



## MRG TO ACQUIRE HIGH POTENTIAL HEAVY MINERAL SANDS PROJECTS IN MOZAMBIQUE

- MRG has entered into a binding Heads of Agreement (“HoA”) to acquire three high potential Heavy Mineral Sands (“HMS”) Projects held by Sofala Resources Pty Ltd (“Sofala”).
- Upon completion of a successful 30 day exclusive due diligence period and MRG Shareholder approval, the acquisition will provide MRG with a pipeline of permitted exploration projects in a World class HMS province, Southern Mozambique.
- Previous wide spaced drilling underpins the prospectivity of the Projects and the potential for rapid estimation of a mineral resource.
- Titanium and zircon prices remain firm as demand continues to expand.
- Capital raising of \$600K completed at \$0.01 per MRQ share with an attached 1 for 2 MRQOB option. This raising was oversubscribed.

*MRG Chairman, Andrew Van Der Zwan commented “The Company is pleased to announce that it has entered into a binding HoA to acquire these highly prospective Projects in a world class HMS mineral province. MRG has reviewed more than 70 projects in pursuit of a Company making project and this acquisition has the potential to meet this objective. The Projects have enormous scale potential and the acquisition price is based on significant project enhancing milestones, ensuring all Shareholders will benefit from further successful drilling and project development”*

MRG Metals Limited (ASX: MRQ) is pleased to announce that it has entered into a binding Heads of Agreement to acquire Sofala Resources Pty Ltd and Trophosys Pty Ltd. Subject to due diligence and MRG Shareholder approval, the acquisitions will see MRG holding a 100% interest in the Corridor, Linhuane and Marao/Marucca mineral sands Projects in the extensively endowed Xai Xai and Inhambane provinces of south-east Mozambique (refer Figure 1).

Sofala has secured these highly prospective exploration projects and Sofala directors have an intimate knowledge of the mineral sands potential of Mozambique, providing Sofala and MRG with a significant first mover advantage.

- The **Corridor Project** consists of **Corridor Central** Exploration License (EL) 6620L and **Corridor South** Exploration Licence 6621L and cover 387km<sup>2</sup>. These areas were drilled by Western Mining Corporation and comprise the most advanced project within the portfolio.
- **Linhuane Project** consists of Exploration Licence application 7423L and comprises 113km<sup>2</sup> of a Palaeodune adjacent to the coast that Rio Tinto undertook shallow drilling on.
- **Marao/Marucca Project** consists of Exploration License applications 6842L and 6846L that cover 491km<sup>2</sup> of a Palaeodune system that lies approximately 50km from the present coastline.

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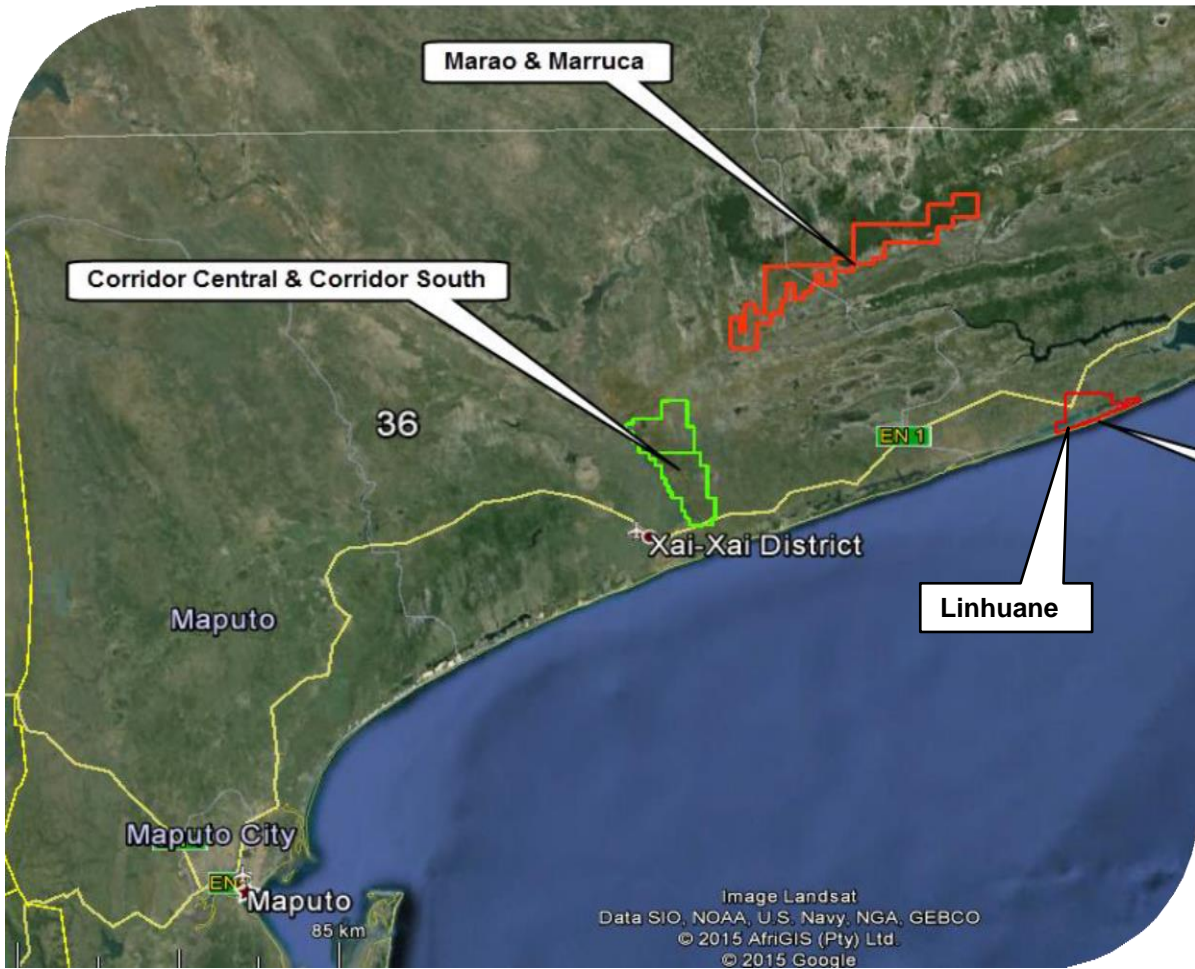


