over 30m. Importantly, it also confirmed the high-grade HMS mineralised footprint extends between Nhacutse and Bungane, due to the high visually estimated grades from holes 20CSAC572, 20CSAC573 and 20CSAC574 (Table 1).

MRG is planning a follow up aircore program to test for further high-grade extension of this Priority 1 target.



Corridor South project, Nhacutse and Bungane targets planned Phase 2 reconnaissance aircore drillhole locations, October 2020.

Corridor South Aircore Drillholes Avg of downhole VISUAL THM%

- <1.0%
- 1.0 - 3.0
- 3.0 - 5.0
- >5.0%

Avg VIS THM% ● Hole_ID

● NH_01
Planned Aircore Reconnaissance
Hole Location

- Poiombo airstrip
- Village boundary
- Radiometric geophysical anomaly
- Magnetic geophysical anomaly
- Tenement Boundary
- Main Roads
- Creeks / Rivers
- 3_Nhacutse = Target Name
- T10 Drill traverse grid



0 1 2
Kilometers

Base layer is Digital Terrain Model
Datum WGS84 Z36S

Figure 4: Nhacutse Phase 2 – Priority 1 & 2 Targets to test high THM strandline and high VHM targets. Yellow circles with NH labels are Phase 2 planned Aircore holes. Other coloured circles with standard hole ID are Phase 1 aircore holes with avg visTHM%.

Secondly, the Phase 2 aircore program at Nhacutse included four additional holes, 20CSAC584 to 20CSAC587, in the eastern part of Nhacutse. These holes were drilled to gain further information of an emerging zone of higher VHM concentration, interpreted from previous Qemscan analysis of samples from auger drilling to 12 metres. The HMC from these holes will be used in additional Qemscan and X-ray fluorescence spectroscopy (XRF) analysis to better interpret this significant finding.

There is opportunity at Nhacutse east to discover high-grade THM tonnage at similar grade to Koko Massava but with a VHM of greater value than Koko Massava, providing an even higher value per ton resource to be considered and prioritized against others for a potential mine start up.

Table 1: Summary collar and visual estimated THM% results for aircore drill data for the Phase 2 Nhacutse target completed during October, 2020.

HOLE ID	UTM EAST WGS84	UTM NORTH WGS84	EOH (M)	ELEV'N (M)	DRILL TYPE	DOWNHOLE AVG % VIS EST THM	MIN OF % VIS EST THM	MAX OF % VIS EST THM
20CSAC572	569313	7249432	30	51	AIRCORE	5.2	2.0	7.0
20CSAC573	569773	7248837	30	69	AIRCORE	3.4	2.0	5.0
20CSAC574	570556	7248175	30	76	AIRCORE	3.4	2.0	4.0
20CSAC575	569924	7247375	30	78	AIRCORE	3.9	3.0	5.0
20CSAC576	571420	7247892	30	74	AIRCORE	3.5	2.0	5.0
20CSAC577	571351	7248787	30	72	AIRCORE	4.6	3.0	6.0
20CSAC578	572015	7249595	30	71	AIRCORE	4.3	3.0	10.0
20CSAC579	572927	7248427	30	86	AIRCORE	3.2	2.0	4.0
20CSAC580	573558	7249205	30	79	AIRCORE	3.4	3.0	4.0
20CSAC581	574761	7246362	30	78	AIRCORE	3.4	2.0	4.0
20CSAC582	574276	7246968	30	74	AIRCORE	3.8	3.0	6.0
20CSAC583	574757	7247635	30	77	AIRCORE	3.5	3.0	4.0
20CSAC584	576760	7249119	30	56	AIRCORE	2.1	1.0	4.0
20CSAC585	577554	7249731	30	57	AIRCORE	2.0	1.0	5.0
20CSAC586	577045	7251236	30	67	AIRCORE	2.0	1.0	4.0
20CSAC587	575852	7250322	30	82	AIRCORE	3.7	3.0	4.0

Note: VIS EST= visual estimated; All data averages are grade weighted and uncut from surface. Dip for all holes is -90° and azimuth is 360°.

Infill drilling results

On 1 October, MRG provided an update for new laboratory assay results from infill auger drilling on the Zulene, Viaria and Saia Targets at the Corridor South tenement, which extended both Zulene and Viaria, suggesting the continuity of heavy mineral sand (HMS) mineralisation exists between the two targets.

MRG reported results for 226 samples (including QAQC samples) from a total of 31 auger holes, comprising 325.5m of drilling over the three targets.

Overall, the laboratory results demonstrated that 87% (27) of the 31 holes attained an uncut average downhole grade >3% THM, with five of the 31 holes having an uncut average downhole grade of >4% THM. There are nine holes that end with a final sample interval grade of ≥4% THM.

Significant assay results returned from the infill auger program included:

Zulene

- 12m @ 4.16% THM (hole 20CSHA445) from surface & max 5.92% THM from 7.5-9.0m.
- 12m @ 4.11% THM (hole 20CSHA437) from surface & ended in 4.61% THM.

