ASX ANNOUNCEMENT

17 AUGUST 2020

AIRCORE DRILLING TO COMMENCE AT NHACUTSE, POIOMBO AND BUNGANE HEAVY MINERAL SAND TARGETS

Key Highlights

- **Aircore drilling program to commence at multiple targets in the Corridor South Project, Mozambique.**
- **MRG Metals' strategy involves seeking even higher unit value heavy mineral sand (HMS) deposits across its Corridor Project Portfolio, whilst concurrently progressing the evaluation of Koko Massava.**
- **15 of a total 28 hole aircore program to be drilled at Nhacutse (14) and Bungane (1) targets, focussed on:**

  <u>Nhacutse Target</u>
  - **Eastern sector where high valuable heavy mineral (VHM) assemblage occurs, drill test for corresponding high grade total heavy mineral (THM); Depth extent of a high grade central zone of >5% (THM) grade, having a mineralised footprint measuring 2.5 km x 1.5 km at surface; and**
  - **Extension of the broader target and depth test of high grade auger results.**

  <u>Bungane Target</u>
  - **Depth test a very high grade >7% THM auger result.**

- **A further 13 aircore holes to be drilled at Poiombo Target, including to follow up excellent initial drilling results of interpreted strandline-type mineralisation:**

  <u>Poiombo Target</u>
  - **Extension of interpreted strandline-type mineralistion around the known high grade holes, with the goal to establish potential for 100MT @ >7%THM; and**
  - **Extension of the broader target eastward, depth test high grade auger results and test for high THM grade coincident with high VHM assemblage.**
- **Aircore drilling will be accompanied by related Qemscan analysis to help establish areas where THM grade meets VHM assemblage.**
- **Program will commence immediately on completion of field preparation and rig returning to site (approximately 3 weeks).**

Commenting on the drilling program, Chairman Mr Andrew Van Der Zwan said: *"This is a very exciting time for MRG Metals as we continue in our mulit-faceted exploration program across our Corridor Central and Corridor South HMS portfolio in Mozambique.*

"Having already defined a JORC compliant Mineral Resource Estimate at Koko Massava, our first of 13 high priority targets across the portfolio, we move our attention to other targets which demonstrate higher grade mineralogy as well as high grades at surface. The potential across this portfolio is huge as there are multiple ways in which we can identify resources to proceed to development and production.

Our recently announced mineral assemblage program delivered some very positive results, highlighting the potential to identify even higher value per ton resources for optimisation of a potential mine start-up. For this reason we will continue to undertake focused Qemscan mineral assemblage analysis to support auger and aircore drilling programs going forward.

We will proceed with our multi-pronged strategy to continue our drilling at newer targets at the same time as progressing deposit evaluation at Koko Massava."

Summary

MRG Metals Limited ("the **Company**" of "**MRQ**") (ASX code: MRQ) is pleased to announce the commencement of field preparation for its upcoming aircore drilling campaign at the Company's 100% owned Corridor South Project in Mozambique. The program will comprise 28 aircore holes, 15 across the Nhacutse and Bungane targets and 13 at the Poiombo target. The Nhacutse and Bungane drilling will be the maiden aircore programs for both these targets, whilst the drilling at Poiombo will follow-up an aircore drilling program completed in March, 2020 (refer ASX announcement 18 June 2020).

Arrangements are in place with the Company's drill contractor, with particular emphasis on mitigation of risks associated with the COVID-19 pandemic and the contractor is aligned, to begin drilling when field preparation is complete.

Nhacutse Maiden Aircore Drill Plan

A maiden aircore drill program on the Corridor South Project (6621L) is to commence at Nhacutse as soon as the field preparation is complete and the drill rig arrives back on site, currently anticipated late August.

The aircore program is supported by the excellent THM grades over the central section of the Nhacutse target, where the mineralized footprint of auger holes with >5% THM currently covers approximately 2.5km x 1.5km (refer ASX announcement 3 July 2020). In addition to the high THM grades, recent mineral assemblage data has indicated high valuable heavy mineral (**VHM**) components in the east of the Nhacutse target, providing the Company with further encouragement to follow-up with aircore drilling in these areas (refer ASX announcement 31 July 2020).