Figure 1: Project locations.

**Corridor Project:**

The Corridor Project consists of Corridor Central and Corridor South licenses and first pass RC drilling yielded impressive 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.

The mineralisation is associated with HMS sourced from the interior of Mozambique via the Limpopo River and suggests significant exploration upside to delineate a substantial resource.

## Corridor Projects Drillhole Location

- Every drill hole contained ore grade heavy mineral sand intersections.

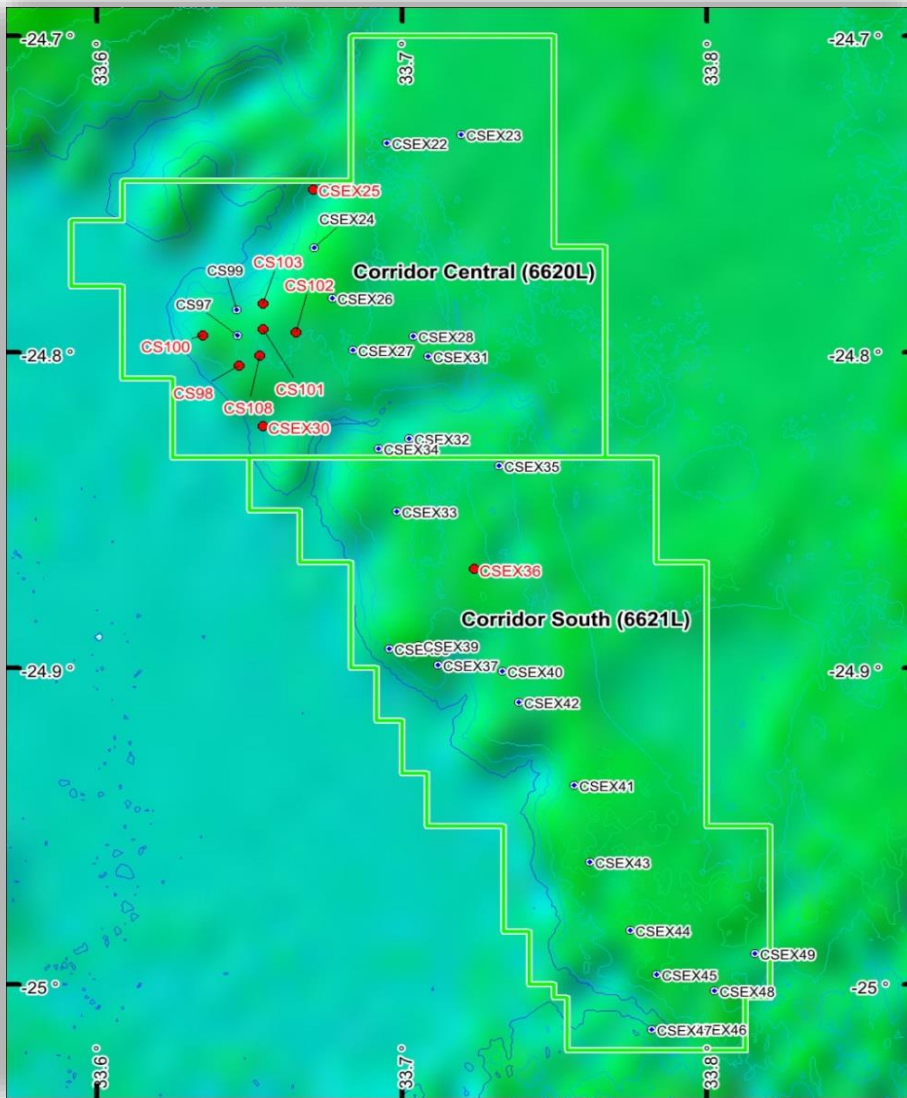
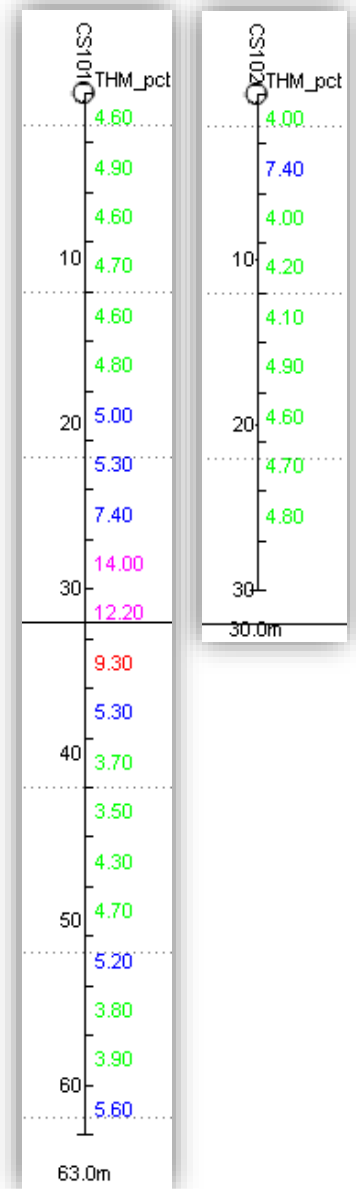


Figure 2: Drillhole location plan over the Corridor South and Central tenements.



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 and Chilubane deposits. The Corridor 1 deposit lies 10km to the north of the licences and the Chilubane deposit immediately to the south (refer Figure 3).

The globally significant 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.