Viaria

- 12m @ 4.06% THM (hole 20CSHA444) from surface & ended in 4.68% THM.

Saia

- 12m @ 4.47% THM (hole 20CSHA467) from surface & ended in 4.75% THM.

Based on encouraging HMS grade and mineral assemblage results for the Zulene and Viaria targets, MRG progressed field preparation to commence an expanded aircore drilling program at the Corridor South Project, comprising seven additional aircore holes across the Zulene and Viaria targets, being MRG's maiden aircore program for both of these targets.

On 13 October, MRG announced the completion of this drilling on the Zulene and Viaria targets and provided an update on results for visual estimated field data. The latest new aircore data set confirmed the presence of high-grade heavy mineral sand (HMS) mineralisation in the central zone of the Zulene Target previously defined by auger drilling and has established that high THM grades (>6% visual THM) extend to at least 21m below surface.

This initial reconnaissance phase aircore program comprised a total of seven holes, with five holes located in the higher priority Zulene target and two holes in the Viaria target. Initial visual results of the total heavy mineral (THM) grades are significant, with two of the seven holes at Zulene intersecting grades >6% visual THM in multiple consecutive 3m sample intervals.

A total of 207m was drilled in the seven holes (20CSAC565 to 20CSAC571) with the collection of 71 samples, including QAQC samples. Hole depths range from 27m–30m, with an average depth of 29m (Table 2).

Table 2: Summary collar and visual estimated THM% aircore drill data for the Zulene and Viaria Targets completed.

HOLE ID	UTM EAST WGS84	UTM NORTH WGS84	EOH (M)	ELEV'N (M)	DRILL TYPE	DOWNHOLE AVG % VIS EST THM	MIN OF % VIS EST THM	MAX OF % VIS EST THM
20CSAC565	577899	7235227	30.00	84	AIRCORE	5.2	1.0	7.5
20CSAC566	576213	7235827	30.00	67	AIRCORE	3.2	2.3	4.2
20CSAC567	575557	7236628	27.00	6	AIRCORE	2.5	0.5	4.1
20CSAC568	576308	7236523	30.00	65	AIRCORE	5.0	1.8	6.8
20CSAC569	577002	7236428	30.00	76	AIRCORE	2.6	1.1	3.5
20CSAC570	578592	7237653	30.00	99	AIRCORE	3.0	1.6	5.0
20CSAC571	580785	7238072	30.00	100	AIRCORE	4.4	3.4	5.6

Note: VIS EST= visual estimated; All data averages are grade weighted and uncut from surface. Dip for all holes if -90° and azimuth is 360°.

Overall, the most significant visual estimated THM results, up to 7.5% visual THM in hole 20CSAC565, were returned from the Zulene Target. Drilling at the Viaria Target was limited to the 2 holes and returned moderate results up to 5.6% visual THM in hole 20CSAC571.

At Zulene, hole 20CSAC565 comprised 30m @ 5.2% visual THM from surface to 30m depth and included 21m @ 6.4% visual THM from surface to 21m. This hole was collared at surface (0-3m) in 6.3% visual THM and had a maximum of 7.5% visual THM in the sample interval 9-12m. This aircore hole 20CSAC565 correlates with mineral assemblage sample CSZU02 which yielded 46.50% ilmenite+leucoxene, 1.21% rutile and 1.74% zircon.

At Viaria, the aircore drilling was designed to test the broader Zulene-Viaria area for higher grade HMS mineralisation at depth and on this basis, only two holes were drilled there. Hole 20CSAC571 produced the better result, with 30m @ 4.4% visual THM from surface, including 15m @ 5.0% visual THM from 6-21m. This hole had a maximum individual sample interval of 5.6% visual THM and ended with 3.8% visual THM at 27-30m.

Owing to the reconnaissance nature of this aircore drilling at Zulene and Viaria, holes were not regularly spaced, but variably spaced at between 700m to 2,200m apart. The basis for the aircore hole location selection was a coincidence with high THM grade auger drillhole location. Aircore samples were collected at 3m intervals downhole, with each sample interval panned to estimate a visual THM grade. It should be noted that visual estimation of THM in pan concentrates becomes increasingly difficult >5%, with the error margins between laboratory and estimates obviously increasing with higher grades. Significant effort is made to get estimated THM as accurate as possible.

MRG progressed to preparing aircore drill samples to compile as a batch to transport to Maputo and export permit application.

Mineral Assemblage results

In July, MRG reported results for mineral assemblage characterisation by Qemscan analysis of 16 selected composite samples from the Corridor South (6621L) and Corridor Central (6620L) tenements. The composite samples were prepared from heavy mineral concentrates derived from auger drilling at selected targets contained within the Corridor Heavy Minerals Sand Projects. The data received provides reconnaissance phase information on the VHM assemblage contained within the THM concentrate and will be used to prioritise targets for ongoing work programs.

