

Annual Report

MRG Metals Ltd
ABN: 83 148 938 532

For the Year ended 30 June 2021

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Review of Operations

MRG Metals is pleased to provide a summary of its activities for the 2021 financial year at its Heavy Mineral Sands (HMS) projects in southern Mozambique.

Corridor Projects

MRG Metals' Corridor Central (6620L) tenement comprises 179km² covering palaeodunes known to host significant HMS mineralisation. Historic aircore drill holes show a very large, high-grade HMS mineralised zone with down hole total heavy mineral (THM) grades up to 14% THM. The high THM grade in the historic holes begins at surface and extends to at least 60m depth, extending over an area of 5.5km x 1.2km.

Corridor South (6621L) tenement comprises 208km² covering palaeodunes also known from historic drilling to host significant HMS mineralisation. At Corridor South, a large, high grade mineralised zone with down hole THM grades up to 7.4% extending over an area of 6.5km x 4.5km.

MRG is on track to succeed in its stated Exploration Strategy of discovering potential mine startup HMS deposits as demonstrated through successful aircore programs at Koko Massava, Nhacutse and Poiombo, detailed below.

Ongoing work throughout the year has the Company rapidly advancing to deliver three Mineral Resource Estimates across the very high grade Koko Massava, Nhacutse and Poiombo targets.

Aircore Drilling - Koko Massava

A 34-hole infill aircore drilling program carried out at the Koko Massava prospect identified two very high grade zones, based on visual estimation (VIS EST). The two very high-grade zones, located between the towns of Malahice and Koko Massava, sit within an Inferred Resource portion of the larger maiden Koko Massava Mineral Resource Estimate (MRE), (refer ASX Announcements 22 April 2020 and 10 March 2021).

The Inferred Resource (1,133 Mt @ 5.3% THM and 16% Slimes) contains some 60 Mt of THM with a Valuable Heavy Mineral (VHM) assemblage of 42% ilmenite, 7% Ti ilmenite/titanomagnetite, 2% zircon, 1% rutile, 1% leucoxene and 0.2% monazite. A titanomagnetite content of 27% is not included as VHM at this stage but this is being reviewed given the increase in iron prices.

The targeted drilling program at Koko Massava confirmed the Group's belief that within the massive Koko Massava footprint lies significant high-grade mineralisation from surface, including valuable pockets of very high grade. MRG aims to identify more than 100 million tonnes (MT) of potential early mine life, high-grade feed.

Drill holes in both zones consistently show VIS EST grades of more than 6% THM, with a combined surface footprint of the zones of approximately 1.8km².

Grade in excess of 10% THM (VIS EST) exists in individual or multiple 1.5m intervals in 21 of the holes, with further potential demonstrated to expand both of these very high grade zones laterally and at depth.

Representative material from the drilling will also be used for additional mineral assemblage investigations to augment previous studies associated with the maiden MRE. The drilling allows the Group to commission an updated MRE and JORC compliant resource report for Koko Massava.

Table 1: Summary collar and visual estimated THM% results for aircore drill data for Koko Massava Very High Grade prospect, drilling completed during early April 2021.

| DRILLHOLE INFORMATION | | | | | | MINERALISATION | | | |
|-----------------------|----------------|-----------------|------------|---------|------------|----------------|------|------------------|---------------|
| HOLE ID | UTM EAST WGS84 | UTM NORTH WGS84 | ELEV'N (M) | EOH (M) | DRILL TYPE | FROM | TO | INTERSECTION (M) | % VIS EST THM |
| 21CCAC678 | 7260397 | 567899 | 101 | 66.0 | AIRCORE | 0.0 | 45.0 | 45.0 | 5.5 |
| | | | | | | 0.0 | 39.0 | 39.0 | 5.8 |
| 21CCAC679 | 7259943 | 567877 | 94 | 63.0 | AIRCORE | 0.0 | 60.0 | 60.0 | 5.9 |
| | | | | | | 0.0 | 27.0 | 27.0 | 6.1 |
| 21CCAC686 | 7260337 | 567565 | 104 | 51.0 | AIRCORE | 0.0 | 51.0 | 51.0 | 5.1 |
| | | | | | | 0.0 | 22.5 | 22.5 | 6.5 |
| 21CCAC687 | 7261096 | 567550 | 82 | 63.0 | AIRCORE | 0.0 | 42.0 | 42.0 | 6.6 |
| | | | | | | 0.0 | 21.0 | 21.0 | 8.8 |
| 21CCAC688 | 7261489 | 567296 | 67 | 69.0 | AIRCORE | 0.0 | 28.5 | 28.5 | 6.2 |
| 21CCAC689 | 7261143 | 566980 | 45 | 63.0 | AIRCORE | 0.0 | 63.0 | 63.0 | 4.5 |
| 21CCAC690 | 7260747 | 567275 | 70 | 69.0 | AIRCORE | 0.0 | 67.5 | 67.5 | 3.8 |
| | | | | | | 0.0 | 25.5 | 25.5 | 4.1 |
| 21CCAC691 | 7260742 | 566783 | 49 | 66.0 | AIRCORE | 0.0 | 66.0 | 66.0 | 5.8 |
| | | | | | | 0.0 | 54.0 | 54.0 | 6.0 |
| 21CCAC692 | 7260742 | 566627 | 51 | 67.5 | AIRCORE | 0.0 | 54.0 | 54.0 | 5.0 |
| | | | | | | 46.5 | 52.5 | 6.0 | 10.1 |
| 21CCAC693 | 7260540 | 566765 | 56 | 66.0 | AIRCORE | 0.0 | 66.0 | 66.0 | 4.4 |
| 21CCAC694 | 7260356 | 566332 | 52 | 63.0 | AIRCORE | 0.0 | 63.0 | 63.0 | 5.5 |
| | | | | | | 0.0 | 45.0 | 45.0 | 8.0 |
| | | | | | | 30.0 | 42.0 | 12.0 | 8.6 |
| 21CCAC695 | 7259644 | 566220 | 71 | 39.0 | AIRCORE | 0.0 | 39.0 | 39.0 | 4.5 |
| | | | | | | 0.0 | 21.0 | 21.0 | 5.2 |
| 21CCAC696 | 7259853 | 566096 | 42 | 61.5 | AIRCORE | 0.0 | 60.0 | 60.0 | 4.7 |
| | | | | | | 0.0 | 28.5 | 28.5 | 6.3 |
| 21CCAC697 | 7259955 | 566643 | 54 | 60.0 | AIRCORE | 0.0 | 60.0 | 60.0 | 3.5 |
| 21CCAC698 | 7260336 | 566933 | 68 | 66.0 | AIRCORE | 0.0 | 66.0 | 66.0 | 4.4 |
| | | | | | | 0.0 | 19.5 | 19.5 | 5.1 |
| 21CCAC699 | 7260135 | 567079 | 70 | 66.0 | AIRCORE | 0.0 | 66.0 | 66.0 | 5.4 |
| | | | | | | 0.0 | 25.5 | 25.5 | 7.3 |
| | | | | | | 4.5 | 21.0 | 16.5 | 8.5 |
| 21CCAC700 | 7259572 | 566936 | 68 | 69.0 | AIRCORE | 0.0 | 58.5 | 58.5 | 4.1 |
| | | | | | | 0.0 | 27.0 | 27.0 | 4.8 |
| 21CCAC701 | 7259937 | 567222 | 71 | 69.0 | AIRCORE | 0.0 | 66.0 | 66.0 | 4.2 |
| | | | | | | 0.0 | 18.0 | 18.0 | 6.1 |
| 21CCAC702 | 7259931 | 567541 | 70 | 63.0 | AIRCORE | 0.0 | 58.5 | 58.5 | 3.8 |
| | | | | | | 0.0 | 37.5 | 37.5 | 4.5 |
| 21CCAC703 | 7259337 | 567671 | 88 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 6.7 |
| | | | | | | 36.0 | 60.0 | 24.0 | 11.1 |

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| | | | | | | | | | |
|-----------|---------|--------|----|------|---------|------|------|------|------|
| 21CCAC704 | 7259533 | 567523 | 88 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 5.0 |
| 21CCAC705 | 7259738 | 567369 | 65 | 66.0 | AIRCORE | 0.0 | 58.5 | 58.5 | 4.5 |
| | | | | | | 0.0 | 27.0 | 27.0 | 6.2 |
| 21CCAC706 | 7259538 | 567277 | 82 | 69.0 | AIRCORE | 0.0 | 58.5 | 58.5 | 4.4 |
| | | | | | | 0.0 | 27.0 | 27.0 | 5.6 |
| 21CCAC707 | 7259171 | 567230 | 71 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 4.3 |
| | | | | | | 0.0 | 21.0 | 21.0 | 5.1 |
| 21CCAC708 | 7259021 | 566879 | 86 | 63.0 | AIRCORE | 0.0 | 63.0 | 63.0 | 5.2 |
| 21CCAC709 | 7259054 | 566662 | 94 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 7.5 |
| | | | | | | 24.0 | 33.0 | 9.0 | 13.2 |
| | | | | | | 39.0 | 58.5 | 19.5 | 10.4 |
| 21CCAC710 | 7259249 | 566522 | 85 | 63.0 | AIRCORE | 0.0 | 63.0 | 63.0 | 5.1 |
| | | | | | | 0.0 | 36.0 | 36.0 | 6.0 |
| 21CCAC711 | 7258985 | 566427 | 77 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 5.3 |
| | | | | | | 0.0 | 30.0 | 30.0 | 6.3 |
| | | | | | | 21.0 | 28.5 | 7.5 | 10.6 |
| | | | | | | 42.0 | 54.0 | 12.0 | 7.9 |
| 21CCAC712 | 7258862 | 566830 | 98 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 5.6 |
| | | | | | | 27.0 | 45.0 | 18.0 | 7.2 |
| 21CCAC713 | 7258267 | 567287 | 76 | 69.0 | AIRCORE | 0.0 | 66.0 | 66.0 | 4.4 |
| 21CCAC714 | 7258443 | 565882 | 88 | 69.0 | AIRCORE | 0.0 | 69.0 | 69.0 | 5.6 |
| | | | | | | 28.5 | 39.0 | 10.5 | 8.9 |

Aircore Drilling – Poiombo

MRG completed an aircore program comprising six infill holes at Poiombo. A very high-grade zone showing visually estimated grades of >6% THM over a surface footprint approaching 1km² was identified, with a drill hole spacing less than 300m, with high-grade mineralisation remaining open at depth.