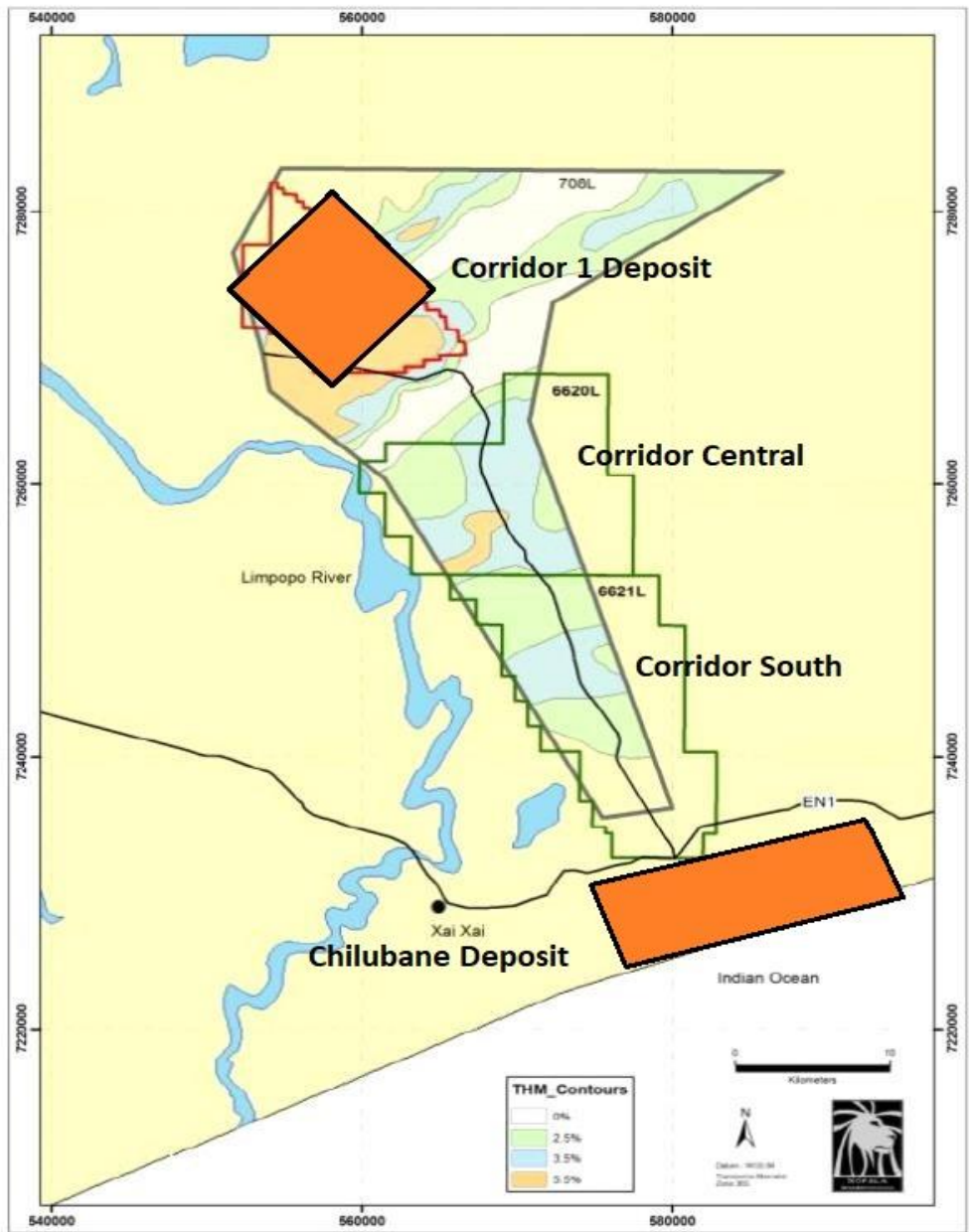


Figure 3: Corridor 1 deposit and Chilubane deposit location map (orange polygons).

**Linhuane Project:**

This Project is under application and is located in Gaza Province covering an area of 