These new results demonstrated the robust and high quality nature of the VHM assemblage contained within the Corridor tenements, with the best VHM result of 73.37% (sample CSNH03; Table 1) being returned from the east side of the Nhacutse target.

This highly significant VHM result at Nhacutse comprises 68.29% ilmenite+leucoxene, 2.91% zircon and 2.17% rutile and is significantly higher than all previous assemblage data reported for the Company's Corridor Projects to date.

The composite samples were prepared from a micro-split fraction of each primary heavy mineral concentrate from each individual sample interval in selected auger holes, with each composite sample relating to a single auger hole. Samples were submitted to CSIRO Minerals Research Centre, Perth, for Qemscan (Quantitative Evaluation of Minerals by Scanning Electron Microscopy) particle analysis. Each sample was previously screened at -45µm to remove any slime material and +1mm to remove oversize sand. The composite sample was systematically analysed for mineral identification of a statistically meaningful particle population providing bulk modal mineralogy, particle maps, particle liberation and particle size.

Qemscan is an integrated system comprising a scanning electron microscope and energy dispersing spectrometer plus proprietary software for data collection. Qemscan analysis is now routinely used for determination of bulk mineral assemblage for heavy mineral sand samples.

Auger drillholes used for the creation of composite samples were selected on the basis of a range of average THM grade from 3-5% and >5%, as well as geographic distribution across the Bungane, Nhacutse, Poiombo, Koko Massava East and Rio Chegua targets.

MRG reported combined ilmenite+leucoxene ranging from 33.55%–68.29%, with an average of 41.44%. The rutile content was in the range of 0.66%–2.17%, with an average 0.86% and zircon content ranges 1.12–2.91%, with an average 1.57%. The titanomagnetite content overall ranged 0.08%–23.32%, with an average of 17.21% and based on recent metallurgical test work (refer ASX Announcement 13 July 2020) for the Koko Massava mineral resource, this titanomagnetite has been shown to be a saleable product.

Overall, the new mineral assemblage results demonstrated a better value assemblage occurring to the eastern side of the tenements, further from the Limpopo River valley and significantly better than

that reported for the Koko Massava Mineral Resource. This important observation will be used as another prioritisation parameter in exploration targeting and to drive the selection of additional mineral assemblage samples. A further hypothesis, yet to be tested, is that assemblage testing on identified strandline drill hole assays may reflect better grade mineralogy.

Table 3A: Summary results for bulk mineral assemblage of composite samples created from heavy mineral concentrates derived from reconnaissance auger drillholes on the Corridor projects (6620L & 6621L).

BULK MINERALOGY ANALYSIS – SIMPLIFIED MINERAL LIST								
Sample	CCKE01	CCKE02	CSBN01	CSBN02	CSNH01	CSNH02	CSNH03	CSNH04
Related auger hole	20CCHA192	20CCHA195	19CSHA044	19CSHA046	19CSHA048	19CSHA064	19CSHA067	20CSHA286
MINERAL OR PHASE	Mass %	Mass %	Mass %	Mass %	Mass %	Mass %	Mass %	Mass %
Rutile	0.72	0.84	0.89	0.66	0.84	0.87	2.17	0.92
Ilmenite/Leucoxene	33.85	50.45	40.59	33.55	41.30	38.95	68.29	35.67
Low ^{Ti} Ilmenite/Titanomagnetite Intermediate	9.82	5.27	8.28	8.83	10.21	9.42	0.14	10.03
Titanomagnetite	18.06	7.36	14.71	20.93	20.65	19.68	0.08	22.49
Chromite	4.83	5.66	5.03	4.43	4.44	4.49	8.07	4.33
Zircon	1.12	1.93	1.51	1.4	1.44	1.26	2.91	1.56
Others	31.60	28.49	28.99	30.20	21.12	25.33	18.34	25.00

Note: ilmenite = altered ilmenite+ilmenite+lowTi ilmenite; altered ilmenite = $55 \leq \text{Mass \%}(\text{TiO}_2) < 70$; ilmenite = $43 \leq \text{Mass \%}(\text{TiO}_2) < 55$; lowTi ilmenite = $30 \leq \text{Mass \%}(\text{TiO}_2) < 43$; owTi Ilmenite/titamagnetite ntermediate = $20 \leq \text{Mass \%}(\text{TiO}_2) < 30$; leucoxene = $70 \leq \text{Mass \%}(\text{TiO}_2); < 90$; rutile = $\text{Mass \%}(\text{TiO}_2) \geq 90$.

Table 3B : continued from Table 3A.

