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Annual Report

MRG Metals Ltd

ABN: 83 148 938 532

For the Year ended 30 June 2020

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Review of Operations

Highlights

The year ended 30 June 2020 saw MRG Metals Ltd (“MRG” or “Company”) explore its highly prospective Heavy Mineral Sands (“HMS”) project in Mozambique. Exploration to date has shown excellent results. The Company’s Swedish joint venture (“JV”) Norrlden project continues to be marketed for sale.

Projects

MOZAMBIQUE HMS Project

During the year, the Company continued extensive exploration on its Mozambique HMS project on the granted **Corridor Central and Corridor South** tenements.

Following on from its Airborne Magnetic Survey conducted in 2019, 13 discrete targets were identified. These targets are **Koko Massava, Poiombo, Nhacutse, Bungane, Zulene, Saia, Rio Chegua, Malahice, Mabanjane, Norte and Trez.**

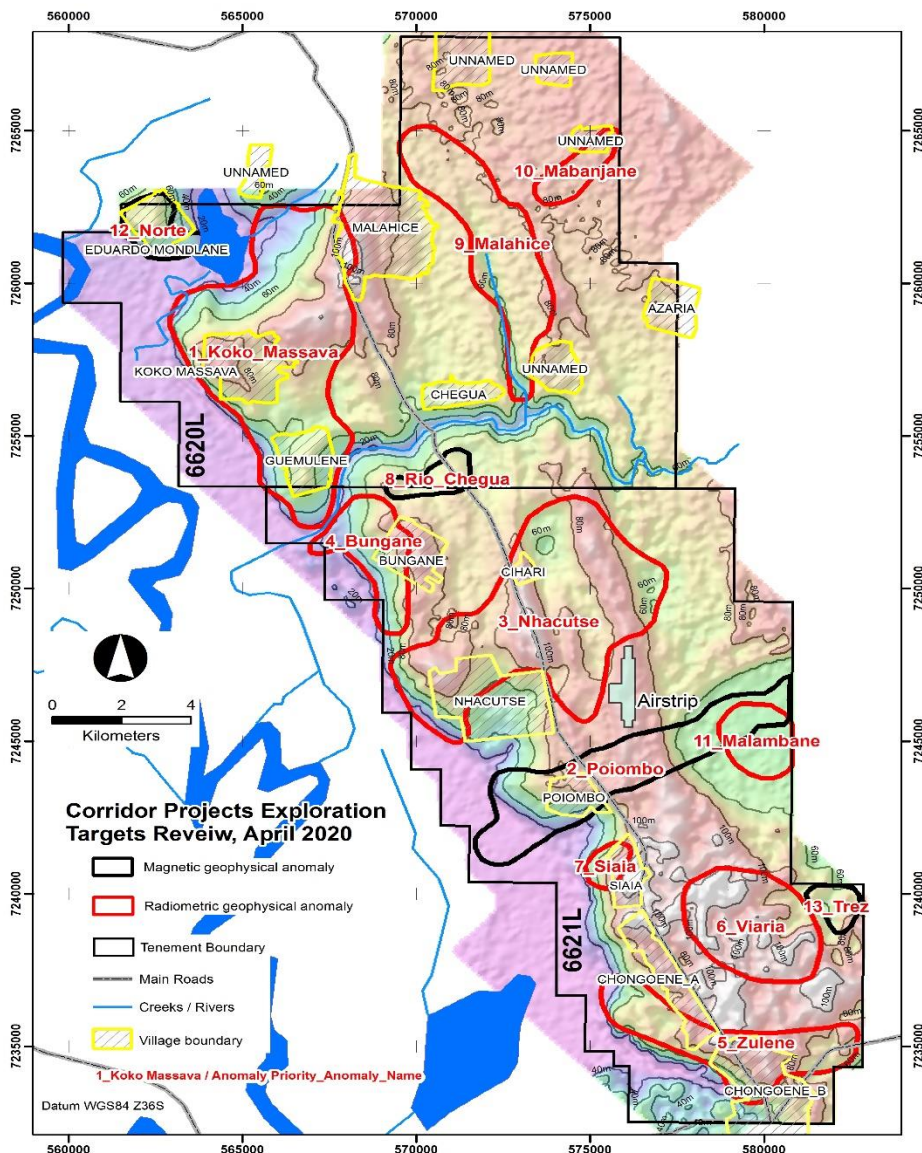


Figure 1: HMS Targets at Corridor Central and Corridor South tenements.

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The Company initially used cost effective wide spaced Auger drilling to test HMS grade close to surface (down to 12 metres). Two Aircore drill programs were conducted during the year at the Koko Massava and Poiombo targets as a follow up to high grade HMS results achieved from Auger drilling.

An extensive Aircore drill program at the Koko Massava target resulted in a maiden JORC Resource of 1,423 Million Tonnes @ 5.2% total heavy mineral (THM) using a cut-off grade of 4% THM

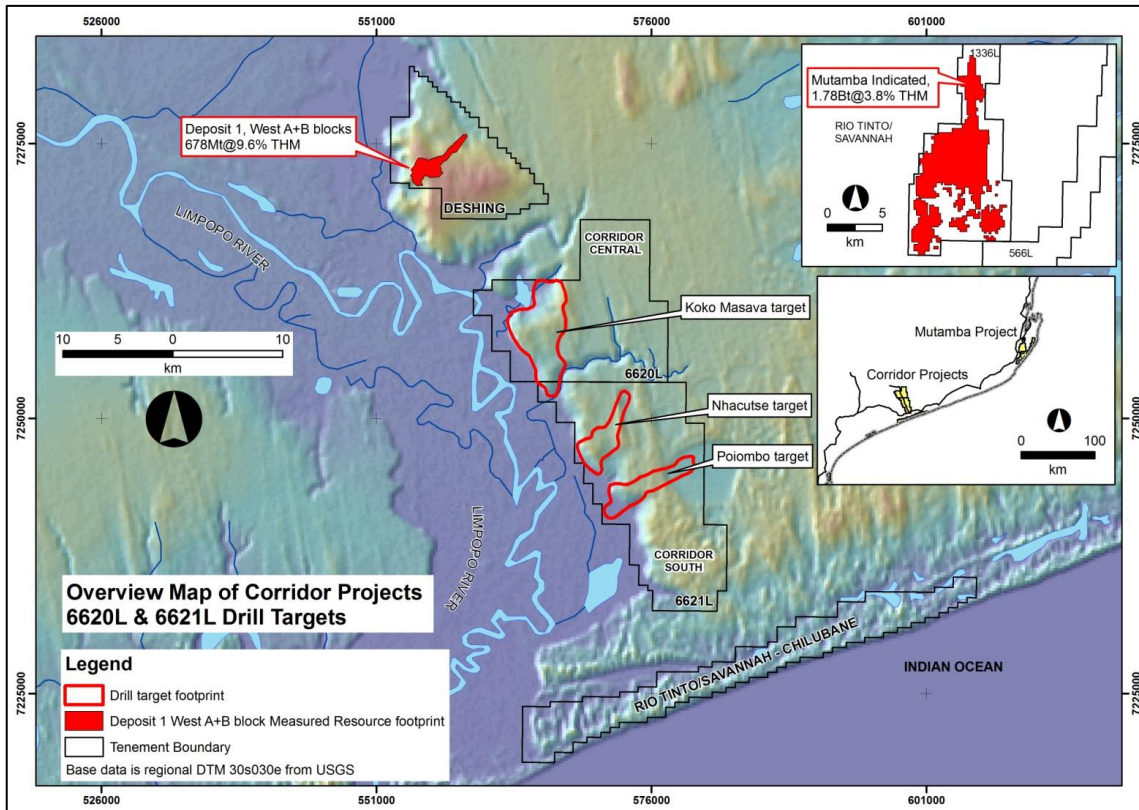


Figure 2: Regional overview map of the Company's Corridor projects, showing relative locations to nearby deposits.

Koko Massava

- Hand Auger drilling at Koko Massava identified a massive target with very good grades to +10m depth over +20km².
- Wide spaced Aircore drilling (mainly 50 metres deep - see Announcements 16 December 2019, 20 January 2020, 3 February 2020 and 18 February 2020) delivered the following achievements:
 - Definition of an approximate 20km² highly mineralised zone (excluding townships) with assay results averaging >4.5% Total Heavy Minerals (THM) from surface to end of hole; and
 - A high grade zone of 5km x 1km averaging >5% THM from surface to end of hole.

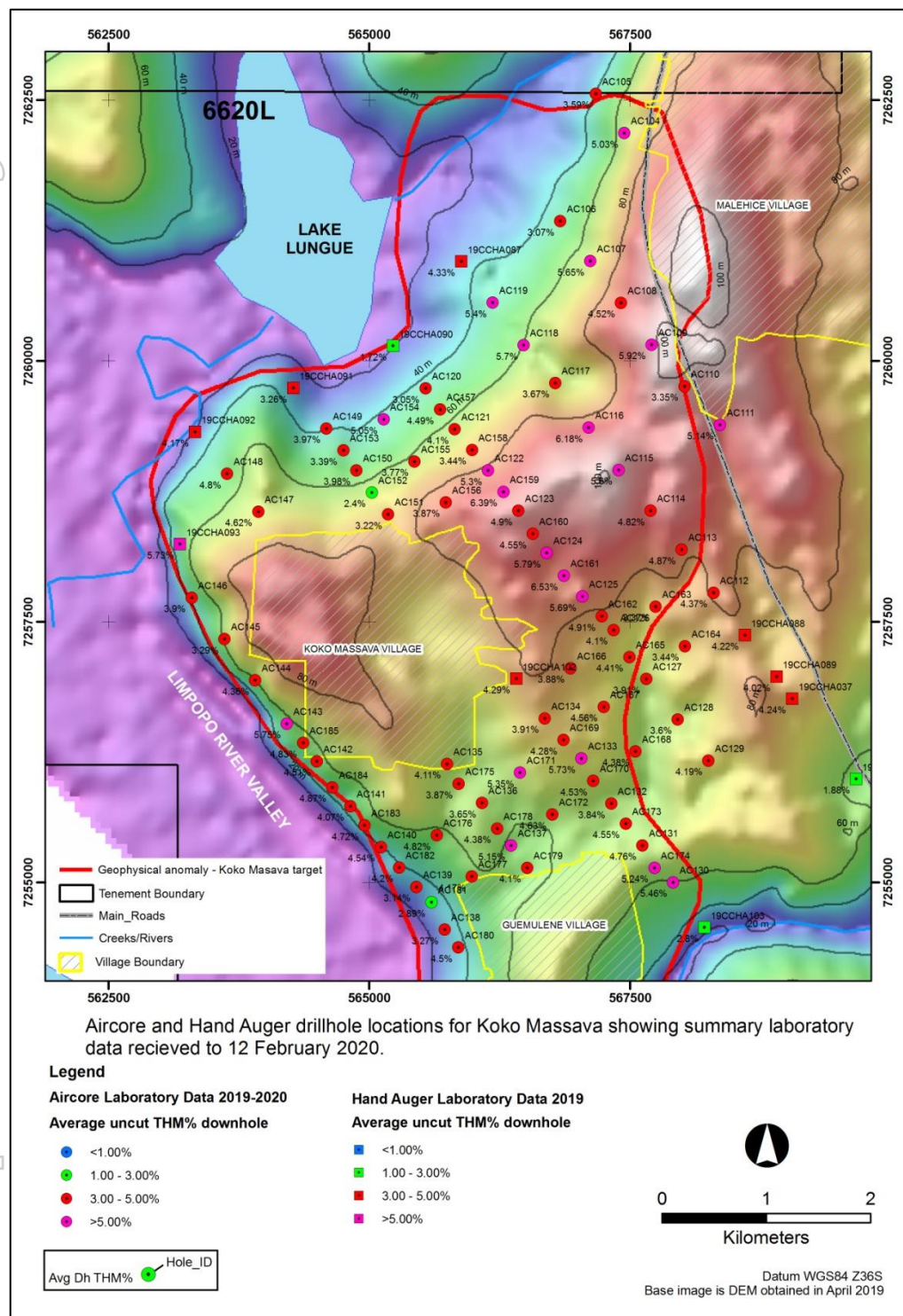


Figure 3: Location map of Koko Massava Aircore drillholes reported previously and new holes included in this update, plus hand auger holes, showing summary laboratory data for THM% grades. Aircore drillhole names are shortened for map presentation, but are all prefixed by '19CC'.