113km<sup>2</sup> 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 @ 5% - 25% THM. No drilling information below 10.5m depth (refer Figure 4).

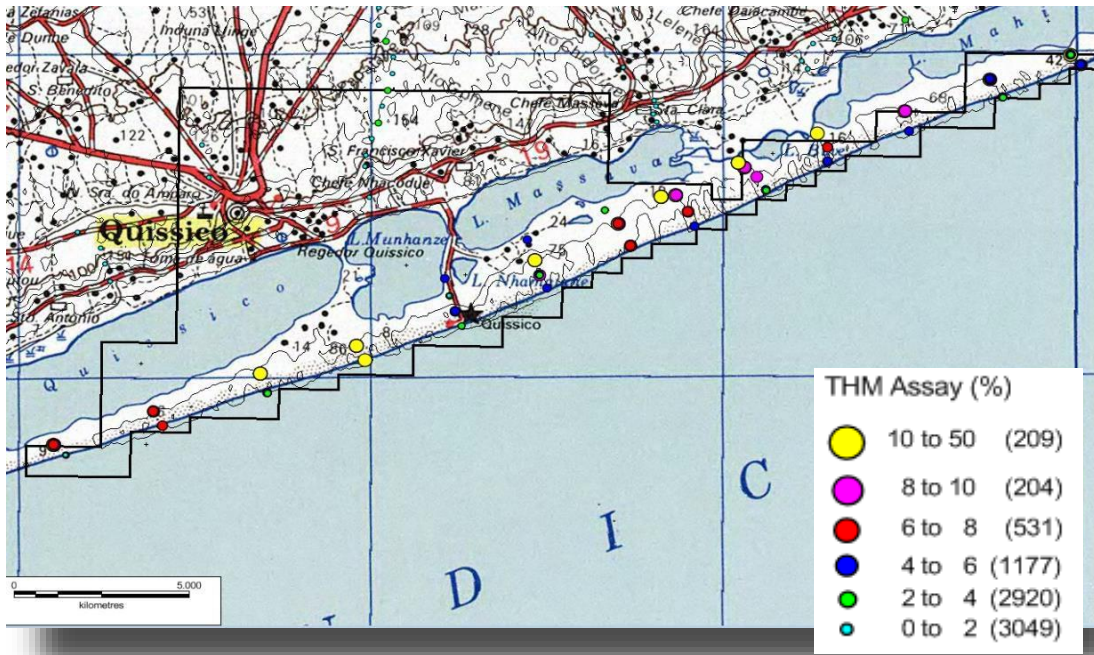


Figure 4: Linhuane project application area.