BULK MINERALOGY ANALYSIS – SIMPLIFIED MINERAL LIST								
Sample	CSPM02	CSPM03	CSPM04	CSPM05	CSPM06	CSPM07	CSRC01	CSRC02
Related auger hole	20CSHA228	20CSHA230	20CSHA241	20CSHA245	20CSHA251	20CSHA254	19CCHA040	20CSHA215
MINERAL OR PHASE	Mass %	Mass %	Mass %	Mass %	Mass %	Mass %	Mass %	Mass %
Rutile	0.73	0.74	0.68	0.72	0.75	0.8	0.87	0.7
Ilmenite/Leucoxene	38.55	35.96	37.52	41.29	46.50	42.85	43.61	34.15
Low ^{Ti} Ilmenite/Titanomagnetite Intermediate	9.32	9.83	8.13	9.26	9.05	8.64	8.13	9.34
Titanomagnetite	19.21	23.32	20.57	18.93	18.42	17.39	14.68	18.86
Chromite	3.75	3.83	4.24	4.15	5.34	4.49	5.05	3.79
Zircon	1.36	1.18	1.54	1.37	1.78	1.62	1.70	1.56
Others	27.08	25.14	27.32	24.28	18.16	24.21	25.96	31.60

Note: ilmenite = altered ilmenite+ilmenite+lowTi ilmenite; altered ilmenite = $55 \leq \text{Mass \%}(\text{TiO}_2) < 70$; ilmenite = $43 \leq \text{Mass \%}(\text{TiO}_2) < 55$; lowTi ilmenite = $30 \leq \text{Mass \%}(\text{TiO}_2) < 43$; lowTi Ilmenite/titamagnetite ntermediate = $20 \leq \text{Mass \%}(\text{TiO}_2) < 30$; leucoxene = $70 \leq \text{Mass \%}(\text{TiO}_2); < 90$; rutile = $\text{Mass \%}(\text{TiO}_2) \geq 90$.

In August, MRG announced further important results for mineral assemblage characterisation by Qemscan analysis of 12 selected composite samples from the Corridor South (6621L) tenement, which extended the coverage of mineral assemblage data to the south covering the Zulene, Viaria, and Saia targets, plus additional data for Nhacutse.

A duplicate sample (CSNH03C) of the important primary sample from the previously reported Nhacutse target, CSNH03, was processed and returned a very similar VHM result of 68.82% relative to the previous primary sample with VHM of 73.37%. This confirmed there was no field or laboratory error, opening up significant exploration opportunity in the Corridor tenements.

The new results continued to demonstrate the robust and quality nature of the VHM assemblage within the Corridor South project, with the best VHM result of 52.29% (sample CSZU01) from the northwest end of the Zulene target. This best VHM result at Zulene comprises 49.16% ilmenite+leucoxene, 2.18% zircon and 0.94% rutile and supports the previous excellent VHM assemblage data of 73.37% for the Nhacutse target to the northeast of Zulene.

The composite samples used in mineral assemblage characterisation were prepared from heavy mineral concentrates derived from auger drilling and the data provide reconnaissance phase information on the VHM assemblage within the total heavy mineral (THM) concentrate. This data will be used to inform ranking and prioritisation of ongoing work programs. In general, the new results continued to demonstrate a better value mineral assemblage occurs to the east side and also to the south end of the Corridor South tenement further from the Limpopo River valley. MRG is using this information to prioritise targets and for selection of additional mineral assemblage samples for the third batch.

Samples were selected from the deep aircore drillholes completed at Poiombo target in March 2020 to determine relative mineral assemblage value of the very high grade THM intersections there.

Koko Massava metallurgical testwork

MRG announced the completion of metallurgical test work undertaken on a 100kg bulk sample of mineralised material from the Koko Massava Mineral Resource. A preliminary update on the metallurgical test work in July demonstrated that multiple products can be produced from Koko Massava material (ASX Announcement 13 July 2020).

This latest phase of initial metallurgical test work was completed to a Scoping Study level and is designed to complement the globally significant Koko Massava maiden Mineral Resource Estimate (MRE) of 1.423 billion tonnes at 5.2% THM (ASX Announcement 22 April 2020). The test work was undertaken by industry leading, independent consultant IHC Robbins in Brisbane.

Metallurgical test work aimed to characterise the process performance of the HMS, including:

- conceptual process flow sheet development;
- the production of products; and
- the determination of mineral recoveries.

A bulk sample of approximately 100kg of archived aircore samples was sent to IHC Robbins in Brisbane. The sample is representative of the high-grade mineralised zones of high VHM from within the Koko Massava Mineral Resource.

Processing of the material included:

- Feed Preparation Process (FPP) to remove the oversize and slime material;
- Wet Concentration Process (WCP) to produce a heavy mineral concentrate (HMC); and
- Concentrate Upgrade Process (CUP) to produce various mineral products.

The FPP demonstrated the material readily separated into slime (-45µm), oversize (+2mm) and sand (+45µm, -2mm) fractions, with tests of the slime material derived from the FPP confirming the slimes settled easily using a conventional flocculent with a high proportion of underflow solids. A standard coagulant was used to improve clarity of the overflow.

The WCP was undertaken over several stages of wet shaking tables to produce a HMC. This HMC outflow comprised 83.0% heavy mineral with 22.6% TiO₂ and 0.77% ZrO₂ (Table 4).