This drilling program has consolidated and improved earlier high-grade drilling results at Poiombo (refer ASX Announcements 19 June 2020, 9 October 2020 and 30 November 2020). The drilling focused on an area west of the town of Poiombo (Figures 3 & 4), previously identified as anomalous by MRG aircore and hand auger drilling. A high-grade mineralised area of approximately 0.84km² has now been confirmed.

The results compel a MRE to be undertaken in the September 2021 Quarter, leading to further potential mine development initiatives.

Table 2: Summary collar and visual estimated THM% results for aircore drill data for the Poiombo target completed during early May 2021.

| DRILLHOLE INFORMATION | | | | | | MINERALISATION | | | |
|-----------------------|----------------|-----------------|------------|---------|------------|----------------|------|------------------|---------------|
| HOLE ID | UTM EAST WGS84 | UTM NORTH WGS84 | ELEV'N (M) | EOH (M) | DRILL TYPE | FROM | TO | INTERSECTION (M) | % VIS EST THM |
| 21CSAC715 | 7242808 | 573415 | 42 | 60.0 | AIRCORE | 0.0 | 60.0 | 60.0 | 5.1 |
| | | | | | | 0.0 | 36.0 | 36.0 | 6.0 |
| 21CSAC716 | 7243204 | 573112 | 34 | 60.0 | AIRCORE | 0.0 | 57.0 | 57.0 | 6.3 |
| 21CSAC717 | 7243070 | 572615 | 21 | 42.0 | AIRCORE | 0.0 | 42.0 | 42.0 | 6.6 |
| | | | | | | 22.5 | 34.5 | 12.0 | 11.8 |
| 21CSAC718 | 7243168 | 573462 | 56 | 60.0 | AIRCORE | 0.0 | 60.0 | 60.0 | 5.0 |
| | | | | | | 0.0 | 18.0 | 18.0 | 6.3 |
| 21CSAC719 | 7243431 | 572566 | 32 | 52.0 | AIRCORE | 0.0 | 48.0 | 48.0 | 5.4 |
| | | | | | | 0.0 | 30.0 | 30.0 | 5.9 |
| | | | | | | 15.0 | 21.0 | 6.0 | 9.0 |
| 21CSAC720 | 7242953 | 573621 | 53 | 60.0 | AIRCORE | 0.0 | 60.0 | 60.0 | 6.8 |
| | | | | | | 34.5 | 60.0 | 25.5 | 10.0 |

Aircore Drilling – Nhacutse

A 16-hole infill/extension aircore program Nhacutse, successfully expanding the surface footprint of the Nhacutse very high grade mineralisation to a zone of 4km². The success of this program confirms Nhacutse as a high potential mine start-up opportunity for MRG, through the potential delivery of an MRE with well in excess of the target 100 Mt, at THM grades higher than the foundation Koko Massava JORC Resource. Prior to this program, Nhacutse was interpreted to contain two smaller, discrete zones of similar very high grade (refer ASX Announcement 6 April 2021).

Mineralisation remains open in all directions, including at depth. Mineralisation in all holes is from surface, with significantly thick intersections with VIS EST >6% THM mineralisation in some holes; with hole 21CSAC729 for example demonstrating VIS EST THM of 6.1% over 58.5m from surface.

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Table 3: Summary collar and visual estimated THM% results for aircore drill data for Nhacutse drilling completed during June 2021.

| DRILLHOLE INFORMATION | | | | | | MINERALISATION | | | |
|-----------------------|----------------|-----------------|------------|---------|------------|----------------|-------------|------------------|---------------|
| HOLE ID | UTM EAST WGS84 | UTM NORTH WGS84 | ELEV'N (M) | EOH (M) | DRILL TYPE | FROM (M) | TO (M) | INTERSECTION (M) | % VIS EST THM |
| 21CSAC721 | 7250350 | 572339 | 74 | 60.0 | AIRCORE | 0.0 | 58.5 | 58.5 | 5.5 |
| | | | | | | <u>28.5</u> | <u>43.5</u> | <u>15.0</u> | <u>8.5</u> |
| 21CSAC722 | 7250168 | 572574 | 70 | 60.0 | AIRCORE | 0.0 | 60.0 | 60.0 | 3.9 |
| | | | | | | <u>0.0</u> | <u>18.0</u> | <u>18.0</u> | <u>4.8</u> |
| 21CSAC723 | 7249996 | 572821 | 79 | 54.0 | AIRCORE | 0.0 | 52.5 | 52.5 | 4.9 |
| | | | | | | <u>0.0</u> | <u>27.0</u> | <u>27.0</u> | <u>6.0</u> |
| 21CSAC724 | 7248720 | 571057 | 76 | 54.0 | AIRCORE | 0.0 | 46.5 | 46.5 | 6.0 |
| | | | | | | <u>0.0</u> | <u>39.0</u> | <u>39.0</u> | <u>6.3</u> |
| 21CSAC725 | 7248650 | 570748 | 69 | 57.0 | AIRCORE | 0.0 | 57.0 | 57.0 | 5.1 |
| | | | | | | <u>0.0</u> | <u>25.5</u> | <u>25.5</u> | <u>6.4</u> |
| 21CSAC726 | 7248280 | 572762 | 84 | 54.0 | AIRCORE | 0.0 | 54.0 | 54.0 | 5.4 |
| | | | | | | <u>0.0</u> | <u>49.5</u> | <u>49.5</u> | <u>5.6</u> |
| 21CSAC727 | 7248115 | 572522 | 65 | 54.0 | AIRCORE | 0.0 | 54.0 | 54.0 | 6.3 |
| 21CSAC728 | 7248767 | 572955 | 80 | 54.0 | AIRCORE | 0.0 | 54.0 | 54.0 | 6.0 |
| | | | | | | <u>0.0</u> | <u>49.5</u> | <u>49.5</u> | <u>6.2</u> |
| 21CSAC729 | 7248368 | 573258 | 86 | 58.5 | AIRCORE | 0.0 | 58.5 | 58.5 | 6.1 |
| | | | | | | <u>36.0</u> | <u>54.0</u> | <u>18.0</u> | <u>7.4</u> |
| 21CSAC730 | 7248153 | 573766 | 97 | 40.5 | AIRCORE | 0.0 | 40.5 | 40.5 | 5.4 |
| | | | | | | <u>0.0</u> | <u>30.0</u> | <u>30.0</u> | <u>5.8</u> |
| 21CSAC731 | 7247827 | 573671 | 85 | 39.0 | AIRCORE | 0.0 | 39.0 | 39.0 | 5.3 |
| | | | | | | <u>0.0</u> | <u>33.0</u> | <u>33.0</u> | <u>5.6</u> |
| 21CSAC732 | 7248080 | 574108 | 80 | 51.0 | AIRCORE | 0.0 | 51.0 | 51.0 | 5.6 |
| 21CSAC733 | 7247424 | 573979 | 71 | 49.5 | AIRCORE | 0.0 | 49.5 | 49.5 | 5.3 |
| | | | | | | <u>0.0</u> | <u>24.0</u> | <u>24.0</u> | <u>5.8</u> |
| 21CSAC734 | 7247664 | 574439 | 79 | 51.0 | AIRCORE | 0.0 | 49.5 | 49.5 | 5.6 |
| | | | | | | <u>0.0</u> | <u>30.0</u> | <u>30.0</u> | <u>6.2</u> |
| 21CSAC735 | 7247950 | 574485 | 80 | 54.0 | AIRCORE | 0.0 | 54.0 | 54.0 | 5.8 |
| | | | | | | <u>0.0</u> | <u>28.5</u> | <u>28.5</u> | <u>6.2</u> |
| 21CSAC736 | 7247319 | 574365 | 72 | 39.0 | AIRCORE | 0.0 | 33.0 | 33.0 | 5.7 |

Leapfrog 3D Modelling

During the year, preliminary findings of 3D Leapfrog models conducted for the Koko Massava deposit in the Corridor Central (6620L) licence and for the Nhacutse and Poiombo deposits in the Corridor South (6621L) licence were reported by the Company.