Currently, an initial 14 aircore holes (Figure 1) are planned over the Nhacutse target area and will begin in the Priority 1 area of known high grade VHM (hole 19CSHA067, mineral assemblage sample CSNH03), with drilling then progressing in terms of priority.

Reconnaissance aircore holes in the Priority 1 area (Figure 2) will explore the potential for high grade mineralisation in an area with known associated high VHM assemblage (68.29% ilmenite+leucoxene, 2.17% rutile, 2.91% zircon). Deeper drilling to 30 metres in this area will provide samples for determination of VHM assemblage patterns with depth. Aircore holes will also be placed along strike at 1km intervals to the east in order to explore the distribution of the VHM assemblage and THM grades at depth.

Our geological understanding is emerging as to why we have such a high VHM mineral assemblage in the eastern sector of Nhacutse and this understanding will be further developed and tested through the undertaking of this aircore drilling and associated Qemscan mineralogy program.

We know that the main drivers for variation in heavy mineral sand assemblage are the provenance, distance from source of sediment load and the re-working of existing concentrations.

Our working interpretation is that the eastern sector of Nhacutse is further from the Limpopo River valley source for the sediment load, allowing the load of magnetite accumulation to reduce. Magnetite has a Specific Gravity (SG) of 5.2, which is somewhat heavier than the other heavy minerals, which have SGs more in the range of 4.0 to 4.8. The lower the SG, the easier it is to be moved and reaccumulated by water and wind. At Nhacutse, there will likely have initially been high energy beach HMS deposition from the Limpopo valley source, followed later by a second aeolian (wind) winnowing of the original HMS, reconcentrating the HMS with much less magnetite in the eastern sector.

The Nhacutse central zone, where a large, >5% THM footprint has been defined from auger drilling, is the Company's Priority 2 area; with drilling to 30 metres designed to explore the depth that high THM grade can extend from surface, in addition to the surface extent of the high grade zone. Mineral assemblage results from this area indicate >40% ilmenite+leucoxene and 1.44% zircon. A total of 5 aircore drill holes will be distributed across this Priority 2 area.

The Priority 3 and 4 areas are designed to follow-up and test the depth extent of high grade THM identified by auger drilling, in addition to providing samples for assessment of mineral assemblage distribution at depth.

The Priority 5 area aircore drilling at Nhacutse is designed to explore the potential for high grade HMS mineralisation at depth over the broader Nhacutse radiometric target and further test for increasing VHM in the east.

Poiombo Follow-up Aircore Drill Plan

On the basis of the successful initial aircore program at Poiombo in March 2020, which identified strandline style HMS mineralisation in numerous holes, including 36m @ 7.09% THM in hole 20CSAC355, a follow-up aircore drill program comprising 13 holes has been planned (Figure 3).

Three areas of priority have been defined for the drilling (Figure 4). Drilling in Priority areas 1 and 2 comprises 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, sub-parallel with the magnetic anomalism. In the west, drilling is limited by the proximity of the Limpopo River Valley.

Priority 3 area comprises 2 scout holes designed to explore for high grade HMS mineralisation at depth below auger drill holes which returned high THM grades. The fact that good mineral assemblage results were recently received for Priority 3 area at Poiombo, with an ilmenite+leucoxene component in the range 42.85–46.50%, is also an important driver for the aircore drilling in the area. The samples from deeper aircore holes to 30 metres will be used for testing the quality and variability of the VHM assemblage at depth.

Bungane Reconnaissance Aircore Drill Plan

One reconnaissance aircore hole is also planned at the Bungane target, where auger hole 20CSHA312 returned an average grade of 7.82% THM over 12m from surface (refer ASX announcement 3 July 2020).