Overall recovery of rutile, leucoxene, altered ilmenite and ilmenite is calculated at 90.8%, 86.5%, 83.6% and 84.5%, respectively (Table 5).

Table 4: Results of XRF analyses of concentrate (Conc) material produced in the outflow of the WCP.

		Assay																		
WC P	Wt %	HM	TiO 2	Fe2O3 (Total)	FeO	SiO2	Al2O 3	Cr2O 3	MgO	MnO	ZrO2	P2O5	U XRF	Th XRF	V2O5	Nb2O 5	SO 3	CaO	K2O	CeO2
		%	%	%	%	%	%	%	%	%	%	%	pp m	ppm	%	%	%	%	%	%
Con c	5. 0	83. 0	22.6	52.1	16.2	2.7	2.6	1.7	0.5	0.6	0.77	0.06	12	148	0.4	0.0	0.0	0.1	0.0	0.0

Table 5: Results of calculated recovery of various mineral species based on Qemscan analyses of concentrate (Conc) material produced in the outflow of the WCP.

WCP	Wt %	Distribution											
		HM	Rutile	Leucoxene	Altered Ilmenite	Ilmenite	Low Ti Ilmenite	Ti Magnetite	Zircon	Kyanite/Sillimanite	Chromite	FeOxide	Others
		%	%	%	%	%	%	%	%	%	%	%	%
Conc	5.0	77.9	90.8	86.5	83.6	84.5	76.9	73.3	87.6	80.8	85.3	81.0	69.1

A representative sample of the ilmenite product was roasted at ultra-low temperature (ULTR; <650°C) under reduced conditions and then processed through a series of magnetic separators to produce an upgraded ilmenite product. This standard low temperature roast test successfully produced upgraded ilmenite which is calculated to contain 47.1% TiO₂, 0.9% SiO₂, 0.1% Cr₂O₃ and <20ppm U+Th (Table 6). Pre roast and post roast upgraded contents are tabled (Tables 7 and 8)

Table 6: Results of XRF analyses for the roasted (ULTR) ilmenite, showing the final ilmenite product (Ilmenite 1+2) comprising 47.1% TiO₂.

ULTR	Wt %	Assay																	
		TiO ₂	Fe ₂ O ₃ (calc)	FeO	SiO ₂	Al ₂ O ₃	Cr ₂ O ₃	MgO	MnO	ZrO ₂	P ₂ O ₅	U XRF	Th XRF	V ₂ O ₅	Nb ₂ O ₅	SO ₃	CaO	K ₂ O	Ce O ₂
		%	%	%	%	%	%	%	%	%	%	ppm	ppm	%	%	%	%	%	%
Ilmenite (1+2)	89.2	47.1	11.4	37.6	0.9	0.5	0.10	0.5	1.2	0.1	0.0	13	0	0.2	0.1	0.0	0.0	0.0	0.0

Table 7: Pre-roasted Ilmenite product.

Ilmenite		
TiO ₂	%	43.5
Fe ₂ O ₃ (Total)	%	54.3
Fe ₂ O ₃ (Calc)	%	20.9
FeO	%	30.9
SiO ₂	%	1.1
Al ₂ O ₃	%	0.9
Cr ₂ O ₃	%	1.4
MgO	%	0.6
MnO	%	1.1
ZrO ₂	%	0.1
P ₂ O ₅	%	0.01
U	ppm	<10
Th	ppm	<10
V ₂ O ₅	%	0.2
Nb ₂ O ₅	%	0.06
SO ₃	%	0.00
CaO	%	0.02
K ₂ O	%	0.02
CeO ₂	%	0.00

Table 8: Post-Roasted ilmenite product.

Roasted Ilmenite		
TiO ₂	%	47.1
Fe ₂ O ₃ (Total)	%	0.0
Fe ₂ O ₃ (Calc)	%	11.4
FeO	%	37.6
SiO ₂	%	0.9
Al ₂ O ₃	%	0.5
Cr ₂ O ₃	%	0.1
MgO	%	0.5
MnO	%	1.2
ZrO ₂	%	0.1
P ₂ O ₅	%	0.01
U	ppm	13
Th	ppm	<10
V ₂ O ₅	%	0.2
Nb ₂ O ₅	%	0.06
SO ₃	%	0.00
CaO	%	0.02
K ₂ O	%	0.02
CeO ₂	%	0.00

New exploration Licences

In August, MRG reported it had progressed tenement applications for Marao 6842L and Marruca 6846L to the Minister of the Ministry of Mineral Resources (**MIREME**) after receiving approval from the National Mining Institute (**INAMI**). Additionally, after a request from INAMI, MRG resubmitted a tenement application for Linhuane 7423 and await advice that it has been approved by INAMI. (Figure 5)

MRG announced preliminary granting of these licences by INAMI in October. Following receipt of this information, MRG is now progressing the necessary paperwork, rent and license payments within the standalone company entities required by the Mozambique tax department. Formal processes are anticipated to commence this week to be finalised as soon as practical to be completed within the 60-day mandatory period.