The results from the Leapfrog modelling indicate that MRG is well on its way to defining three high to very high grade MREs across Koko Massava, Nhatutse and Poiombo. All three deposits demonstrate the potential to deliver higher grades than the Company's original MRE at Koko Massava.

The 3D modelling was commissioned by MRG to better understand and interpret the lithological controls on mineralisation (Table 4, with volumes and grades bound to interpreted lithological units) and to understand the distribution of the mineralisation itself. The modelling demonstrated the strike, width and depth continuity of the high grade and very high grade mineralisation.

The results compel MREs to be undertaken for Koko Massava, Nhatutse and Poiombo with the goal to establish 100Mt of Resource with grades higher than that of the maiden Koko Massava MRE (1,423 Mt @ 5.2% THM).

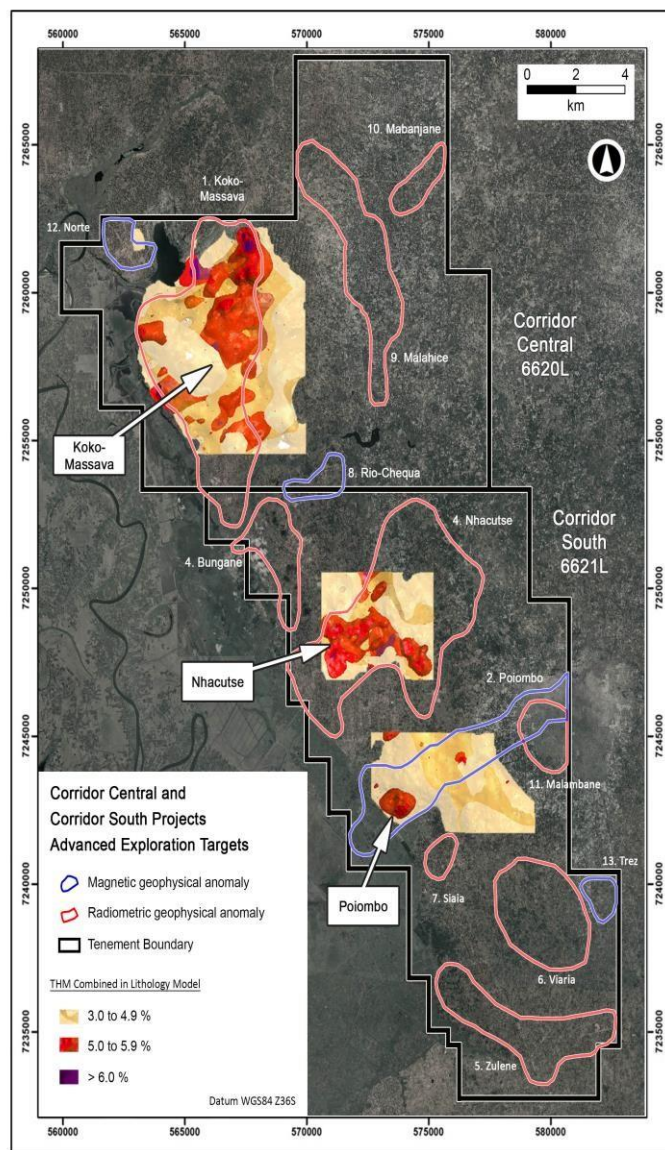


Figure 2: Map of the Corridor Central (6620L) and Corridor South (6621L) Projects and Targets showing the 3D Leapfrog modelling areas of Koko Massava, Nhatutse and Poiombo

Koko Massava Leapfrog Model

A recent aircore drilling program was undertaken at the very high grade zone between the towns of Koko Massava and Malahice (refer ASX Announcement 10 May 2021). The analytical results for this drilling program are still outstanding, but the drilling returned excellent VIS EST THM results. The Leapfrog modelling confirmed this area has excellent strike (up to 3km), width (two zones, one approximately 1.6km and the other approximately 0.9km) and depth (>60m from surface) continuity to the high and very high grade mineralisation (>5% THM). The modelling showed the very large tonnages associated with this area within the Koko Massava deposit (Table 4). Mineralisation from surface is, apart from the high and very high grades at surface, nearly exclusively in the 3-5% THM range.

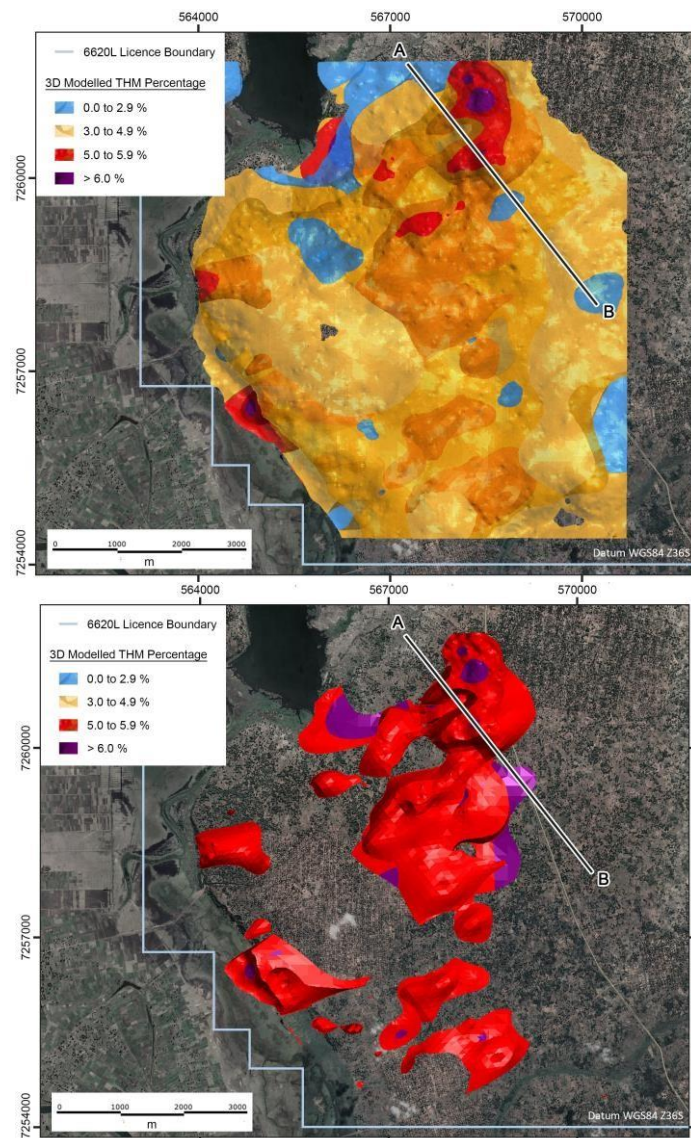


Figure 3: Koko Massava Model showing all THM grades (assay and VIS EST) at surface within the modelled area; as well as the same area showing the high and very high grade sands only.

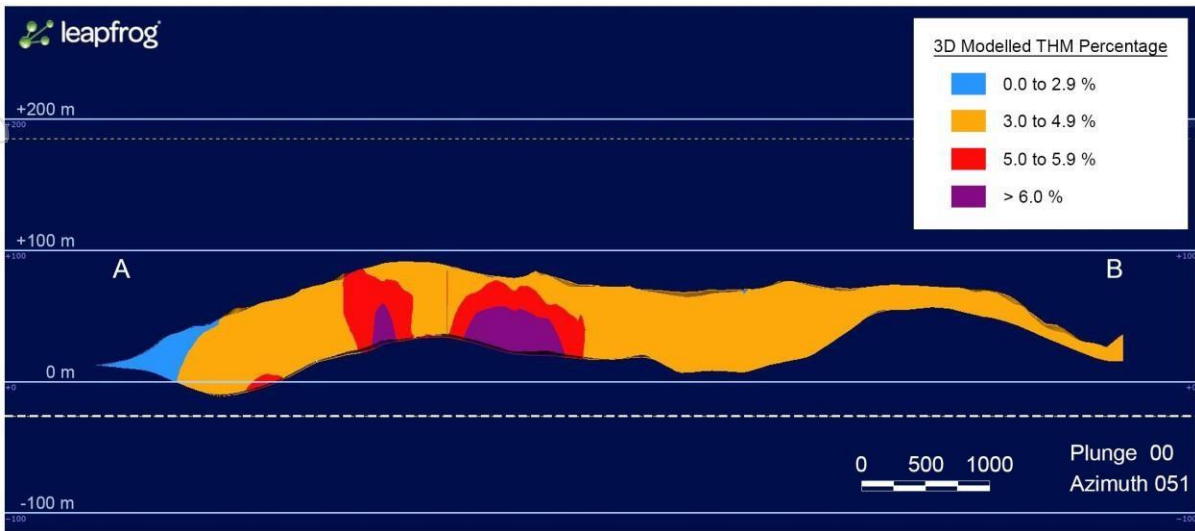


Figure 4: Three sections, west to east, from Koko Massava deposit from the recent infill aircore drilling in the very high grade mineralised area.

Nhacutse Leapfrog Model

Two aircore drilling programs were undertaken at the very high grade zone north and northeast of the towns of Nhacutse (refer ASX Announcements 6 April 2021 and 29 June 2021). The analytical results for both programs are awaited and the model is thus preliminary. However, the drilling here returned excellent VIS EST THM results, showing that the larger zone is still open towards the northeast, west and southeast.