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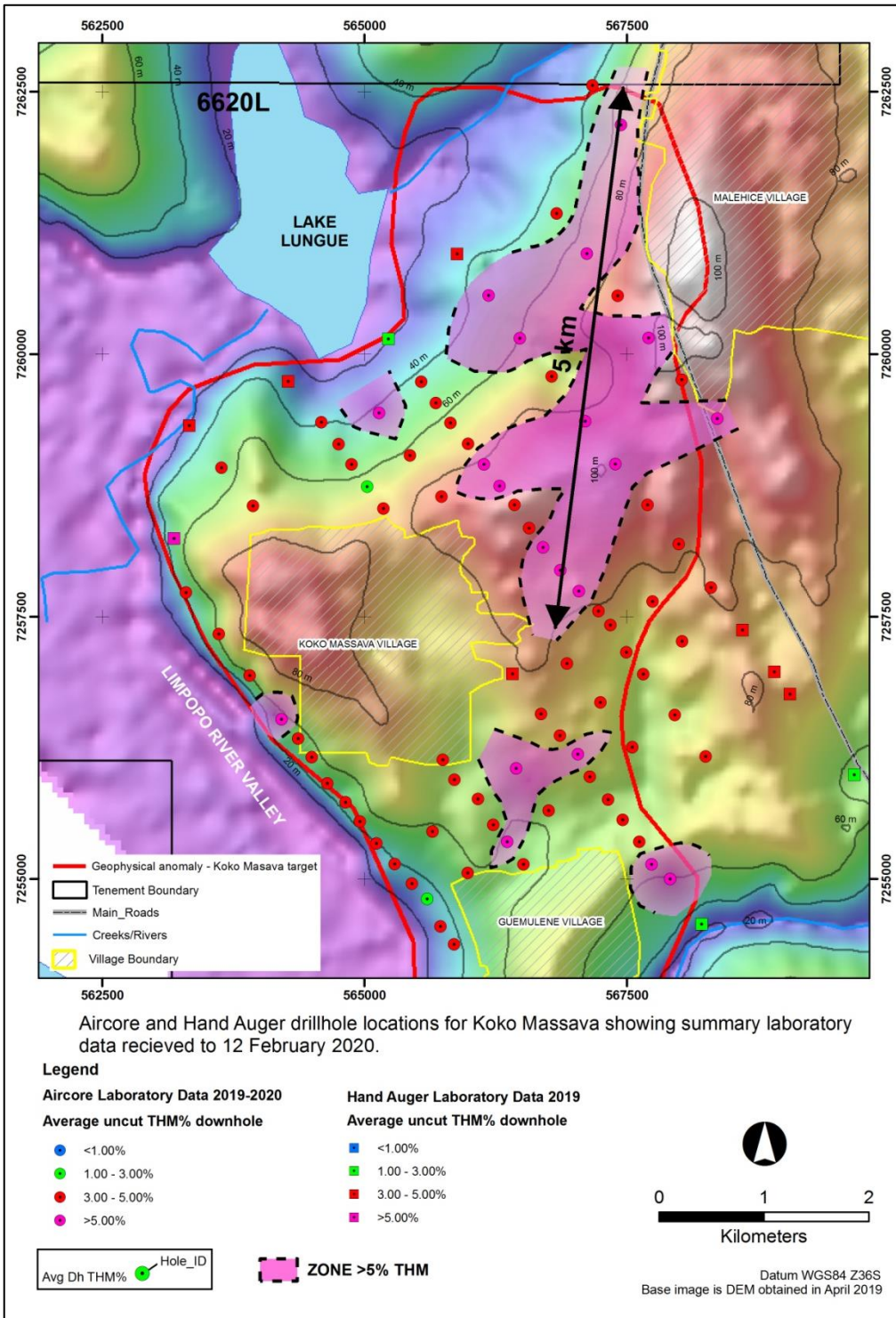


Figure 4: Location map of Koko Massava aircore and hand Auger drillholes showing the surface footprint of high grade (>5% THM downhole average) zones now defined with the complete data set.

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Maiden Mineral Resource Estimate (MRE) for Koko Massava prospect completed and announced on 22 April 2020 and included:

- A total JORC Mineral Resource of 1,423 Million Tonnes @ 5.2% total heavy mineral (THM) using a cut-off grade of 4% THM (refer Table 1).
- An Exploration Target at Koko Massava in the range of 650 - 967 Million Tonnes @ 4.5 – 5.0% THM using cut-off grades 3% and 4% THM (refer Table 2).

Main attributes:

- The entire Mineral Resource lies outside of local townships and villages (refer Figure 1).
- Inclusive of 32 composite mineralogy samples processed by CSIRO.

Significant tonnages at grades well above cut-off (refer Figure 3 - Grade Tonnage Curve):

- 593Mt @ 6.2% THM (5.0% cut-off)
- 252Mt @ 7.3% THM (6.0% cut-off)
- 113Mt @ 8.3% THM (7.0% cut-off)

A valuable heavy mineral (VHM) assemblage comprising Ilmenite 42%, low Ti Ilmenite/titanomagnetite 7%, Zircon 2%, Rutile 1%, Leucoxene 1% and Monazite 0.2%. Several zones show sub-sets of higher VHM assemblage indicating further potential for optimization. Significant proportions of titanomagnetite is not included within the valuable heavy mineral assemblage.

Table 1: Summary of JORC (2012) Mineral Resource Estimate for Koko Massava.

Summary of Mineral Resources ⁽¹⁾		THM Assemblage ⁽²⁾																	
Area	Mineral Resource	In Situ																	
		Material (Mt)	THM (Mt)	BD (gcm3)	THM (%)	SLIMES (%)	OS (%)	ILMA (%)	ILM (%)	LTILM (%)	LTILMTM (%)	RUT (%)	LX (%)	ZIR (%)	TIMAG (%)	KYASIL (%)	CHRM (%)	MOTH (%)	NMOTH (%)
Koko Massava	Indicated	289	14	1.74	4.9	20	1	11	27	3	8	1	1	1	27	3	4	11	4
Koko Massava	Inferred	1,133	60	1.75	5.3	16	1	11	28	3	7	1	1	2	27	3	4	11	3
	Total	1,423	74	1.74	5.2	17	1	11	28	3	7	1	1	2	27	3	4	11	3

Notes:

- (1) Mineral resources reported at a cut-off grade of 4% THM
(2) Mineral assemblage is reported as a percentage of in situ THM content.

Table 2: Summary of Exploration Target for Koko Massava.

Summary of Exploration Target ⁽¹⁾		THM Assemblage ⁽²⁾																	
Area	Mineral Resource Category	In Situ																	
		Material (Mt)	THM (Mt)	BD (gcm3)	THM (%)	SLIMES (%)	OS (%)	ILMA (%)	ILM (%)	LTILM (%)	LTILMTM (%)	RUT (%)	LX (%)	ZIR (%)	TIMAG (%)	KYASIL (%)	CHRM (%)	MOTH (%)	NMOTH (%)
Koko Massava	Exploration Target	650 - 967	32 - 44	1.74	4.5 - 5.0	15	1	11	27 - 28	3	7	1	1	2	27	2 - 3	4	11	4
	Total	650 - 967	32 - 44	1.74	4.5 - 5.0	15	1	11	27 - 28	3	7	1	1	2	27	2 - 3	4	11	4

Notes:

- (1) Exploration Target reported at a cut-off grades of 3% - 4% THM
(2) Mineral assemblage is reported as a percentage of in situ THM content.

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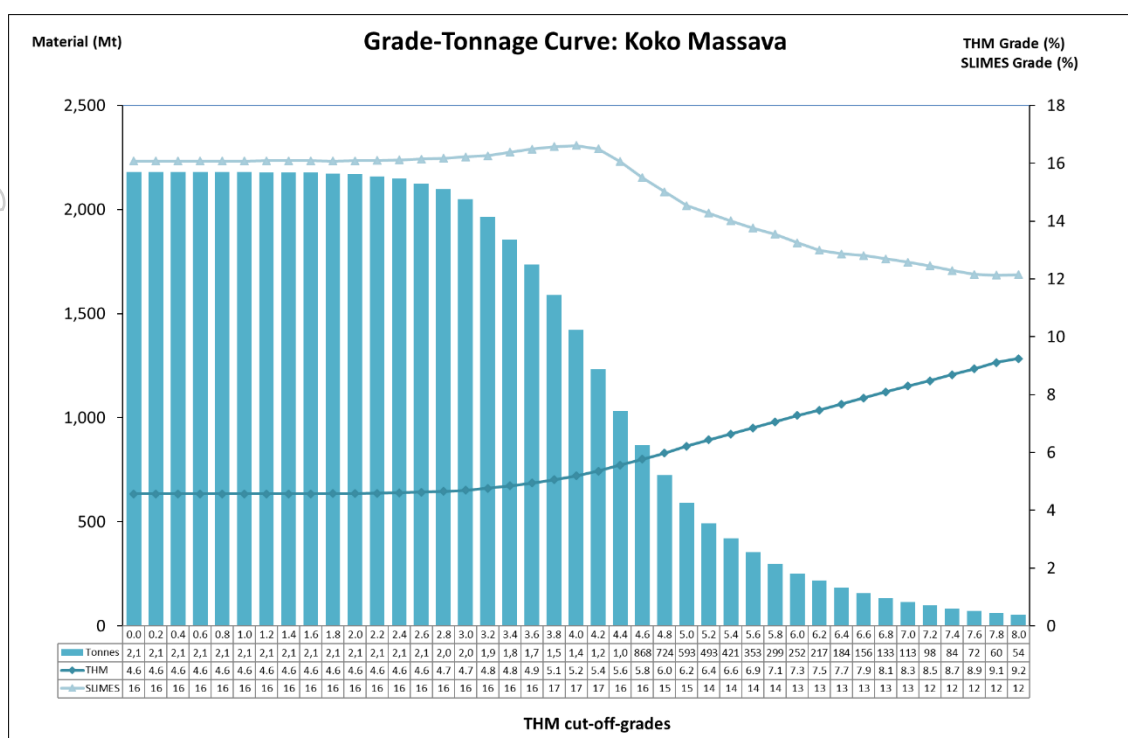


Figure 5: Grade-tonnage curve showing material tonnes versus THM grade (and Slime) at various cut-off grades for the global mineral resource at Koko Massava. Cut-off grade is shown in the top row of the table, with corresponding tonnage, average THM% grade and Slime % grade in the column below it.

Metallurgical Testwork:

Subsequent to defining a maiden JORC Resource, the Company carried out Metallurgical Testwork, which was concluded after year end and reported on 26 August 2020.

Key Highlights:

- Metallurgical testwork was undertaken on an initial 100kg bulk sample from Koko Massava and delivered a sizeable upgrade in Ilmenite 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.
- The resultant upgraded TiO₂ Ilmenite product has potential to be used as a direct feedstock for sulphate pigment manufacture or as a feedstock for titanium slag manufacture.
- Further upgrade potential to an Ilmenite product approaching 50% TiO₂ exists with next step optimization.
- This metallurgical result supports the maiden JORC Resource of 1.423 billion tonnes at 5.2% total heavy mineral (THM) and establishes Koko Massava as a globally significant HMS asset.

Poiombo

Hand Auger drilling at Poiombo identified a target footprint of up to 5km east-west and at least 2.5km wide in the central portion, representing a mineralised footprint of >12 km².

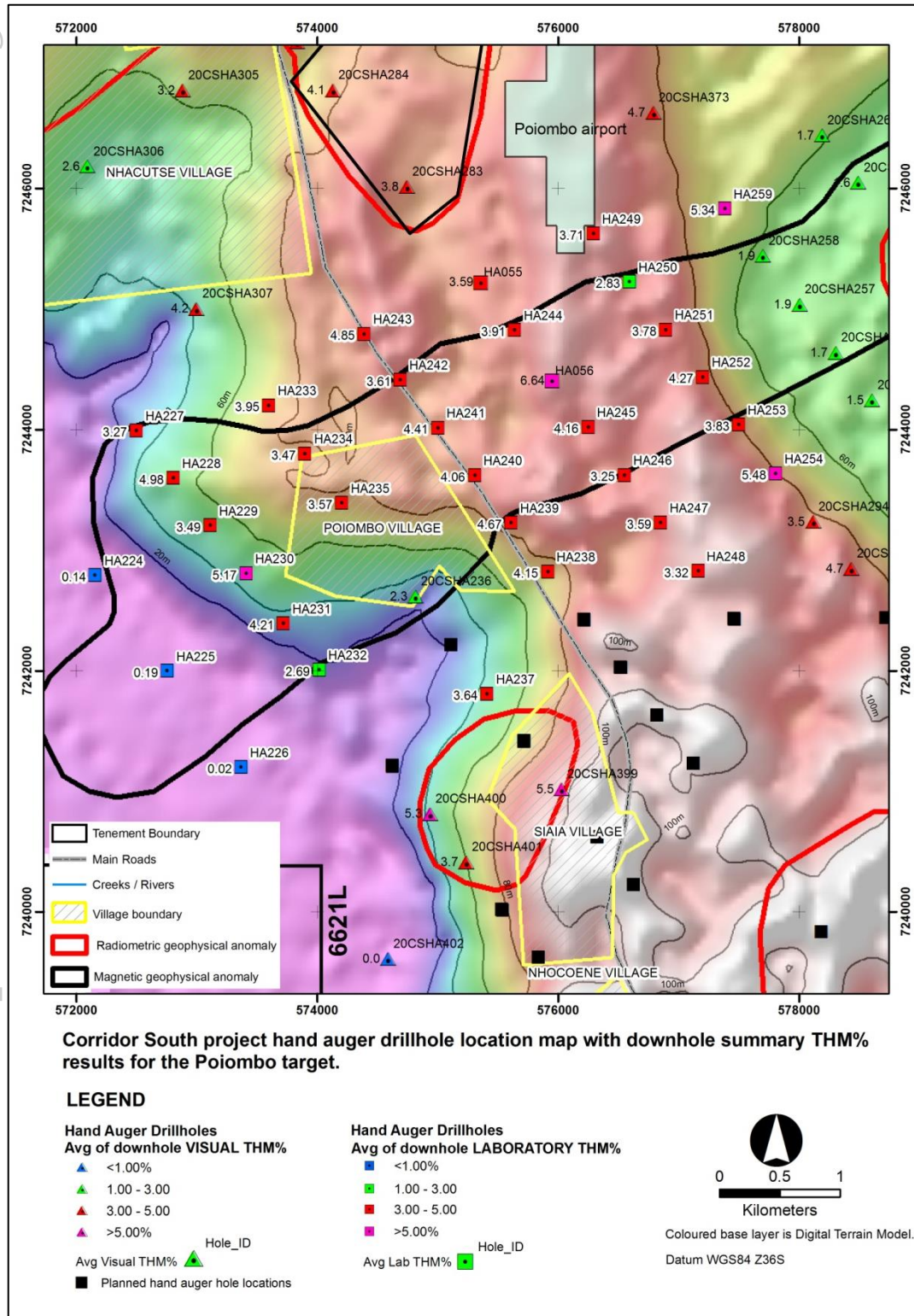


Figure 6: Location map of hand Auger holes in the Poiombo target area showing new summary laboratory data (white halo) for THM grades. Certain hole numbers are shortened (e.g. HA237) for presentation but are prefixed by '20CS'

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Aircore drilling at Poiombo resulted in the following:

- Assay results show consistent high grades, with some holes showing exceptional grades:
 - o Hole 20CSAC355 – 36m @ 7.09% THM from surface
 - o Hole 20CSAC349 – 36m @ 5.93% THM from surface
 - o Hole 20CSAC356 – 51m @ 5.40% THM from surface
- A significant high grade Strandline deposit is apparent.
- A large zone of high grade HMS, measuring greater than 5km * 2.7km is now confirmed by Auger and Aircore drilling and is still open at >5% THM to the northeast and southeast.