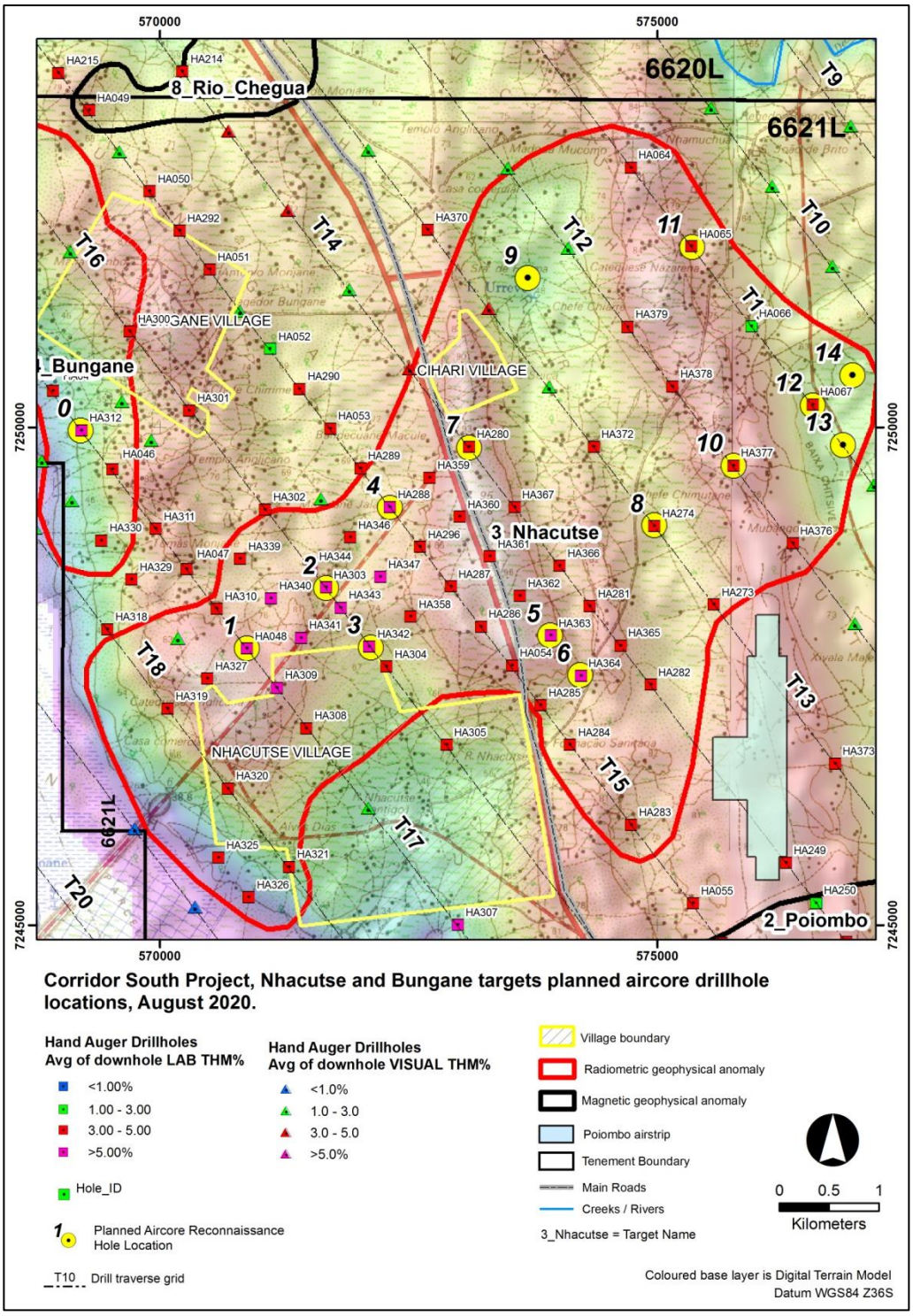

Figure 1: *Location map of planned reconnaissance Aircore drill program, relative to previously drilled hand auger holes, for the Nhacutse and Bungane targets on the Corridor South project (6621L).*