The Leapfrog modelling confirmed this area has excellent strike (approximately 2.9km for the northern zone and approximately 1.2km for the northeastern zone; Figures 5), width (approximately 1km and 0.5km each) and depth (up to 60m from surface) continuity to the high and very high grade mineralisation (>5% THM). It also confirmed interpretations made after the second drilling program that the previously interpreted two separate zones could be one very high grade zone (refer ASX Announcement 29 June 2021). The modelling showed the large tonnages associated with this area within the Nhacutse deposit (Table 4). Mineralisation from surface is, apart from the high and very high grades at surface, nearly exclusively in the 3-5% THM range.

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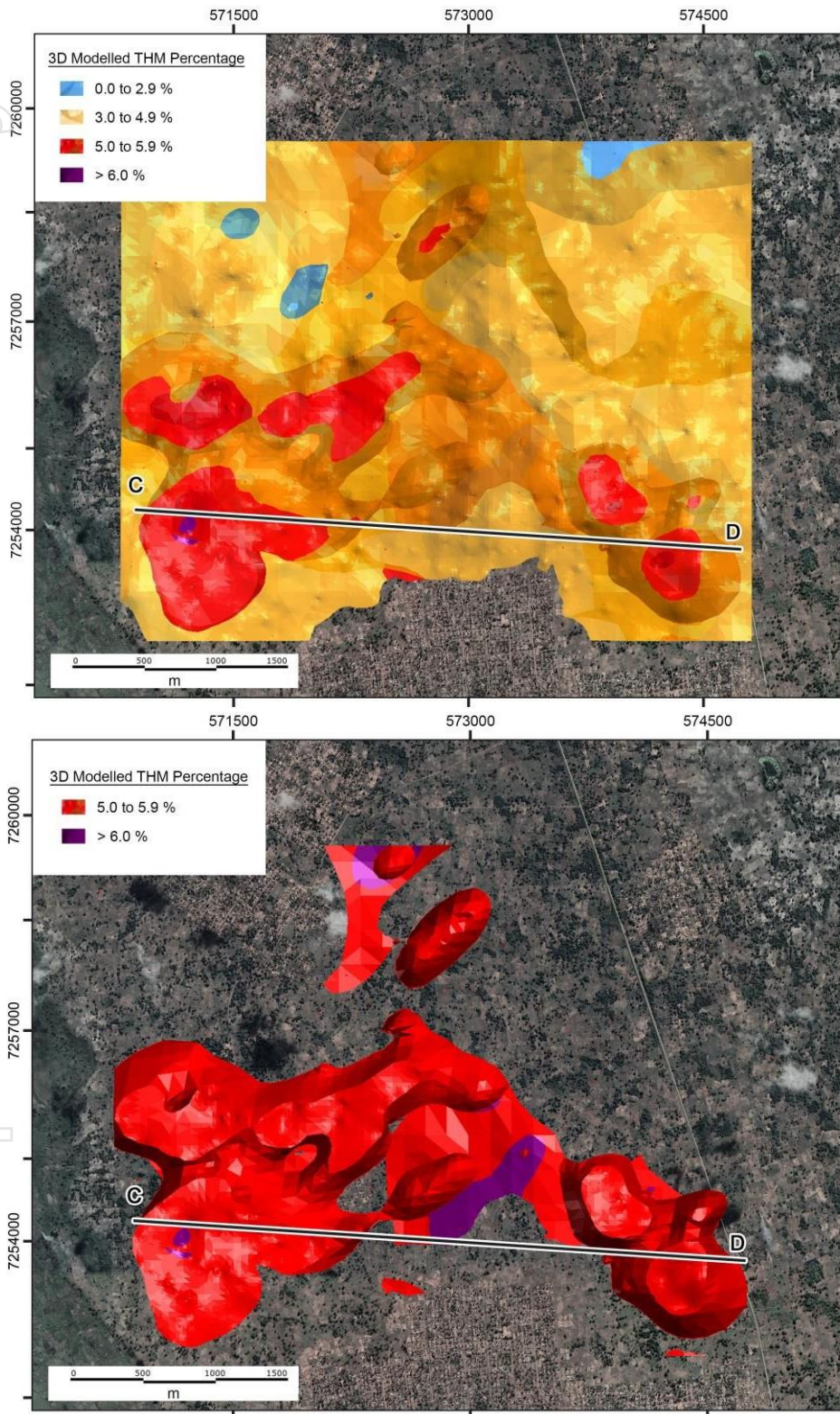


Figure 5: Nbacutse Model showing all THM grades (assay and VIS EST) at surface within the modelled area; as well as the same area showing the high and very high grade sands only.

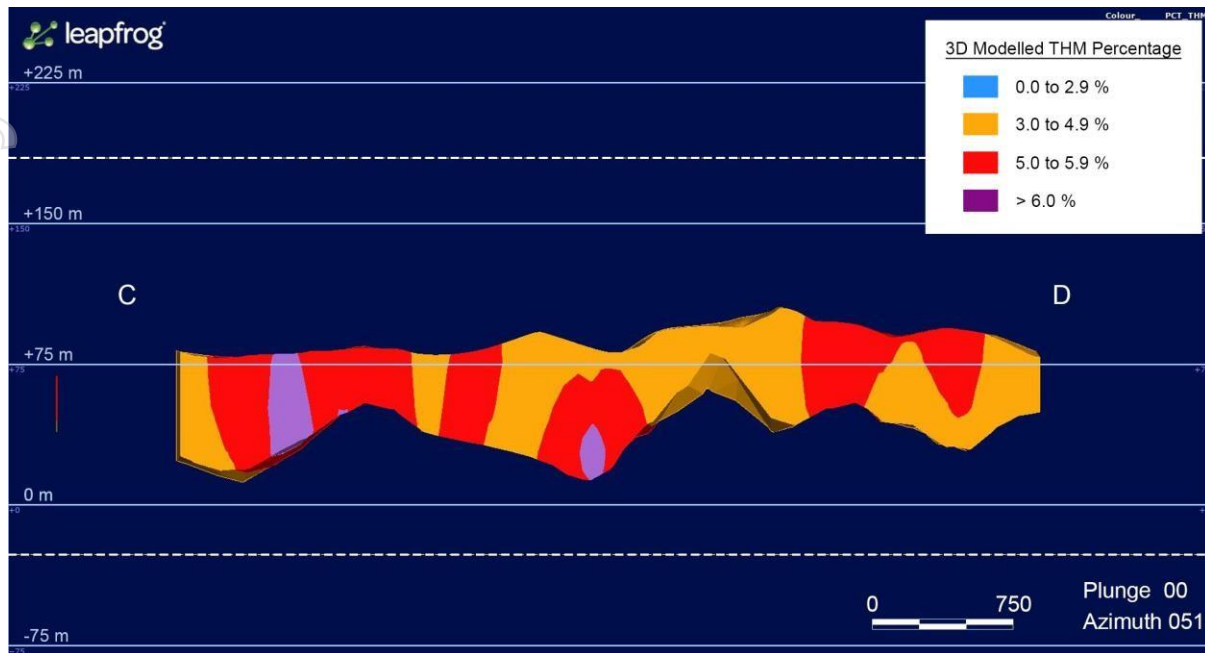


Figure 6: Section through Nbacutse deposit from the recent infill aircore drilling in the very high grade mineralised area.

Poiombo Leapfrog Model

An aircore drilling program was undertaken at the very high grade zone west of the town of Poiombo (refer ASX Announcement 17 May 2021). The analytical results for this drilling program are awaited, while the drilling here also returned excellent VIS EST THM results from surface for this zone. The Leapfrog modelling confirmed this area has excellent strike (approximately 1.8km) and width (approximately 0.7km) and depth up to 60m from surface and continuity of high to very high grade mineralisation (>5% THM). The modelling showed encouraging tonnages associated with this zone within the Poiombo deposit (Table 4). Mineralisation from surface is, apart from the high and very high grades at surface, exclusively in the 3-5% THM range in this area.