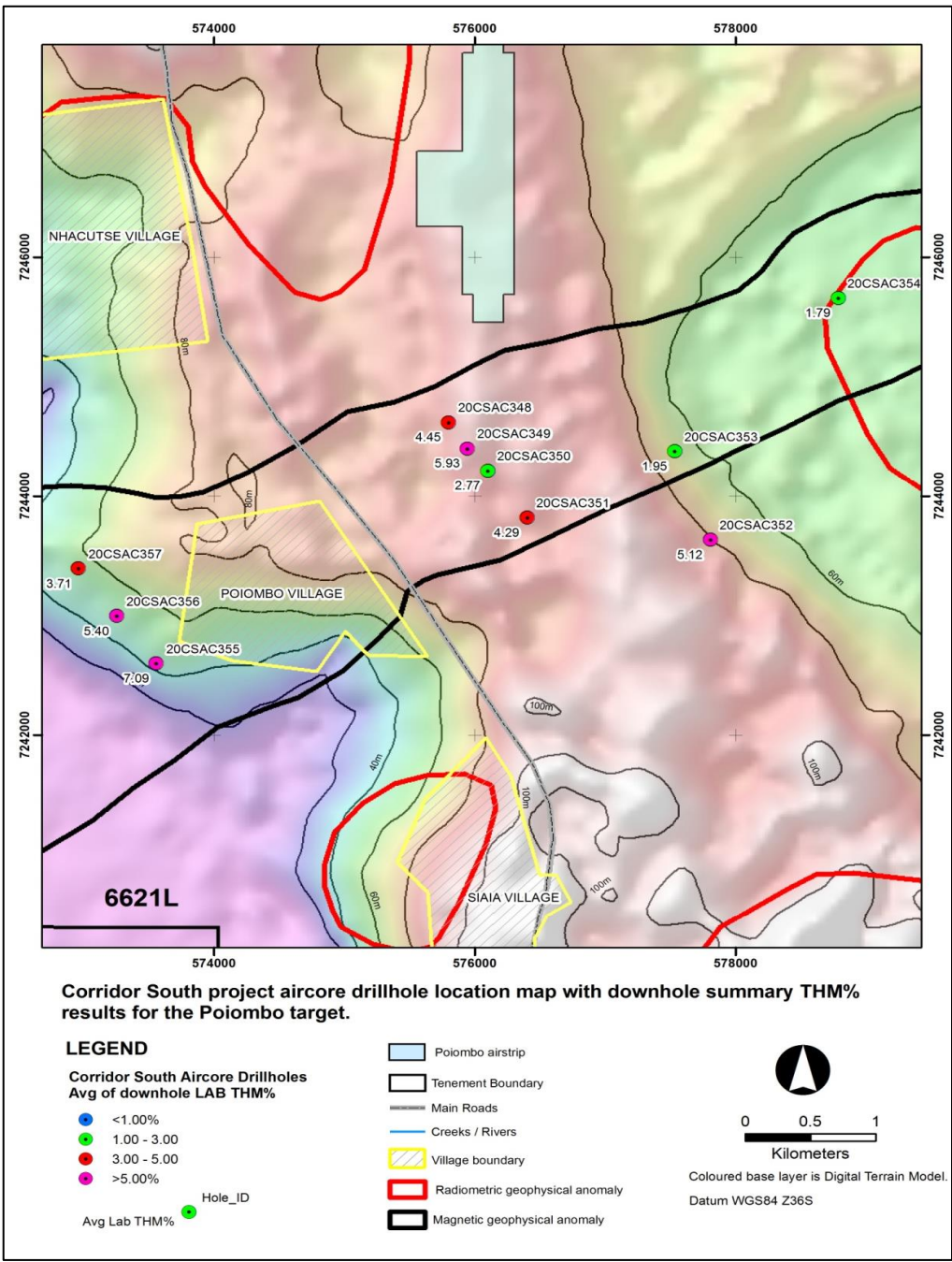


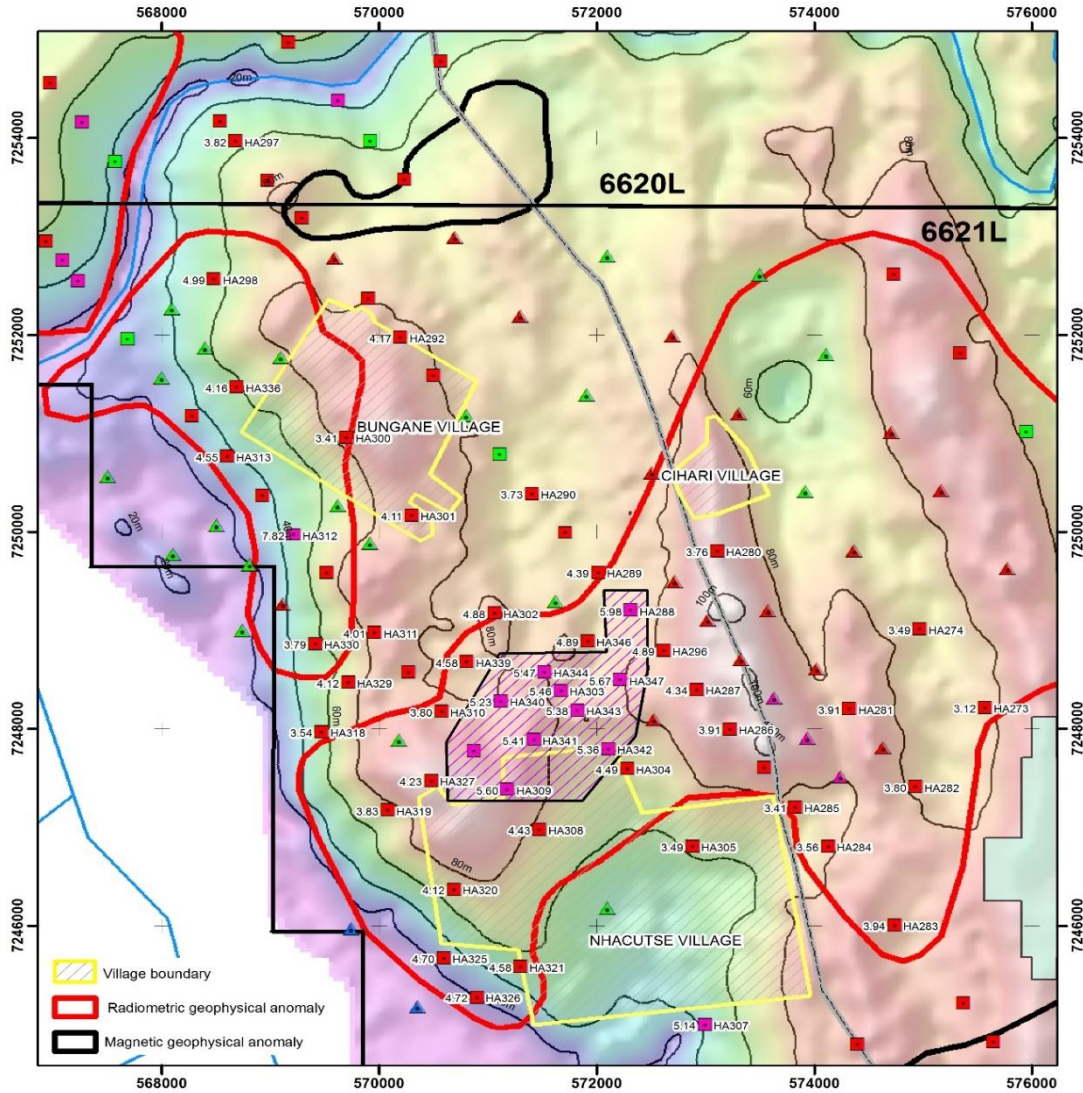
Figure 7: Location map of Poiombo target reconnaissance Aircore drillholes included in this update showing summary laboratory data for THM% grades.

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Nhacutse and Bungane

Hand Auger drilling at Nhacutse identified a high grade THM target footprint of up to 2.5km * 1.5km wide. Best result was Hole 20CSHA288 – 12m @ 5.98% THM.

Hand Auger drilling at Bungane identified the highest grade THM Auger result for Hole 20CSHA312 of 12m @ 7.79% THM.



Corridor South project auger drillhole location map with downhole summary THM% results for the Nhacutse and Bungane targets.

<p>Hand Auger Drillholes Avg of downhole LAB THM%</p> <ul style="list-style-type: none"> ■ <1.00% ■ 1.00 - 3.00 ■ 3.00 - 5.00 ■ >5.00% <p>Avg Lab THM% ■ Hole_ID</p>	<p>Hand Auger Drillholes Avg of downhole VISUAL THM%</p> <ul style="list-style-type: none"> ▲ <1.0% ▲ 1.0 - 3.0 ▲ 3.0 - 5.0 ▲ >5.0% 	<ul style="list-style-type: none"> ▨ High grade zone >5% THM ▭ Polombo airstrip ▭ Tenement Boundary — Main Roads — Creeks / Rivers 	<p>0 0.5 1 Kilometers</p>
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Coloured base layer is Digital Terrain Model.
 Datum WGS84 Z36S

Figure 8: Location map of hand auger holes in the Nhacutse and Bungane target areas showing summary laboratory data for THM grades. Hole numbers have been shortened for presentation, but are all prefixed by “20CS”.

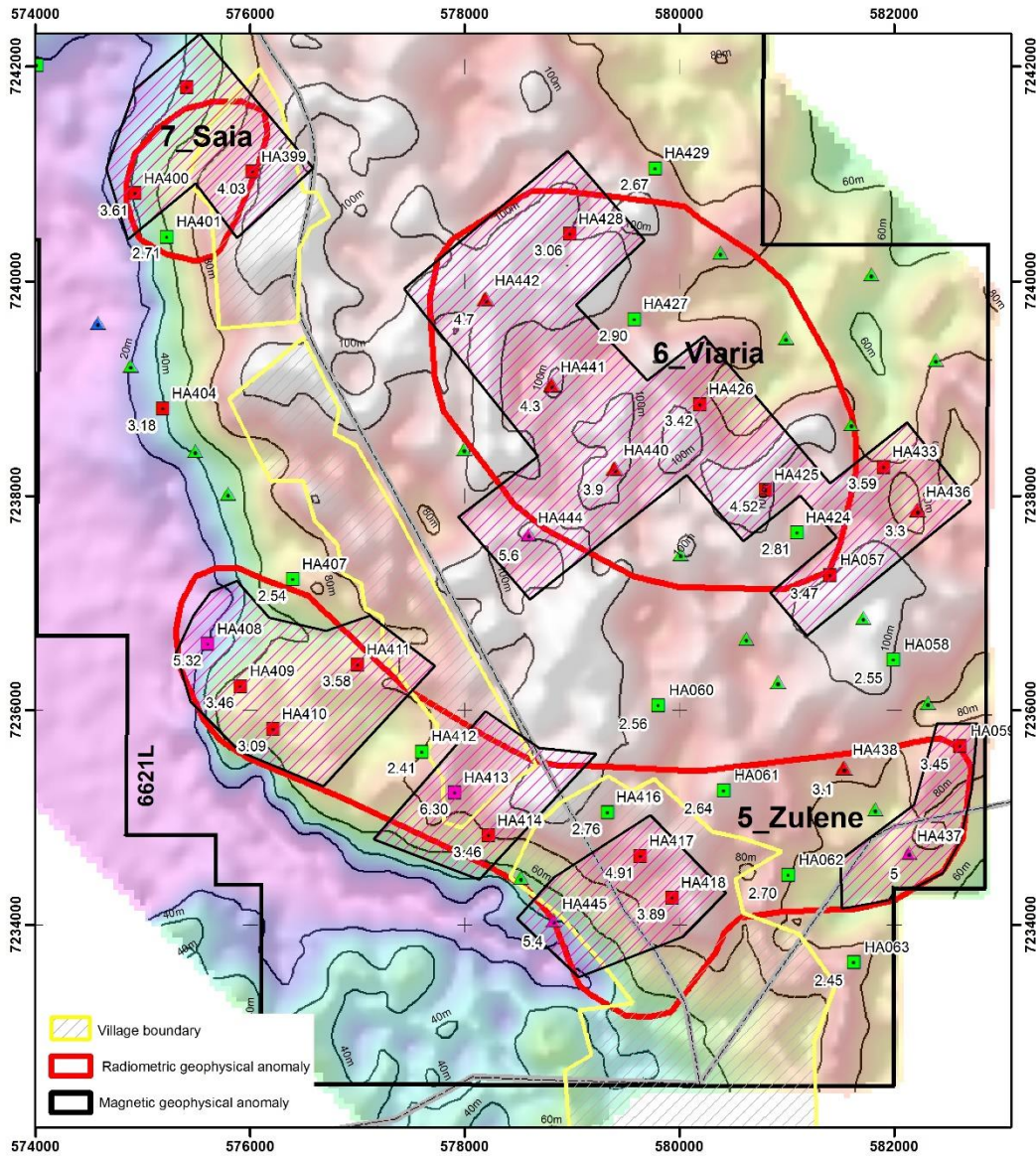
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Zulene, Viaria and Saia

Hand Auger drilling at Zulene identified a high grade THM target footprint of up to 2.0km * 1.5km wide. Best result was Hole 20CSHA413 – 12m @ 6.30% THM.

Hand Auger drilling at Viaria had a best result from Hole 20CSHA425 of 12m @ 4.52% THM.

Hand Auger drilling at Saia had a best result from Hole 20CSHA399 of 12m @ 4.03% THM.



Corridor South project auger drillhole location map with downhole summary THM% results for the Saia, Viaria and Zulene targets.

<p>Hand Auger Drillholes Avg of downhole LAB THM%</p> <ul style="list-style-type: none"> ■ <1.00% ■ 1.00 - 3.00 ■ 3.00 - 5.00 ■ >5.00% <p>Avg Lab THM% ■ Hole_ID</p>	<p>Hand Auger Drillholes Avg of downhole VISUAL THM%</p> <ul style="list-style-type: none"> ▲ <1.0% ▲ 1.0 - 3.0 ▲ 3.0 - 5.0 ▲ >5.0% <p>Avg Visual THM% ▲ Hole_ID</p>	<p>5_Zulene = Target Name</p> <ul style="list-style-type: none"> ▨ High THM grade zone ▭ Tenement Boundary — Main Roads — Creeks / Rivers 	<p>Kilometers</p> <p>Coloured base layer is Digital Terrain Model. Datum WGS84 Z36S</p>
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Figure 9: Location map of hand auger holes in the Zulene, Viaria and Saia target areas showing summary laboratory data for THM grades. Hole numbers have been shortened for presentation, but are all prefixed by “20CS”.