MRG has been progressing these applications since 2019. It will provide a technical update on these licences during Q4 CY20.

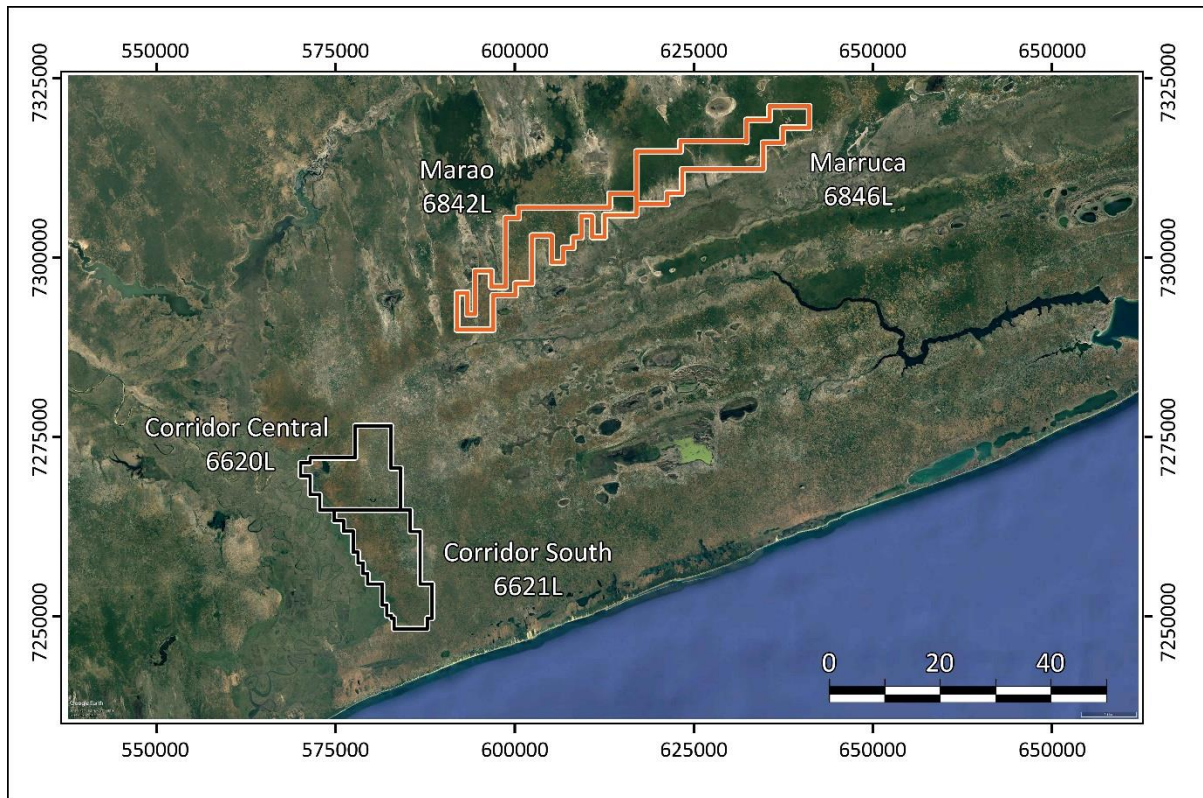


Figure 5. Location Plan to Show Marao and Marruca in Relation to MRG's Corridor

Mozambique infrastructure

In August, MRG provided an update on its discussions with Moçambique STT Sociedade Anónima (**STT**), the private enterprise behind the proposed multibillion-dollar Chongoene Development Corridor Project (**CDC**) in Mozambique.

The CDC development comprises a 150Mtpa multipurpose deep-water seaport at Chongoene, approximately 40km south of MRQ's Koko Massava Prospect and just 10km from the southern boundary of the Company's Corridor South Tenement. The Chongoene port will link by a railway to the existing Maputo-Zimbabwe line and the proposed track line will run through or adjacent to the Company's Corridor Central and Corridor South projects. (Figure 6)

The proximity of the Chongoene deep-water seaport project and proposed Mineral Processing Zone as well as planned extension of a natural gas pipeline for energy production for the Park and Port, will provide a substantial economic boost to MRG's potential mining operations, as it will facilitate a trucking option as well as rail for export of MRG heavy mineral sand concentrate. (Figure 7)

Phase 1 of the CDC Development is expected to commence in 2023 at an investment cost of approximately US\$3.78 billion (of which US\$2.83 billion will be invested directly into Mozambique).

Phase 1 will comprise the construction of:

- A 2-berth jetty at the Chongoene port with capacity for 10 Mtpa;
- Railway line (221km) from Chongoene to Macaratane; and
- Improvements to the existing 310km CFM Line from Macaratane the Chicualacuala, which located on Mozambique's border with Zimbabwe. This provides a link into the 886km National Railways of Zimbabwe line, which in turn links directly into the rail networks of Botswana, South Africa and Zambia. This assures a rail link from Chongoene to six countries including the Democratic Republic of Congo as well as Angola, in the Southern Africa Development Community (SADC).