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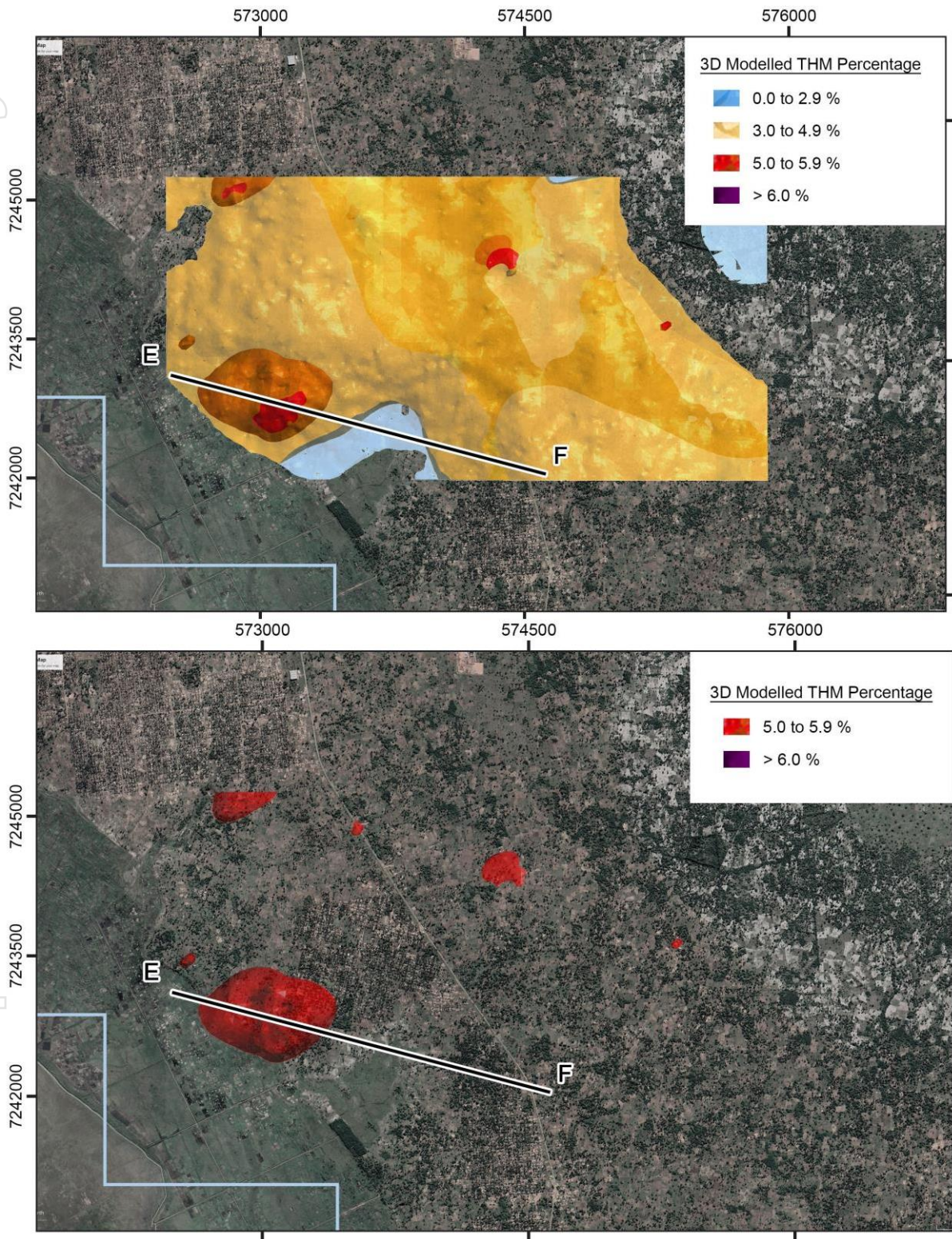


Figure 7: Poiombo Model showing all THM grades (assay and VIS EST) at surface within the modelled area; as well as the same area showing the high and very high grade sands only

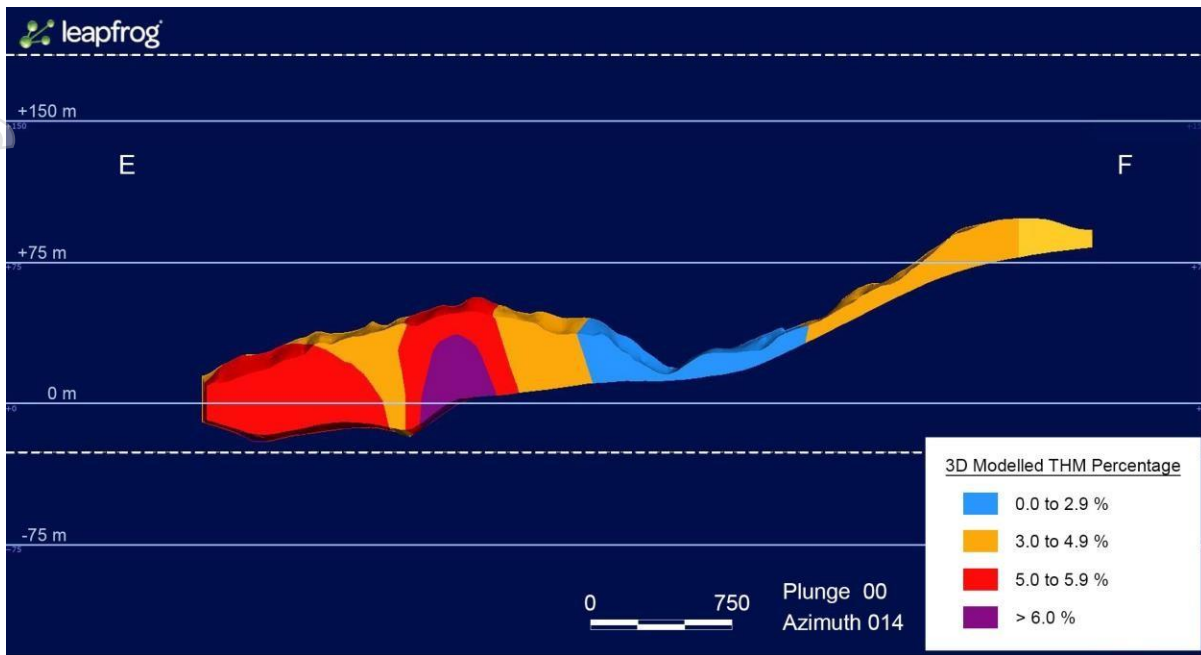


Figure 8: Section through Poiombo deposit from the recent infill aircore drilling in the very high grade mineralised area

Table 4: Summary THM % grades and volumes for the Koko Massava, Nhacutse and Poiombo deposits from 3D Leapfrog models. Model cut to base of drilling, assay and VIS EST THM grades used.

| Koko Massava | | | Nhacutse | | | Poiombo | | |
|---|---------|----------------|------------------|---------|----------------|------------------|---------|----------------|
| Lith | PCT_THM | m ³ | Lith | PCT_THM | m ³ | Lith | PCT_THM | m ³ |
| Re | <3% | 12,023,000 | Re | <3% | 434,450 | Re | <3% | - |
| | 3-5% | 868,140,000 | | 3-5% | 228,730,000 | | 3-5% | 72,172,000 |
| | 5-6% | 103,820,000 | | 5-6% | 90,760,000 | | 5-6% | 105,910 |
| | >6% | 21,461,000 | | >6% | 2,352,100 | | >6% | - |
| Br | <3% | 60,358,000 | Br | <3% | 3,123,400 | Br | <3% | 14,702,000 |
| | 3-5% | 410,750,000 | | 3-5% | 107,440,000 | | 3-5% | 285,820,000 |
| | 5-6% | 98,824,000 | | 5-6% | 38,509,000 | | 5-6% | 26,962,000 |
| | >6% | 25,914,000 | | >6% | 8,385,900 | | >6% | 9,255,600 |
| Gr | <3% | 4,172,300 | Gr | <3% | 6,388,800 | Gr | <3% | - |
| | 3-5% | 23,386,000 | | 3-5% | 5,635,900 | | 3-5% | - |
| | 5-6% | 21,620,000 | | 5-6% | - | | 5-6% | - |
| | >6% | 20,534,000 | | >6% | - | | >6% | - |
| Sub total | | | Sub total | | | Sub total | | |
| Total <3% | | 76,553,300 | Total <3% | | 9,946,650 | Total <3% | | 14,702,000 |
| Total 3-5% | | 1,302,276,000 | Total 3-5% | | 341,805,900 | Total 3-5% | | 357,992,000 |
| Total 5-6% | | 224,264,000 | Total 5-6% | | 129,269,000 | Total 5-6% | | 27,067,910 |
| Total >6% | | 67,909,000 | Total >6% | | 10,738,000 | Total >6% | | 9,255,600 |
| Total Volume | | 1,671,002,300 | Total Volume | | 491,759,550 | Total Volume | | 409,017,510 |
| *Visual Estimate used if no assay available | | | | | | | | |

Marão and Marruca Projects

The Marão (6842L) and Marruca (6846L) projects are contiguous and comprise a total area of 385km² with approximately 75km of strike of interpreted palaeo coastline. Rio Tinto undertook shallow auger reconnaissance exploration on a small portion of the Marão project, but beyond that no other work appears to have been undertaken on either project.

The historic Rio Tinto laboratory data indicates that auger holes contain grades of 1.5%-2.0% THM from surface to a maximum of 10.5m down hole, ending in 2% THM. The more significant drill results include 9m @ 2.85%THM, with slimes typically 10% or less.

MRG's auger drilling at the Marão (6842L) HMS licence has identified three high grade targets to date: - Magonde (reported in Q1 2021, Refer ASX Announcement 30 April 2021), Mandende and Maduacua (Figure 9).

At Marão, MRG completed 138 of the planned 391 reconnaissance auger holes (Figure 10, 35% of planned grid auger drilling program completed).