Mineralogy:

Bulk sampling returned high quality mineral assemblage from multiple targets in the Corridor Heavy Minerals Sand Targets, key results including:

Target	Combined Ilmenite / leucoxene	Rutile	Zircon
Nhacutse	Up to 68.29%	2.17%	2.91%
Koko Massava East	50.45%	0.84%	1.93%
Poiombo	46.50%	0.75%	1.78%

These results indicate a higher unit value assemblage occurs in heavy mineral sand on the eastern side of MRG's Corridor tenements.

Linhuane Tenement:

This Project is under application and is located in Gaza Province covering an area of 113km² 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 were reportedly 500m apart on drill traverses 3km apart. Subsequent to year end, the Company submitted further information to the National Mining Institute ("INAMI") and awaits advice that it is approved and forwarded to the Minister of the Ministry of Mineral Resources ("MIREME") for final approval.

Marao & Marruca Tenements:

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. 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. The extent of the mineralisation has never been systematically tested at depth or along strike. Subsequent to year end, the Company was advised that INAMI had approved and forwarded Marao and Marruca tenement applications to the Minister of the Ministry of Mineral Resources ("MIREME") for final approval.

SWEDEN

Norrleden

Norrleden has a JORC Mineral Resource Estimate ("MRE") and a preliminary mine optimisation has been complete for its Norra and Bjurfors polymetallic sulphide deposits following a review and validation of historic diamond drilling data from across the project area.

Highlights from the MRE include:

- **Norra:** 3.1Mt @ 2.3% Zn, 0.7% Cu, 0.2% Pb, 0.47g/t Au 39g/t Ag (1% ZnEq cut-off, 3.33t/m³ density)
- **Bjurfors:** 2.1Mt @ 1.9% Zn, 0.1% Cu, 0.1% Pb, 0.15g/t Au, 15g/t Ag (1% ZnEq cut-off, 3.33t/m³ density)
- **Global:** 5.2Mt @ 2.1% Zn, 0.4% Cu, 0.2% Pb, 0.3g/t Au, 29g/t Ag (1% ZnEq cut-off, 3.33t/m³ density)

The addition of 2.1Mt of resource material extensional to the previously mined open-pit at Bjurfors deposits (Mellersta & Västra) has increased the global MRE for Norrleden, albeit diluting the global grade. A previous MRE for the Norra deposit reported in 2012 was 1.497Mt @ 4.4% Zn, 0.8% Cu, 0.4% Pb, 0.8 g/t Au, 59.9 g/t Ag (Wheeler, 2012).

Highlights from the mine optimisation include:

- **Norra:** 1.8Mt @ 4.13% ZnEq
- **Bjurfors:** 118Kt @ 5.29% ZnEq
- Optimisation analysis has demonstrated that the Norra ore body is economically robust if mined by open pit methods. Main attributes include its shallow depth, good metal grades over consistent thicknesses, sufficient mass

and metallurgy which is amenable to reasonable recoveries and successful production of copper and zinc concentrates.

- Optimisation analysis has demonstrated that the Norra deposit is not significantly sensitive to price changes.
- There is also a new resource addition at Burfors deposit, where a minable pit is also possible at lower prices with the appropriate strip ratios and as long as capital investment could be kept to a minimum by running the Burfors deposits as satellite pits to the main processing facilities at Norra or through contract mining.
- This early stage study, with numerous go-forward risks needing to be taken into account, returned a total profit margin of US\$111M for Norra and US\$2.4M for Burfors.
- An underground stope development analysis was also completed for both deposits although results demonstrated that a purely open-cut operation remains the more profitable option until such time as the mineralisation at Norra can be shown to be open at depth; further deep diamond drilling is required to determine if the mineralisation at Norra is open at depth.

Resource Category	Tonnes (Mt)	Zn Grade (%)	Cu Grade (%)	Pb Grade (%)	Au Grade (%)	Ag Grade (%)
Measured	1.3	2.6	0.7	0.2	0.6	40
Indicated	1.8	2.4	0.3	0.2	0.3	30
Inferred	2.1	1.6	0.4	0.1	0.2	22
TOTAL	5.2	2.1	0.4	0.2	0.3	29

Table 1: Global MRE for the Norrliden Project. Calculated via Ordinary Kriging using a 1% ZnEq cut-off and a density of 3.33 t/m

The Company, together with their Joint Venture Partner, Mandalay Resources, continue to market the Project for sale. If a sale was to be made, it would factor in the Company's right to 50% ownership under the joint venture agreement. The Company is expected to receive reimbursement for its exploration expenditure before any balance is split between the Company and Mandalay per their respective shares.

TENEMENTS:

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Norrliden	K nr 1	10	
Malanaset	nr 100	10	
Malanaset	nr 101	10	
Corridor Central	EL 6620	100	
Corridor South	EL 6621	100	
Linhuane	7423L	100	Application
Marao	6842L	100	Application
Marruca	6846L	100	Application

Directors' Report

The Directors of MRG Metals Ltd present their Report together with the financial statements of the consolidated entity, being MRG Metals Ltd ('MRG' or 'the Company') and its controlled entities, MRG Metals (Australia) Pty Ltd, MRG Metals (Exploration) Pty Ltd, Sofala Resources Pty Ltd, Trophosys Pty Ltd, Sofala Mining & Exploration Lda, Sofala Mining & Exploration I Lda, Sofala Mining & Exploration II Lda, Sofala Mining & Exploration III Lda and Sofala Mining & Exploration IV Lda, ('the Group') for the year ended 30 June 2020 and the Independent Auditor's Report thereon.

Director details

The following persons were directors of MRG Metals Ltd during or since the end of the financial year.

Mr Andrew Van Der Zwan

BE Chemical Engineering (hons)

Independent Non Executive Director since 07/01/2013

Chairman since 08/10/2013

Director since 14/02/2011

Andrew has over 30 years engineering and commercial experience, both local and international. He was a Non Executive Director of Gulfx Ltd for 11 years and was employed in various senior positions within the worldwide operations of Exxon Mobil for 17 years.

Other current directorships:

Argo Exploration Ltd (ASX: AXT) since 19/03/2013

JVG Global Ltd (ASX: JVG) since 12/05/2019

Previous directorships (last 3 years):

None

Interests in shares:

31,906,679 shares

Interest in options:

3,590,000 August 2020 options

15,933,179 December 2020 options

Mr Shane Turner

CA, Bachelor of Business

Independent Non-Executive Director

Director since incorporation 24/01/2011

Shane is a Chartered Accountant and has over 30 years financial and accounting experience. He has been employed with KPMG, a large regional public accounting practice, operated his own public accounting practice and now is employed with RSM Australia. He has been Company Secretary and CFO of White Rock Minerals (ASX: WRM) since August 2015. He was a Non Executive Director and Company Secretary for Metminco (ASX: MNC) for 2 years.

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

21,815,842 shares

Interest in options:

1,520,000 August 2020 options

8,010,042 December 2020 options

Mr Christopher Gregory

BSc Geology, MAusIMM, MAIG, FSEG, MAICD

Independent Non-Executive Director since 12/08/2013

Director since 12/08/2013

Chris has extensive global minerals industry experience over 38 years, at both technical and executive levels. Career foundation of 22 years in the Asia-Pacific region with Rio Tinto. Past Vice President – Operational Geology at Mandalay Resources (TSX: MND). Founding Partner and Director of Sasak Minerals and SensOre (Private).

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

60,563,986 shares

Interest in options:

8,300,000 August 2020 options

26,664,186 December 2020 options

Company secretary

Shane Turner is a Chartered Accountant and the Group Chief Financial Officer. Shane has held senior positions with a number of professional accounting firms and has a degree in Business. Shane has held the role of Company Secretary at White Rock Minerals (ASX: WRM) since August 2015. Shane has previously held the role of Company Secretary for Metminco (ASX: MNC) for 2 years. He has been the Company Secretary of MRG since incorporation on 24/01/2011.

Principal activities

During the period, the principal activities of entities within the Group were exploration and development of heavy mineral sands within Mozambique. There have been no significant changes in the nature of these activities during the period.

Review of operations and financial results

The operating result of the Group for the year ended was a loss of \$1,897,244 (2019 loss \$4,089,395). This loss was significantly due to an impairment of the Norrliden project held for sale. Refer detailed Review of Operations that follows this report.

Earnings per share (0.19) cents (2019 (0.58) cents).

Further information on the detailed operations of the Group during the year is included in the Review of Operations Report.

Significant changes in the state of affairs

During the year, the Company carried out exploration on its Heavy Mineral Sands project in Mozambique and announced a significant maiden JORC Resource.

During the year, the Company and its Joint Venture Partner on the Norrliden project, Mandalay Resources Corporation, continued to market the Norrliden project for sale.

The outbreak of the Coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

COVID-19 safe work practices have and will continue to be adopted in relation the Company's operations, however, COVID-19 restrictions on movement and activities may adversely affect the Company's operations.

The Directors are monitoring the outbreak of COVID-19 closely and have considered the impact of COVID-19 on the Company's business. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on the Company.

Dividends

There were no dividends declared or paid during the financial period.

Events arising since the end of the reporting period

On 31 August 2020, 72,978,404 MRQOA options expired.

On 16 September 2020, the Company completed a \$660,000 equity raising that will enable it to expand aircore drilling currently underway at its 100% owned Corridor Central and Corridor South Mozambique HMS Projects, project development and for working capital.

The Company issued 110 million ordinary shares at \$0.006, together with 110 million free attaching MRQOB options, which have an exercise price of \$0.01 and an expiry date of 20 December 2020; to sophisticated and professional investors and retail private clients. Also, the Company issued 5.8 million ordinary shares and 17.8 million MRQOB options to Managers of the equity raising.

During the financial year the Covid-19 pandemic has had a significant impact on the local and international economies. Subsequent to balance date, Victoria has experienced a second wave of the COVID-19 pandemic. The longer term impacts on the operations of the Group remain uncertain and cannot be quantified at this time.

Since the end of the year no further significant events have occurred other than those noted in the Review of Operations Report.

Likely developments

Explore Mozambique HMS project.

Pursue a sale of Norrliden.

Directors' meetings

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

Name	Board meetings	
	A	B
Mr A Van Der Zwan	11	11
Mr S Turner	11	11
Mr C Gregory	11	11

Where:

A is the number of meetings the Director was entitled to attend

B is the number of meetings the Director attended

Movements in options:

2020	Date of issue	No. options 1	Issued/	No. options	Ex. price	Expiry
		July 2019	(converted)	30 June 2020	(cents)	date
Issue of options – entitlement issue	15/09/2015	72,978,404		72,978,404	15.0	31/08/2020
Issue of options – entitlement issue	23/01/2018	130,838,298	-	130,838,298	1.0	20/12/2020
Issue of options – entitlement issue shortfall	25/01/2018	69,551,582	-	69,551,582	1.0	20/12/2020
Issue of options - placement	12/02/2018	86,000,000	-	86,000,000	1.0	20/12/2020
Issue of options - corporate mandate	12/02/2018	5,000,000	-	5,000,000	1.0	20/12/2020
Issue of options - placement	17/04/2018	30,000,000	-	30,000,000	1.0	20/12/2020
Issue of options - acquisition of HMS project	22/01/2019	90,000,000	-	90,000,000	1.0	20/12/2020
Issue of options - placement	14/08/2019	-	94,500,000	94,500,000	1.0	20/12/2020
Issue of options - corporate mandate	08/10/2019	-	16,237,000	16,237,000	1.0	20/12/2020
Issue of options - placement	08/10/2019	-	28,500,000	28,500,000	1.0	20/12/2020
Issue of options - placement	10/12/2019	-	62,500,000	62,500,000	1.0	20/12/2020
Issue of options - corporate mandate	10/12/2019	-	3,437,500	3,437,500	1.0	20/12/2020
Options conversion	15/01/2020	-	(11,870,000)	(11,870,000)		20/12/2020
Issue of options - placement	13/02/2020	-	3,000,000	3,000,000	1.0	20/12/2020
		484,368,284		680,672,784		

Movements in rights:

2020	Date of issue/conversion	No. rights 1	Issued/	No. rights 30	Expiry
		July 2019	(converted)	June 2020	date
Issue of rights – acquisition of HMS project	22/01/2019	480,000,000		480,000,000	21/07/2021
Issue of rights – directors & consultant	10/12/2019	-	32,000,000	32,000,000	09/12/2024
Rights conversion	09/01/2020	-	(16,000,000)	(16,000,000)	09/12/2024
Rights conversion	06/05/2020	-	(16,000,000)	(16,000,000)	09/12/2024
Rights conversion	06/05/2020	-	(160,000,000)	(160,000,000)	21/07/2021
		480,000,000		320,000,000	

Remuneration Report (audited)

The Directors of MRG Metals Ltd (‘the Group’) present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based remuneration
- Bonuses included in remuneration
- Other information

(a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

MRG Metals Ltd has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board, in accordance with its charter as approved by the Board, is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Superannuation to meet statutory obligations.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Board annually as part of the review of executive. All bonuses, options and incentives must be linked to pre-determined performance criteria.

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(b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of MRG Metals Ltd are shown in the table below.