CHONGOENE PORT AND RAIL LINK

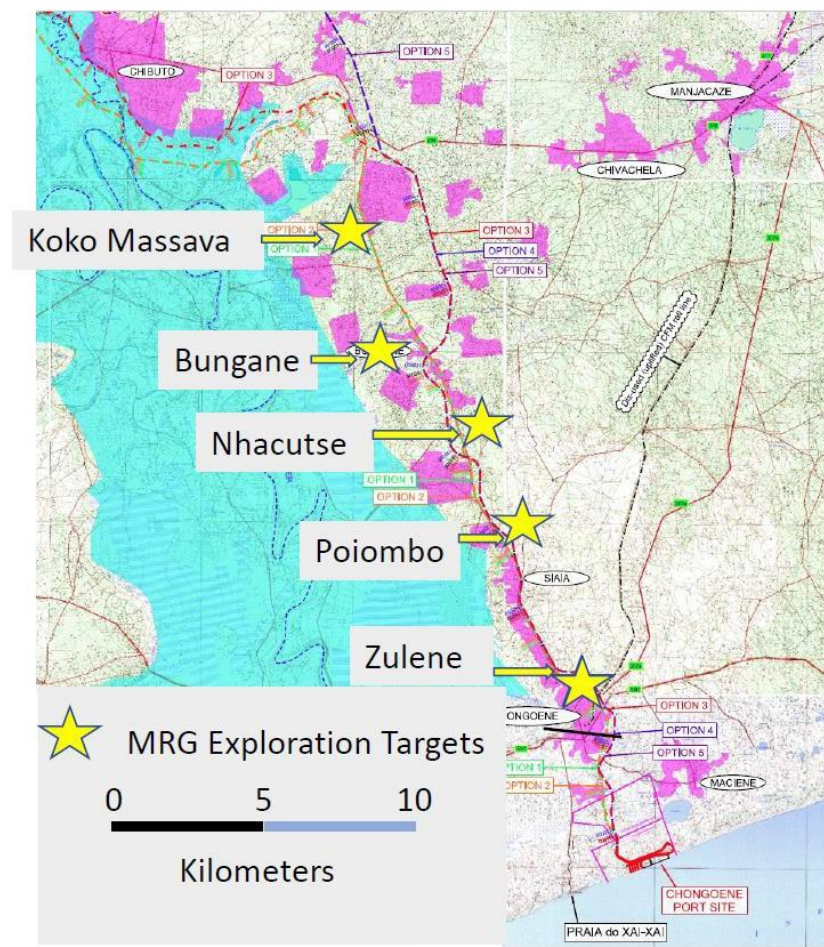


Figure 6. Approximate location of proposed railway line (red dotted line) in relation to MRG Metals 6620L Corridor Central and 6621L Corridor South Tenements. Note: Final route subject to change pending outcome of MRG exploration programs

CONCEPT PLAN - CHONGOENE DEEP-WATER SEAPORT

Phase 1 (2023 – 2025)

Phase 2 (2026 – 2032)