MRG has provided three Marão market updates which covered:

- 53 reconnaissance grid (500m X 1000m spaced) hand auger holes for a total of 621.5m (21MUAC086 to '138) and the discovery of the Maduacua Target (refer ASX Announcement 8 July 2021 – post quarter)
- 60 holes and the discovery of the Mandende Target (refer ASX Announcement 18 June 2021)
- The initial 25 auger holes and the discovery of the Magonde Target (refer ASX Announcement 18 March 2021)

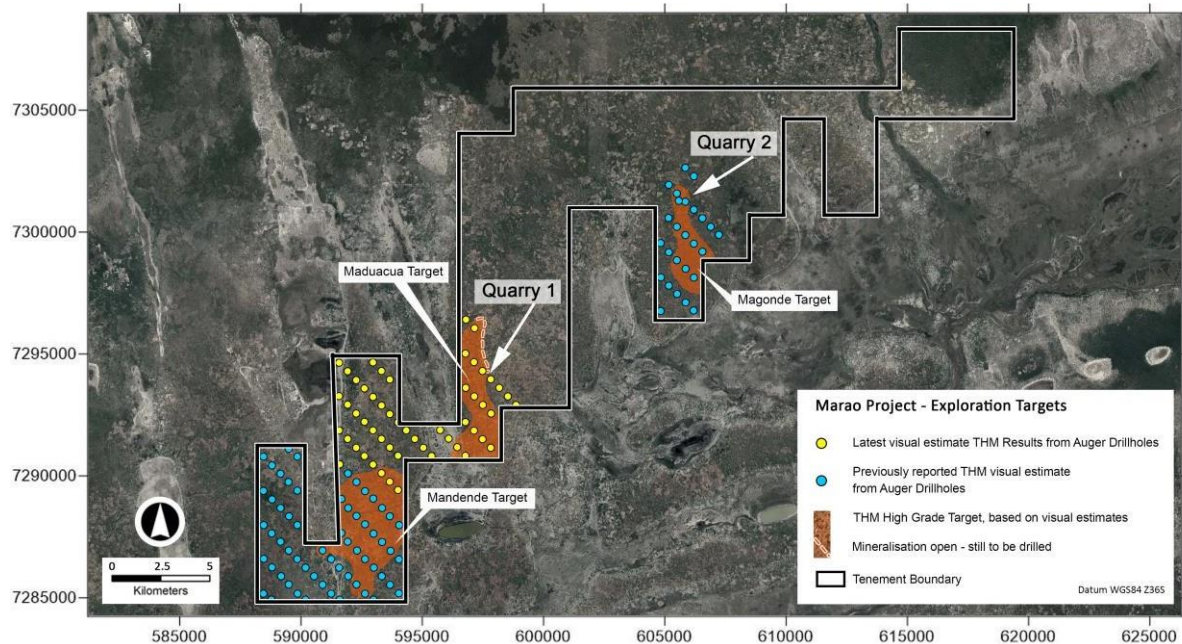


Figure 9: Exploration hand auger drilling done to date at Marão 6842, position of the Magonde, Mandende and new Maduacua Targets, previously reported drillholes in blue and new drilling in yellow.

The Mandende Target

The Mandende target remains open in the north. In MRG's most recent update, holes 21MUHA092, '093 and '094 drilled demonstrated VIS EST grades of 3.2% THM, 3.7% THM and 3.6% THM respectively, therefore increasing the area of the Mandende Target from >9 sq km to >11 sq km (having been originally reported to comprise a surface footprint of >9 km² of visually estimated (VIS EST) +3% Total Heavy Mineral (THM), from 19 auger holes to 13.5m, ASX Announcement 18th June 2021.)

Further smaller targets that will be followed up with additional drilling have also been generated, hole 21MUAC0121 for instance returned VIS EST 6.3% THM from surface to 13.5m and is still open at depth.

The new Maduacua Target displays the best VIS EST THM grades discovered at Marão to date.

Twelve auger holes have demonstrated VIS EST THM grades of >3% THM per hole, showing the excellent potential of this target to be the next very high grade deposit for MRG. Of these holes:

- 2 holes have VIS EST 4.0 – 4.9% THM;
- 5 holes have VIS EST 5.0 – 6.0% THM;
- Hole 21MUHA126 with VIS EST 6.7% THM from surface to 13.5m; and
- Hole 21MUHA131 with VIS EST 6.9% THM from surface to 13.5m.

Individual 1.5m interval VIS EST THM grades as high as VIS EST 9% THM was intersected (Figure 11). The Maduacua Target remains open towards the North and has an area currently of >6 sq km (Figure 9). All the holes within the Maduacua Target were mineralised from surface and still in mineralisation at end of drilling depth, several holes had VIS EST THM grades of >5% at the end of drilling depth, with 4 holes (21MUAC126, '130, '131 and '132) in VIS EST >6% THM at the final drilling interval.

The Maduacua target remains open at depth. Auger drilling at Marão is continuing on the reconnaissance grid. Mineralogical studies are ongoing from composite HMC samples from the auger drilling, which is following up on very encouraging initial mineralogical investigations from grab samples at two road quarry sites (Figure 9, Quarry 1 and Quarry 2) within the Marão licence. The investigation showed encouraging up to 50.05% VHM content (Ilmenite, Altered Ilmenite, Rutile and Zircon) results from Scanning Electron Microscopy (SEM, refer ASX Announcement 27 April 2021) A significant percentage of the HMC (up to 8.36%) is represented by Andalusite, the Zircon content of 3.12% is also relatively high compared to MRG's Koko Massava deposit (refer ASX Announcement 22 April 2020).

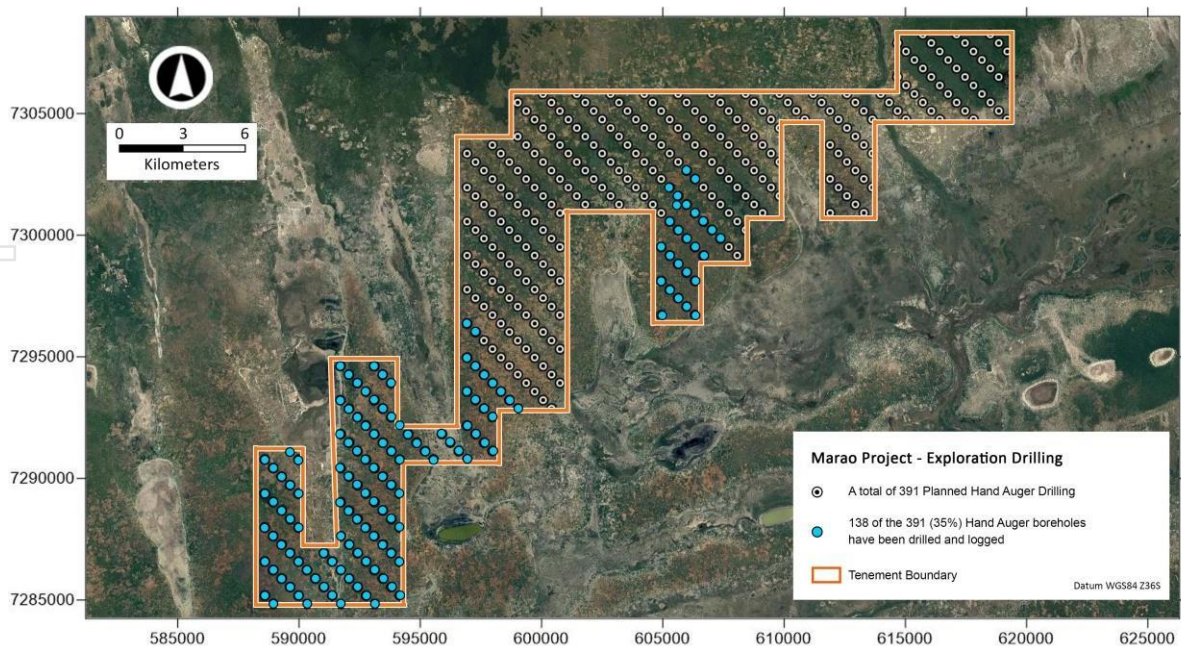


Figure 10: Planned 500m by 1000m reconnaissance Hand Auger drilling grid at Marão 6842L