Director and other Key Management Personnel Remuneration

Name	Short term employee benefits		Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total (\$)	% of remuneration that is performance based
	Cash salary and fees (\$)	Cash bonus (\$)	Superannuation (\$)	Long-term bonus (\$)	Termination payments (\$)	Performance Rights (\$) (1)		
Non-executive directors								
Mr A Van Der Zwan	100,000	-	7,125	-	-	68,160	175,285	Nil
Mr S Turner	100,000	-	9,500	-	-	68,160	177,660	Nil
Mr C Gregory	100,000	-	7,125	-	-	68,160	175,285	Nil
2020 Total	300,000	-	23,750	-	-	204,480	528,230	Nil
Non-executive directors								
Mr A Van Der Zwan	100,000	-	4,750	-	-	12,160	116,910	Nil
Mr S Turner	100,000	-	9,500	-	-	12,160	121,660	Nil
Mr C Gregory	100,000	-	4,750	-	-	12,160	116,910	Nil
2019 Total	300,000	-	19,000	-	-	36,480	355,480	Nil

- (1) Non-monetary benefits include Performance Rights that will lapse if they have not vested within 5 years of grant date (22 November 2016) and vest upon Company achieving a 5 day VWAP of \$0.05 per share. The amount for each Non-executive director was \$12,160 for the year based on the Monte-Carlo valuation model. In addition, each Director was granted Performance Rights at the 2019 Annual General Meeting. These Performance Rights converted during the year. The amount for each Non-executive director was \$56,000.

(c) Service agreements

Remuneration and other terms of employment for Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Mr A Van Der Zwan	50,000	Rotation per Corporations Act 2001	Nil
Mr A Van Der Zwan - Consultant	50,000	No fixed term	Nil
Mr C Gregory	50,000	Rotation per Corporations Act 2001	Nil
Mr C Gregory - Consultant	50,000	No fixed term	Nil
Mr S Turner - Director	50,000	Rotation per Corporations Act 2001	Nil
Mr S Turner - Secretary	50,000	No fixed term	Nil

(d) Share based remuneration

During the year, share based remuneration comprised the share based payments expense in connection with the performance rights granted on 22 November 2016 and at the 2019 Annual General Meeting.

(e) Bonuses included in remuneration

No short-term incentive cash bonuses were awarded as remuneration during the financial year.

(f) Other information

Loans to key management personnel (KMP) – there were no loans from the Company to KMP's during the financial year (2019: nil).

The Group used the accounting and taxation services of RSM Australia, an entity associated with Mr. Turner and Mr. Turner. The amounts billed were based on normal market rates and amounted to \$38,000 to Mr. Turner (2019 \$41,000 to Mr. Turner and RSM).

Shares held by key management personnel

The number of ordinary shares in the Company held by each of the Group's key management personnel, including their related parties, is set out below:

2020 Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	14,835,250	9,071,429	8,000,000	-	31,906,679
Turner	9,958,700	3,857,142	8,000,000	-	21,815,842
Gregory	37,349,700	15,214,286	8,000,000	-	60,563,986
	62,143,650	28,142,857	24,000,000	-	114,286,507

2019 Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	14,835,250	-	-	-	14,835,250
Turner	9,958,700	-	-	-	9,958,700
Gregory	37,349,700	-	-	-	37,349,700
	62,143,650	-	-	-	62,143,650

Options held by key management personnel

The number of options to acquire shares in the Company held by each of the key management personnel of the Group; including their related parties are set out below.

2020					Held at the end of the reporting period
Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	
Van Der Zwan	11,201,750	8,321,429	-	-	19,523,179
Turner	6,172,900	3,357,142	-	-	9,530,042
Gregory	20,749,900	14,214,286	-	-	34,964,186
	38,124,550	25,892,857	-	-	64,017,407

2019					Held at the end of the reporting period
Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	
Van Der Zwan	11,201,750	-	-	-	11,201,750
Turner	6,172,900	-	-	-	6,172,900
Gregory	20,749,900	-	-	-	20,749,900
	38,124,550	-	-	-	38,124,550

End of audited remuneration report.

Environmental legislation

The Group's projects are subject to environmental regulation under laws in Sweden and Mozambique; specifically the Group is required to comply with terms of the grant of the tenement and all directions given to it under those terms of the tenement which it holds. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the period ended 30 June 2020.

Indemnities given and insurance premiums paid to auditors and officers

During the year, MRG Metals Ltd negotiated a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

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Non-audit services

During the previous period, Grant Thornton Audit Pty Ltd, the Group's auditors, performed no other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Group, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in note 15 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 24 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the directors.



Andrew Van Der Zwan
Chairman

30 September 2020

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Auditor's Independence Declaration

To the Directors of MRG Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MRG Metals Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 30 September 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Corporate Governance Statement

MRG Metals Ltd has adopted comprehensive systems of controls and accountability as the basis for the administration of corporate governance. To the extent that they are applicable, MRG has adopted the Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014. The Corporate Governance Statement is current at 30 June 2020 and has been approved by the Board of Directors.

ASX Corporate Governance Council Recommendation	MRG policy
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1: Companies should establish functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance framework includes a Board Charter, which details the specific responsibilities of the Board and identifies those areas of authority delegated to senior executives.
Recommendation 1.2: Companies should: <ul style="list-style-type: none"> - undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and - provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	The Company's Board Charter provides that appropriate checks should be undertaken before the appointment of a director. If checks reveal any information that is relevant, then the Company will disclose that information to Shareholders.
Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company's Board Charter sets provides that all directors and senior executives, at the time of their appointment, should execute a written agreement that sets out the key terms of their appointment.
Recommendation 1.4: Company Secretaries should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	The Company's Board Charter sets out the role of the Company Secretary and ensures that the Company Secretary is accountable to the Board, through the Chairman.
Recommendation 1.5: Companies should: <ul style="list-style-type: none"> - have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to access annually both the objectives and the progress in achieving them; - disclose the diversity policy or a summary of the policy; - disclose, at the end of each reporting period, the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board, in accordance with the diversity policy, and its progress towards achieving them, and either: <ul style="list-style-type: none"> - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the company has defined "senior executive" for these purposes); or 	The Company's Diversity Policy requires the Board to set out measurable objectives for achieving gender diversity. The Diversity Policy requires the Board to annually assess its diversity objectives and report on the Company's progress in achieving those objectives. At the end of each reporting period, the Diversity Policy requires the Company to report on its progress and set out the respective proportion of men and women across the whole of the Company (including their representation in key management positions)

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ASX Corporate Governance Council Recommendation	MRG policy
<ul style="list-style-type: none"> - if the Company is a "relevant employer" under the Workplace Gender Equality Act, the Company's most recent "Gender Equality Indicators" as defined in and published under that Act. 	
<p>Recommendation 1.6: Companies should:</p> <ul style="list-style-type: none"> - have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>The Company Secretary plays an integral role in monitoring the conduct and activities of Board, ensuring the Board has an appropriate mix of skills and experience and reviewing individual director's performance.</p> <p>The Chairman is responsible for reviewing the performance of the Company Secretary.</p>
<p>Recommendation 1.7: Companies should:</p> <ul style="list-style-type: none"> - have and disclose a process for periodically evaluating the performance of its senior executives; and - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process 	<p>The Chairman is responsible for reviewing the individual performance of senior executives.</p>
Principle 2: Structure the board to add value	
<p>Recommendation 2.1: Companies should:</p> <ul style="list-style-type: none"> - have a nominations committee which: <ul style="list-style-type: none"> - has at least three members, a majority of whom are independent directors; and - is chaired by an independent director. <p>The Company should disclosed:</p> <ul style="list-style-type: none"> - The charter of the nomination committee; - The members of the nomination committee; and - as at the end of each reporting period, the number of times the nomination committee met through the period and the individual attendances of the members at those meetings; <p>or</p> <p>if the Company does not have a nomination committee disclose, that fact, and the process it employs to address Board successions issues and to ensure that the Board has appropriate balance of skills knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</p>	<p>The Company does not currently have a nomination committee. The Board does not consider it necessary given the size of the Company's current operations. Board appointments will be decided by the Board as a whole, taking into consideration the needs of the Company at the relevant time. Where the Company considers there is a need to review the skills and competencies of the existing Directors and to supplement that experience, the Company would consider engaging appropriately qualified third parties to assist with the review. The Company's Board Charter requires the Board to develop succession plans for the future management of the Company.</p>
<p>Recommendation 2.2: Companies should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>The Company's Board Charter sets out the directors' obligations to prepare and disclose a Board skills matrix.</p>

ASX Corporate Governance Council Recommendation	MRG policy
<p>Recommendation 2.3: Companies should disclose:</p> <ul style="list-style-type: none"> - the names of directors considered by the Board to be independent directors; - If a director has an interest, position, association or relationship of a type set out in Box 2.3 of the Third Edition of the Recommendations, but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and - the length of service of each director. 	<p>The Company's Board Charter sets out the directors' obligations in relation to conflicts of interests and the disclosure requirements of the Board.</p>
<p>Recommendation 2.4: The majority of the Board of a Company should be independent directors.</p>	<p>All of the Company's current directors, being Chris Gregory, Andrew Van Der Zwan and Shane Turner, are independent directors.</p>
<p>Recommendation 2.5: The Chairman of the Board should be an independent director and, in particular, should not be the same person as the CEO of the Company.</p>	<p>Andrew Van Der Zwan, an independent director, is the Chairman of the Board.</p>
<p>Recommendation 2.6: Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>The Company's Board Charter requires the Board to implement an induction procedure to assist newly appointed directors to gain an understanding of the Company's policies and procedures. In addition, the Board Charter requires the Board to develop continuing education opportunities in order to provide the directors with the ability to enhance their skills.</p>
Principle 3: Promote ethical and responsible decision making	
<p>Recommendation 3.1: Companies should:</p> <ul style="list-style-type: none"> - have a code of conduct for its directors, senior executives and employees; and - disclose that code or a summary of it. 	<p>The Board has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account the Company's legal obligations and the reasonable expectations of shareholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p> <p>The Code of Conduct will be available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting	
<p>Recommendation 4.1: The Board should establish an audit committee. If the Company does not have an audit committee, disclose that fact, and the process it employs to independently verify and safeguard the integrity of its corporate reporting, including the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company does not currently have an audit committee. The Board does not consider it necessary given the size of the Company's current operations. The functions of this committee will be carried out by the whole Board. The Company Secretary has significant experience in financial and accounting matters and will be primarily responsible for monitoring and preparing the financial reports. External resources will be commissioned where necessary.</p>
<p>Recommendation 4.2: The Board should, before it approves the company's financial statements for a</p>	<p>The Company's process and practices comply with the Recommendation. In particular, the CFO of the</p>

ASX Corporate Governance Council Recommendation	MRG policy
<p>financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Company provides a declaration in relation to the Company's financial statements that, in his opinion, the financial records of the Company have been maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p>Recommendation 4.3: Companies that have AGMs should ensure that their external auditors attend their AGMs and are available to answer questions from security holders relevant to the audit</p>	<p>As a matter of practice, the Company invites the external auditors of the Company to attend the AGM of the Company. The security holders are provided with an opportunity to ask questions of the external auditors at the AGM.</p>
<p>Principle 5: Make timely and balanced disclosure</p>	
<p>Recommendation 5.1: Companies should:</p> <ul style="list-style-type: none"> - have a written policy for compliance with its continuous disclosure obligations under the ASX Listing Rules; and - disclose that policy or a summary of it. 	<p>The Company has established a Continuous Disclosure Policy which applies to all directors and senior management. A copy of the Continuous Disclosure Policy has been made available on the Company's website.</p>
<p>Principle 6: Respect the rights of shareholders</p>	
<p>Recommendation 6.1: Companies should provide information about itself and its governance to investors via its website.</p>	<p>The Company's Continuous Disclosure Policy requires the Company to include all of its corporate governance policies on its websites.</p>
<p>Recommendation 6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company's Board Charter sets out the manner in which the Board should endeavor to communicate with its shareholders and the manner in which shareholders can make enquiries to the Company.</p>
<p>Recommendation 6.3: Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders</p>	<p>The Company's Board Charter sets out the Company's goal to encourage participation at general meetings.</p>
<p>Recommendation 6.4: Companies should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.</p>	<p>The Company's Board Charter addresses the means to effectively communicate with shareholders.</p>
<p>Principle 7: Recognise and manage risk</p>	
<p>Recommendation 7.1: Companies should have a committee to oversee risk. If a Company does not have a risk committee, it must disclose that fact, and the processes it employs for overseeing the Company's risk management framework.</p>	<p>Given the size of the Company's current operations, the Board has formed the view that a separate risk committee is not necessary. The Board itself monitors all areas of operational and financial risk and considers strategies for appropriate risk management arrangements on an ongoing basis. If considered necessary, external input will be sought to assess and counteract identified risks.</p>
<p>Recommendation 7.2: Companies should:</p> <ul style="list-style-type: none"> - review their risk management framework at least annual to satisfy that the continue to be sound; and 	<p>The Board requires that Andrew Van Der Zwan, as Chairman undertakes a review of the Company's risk management framework annually to ensure that the framework continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.</p>

ASX Corporate Governance Council Recommendation	MRG policy
<ul style="list-style-type: none"> - disclose in relation to each reporting period, whether such a review has taken place. 	
<p>Recommendation 7.3: Companies should:</p> <ul style="list-style-type: none"> - if they have an internal audit function, how the function is structured and what role it performs; or - if they do not have an internal audit function, that fact and the process they employ for evaluating and continually improving effectiveness of their risk management and internal control process. 	<p>Given the size of the Company's current operations, the Board has formed the view that the appointment of an internal auditor is not necessary. The Board will oversee the risk management and internal control process. If considered necessary, external input will be sought to assess and review the effectiveness of the Company's risk management and internal control process.</p>
<p>Recommendation 7.4: Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risk.</p>	<p>The Board will be responsible for disclosing whether the Company has any material exposure to economic, environmental and social responsibility risks and, if it does, how it intends to manage those risks.</p>
Principle 8: Remunerate fairly and responsibly	
<p>Recommendation 8.1: The Board should establish a remuneration committee.</p> <p>If the Company does not have a remuneration committee, disclose that fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensure that such remuneration is appropriate and not excessive.</p>	<p>The Company does not currently have a remuneration committee. The Board does not consider it necessary given the size of the Company's current operations. The Board is responsible for making recommendations regarding director and management remuneration packages. The Company's Board Charter sets out the principles that should be considered by the Board in making recommendations in relation to management remuneration packages.</p>
<p>Recommendation 8.2: Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Board is aware of the need to ensure remuneration remains competitive and consistent with competitor companies and that remuneration reflects the performance of the Company over time. The directors performing an executive role are remunerated based on the scope of their responsibilities and the performance of the Company.</p> <p>Non-executive directors are paid fees within the total as determined by shareholders.</p> <p>The Company will provide the requisite disclosure regarding executive remuneration policies in its annual report.</p>
<p>Recommendation 8.3: Companies which have equity based remuneration schemes should:</p> <ul style="list-style-type: none"> - have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and - disclose the policy or a summary of it. 	<p>The Share Trading Policy of the Company prohibits employees of the Company from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in the Company.</p>

The Board actively monitors the Company's governance framework, related practices and overall culture.