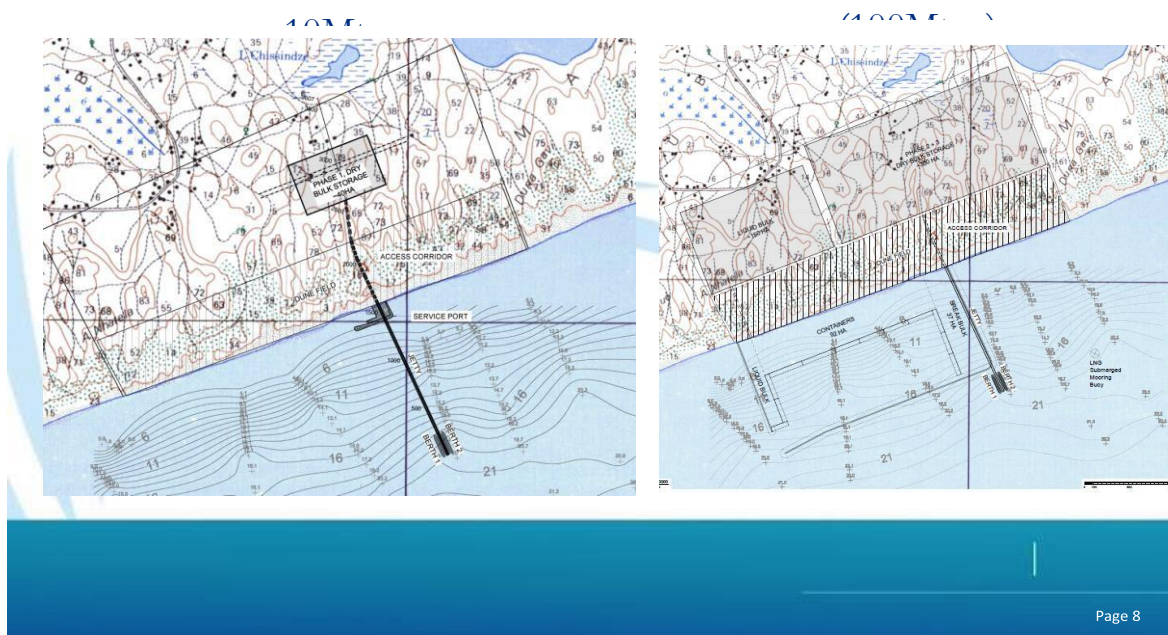


Figure 7. STT Plan of CDC Development of Chongoene Port and Mineral Processing Zone

CORPORATE

Placement Completed

In September, MRG announced it had successfully completed a \$660,000 Placement through the issue of 110 million fully paid ordinary shares at \$0.006, together with 110 million attaching listed options, exercisable at \$0.01 (expiring 20 December 2020) (**MRQOB**) to sophisticated and professional investors.

The Placement allowed MRG to expand its ongoing exploration activities including the aircore drilling programs at its Corridor Projects in Mozambique.

If warranted, the Placement provides capacity to commence infill/extension drilling with the intention of establishing a new high grade/high value JORC Mineral Resource at the Corridor South Project.

Use of Placement Funds include:

- Field activities at the Company's Mozambique Heavy Mineral Sands Portfolio;
- Further project Development; and
- General working capital.

The Placement was undertaken using the Company's existing 15% placement capacity under ASX Listing Rule 7.1 (110 million MRQOB options) and via its additional 10% placement capacity as per ASX Listing Rule 7.1A (110 million shares).

Melbourne based Pinnacle Equities Pty Ltd and Peak Asset Management were Joint Managers to the Placement.

The Company will also seek shareholder approval to raise \$40,000 under the same terms and conditions via the placement of 6.67 million ordinary shares at an issue price of \$0.006, together with 6.67 million attaching MRQOB options, to Directors of the Company.

Management Changes

MRG announced the appointment of Kobus Badenhorst of the consulting company GeoActiv to the role of Country Manager-Exploration, Mozambique, effective 12 October 2020.

Kobus is a South African-based senior geologist and an established expert in Heavy Mineral Sands (HMS) exploration. He was involved with the original Corridor Sands exploration programs carried out by Southern Mining in the early 2000's and spent three years managing all aspects of the exploration work at the project. He has also in recent years been involved in HMS exploration in the district around MRG's Corridor Central and Corridor South Projects, thus he brings substantial knowledge gained from these projects to MRG.

Through his consulting company GeoActiv, Kobus manages HMS and acts as Qualified Person on projects in Sri Lanka (Titanium Sands Limited, ASX:TSL) and as part of a team acts as Qualified Person for aspects of the Roodeheuwel Project in the west coast of South Africa (Zirco Resources SA Holding Ltd).

He brings with him access to a wider skill set in Resource Geology, Metallurgy and Mineralogy. MRG is confident that the current long lead times from field sampling to laboratory reporting will be shortened by his localised leadership.

Kobus assumed the role of MRG's Qualified Person for reporting of Market Updates to ASX.

Following the successful establishment of its Mozambiquan operating entity, Sofala Mining and operational capabilities in country by General Manager, Mr. Mark Alvin, that his position within MRG Metals will now move to a part time consultant role. Given the current and future COVID-19 travel constraints and the successful creation of the Mozambique management team and operating personnel, Mr Alvin transitioned to a part time basis from mid-October but continues to work with MRG as it progresses its Mozambiquan projects.

2020 Annual General Meeting

MRG will host its 2020 Annual General Meeting of Shareholders via an audio conference on 17 November 2020 at 1pm (AEDST). A Notice of Meeting was lodged on 15 October 2020 and is available on the Company's website at: <https://mrgmetals.com.au/investor-info>

Competent Persons' Statement

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

-ENDS-

Authorised by the Board of MRG Metals Ltd.

For more Information please contact:

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Appendix 5B

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

Name of entity

MRG METALS LIMITED

ABN

83 148 938 532

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed) (Note – reclassified to 2.1 (d))		
	(b) development		
	(c) production		
	(d) staff costs	(82)	(82)
	(e) administration and corporate costs	(114)	(114)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(196)	(196)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation (if capitalised)	(151)	(151)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	(151)	(151)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	660	660
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	660	660

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	719	719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(196)	(196)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(151)	(151)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	660	660

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,032	1,032

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11	7
5.2	Call deposits	1,021	712
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,032	719

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

104

Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	196
8.2 Capitalised exploration & evaluation (Item 2.1(d))	151
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	347
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,032
8.5 Unused finance facilities available at quarter end (Item 7.5)	0
8.6 Total available funding (Item 8.4 + Item 8.5)	1,032
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.97
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	

Compliance statement

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

Date: 30 October 2020

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

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