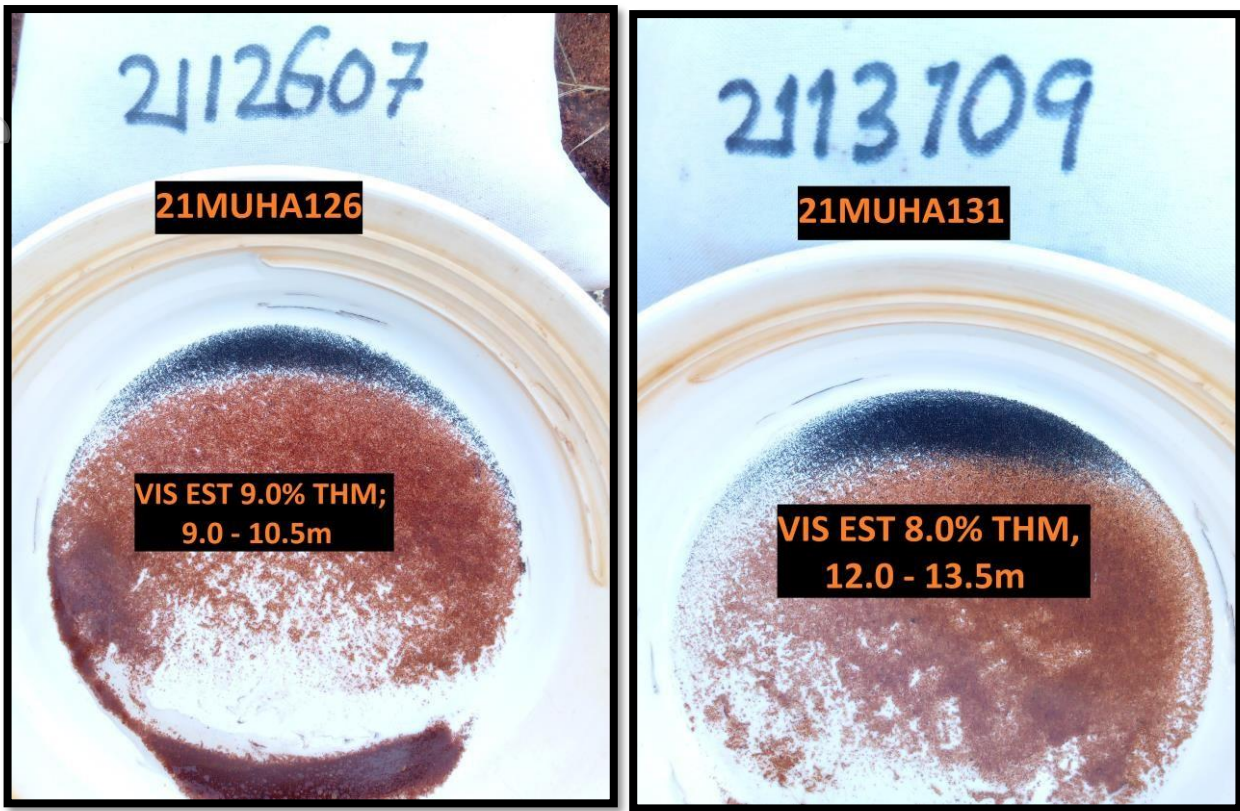


Figure 11: The panned HMC from hand auger holes within the Maduacua Target in Marão 6842.

Table 5: Summary collar and visual estimated (VIS EST) THM% results for all hand auger drill data for the reconnaissance Marão license completed during Quarter 2 of 2021.

| HOLE ID | UTM NORTH WGS84 | UTM EAST WGS84 | ELEV'N (M) | EOH (M) | TARGET | DRILL TYPE | DOWNHOLE AVG % VIS EST THM FOR ENTIRE HOLE | INTERSECTION (M) | MIN % VIS EST THM | MAX % VIS EST THM |
|-----------|-----------------|----------------|------------|---------|--------|------------|--|------------------|-------------------|-------------------|
| 21MUHA026 | 7285282 | 588534 | 91 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA027 | 7285630 | 588180 | 90 | 13.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.0 | 4.0 |
| 21MUHA028 | 7287050 | 588191 | 88 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA029 | 7286693 | 588543 | 85 | 13.5 | Marão | HAND AUGER | 2.0 | 0-13.5 | 1.5 | 3.0 |
| 21MUHA030 | 7286332 | 588905 | 78 | 13.5 | Marão | HAND AUGER | 1.9 | 0-13.5 | 1.5 | 2.5 |
| 21MUHA031 | 7285983 | 589241 | 65 | 13.5 | Marão | HAND AUGER | 1.9 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA032 | 7285624 | 589597 | 63 | 10.5 | Marão | HAND AUGER | 1.6 | 0-10.5 | 1.5 | 2.0 |
| 21MUHA033 | 7285269 | 589943 | 64 | 10.0 | Marão | HAND AUGER | 1.3 | 0-10.0 | 1.0 | 1.5 |
| 21MUHA034 | 7285976 | 590656 | 63 | 12.0 | Marão | HAND AUGER | 1.3 | 0-12.0 | 1.0 | 1.5 |
| 21MUHA035 | 7285263 | 591358 | 54 | 5.0 | Marão | HAND AUGER | 0.9 | 0-5.0 | 0.5 | 1.0 |
| 21MUHA036 | 7285611 | 591010 | 61 | 5.0 | Marão | HAND AUGER | 1.0 | 0-5.0 | 1.0 | 1.0 |

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|-----------|---------|--------|----|------|-------|------------|-----|--------|-----|-----|
| 21MUHA037 | 7286325 | 590306 | 65 | 10.0 | Marão | HAND AUGER | 1.2 | 0-10.0 | 1.0 | 1.5 |
| 21MUHA038 | 7286684 | 589954 | 74 | 10.5 | Marão | HAND AUGER | 1.9 | 0-10.5 | 1.5 | 2.0 |
| 21MUHA039 | 7287037 | 589603 | 70 | 13.5 | Marão | HAND AUGER | 2.1 | 0-13.5 | 1.5 | 2.5 |
| 21MUHA040 | 7287397 | 589252 | 72 | 13.5 | Marão | HAND AUGER | 1.7 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA041 | 7287753 | 588904 | 67 | 12.0 | Marão | HAND AUGER | 3.0 | 12.0 | 2.0 | 4.0 |
| 21MUHA042 | 7288107 | 588551 | 75 | 13.5 | Marão | HAND AUGER | 1.8 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA043 | 7288458 | 588206 | 84 | 13.5 | Marão | HAND AUGER | 1.7 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA044 | 7289873 | 588215 | 80 | 13.5 | Marão | HAND AUGER | 2.7 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA045 | 7289522 | 588561 | 83 | 13.5 | Marão | HAND AUGER | 1.1 | 0-13.5 | 1.0 | 1.5 |
| 21MUHA046 | 7289167 | 588911 | 86 | 13.5 | Marão | HAND AUGER | 2.3 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA047 | 7288810 | 589265 | 80 | 13.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA048 | 7288451 | 589609 | 82 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA049 | 7287388 | 590666 | 61 | 2.5 | Marão | HAND AUGER | 3.8 | 0-2.5 | 3.5 | 4.0 |
| 21MUHA050 | 7287031 | 591017 | 55 | 2.5 | Marão | HAND AUGER | 2.3 | 0-2.5 | 2.0 | 2.5 |
| 21MUHA051 | 7286671 | 591365 | 58 | 4.0 | Marão | HAND AUGER | 2.1 | 0-4.0 | 2.0 | 2.5 |
| 21MUHA052 | 7286318 | 591723 | 71 | 13.5 | Marão | HAND AUGER | 2.8 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA053 | 7285957 | 592074 | 82 | 13.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA054 | 7285605 | 592421 | 81 | 13.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA055 | 7285248 | 592772 | 65 | 13.5 | Marão | HAND AUGER | 1.9 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA056 | 7285596 | 593838 | 55 | 7.5 | Marão | HAND AUGER | 1.9 | 0-7.5 | 2.0 | 2.5 |
| 21MUHA057 | 7285949 | 593486 | 59 | 13.5 | Marão | HAND AUGER | 1.3 | 0-13.5 | 1.0 | 2.0 |
| 21MUHA058 | 7286309 | 593134 | 60 | 13.5 | Marão | HAND AUGER | 2.6 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA059 | 7286663 | 592784 | 80 | 13.5 | Marão | HAND AUGER | 4.1 | 0-13.5 | 3.0 | 4.5 |
| 21MUHA060 | 7287017 | 592434 | 77 | 13.5 | Marão | HAND AUGER | 4.0 | 0-13.5 | 3.5 | 4.5 |
| 21MUHA061 | 7287377 | 592084 | 62 | 13.5 | Marão | HAND AUGER | 3.7 | 0-13.5 | 3.0 | 4.5 |
| 21MUHA062 | 7287729 | 591729 | 65 | 10.0 | Marão | HAND AUGER | 3.2 | 0-10.0 | 2.5 | 4.5 |
| 21MUHA063 | 7288087 | 591383 | 59 | 4.0 | Marão | HAND AUGER | 3.2 | 0-4.0 | 3.0 | 3.5 |
| 21MUHA064 | 7289865 | 589624 | 75 | 13.5 | Marão | HAND AUGER | 3.9 | 0-13.5 | 2.5 | 4.5 |
| 21MUHA065 | 7290224 | 589273 | 93 | 13.5 | Marão | HAND AUGER | 3.2 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA066 | 7290577 | 588924 | 89 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA067 | 7290937 | 588572 | 81 | 13.5 | Marão | HAND AUGER | 1.7 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA068 | 7291292 | 588223 | 81 | 13.5 | Marão | HAND AUGER | 1.4 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA069 | 7291638 | 589284 | 63 | 2.5 | Marão | HAND AUGER | 1.3 | 0-2.5 | 1.0 | 1.5 |
| 21MUHA070 | 7291278 | 589635 | 59 | 1.0 | Marão | HAND AUGER | 1.5 | 0-1.0 | 1.5 | 1.5 |