Statement of Financial Position

As of 30 June 2020

	Notes	Consolidated 2020 \$	Consolidated 2019 \$
Assets			
Current			
Cash and cash equivalents	8	721,248	423,937
Other receivables	7	107,704	14,550
Assets held for sale	13	-	608,596
Total current assets		828,952	1,047,083
Non-current			
Plant & Equipment	11	425	957
Exploration & Evaluation	12	2,396,058	860,315
Total non-current assets		2,396,483	861,272
Total assets		3,225,435	1,908,355
Liabilities			
Current			
Trade and other payables	10	92,884	114,459
Total current liabilities		92,884	114,459
Total liabilities		92,884	114,459
Net assets		3,132,551	1,793,896
Equity			
Share capital	9	23,589,237	20,389,818
Reserve	9	988,932	952,452
Retained earnings		(21,445,618)	(19,548,374)
Total equity		3,132,551	1,793,896

This statement should be read in conjunction with the notes to the financial statements.

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Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2020

	Notes	Consolidated 2020 \$	Consolidated 2019 \$
Interest income	5	3,038	13,270
Other income		28,679	18,593
Employee benefits expense		(428,249)	(255,499)
Consultants		(247,628)	(278,265)
Promoters fee		(160,000)	(240,000)
Administration expenses		(462,118)	(219,974)
Depreciation expenses		(957)	(1,106)
Foreign Exchange Loss		(21,413)	-
Asset held for sale impairment		(608,596)	-
Exploration/Tenements write off expenses	12	-	(3,126,414)
(Loss) before tax		(1,897,244)	(4,089,395)
Tax expense	14	-	-
(Loss) after tax		(1,897,244)	(4,089,395)
Other comprehensive income, net of tax		-	-
Total comprehensive (losses)		(1,897,244)	(4,089,395)
		Cents	Cents
Earnings per share	16		
Basic earnings per share			
Earnings/(loss) from continuing operations		(0.19)	(0.58)
Diluted earnings per share			
Earnings/(loss) from continuing operations		(0.19)	(0.58)

This statement should be read in conjunction with the notes to the financial statements.

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Statement of Changes in Equity

for the year ended 30 June 2020

	Share Capital \$	Share based payments reserve \$	Retained earnings \$	Total equity \$
Balance at 1 July 2018	20,029,818	745,734	(15,468,741)	5,306,811
Issue of share capital	360,000	-	-	360,000
Transaction costs	-	-	-	-
Share based payments	-	216,480	-	216,480
Forfeited performance rights	-	(9,762)	9,762	-
Loss after income tax expense for the period	-	-	(4,089,395)	(4,089,395)
Balance at 30 June 2019	<u>20,389,818</u>	<u>952,452</u>	<u>(19,548,374)</u>	<u>1,793,896</u>
Balance at 1 July 2019	20,389,818	952,452	(19,548,374)	1,793,896
Issue of share capital	2,923,409	-	-	2,923,409
Transaction costs	(114,690)	-	-	(114,690)
Options exercised	118,700	-	-	118,700
Share based payments	272,000	36,480	-	308,480
Loss after income tax expense for the period	-	-	(1,897,244)	(1,897,244)
Balance at 30 June 2020	<u>23,589,237</u>	<u>988,932</u>	<u>(21,445,618)</u>	<u>3,132,551</u>

This statement should be read in conjunction with the notes to the financial statements.

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Statement of Cash Flows

for the year ended 30 June 2020

	Notes	Consolidated 2020 \$	Consolidated 2019 \$
Operating activities			
Interest received		3,204	13,254
Sale of Data		25,000	5,000
Refunds		3,679	-
Payments to suppliers and employees		(885,413)	(712,080)
Net cash used in operating activities	17	<u>(853,529)</u>	<u>(693,826)</u>
Investing activities			
Payment for exploration & evaluation		(1,055,751)	(467,783)
Acquisition of tenements		(70,609)	(139,024)
Net cash used in investing activities		<u>(1,126,360)</u>	<u>(606,807)</u>
Financing activities			
Proceeds from issue of capital		2,289,700	-
Payment of transaction costs		(12,500)	-
Net cash from financing activities		<u>2,277,200</u>	<u>-</u>
Net change in cash and cash equivalents		297,311	(1,300,633)
Cash and cash equivalents, beginning of year		423,937	1,724,570
Cash and cash equivalents, end of year	8	<u>721,248</u>	<u>423,937</u>

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements

1 Nature of operations

The activities of MRG Metals Ltd and its controlled entities, MRG Metals (Australia) Pty Ltd, MRG Metals (Exploration) Pty Ltd, Sofala Resources Pty Ltd, Trophosys Pty Ltd, Sofala Mining & Exploration Lda, Sofala Mining & Exploration I Lda, Sofala Mining & Exploration II Lda, Sofala Mining & Exploration III Lda and Sofala Mining & Exploration IV Lda are exploration and development of heavy mineral sands in Mozambique.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MRG Metals Ltd is the Group's ultimate parent company. MRG Metals Ltd is a public company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the board of directors on 30 September 2020 (see note 25).

3 New Accounting Standards and Interpretations adopted

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. AASB 16 Leases became effective for annual reporting periods beginning on or after 1 January 2019. Accordingly, the Group applied AASB 16 for the year ended 30 June 2020.

New standards adopted as at 1 July 2019:

Leases

AASB 16 leases replaced AASB 117 leases and some lease related interpretations. The new standard has been applied using the modified retrospective approach. Prior periods have not been restated and there have been no adjustments to opening retained earnings. AASB 16 requires all leases to be accounted for "on balance sheet" by lessees, other than short term and low value asset leases. Provides new guidance on the application of the definition of lease and on sale and lease back accounting. For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB 117 and interpretation 4 and has not applied AASB 16 to arrangements that were previously not identified as leases under AASB 117 and interpretation 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate the leases.

At 1 July 2019, the initial adoption of AASB 16 did not have a material impact on the transactions and balances recognised in the financial statements. The majority of the leases were excluded from AASB 16 under the short term or low value exemptions. Leases not exempt under AASB 16 were not material to the financial statements.

Interpretation 23 Uncertainty over Income Tax Treatment

Interpretation 23 requires that assessment of whether the effect of uncertainty over income tax treatment should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax basis, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The Group has adopted Interpretation 23 from 1 July 2019, based on an assessment of whether it is “probable” that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the Company operates, a local tax authority may seek to open a company’s books as far back as inception of the Company. Where it is probable, the Company has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the Group has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of interpretation 23 in this reporting period.

ASX Listing Rules Guidance Note 23

On 1 December 2019, the Australian Stock Exchange issued Guidance Note 23. This requires Auditors of the Company to compare previously issued quarterly cashflow reports (Appendix 5B’s) with information reported in half year and full year reports. As a result of this review and as result of the accounting policy adopted at the end of the period to capitalise payments for exploration and evaluation, it is now identified that payments for exploration and evaluation were incorrectly shown under “Cash flows from operating activities” and should have been shown under “Cash flows from investing activities” in the 30 September, 31 December 2019, 31 March 2020 and 30 June 2020 quarterly cashflow reports.

4 Summary of accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Presentation of financial statements

AASB 101 requires two comparative periods to be presented for the statement of financial position in certain circumstances.

4.3 Basis of measurement

Going Concern

The Group recorded a loss after tax of \$1,897,244 and net cash outflows from operating and investing activities were \$1,979,889 for the year ended 30 June 2020. The Group’s financial position as at 30 June 2020 was as follows:

- The Group had available cash reserves of \$721,248;
- The Group’s current assets of \$828,952 exceed current liabilities of \$92,884 by \$736,068;
- The Group’s main activity is exploration and as such it does not presently have a source of operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

Current forecasts indicate that cash on hand as at 30 June 2020 will not be sufficient to fully fund the planned exploration and operational activities during the next twelve months. The Company did raise \$660,000 on 18 September 2020.

The Group's position as at 31 August 2020 was as follows:

- The Group had available cash reserves of \$460,472;
- The Group raised \$660,000 on 18 September 2020;
- The Group continued to have a positive working capital position; and
- There have been no material changes to the Group's liabilities or non-cancellable commitments since 30 June 2020.

Upon completion of the equity raising on 18 September 2020, the Company had on issue 735,494,380 MRQOB Options that have an exercise price of \$0.01 and expiry of 20 December 2020. The Directors believe that there is a good possibility of these being exercised. Should all of these Options be exercised, this will raise \$7,354,944.

The Directors are confident that if the MRQOB Options are not exercised and if required, the Group will be able to secure sufficient funds or reduce or defer expenditure to ensure that the Group can meet essential operational and expenditure commitments for at least the next twelve months.

Accordingly, the financial statements for the year ended 30 June 2020 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its essential operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

However, the Directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Group may be required to relinquish title to certain tenements, significantly curtail further expenditures and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The Coronavirus (COVID-19) pandemic may impact on the Company's ability to continue on a going concern basis. However, no significant COVID-19 impacts have been felt by the Company to date. The Company has been able to continue exploration and raise equity.

4.4 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.5 Segment reporting

Operating segments are presented using the 'management approach', where information is presented on the same basis as the internal reports provided to chief operating decision makers, being the Board of

Directors. The Board of Directors are responsible for the allocation of resource to operating segments and assessing their performance.

4.6 Revenue

Interest income is recognised on an accrual basis using the effective interest method.

4.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.8 Exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

4.9 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such

as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 Other Receivables

Other receivables are recognised at amortised cost, less any impairment.

4.12 Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

4.13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MRG Metals Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4.14 Equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

4.15 Post employment benefits

The Group provides post employment benefits through various accumulation funds.

An accumulation fund is a superannuation fund under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to the funds are recognised as an expense in the period that relevant employee services are received.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.17 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.18 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred tax assets/Tax losses

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised in the foreseeable future.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Share based payments

Share based payments involve assumptions made by management regarding the date of recognition and application of market price. Refer Note 4.23.

Coronavirus (COVID-19) pandemic

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australia and International markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australia and international economies. The longer term impacts of COVID-19 on the operations of the Group remain uncertain and cannot be quantified at this time.

Exploration and evaluation assets

At each reporting date, the directors review the carrying amount of each area of interest, with reference to the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources.

One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

- (a) the period for which the entity has a right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

4.19 Other intangible assets

Recognition of other intangible assets

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.20 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.21 Government incentives and grants

Government incentives and grants comprise assistance by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the activities of the Group. Government incentives and grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government incentives and grants are recognised in profit or loss on a systematic basis over the periods in which expenses are recognised for the related costs for which grants are intended to compensate.

4.22 Asset held for sale

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as 'held for sale', the assets are not subject to depreciation or amortization.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

If an asset held for sale has not been sold within 12 months and a sale is not certain, then an impairment is charged against that asset.

4.23 Share based payments

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

In addition equity settled share based payment transactions, the company shall measure the goods or services rendered and the corresponding increase in equity, directly at fair value of the goods or services received, unless that fair value cannot be estimated reliably.

The Company issued shares and options to a Manager in consideration for corporate advisory services, calculated on the same basis as the Placement (6,237,000 shares @ \$0.007 and 6,237,000 free attaching options and 10,000,000 options).

The Company issued shares to a Consultant, calculated on the market price on date of issue (6,000,000 @ \$0.008).

The Company issued shares to Directors and a Consultant upon the conversion of performance rights, calculated on the market price on the date the performance rights were decided (32,000,000 @ \$0.007).

The Company issued shares upon the conversion of performance rights that were issued in connection with the acquisition of the HMS project calculated on the market price on date the performance rights were granted (160,000,000 @ \$0.004).

4.24 Business combinations

The acquisition method in accounting is used for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any assets or liability arising from a contingent consideration arrangement. Acquisition cost are

expensed as incurred. In order to be classified a business combination, the operations of the company acquired must constitute a “business” under this standard.

5 Revenue

	Consolidated 2020	Consolidated 2019
	\$	\$
Interest	3,038	13,270
	3,038	13,270

6 Segment reporting

The Group is organised into one operating segment, which is the exploration and development of heavy mineral sands within Mozambique. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

All items of Revenue and Expense are allocated to the Australian segment except for expenses of \$180,417 that are allocated to the Mozambique segment.

All items of Assets and Liabilities are allocated to the Mozambique segment, except for cash \$716,400, trade payables of \$11,390 and accrued expenses of \$40,000, which are allocated to Australia.

7 Other receivables

	Consolidated 2020	Consolidated 2019
	\$	\$
GST receivables	18,032	9,081
Other (a)	89,672	5,469
Other receivables	107,704	14,550

The receivables noted above are not impaired nor past due.

(a) Recoverable Mozambique taxes.

8 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Consolidated 2020	Consolidated 2019
	\$	\$
Cash at bank and in hand:		
AUD	693,985	381,910
USD	3,799	20,025
MZN	1,048	143
Short term deposits (AUD) (a)	22,416	21,859
Cash and cash equivalents	721,248	423,937

The effective interest rate on short-term bank deposits is 1.6%(2019: 2.55%); these deposits have an average maturity of 365 days.

(a) The \$22,416 is restricted cash as it is security for Company credit cards.

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9 Equity

9.1 Share capital & reserves

The share capital of MRG Metals Ltd consists of fully paid ordinary shares and options, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of MRG Metals Ltd.