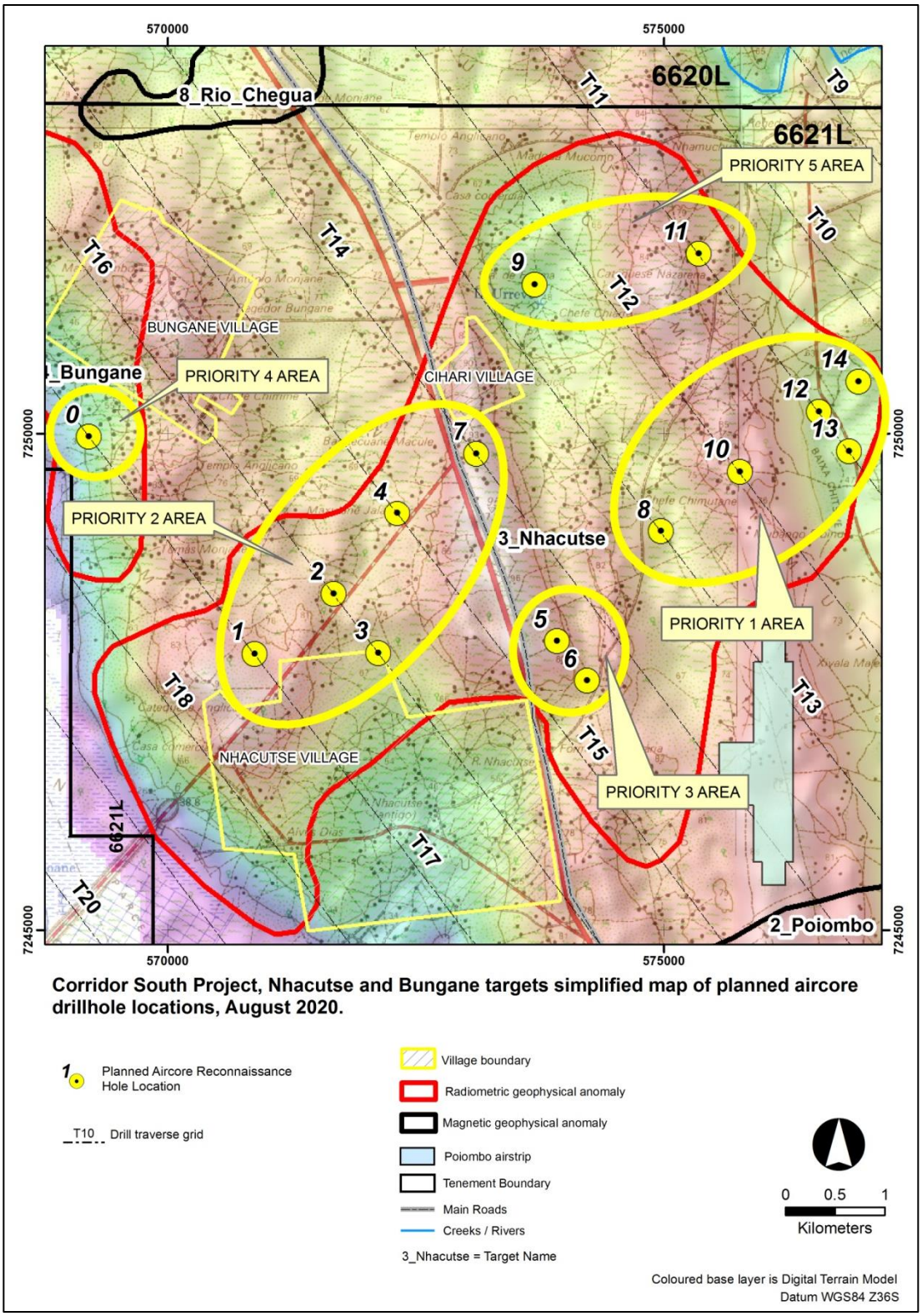

Figure 2: *Simplified location map of the planned reconnaissance Aircore drill program for the Nhacutse and Bungane targets on the Corridor South project (6621L).*