**Marao/Marruca Project:**

This project covers an ancient Heavy Mineral strandline. The Marao licence was previously drilled by Rio Tinto and the Marruca application along strike is untested. Open file reports show Rio Tinto undertook shallow reconnaissance exploration on a small portion of the Marao licence 6842L. Grades of 1.5%-2.0% THM from surface to 10.5m downhole, ending in 2.0% THM. Significant result includes 9m @ 2.85% THM with low slimes, typically 10% or less. 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.

**Mozambique - World class Titanium province:**

Mozambique is a developing country with an emergent mining and exploration industry. It has an extensive 2,700km-long coastline that has proven to be highly prospective for large titanium and zircon heavy minerals sand deposits. Mozambique has the largest titanium feedstock resources in the world. Modern HMS exploration commenced in the 1980's with discovery of deposits in Nampula (Namalope and Moebase deposits) and Gaza Provinces (Corridor Sands deposit). Early exploration was conducted by Western Mining Corporation & BHP Billiton (Corridor Project), Gencor, Anglo American, Iscor, Iluka Resources and Rio Tinto.

In 2014 the Mozambique government, Anhui Foreign Economic Construction Group (AFECC) and Yunnan Xinli Non-ferrous Metal Company (YXNM) formed the US\$471 million Chibuto Joint Venture (CJV). AFECC is currently in production.

Kenmare Resources operates the Moma Mine on the northeast coast of Mozambique and is in production.

Rio Tinto through a joint venture with Savannah Resources is developing the Mutamba and Chilubane projects which are at the feasibility stage.

Other mineral sands explorers in Mozambique include Mozmin Resources, Regius Resources and Pathfinder Minerals.

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## **Heads of Agreement (“HoA”):**

Under the HoA, MRG will have 30 days to carry out due diligence to satisfy itself to acquire the projects.

Upon satisfaction of due diligence, approval by MRG Shareholders will be sought at a General Meeting. Following Shareholder and regulatory Approval and at Settlement of the transaction, MRG will:

- Reimburse Sofala loans (not to exceed US\$100,000).
- Issue 175,000,000 MRQ fully paid ordinary shares and 175,000,000 MRQOB options to the Vendors.

## **Milestone payments and timeframe for payments:**

1. Within 24 months of Settlement and the achievement of a 350M tonne JORC 2012 compliant resource (minimum Total Heavy Minerals (THM) of 5%), MRG shall issue 240,000,000 MRQ fully paid ordinary shares to Vendors.
2. Following completion of a scoping study showing positive economics combined with a MRG Board decision to commence a PFS at any time after Settlement MRG shall issue 240,000,000 MRQ fully paid ordinary shares to Vendors.
3. If any time after Settlement MRG achieves a Market Capitalisation greater than A\$100M for a period greater than 30 days, then in addition to the milestone 1 and 2 payments above MRG shall issue a further 240,000,000 MRQ fully paid ordinary shares to the Vendors. Should milestone 3 occur prior to Milestones 1 and 2, then all payments under 1, 2 and 3 shall be completed.

## **Placement:**

MRG is pleased to announce that it has successfully raised \$600K, before costs via a share placement. The share placement was undertaken at an issue price of 1c cent per share Shares with an attaching 1:2 listed option (MRQOB) exercisable at 1c, with an expiry date of 20 December, 2020. The placement was oversubscribed. The placement was made via the Company's existing additional placement capacity under ASX Listing Rule 7.1 (30M MRQOB) and 7.1A (60M MRQ), to sophisticated investors and retail private clients of PEAK Asset Management Pty Ltd.

## **Trading Halt:**

This is the announcement that was referred to in the Company's request for a Trading Halt on 9 April 2018 and that Trading Halt can now be lifted.

## **Forward looking statements**

*Some of the statements appearing in this document may be in the nature of forward looking statements.*

*Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.*

*Neither the Company nor any of its officers, or any person named in this document or involved in the preparation of this document, make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and prospective investors are cautioned not to place undue reliance on those statements.*

*The forward looking statements in this document reflect views held only as at the date of this document. The Company does not have an obligation to disseminate after the date of this document any updates or revisions to any such statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless required to do so under the Corporations Act to update or correct this document or pursuant to the Company's continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.*