Details	Quantity	Consolidated
		2020
		\$
SHARES		
Total at 1 July 2019	757,169,639	20,389,818
Additions during the year	476,982,000	3,314,109
Costs of raising	-	(114,690)
Total share capital at 30 June 2020	1,234,151,639	23,589,237
OPTIONS RESERVE		
Total at 1 July 2019	484,368,284	857,402
Additions during the year	196,304,500	-
Total issued options at 30 June 2020	680,672,784	857,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2019		95,050
Created during the year		36,480
Total reserve at 30 June 2020		131,530
PERFORMANCE RIGHTS		
Total at 1 July 2019	480,000,000	-
Additions during the year (a)	32,000,000	-
Deletions during the year (b)	(192,000,000)	-
Total rights at 30 June 2020	320,000,000	-
SHARE CAPITAL & RESERVES		24,578,169
Consolidated 2019		
Details	Quantity	\$
SHARES		
Total at 1 July 2018	667,169,639	20,029,818
Additions during the year	90,000,000	360,000
Total share capital at 30 June 2019	757,169,639	20,389,818
OPTIONS RESERVE		
Total at 1 July 2018	394,368,284	677,402
Additions during the year	90,000,000	180,000
Total issued options at 30 June 2019	484,368,284	857,402

SHARE BASED PAYMENTS

RESERVE

Total at 1 July 2018		68,332
Created during the year		36,480
Lapsed during the year		(9,762)
Total reserve at 30 June 2019		<u>95,050</u>

PERFORMANCE RIGHTS

Total at 1 July 2018	-	-
Additions during the year (Note 12)	<u>480,000,000</u>	-
Total rights at 30 June 2019	480,000,000	-

SHARE CAPITAL & RESERVES

21,342,270

- (a) 16,000,000 Class C and 16,000,000 Class D Performance Rights were issued to Directors and a Consultant of the Company after approval at the Company's 2019 Annual General Meeting.
- (b) 16,000,000 Class C Performance Rights converted during the year. Further, 160,000,000 Class A (issued to Vendors of HMS project in 2019) and 16,000,000 Class D Performance Rights converted during the year.

(i) Movements in issued capital:

	Date of issue	No of shares	Issue price (cents)	\$
Opening balance at 1 July 2019		757,169,639		20,389,818
Capital Raising - placement	14/08/2019	94,500,000	0.7	661,500
Capital Raising - placement	08/10/2019	28,500,000	0.7	199,500
Issue of Ordinary Shares – corporate mandate	08/10/2019	6,237,000	0.7	43,659
Issue of Ordinary Shares – consultant	08/10/2019	6,000,000	0.8	48,000
Capital Raising - placement	10/12/2019	125,000,000	1.0	1,250,000
Issue of Ordinary Shares – corporate mandate	10/12/2190	6,875,000	1.0	68,750
Issue of Ordinary Shares – rights conversion	09/01/2020	16,000,000	0.7	112,000
Issue of Ordinary Shares – options conversion	15/01/2020	11,870,000	1.0	118,700
Capital Raising - placement	13/02/2020	6,000,000	1.0	60,000
Issue of Ordinary Shares – rights conversion	06/05/2020	16,000,000	0.7	112,000
Issue of Ordinary Shares – rights conversion	06/05/2020	160,000,000	0.4	640,000
Less costs associated with capital raisings		-	-	(114,690)
Closing balance at 30 June 2020		1,234,151,639		23,589,237

	Date of issue	No of shares	Issue price (cents)	\$
Opening balance at 1 July 2018		667,169,639		20,029,818
Issue of Ordinary Shares – acquisition of HMS project	22/01/2019	90,000,000	0.4	360,000
Closing balance at 30 June 2019		757,169,639		20,389,818

(ii) Movements in options:

2020	Date of issue	No. options 1 July 2019	Issued/ (converted)	No. options 30 June 2020	Ex. price (cents)	Expiry date
Issue of options – entitlement issue	15/09/2015	72,978,404		72,978,404	15.0	31/08/2020
Issue of options – entitlement issue	23/01/2018	130,838,298	-	130,838,298	1.0	20/12/2020
Issue of options – entitlement issue shortfall	25/01/2018	69,551,582	-	69,551,582	1.0	20/12/2020
Issue of options - placement	12/02/2018	86,000,000	-	86,000,000	1.0	20/12/2020
Issue of options - corporate mandate	12/02/2018	5,000,000	-	5,000,000	1.0	20/12/2020
Issue of options - placement	17/04/2018	30,000,000	-	30,000,000	1.0	20/12/2020
Issue of options - acquisition of HMS project	22/01/2019	90,000,000	-	90,000,000	1.0	20/12/2020
Issue of options - placement	14/08/2019	-	94,500,000	94,500,000	1.0	20/12/2020
Issue of options - corporate mandate	08/10/2019	-	16,237,000	16,237,000	1.0	20/12/2020
Issue of options - placement	08/10/2019	-	28,500,000	28,500,000	1.0	20/12/2020
Issue of options - placement	10/12/2019	-	62,500,000	62,500,000	1.0	20/12/2020
Issue of options - corporate mandate	10/12/2019	-	3,437,500	3,437,500	1.0	20/12/2020
Options conversion	15/01/2020	-	(11,870,000)	(11,870,000)		20/12/2020
Issue of options - placement	13/02/2020	-	3,000,000	3,000,000	1.0	20/12/2020
		484,368,284		680,672,784		

2019	Date of issue	No. options 1 July 2018	Issued/ (lapsed)	No. options 30 June 2019	Ex. price (cents)	Expiry date
Issue of options – entitlement issue	15/09/2015	72,978,404		72,978,404	15.0	31/08/2020
Issue of options – entitlement issue	23/01/2018	130,838,298	-	130,838,298	1.0	20/12/2020
Issue of options – entitlement issue shortfall	25/01/2018	69,551,582	-	69,551,582	1.0	20/12/2020
Issue of options - placement	12/02/2018	86,000,000	-	86,000,000	1.0	20/12/2020
Issue of options - corporate mandate	12/02/2018	5,000,000	-	5,000,000	1.0	20/12/2020
Issue of options - placement	17/04/2018	30,000,000	-	30,000,000	1.0	20/12/2020
Issue of options - acquisition of HMS project	22/01/2019	-	90,000,000	90,000,000	1.0	20/12/2020
		394,368,284		484,368,284		

(iii) Movements in rights:

2020	Date of issue/conver sion	No. rights 1 July 2019	Issued/ (converted)	No. rights 30 June 2020	Expiry date
Issue of rights – acquisition of HMS project	22/01/2019	480,000,000		480,000,000	21/07/2021
Issue of rights – directors & consultant	10/12/2019	-	32,000,000	32,000,000	09/12/2024
Rights conversion	09/01/2020	-	(16,000,000)	(16,000,000)	09/12/2024
Rights conversion	06/05/2020	-	(16,000,000)	(16,000,000)	09/12/2024
Rights conversion	06/05/2020	-	(160,000,000)	(160,000,000)	21/07/2021
		480,000,000		320,000,000	

2019	Date of issue	No. rights 1 July 2018	Issued/ (lapsed)	No. rights 30 June 2019	Expiry date
Issue of rights – acquisition of HMS project	22/01/2019	-	480,000,000	480,000,000	21/01/2021
		-		480,000,000	

9.2 Dividends

No dividends were declared or paid during the year. There are no franking credits outstanding at period end.

10 Trade and other payables

Trade and other payables recognised in the Statement of Financial Position can be analysed as follows:

	Consolidated 2020	Consolidated 2019
	\$	\$
Current		
- Trade payables	23,002	9,350
- Other payables and accrued expenses	69,882	105,109
	<u>92,884</u>	<u>114,459</u>

11 Plant and equipment

	Consolidated 2020	Consolidated 2019
	\$	\$
Plant & Equipment	6,205	5,780
Accumulated Depreciation	(5,780)	(4,823)
	<u>425</u>	<u>957</u>

12 Exploration and evaluation assets

	Consolidated 2020
	\$
Cost as at 1 July 2019	860,315
Other exploration costs	1,055,743
Acquisition costs HMS project (i)	480,000
Cost as at 30 June 2020	<u>2,396,058</u>

(i) Conversion of Class A Performance Rights (refer Note 9).

	Consolidated 2019
	\$
Cost as at 1 July 2018	3,628,518
Reclassification of Norrilden to asset held for sale (Note 13)	(608,596)
Acquisition costs HMS project	509,633
Other exploration costs	457,174
Relinquishments	(3,126,414)
Cost as at 30 June 2019	<u>860,315</u>

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The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The relinquishments represent the capitalised amounts written off during the period when ownership of the tenements is abandoned.

The acquisition of HMS did not constitute a business combination; the acquisition is accounted for under AASB 2 share based payments. The acquisition is measured at the fair value of the options and shares provided as consideration to acquire the HMS project.

Contingent consideration in the form of performance rights were provided as part of the HMS acquisition consideration.

Performance rights were provided as part of the HMS acquisition consideration as follows:

- (a) 160,000,000 Class A Performance Rights in MRG Metals Limited (**MRG**), each convertible to 1 fully paid MRG Share on the publishing 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 two years of completion of the Purchase (**Completion**). These Performance Rights converted during the year; and
- (b) 320,000,000 Class B Performance Rights in MRG, each convertible to 1 fully paid MRG Share following completion of a Scoping Study on the HMS Projects showing positive economics combined with a MRG Board decision to commence a PFS within 60 days following completion of the Scoping Study
- (c) If the HMS Projects are sold at a valuation greater than \$100 million cash or based on consideration that is valued by an Independent Expert's Report, prior to the completion of (a) or (b), then all shares under (a) and (b) will be issued.

At issuance the probability could not be accurately estimated of Class B Performance Rights, as a result a value was not allocated. Should they convert, a value will be attributed to the shares issued.

The acquisition of the HMS project comprised:	\$
- Issue of 50,000,000 shares	200,000
- Issue of 50,000,000 options	100,000
- Reimbursement of costs	139,024
- Tax payable on transaction	70,609
	<u>509,633</u>

13 Asset held for sale

The Norrliden project is currently being marketed for sale. The Norrliden asset was previously recognised as a non-current exploration and evaluation asset. The asset held for sale is recognised at lower of the carrying value and fair value less cost to sell.

	2020	2019
Non-current assets held for sale	608,596	608,596
Less Impairment (a)	<u>(608,596)</u>	<u>-</u>
	<u>-</u>	<u>608,596</u>

- (a) Refer Note 4.22. If an asset held for sale has not been sold within 12 months and a sale is not certain, then an impairment is charged against that asset. The Company took the view that as a sale was not achieved in the last 12 months, then an impairment was made against the asset.

14 Income tax expense

The relationship between the expected tax expense based on the tax rate of MRG Metals Ltd and the reported tax expense in profit or loss can be reconciled as follows, also showing major components of tax expenses:

	Consolidated 2020	Consolidated 2019
	\$	\$
Profit/(loss) before tax	(1,897,244)	(4,089,395)
Expected tax expense/(benefit) @ 27.5%	(521,742)	(1,124,584)
Adjustment for non-deductible expenses:		
- Movement in accruals	(17,905)	12,374
- Impairment of asset held for sale	167,364	-
Adjustment for non-assessable income:		
- Movement in other receivables	-	(4)
	(372,283)	(1,112,214)
Current period tax (loss) not recognised	(372,283)	(1,112,214)
Deferred tax expense:		
- Temporary differences	(17,905)	12,370
- Unused tax losses	539,647	1,112,214
Deferred tax assets not recognised	521,742	1,124,584

The above potential tax benefit has not been recognised as the recovery is uncertain.

The carry forward tax losses at 30 June 2020 were \$14,545,744.

The taxation benefit of tax losses and temporary differences not brought to account will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the Group in realising the benefits from deducting the tax losses.

15 Auditor remuneration

	Consolidated 2020	Consolidated 2019
	\$	\$
Audit services		
Auditors of MRG Metals Ltd – Grant Thornton Audit Pty Ltd		
- Audit and review of the financial reports	47,500	43,500
Audit services remuneration	47,500	43,500
Other services	-	-
Total Auditor's remuneration	47,500	43,500

16 Earnings per share

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated 2020	Consolidated 2019
	\$	\$
Loss after income tax	(1,897,244)	(4,089,395)
Weighted average number of shares used in basic earnings per share	985,793,789	710,073,749
Weighted average number of shares used in diluted earnings per share	<u>985,793,789</u>	<u>710,073,749</u>
Earnings Per Share	(0.19) cents	(0.58) cents
Diluted Earnings Per Share	(0.19) cents	(0.58) cents

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for the inclusion in AASB 133 “Earnings per Share”. The rights to options are non-dilutive as the Group is loss generating.

17 Reconciliation of cash flows from operating activities

	Consolidated 2020	Consolidated 2019
	\$	\$
Cash flows from operating activities		
(Loss) after income tax expense for the year	(1,897,244)	(4,089,395)
Cash flows excluded from loss attributable to operating activities		
Non cash flows in loss:		
Amortisation/Depreciation	957	1,106
Foreign exchange loss	21,414	-
Share based payments transactions	468,480	216,480
Write off deferred exploration and evaluation expenditure	-	3,126,414
Impairment of asset held for sale	608,596	-
Change in other assets and liabilities:		
(Increase)/decrease in trade and other receivables	(93,154)	21,337
Increase/(decrease) trade and other payables	37,423	30,232
Net cash used in operating activities	<u>(853,529)</u>	<u>(693,826)</u>

18 Related party transactions

The Parent entity is MRG Metals Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Australia) Pty Ltd. (2019 100%)

MRG Metals Ltd owns 100% of the shares of MRG Metals (Exploration) Pty Ltd. (2019 100%)

MRG Metals Ltd owns 100% of the shares of Sofala Resources Pty Ltd. (2019 100%)

Sofala Resources Pty Ltd owns 99% of the shares of Sofala Mining & Exploration Lda . (2019 99%), Sofala Mining & Exploration I Lda, Sofala Mining & Exploration II Lda, Sofala Mining & Exploration III Lda and Sofala Mining & Exploration IV Lda (Mozambique Companies).

Sofala Mining & Exploration Limitada owns the HMS tenements.

Sofala Mining & Exploration I Lda, Sofala Mining & Exploration II Lda, Sofala Mining & Exploration III Lda and Sofala Mining & Exploration IV Lda were set up during the year in preparation for granting of HMS applications and transfer of the Corridor South tenement; such that each Mozambique company will

hold one tenement as now required by Mozambique law. The Corridor Central tenement will be retained in Sofala Mining & Exploration Lda.