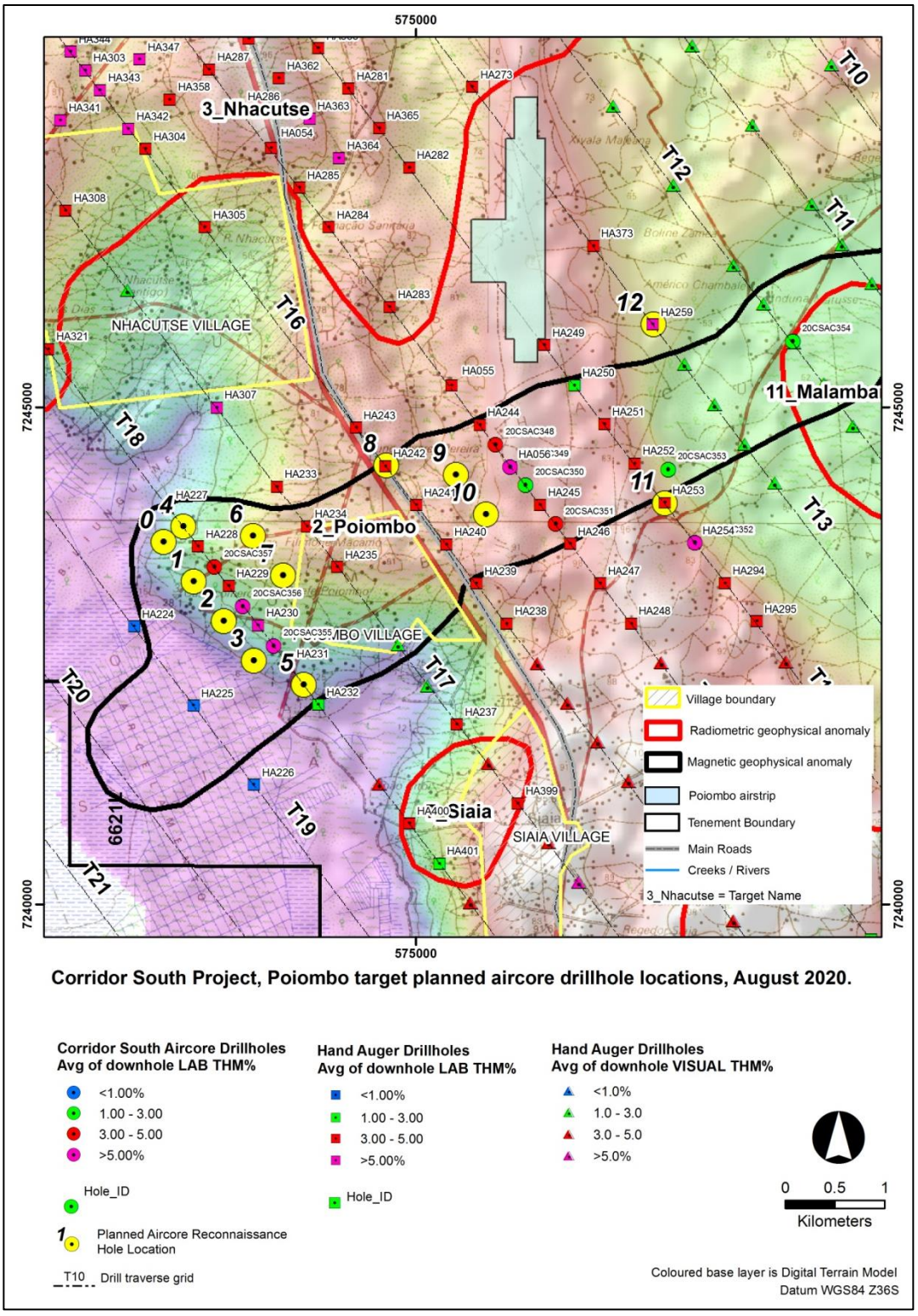

Figure 3: *Location map of the planned reconnaissance Aircore drill program, relative to previously drilled hand auger and aircore holes, for the Poiombo target on the Corridor South project (6621L).*