MRG Metals Ltd owns 100% of the shares of Trophosys Pty Ltd. (2019 100%)

MRG Metals (Australia) Pty Ltd, MRG (Exploration) Pty Ltd and Trophosys Pty Ltd have no Assets or Liabilities.

The Group's related parties include its key management and others as described in Note 18.2.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

18.1 Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:

The Group used the accounting and taxation services of RSM Australia, an entity associated with Mr. Turner and Mr. Turner. The amounts billed were based on normal market rates and amounted to \$38,000 to Mr. Turner (2019 \$41,000 to Mr. Turner and RSM).

Receivable from and payable to related parties

There were no trade receivable from or trade payables to related parties.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions are made on normal commercial terms and conditions and at market rates.

18.2 Transactions with key management personnel

Key management of the Group are the Board of Directors. Key management personnel remuneration is set out in the Remuneration Report in the Director's Report.

	Consolidated 2020	Consolidated 2019
	\$	\$
Short term benefits	300,000	300,000
Post employment benefits	23,750	19,000
Share based payments	204,480	36,480
Total KMP remuneration	528,230	355,480

18.3 Equity instruments held by KMP

The number of shares in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2019

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	14,835,250	-	-	-	14,835,250
Turner	9,958,700	-	-	-	9,958,700
Gregory	37,349,700	-	-	-	37,349,700
	62,143,650	-	-	-	62,143,650

Year ended 30 June 2020

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	14,835,250	9,071,429	8,000,000	-	31,906,679
Turner	9,958,700	3,857,142	8,000,000	-	21,815,842
Gregory	37,349,700	15,214,286	8,000,000	-	60,563,986
	62,143,650	28,142,857	24,000,000	-	114,286,507

The number of options in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2019

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	11,201,750	-	-	-	11,201,750
Turner	6,172,900	-	-	-	6,172,900
Gregory	20,749,900	-	-	-	20,749,900
	38,124,550	-	-	-	38,124,550

Year ended 30 June 2020

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	11,201,750	8,321,429	-	-	19,523,179
Turner	6,172,900	3,357,142	-	-	9,530,042
Gregory	20,749,900	14,214,286	-	-	34,964,186
	38,124,550	25,892,857	-	-	64,017,407

19 Contingent assets and contingent liabilities

There were no contingent assets or liabilities.

20 Commitments for expenditure

	2020	2019
	\$	\$
Exploration and evaluation:		
Within 12 months	1,365,217	1,250,579
After 12 months but not later than 5 years	789,128	1,250,579

Exploration and evaluation:

In order to maintain current rights of tenure for exploration tenements, the Group is required to meet the minimum exploration requirements of the Mining Department. The Group holds two tenements in

Mozambique, each year the Mozambique mining regulations require companies to submit exploration programs which indicate the expected mining expenditure for the year.

Mozambique New Mining Law Regulations require a minimum spend of 60% of the exploration program submitted for the year. The commitment for FY22 to FY25 is the Groups estimated tenement expenses to be incurred for each licence at a rate of 60%, which is expected to be the best estimate of the required commitment.

21 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk (including interest rate risk), credit risk and liquidity risk.

The Group's risk management is carried out by the board of directors and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

21.1 Foreign currency sensitivity

The Group's transactions during the year have been carried out in Australian Dollars, United States Dollars (USD), and Mozambican Meticals (MZN).

There is a risk that changes in foreign exchange rates will affect the Group's income or amounts to be paid or received arising from its financial obligations. The Group's objective of foreign currency risk management is to manage and control foreign currency risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to foreign currency risk relates primarily to foreign exchange rates applicable to the Group's foreign currency denominated obligations recognised in the balance sheet.

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The primary foreign currency exposure is to the MZN and USD.

Management monitors the exposure to foreign exchange risk on an ongoing basis by regularly reviewing forward foreign exchange rates applicable to its foreign currency denominated obligations.

The Group's exposure to assets and liabilities to MZN at 30 June 2020 is set out below (Australian dollar equivalents):

	30 June 2020
Reported exchange rate	47.96
Cash at Bank	1,048
Trade and other payables	(70,609)
Total exposure	(69,561)

The Group's exposure to assets and liabilities to USD at 30 June 2020 is set out below (Australian dollar equivalents):

	30 June 2020
Reported exchange rate	0.6863
Cash at Bank	3,799
Total exposure	3,799

The table below shows the effect on profit after income tax expense and total equity from MZLN currency exposures, had the rates been 10% higher or lower than the year end rate. Whilst directors cannot predict movements in foreign currency rates, a sensitivity of 10% is considered reasonable taking in to account the current level of exchange rates and the volatility observed on a historical basis.

	30 June 2020	
	Increase/(Decrease) in profit after income tax	Increase/(Decrease) in Equity
Foreign exchange rates - 10%	(6,956)	(6,956)
Foreign exchange rates + 10%	6,956	6,956

21.2 Interest rate sensitivity

The Group's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

At 30 June 2020, there was \$22,416 on deposit at 1.60% (Note 8).

An increase/decrease by 30% or 0.05 basis points would have a favourable/adverse effect on profit for the year of \$112. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

21.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to minimal credit risk as its only exposure is to interest receivable and GST refunds.

21.4 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring actual and forecast cash inflows and outflows due in day-to-day business.

The Group's working capital, being current assets less current liabilities, at 30 June 2020 was \$736,068. Further, the Company raised \$660,000 on 18 September 2020. Further, the Directors believe that there a good possibility of the current 735,494,380 MRQOB Options being exercised before their expiry on 20 December 2020. Should all of these Options be exercised, this will raise \$7,354,944.

Based on this, the directors are satisfied the Group will have sufficient funds to pay its debts as and when they fall due.

As at 30 June, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2019	\$	\$	\$	\$
Trade and other payables	114,459	-	-	-
Total	114,459	-	-	-
	Current		Non current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2020	\$	\$	\$	\$
Trade and other payables	92,884	-	-	-
Total	92,884	-	-	-

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The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values due to their short term nature.

22 Capital risk management

The Group's objectives when managing capital is to ensure the Group's ability to continue as a going concern so that it can provide an adequate return to shareholders.

The Group would look to raise capital when an opportunity to invest in a business, company or tenement is seen as value adding.

23 Post-reporting date events

On 31 August 2020, 72,978,404 MRQOA options expired.

On 16 September 2020, the Company completed a \$660,000 equity raising that will enable it to expand aircore drilling currently underway at its 100% owned Corridor Central and Corridor South Mozambique HMS Projects, project development and for working capital.

The Company issued 110 million ordinary shares at \$0.006, together with 110 million free attaching MRQOB options, which have an exercise price of \$0.01 and an expiry date of 20 December 2020; to sophisticated and professional investors and retail private clients. Also, the Company issued 5.8 million ordinary shares and 17.8 million MRQOB options to Managers of the equity raising.

During the financial year the Covid-19 pandemic has had a significant impact on the local and international economies. Subsequent to balance date, Victoria has experienced a second wave of the COVID-19 pandemic.

The longer term impacts on the operations of the Group remain uncertain and cannot be quantified at this time.

There are no other events occurring since the end of the year that have, or may, significantly affect the Group's operations, results of those operations or the state of affairs of the Group.

24 Parent entity information

Information relating to MRG Metals Ltd ('the parent entity')

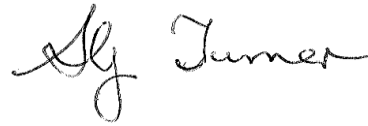
	2020	2019
	\$	\$
Statement of financial position		
Current assets	828,952	1,047,083
Total assets	3,225,435	1,908,355
Current liabilities	92,884	114,459
Total liabilities	92,884	114,459
Issued capital	23,589,237	20,389,818
Reserves	988,932	952,452
Retained earnings	(21,445,618)	(19,548,374)
	<u>3,132,551</u>	<u>1,793,896</u>
Statement of comprehensive income		
Profit/(loss) for the period	(1,897,244)	(4,089,395)
Total comprehensive income	<u>(1,897,244)</u>	<u>(4,089,395)</u>

25 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2020 were approved by the board of directors on 30 September 2020.



Andrew Van Der Zwan
Chairman



Shane Turner
Director/Secretary

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Directors' declaration

1. In the opinion of the directors of MRG Metals Ltd:
 - a the consolidated financial statements and notes of MRG Metals Ltd are in accordance with the Corporations Act 2001, including
 - i giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial period ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b there are reasonable grounds to believe that MRG Metals Ltd will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial period ended 30 June 2020.
3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne, the 30 day of September 2020.



Andrew Van Der Zwan

Director

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Independent Auditor's Report

To the Members of MRG Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of MRG Metals Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 4.3 in the financial statements, which indicates that the Group incurred a net loss of \$1,897,244 during the year ended 30 June 2020, and net outflows from operating and investing activities were \$1,979,889 for the year ended 30 June 2020. As stated in Note 4.3, these events or conditions, along with other matters as set forth in Note 4.3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and evaluation assets – Note 12</p> <p>At 30 June 2020 the carrying value of exploration and evaluation assets was \$2,396,058.</p> <p>In accordance with Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining management's reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewed expenditures incurred during the period and evaluated whether capitalised expenses are in accordance with AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> ○ Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure exists; ○ Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; ○ Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • Assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MRG Metals Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 30 September 2020

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 19 September 2020.

Substantial Shareholders

	Ordinary Shares Number Held	%of quoted shares
Nil		
Holding		Shareholders
1 – 1,000		35
1,001 – 5,000		18
5,001 – 10,000		54
10,001 – 100,000		408
100,000 and over		899
		<u>1,414</u>

There were 352 holders of less than a marketable parcel of ordinary shares.

	Ordinary Shares Number Held	%of quoted shares
Twenty largest quoted shareholders		
10 Bolivianos P/L	42,861,503	3.18
CJ & M Gregory S/F A/C	42,563,536	3.15
M Alvin	40,951,677	3.03
BNP Paribas Nominees P/L	27,992,747	2.07
Icon Custodians P/L Cummins Family A/C	26,951,677	2.00
KV Van Der Zwan Harleston Family A/C	24,596,679	1.82
Kensington Trust Singapore Ltd IS&P (FNS) Retirement A/C	20,000,000	1.48
M Broglio	20,000,000	1.48
Rojul Nominees P/L Martin S/F A/C	20,000,000	1.48
Samatzo Holdings P/L Hill Family A/C	19,024,713	1.41
Silverpeak Nominees P/L RGM Hill A/C	19,024,713	1.41
S & E Turner Turner S/F A/C	18,815,842	1.39
Jolanza P/L Jolanza A/C	18,000,450	1.33
EJ Heymann	17,135,000	1.27
J Simpsom	16,000,000	1.19
M Fimeri	15,333,333	1.14
M Bazdaric	15,170,000	1.12
HSBC Custody Nominees (Australia) Ltd	12,713,654	0.94
A Swift	12,590,870	0.93
J Hondris	12,000,000	0.89
	<u>441,726,394</u>	<u>32.71</u>

Restricted equity securities

Nil

Securities exchange

The Company is listed on the Australian Securities Exchange and shares are quoted under the code MRQ.

Twenty largest quoted optionholders	Number Held	Options
		%of quoted options
A Knowles	71,500,000	9.72
First Investment Partners P/L	55,185,537	7.50
G Jacks	22,491,110	3.06
CJ & M Gregory S/F A/C	20,664,036	2.81
P Proksa	15,000,000	2.72
SG, SD & MB Jacobs Phoenix S/F A/C	20,000,000	2.72
A Broadribb	17,474,107	2.38
H Shirazi	16,600,000	2.26
10 Bolivianos P/L	15,100,000	2.05
Harry Fund P/L Golden Autumn S/F A/C	13,950,000	1.90
Millwest Investments P/L Millwest A/C	13,300,000	1.81
M Bazdaric	10,000,000	1.36
Super MSJ P/L MSJ S/F A/C	10,000,000	1.36
D Fagan	9,255,555	1.26
KV Van Der Zwan Harleston Family A/C	9,163,179	1.25
S Sangaranarayananamy	8,939,956	1.22
C Jacks	8,433,333	1.15
Allekian Exchange P/L	8,333,334	1.13
M Alvin	7,926,964	1.08
Icon Custodians P/L Cummins Family A/C	7,926,964	1.08
	361,244,075	49.82

Securities exchange

The Company is listed on the Australian Securities Exchange and options are quoted under the code MRQOB.

Tenements

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Norrliden	K nr 1	10	
Malanaset	nr 100	10	
Malanaset	nr 101	10	
Corridor Central	EL 6620	100	
Corridor South	EL 6621	100	
Linhuane	7423L	100	Application
Marao	6842L	100	Application
Marruca	6846L	100	Application

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Corporate Directory

Directors & Secretary

Andrew Van Der Zwan
 Non Executive Chairman

Christopher Gregory
 Non Executive Director

Shane Turner
 Non Executive Director and Company Secretary

Principal place of business

12 Anderson Street West, Ballarat VIC 3350
 Telephone: +61 3 5330 5800 Fax: +61 3 5330 5890
 Email: info@mrgmetals.com.au, www.mrgmetals.com.au

Registered office

12 Anderson Street West, Ballarat Victoria 3350
 PO Box 237, Ballarat VIC 3353
 Telephone: +61 3 5330 5800 Fax: +61 3 5330 5890

Corporate Accountant and Registered ASIC Agent

RSM Australia
 12 Anderson Street West, Ballarat VIC 3350
 PO Box 685, Ballarat VIC 3353
 Telephone: +61 3 5330 5800 Fax: +61 3 5330 5890
www.rsm.com.au

Solicitors

Moray & Agnew
 Level 6, 505 Little Collins Street, Melbourne VIC 3000
 Telephone: +61 3 9600 0877 Fax: +61 3 9600 0894
www.moray.com.au

Share Registry

Automic Pty Ltd
 Level 5, 126 Phillip Street, Sydney NSW 2000
 Telephone: 1300 288 664

Auditor

Grant Thornton Audit Pty Ltd
 Collins Square, Tower 5
 727 Collins Street, Melbourne Vic 3008
 Telephone (office): +61 3 8320 2222 Fax: +61 3 8663 6333
 Website: www.granthornton.com.au

Stock Exchange Listing

ASX Codes: MRQ, MRQOB

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