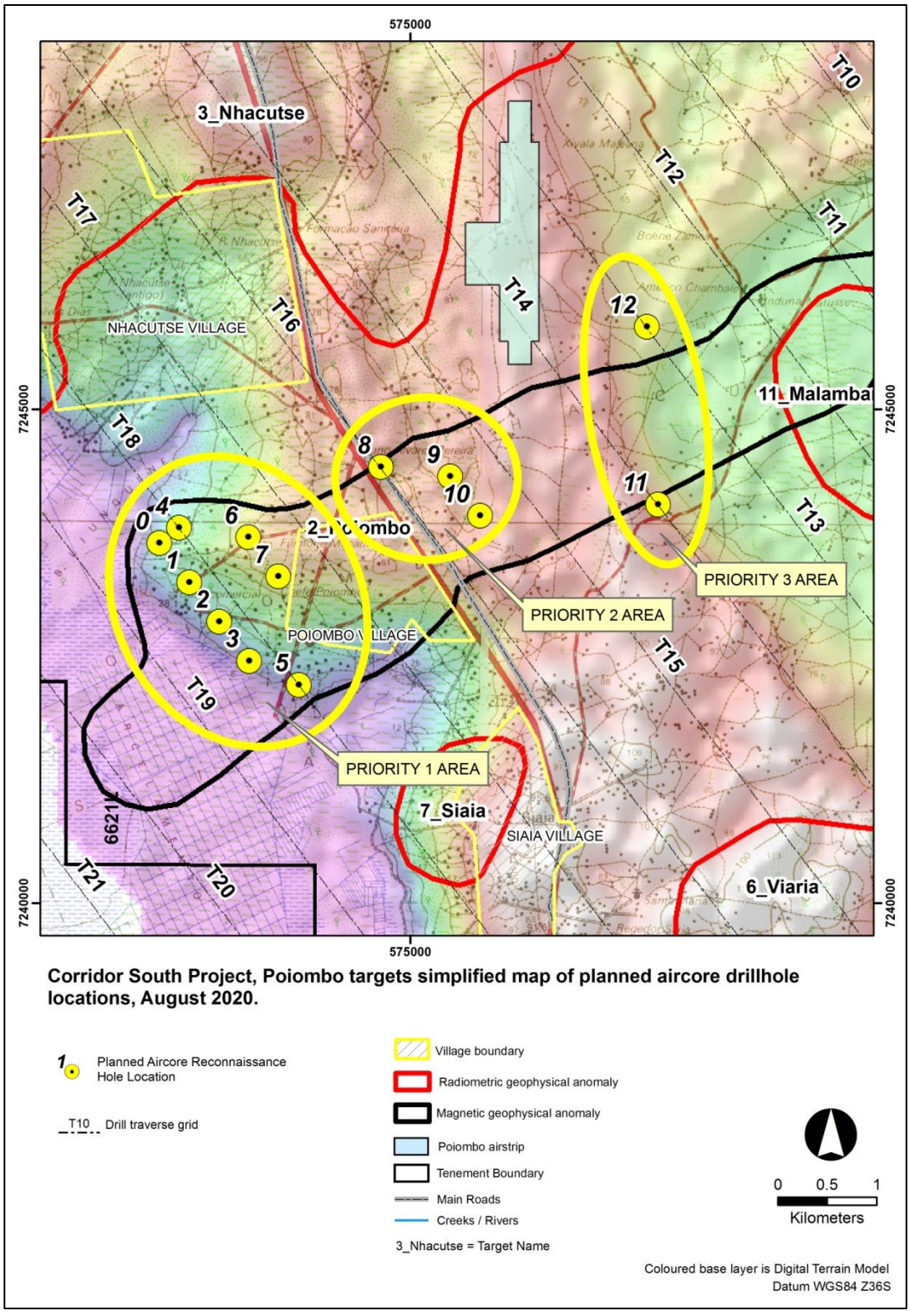

Figure 4: *Simplified location map of the planned reconnaissance Aircore drill program for the Poiombo target on the Corridor South project (6621L).*

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No New Information or Data

This announcement contains references to exploration results, which have been cross-referenced to previous market announcements by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements.

Authorised for release by the Board of MRG Metals Ltd.

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