| | | | | | | | | | | |
|-----------|---------|--------|----|------|-------|------------|-----|--------|-----|-----|
| 21MUHA071 | 7289500 | 591392 | 65 | 13.5 | Marão | HAND AUGER | 3.7 | 0-13.5 | 3.0 | 4.5 |
| 21MUHA072 | 7289144 | 591743 | 66 | 13.5 | Marão | HAND AUGER | 4.3 | 0-13.5 | 3.0 | 5.0 |
| 21MUHA073 | 7288790 | 592094 | 67 | 13.5 | Marão | HAND AUGER | 3.7 | 0-13.5 | 2.5 | 4.5 |
| 21MUHA074 | 7288436 | 592440 | 67 | 13.5 | Marão | HAND AUGER | 5.9 | 0-13.5 | 5.0 | 7.0 |
| 21MUHA075 | 7288078 | 592791 | 78 | 13.5 | Marão | HAND AUGER | 4.8 | 0-13.5 | 3.5 | 6.0 |
| 21MUHA076 | 7287722 | 593147 | 59 | 13.0 | Marão | HAND AUGER | 2.3 | 0-13.0 | 2.0 | 2.5 |
| 21MUHA077 | 7287366 | 593490 | 75 | 13.5 | Marão | HAND AUGER | 3.7 | 0-13.5 | 3.0 | 4.5 |
| 21MUHA078 | 7287009 | 593843 | 82 | 13.5 | Marão | HAND AUGER | 2.9 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA079 | 7288423 | 593855 | 60 | 10.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA080 | 7288776 | 593504 | 65 | 13.5 | Marão | HAND AUGER | 4.2 | 0-13.5 | 3.0 | 5.5 |
| 21MUHA081 | 7289137 | 593154 | 74 | 13.5 | Marão | HAND AUGER | 4.3 | 0-13.5 | 3.5 | 5.5 |
| 21MUHA082 | 7289490 | 592806 | 70 | 13.5 | Marão | HAND AUGER | 4.5 | 0-13.5 | 3.5 | 5.5 |
| 21MUHA083 | 7289827 | 592457 | 75 | 13.5 | Marão | HAND AUGER | 3.2 | 0-13.5 | 3.0 | 3.5 |
| 21MUHA084 | 7290200 | 592105 | 72 | 13.5 | Marão | HAND AUGER | 3.7 | 0-13.5 | 3.0 | 4.0 |
| 21MUHA085 | 7290558 | 591750 | 69 | 13.5 | Marão | HAND AUGER | 2.3 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA086 | 7290914 | 591401 | 75 | 13.5 | Marão | HAND AUGER | 1.9 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA087 | 7292326 | 591409 | 66 | 7.0 | Marão | HAND AUGER | 1.7 | 0-7.0 | 1.5 | 2.0 |
| 21MUHA088 | 7291972 | 591768 | 72 | 13.5 | Marão | HAND AUGER | 1.7 | 0-13.5 | 1.5 | 2.5 |
| 21MUHA089 | 7291613 | 592111 | 71 | 13.5 | Marão | HAND AUGER | 2.6 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA090 | 7291261 | 592465 | 74 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA091 | 7290903 | 592814 | 87 | 13.5 | Marão | HAND AUGER | 2.9 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA092 | 7290551 | 593164 | 75 | 13.5 | Marão | HAND AUGER | 3.2 | 0-13.5 | 3.0 | 3.5 |
| 21MUHA093 | 7290189 | 593517 | 77 | 13.5 | Marão | HAND AUGER | 3.7 | 0-13.5 | 3.0 | 4.0 |
| 21MUHA094 | 7289834 | 593861 | 70 | 13.5 | Marão | HAND AUGER | 3.6 | 0-13.5 | 3.0 | 4.0 |
| 21MUHA095 | 7291251 | 593874 | 76 | 13.5 | Marão | HAND AUGER | 2.2 | 0-13.5 | 2.0 | 2.5 |
| 21MUHA096 | 7291609 | 593525 | 82 | 13.5 | Marão | HAND AUGER | 2.2 | 0-13.5 | 2.0 | 2.5 |
| 21MUHA097 | 7291959 | 593178 | 93 | 13.5 | Marão | HAND AUGER | 2.8 | 0-13.5 | 2.0 | 2.5 |
| 21MUHA098 | 7292316 | 592823 | 94 | 13.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA099 | 7292673 | 592475 | 78 | 13.5 | Marão | HAND AUGER | 1.4 | 0-13.5 | 1.0 | 2.0 |
| 21MUHA100 | 7293031 | 592123 | 74 | 13.5 | Marão | HAND AUGER | 1.7 | 0-13.5 | 1.5 | 2.0 |
| 21MUHA101 | 7293385 | 591771 | 73 | 13.5 | Marão | HAND AUGER | 1.7 | 0-13.5 | 1.0 | 2.0 |
| 21MUHA102 | 7293746 | 591417 | 61 | 3.0 | Marão | HAND AUGER | 1.0 | 0-3.0 | 1.0 | 1.0 |
| 21MUHA103 | 7295156 | 591429 | 54 | 2.5 | Marão | HAND AUGER | 2.5 | 0-2.5 | 2.5 | 2.5 |
| 21MUHA104 | 7294801 | 591779 | 77 | 13.5 | Marão | HAND AUGER | 4.0 | 0-13.5 | 3.0 | 5.0 |

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|-----------|---------|--------|-----|------|-------|------------|-----|--------|-----|-----|
| 21MUHA105 | 7294443 | 592132 | 81 | 13.5 | Marão | HAND AUGER | 2.7 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA106 | 7294090 | 592485 | 101 | 13.5 | Marão | HAND AUGER | 1.9 | 0-13.5 | 1.5 | 2.5 |
| 21MUHA107 | 7293729 | 592833 | 106 | 13.5 | Marão | HAND AUGER | 2.6 | 0-13.5 | 1.5 | 3.0 |
| 21MUHA108 | 7293376 | 593186 | 106 | 13.5 | Marão | HAND AUGER | 4.3 | 0-13.5 | 3.5 | 5.0 |
| 21MUHA109 | 7293017 | 593536 | 104 | 13.5 | Marão | HAND AUGER | 3.3 | 0-13.5 | 2.5 | 4.0 |
| 21MUHA110 | 7292625 | 593872 | 90 | 13.5 | Marão | HAND AUGER | 2.7 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA111 | 7292308 | 594236 | 83 | 13.5 | Marão | HAND AUGER | 1.9 | 0-13.5 | 1.5 | 2.5 |
| 21MUHA112 | 7291942 | 594586 | 73 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.0 |
| 21MUHA113 | 7291600 | 594934 | 51 | 4.0 | Marão | HAND AUGER | 2.1 | 0-4.0 | 1.5 | 3.0 |
| 21MUHA114 | 7291240 | 595289 | 47 | 1.0 | Marão | HAND AUGER | 2.5 | 0-1.0 | 2.5 | 2.5 |
| 21MUHA115 | 7291227 | 596705 | 51 | 8.5 | Marão | HAND AUGER | 4.3 | 0-8.5 | 3.0 | 5.5 |
| 21MUHA116 | 7291586 | 596353 | 45 | 1.0 | Marão | HAND AUGER | 2.5 | 0-1.0 | 2.5 | 2.5 |
| 21MUHA117 | 7291944 | 596004 | 47 | 1.0 | Marão | HAND AUGER | 1.5 | 0-1.0 | 1.5 | 1.5 |
| 21MUHA118 | 7292298 | 595652 | 46 | 1.0 | Marão | HAND AUGER | 2.0 | 0-1.0 | 2.0 | 2.0 |
| 21MUHA119 | 7294431 | 593547 | 93 | 13.5 | Marão | HAND AUGER | 2.8 | 0-13.5 | 1.5 | 3.5 |
| 21MUHA120 | 7294790 | 593197 | 93 | 13.5 | Marão | HAND AUGER | 2.9 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA121 | 7295142 | 592842 | 101 | 13.5 | Marão | HAND AUGER | 6.3 | 0-13.5 | 5.0 | 8.0 |
| 21MUHA122 | 7292641 | 596715 | 88 | 13.5 | Marão | HAND AUGER | 2.8 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA123 | 7292287 | 597064 | 70 | 13.5 | Marão | HAND AUGER | 3.1 | 0-13.5 | 2.5 | 3.0 |
| 21MUHA124 | 7291937 | 597418 | 70 | 13.5 | Marão | HAND AUGER | 5.4 | 0-13.5 | 5.0 | 6.5 |
| 21MUHA125 | 7291573 | 597765 | 68 | 13.5 | Marão | HAND AUGER | 3.9 | 0-13.5 | 2.5 | 4.5 |
| 21MUHA126 | 7292993 | 597781 | 69 | 13.5 | Marão | HAND AUGER | 6.7 | 0-13.5 | 4.0 | 9.0 |
| 21MUHA127 | 7293347 | 597425 | 80 | 13.5 | Marão | HAND AUGER | 5.3 | 0-13.5 | 4.5 | 6.5 |
| 21MUHA128 | 7293703 | 597079 | 85 | 13.5 | Marão | HAND AUGER | 5.4 | 0-13.5 | 4.5 | 6.5 |
| 21MUHA129 | 7294059 | 596717 | 96 | 13.5 | Marão | HAND AUGER | 3.3 | 0-13.5 | 3.0 | 4.0 |
| 21MUHA130 | 7295473 | 596732 | 112 | 13.5 | Marão | HAND AUGER | 5.0 | 0-13.5 | 4.0 | 6.0 |
| 21MUHA131 | 7295118 | 597086 | 113 | 13.5 | Marão | HAND AUGER | 6.9 | 0-13.5 | 6.0 | 8.0 |
| 21MUHA132 | 7294760 | 597438 | 98 | 13.5 | Marão | HAND AUGER | 5.4 | 0-13.5 | 4.5 | 6.0 |
| 21MUHA133 | 7294404 | 597794 | 92 | 13.5 | Marão | HAND AUGER | 2.8 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA134 | 7294046 | 598136 | 70 | 13.5 | Marão | HAND AUGER | 2.3 | 0-13.5 | 1.5 | 3.0 |
| 21MUHA135 | 7293688 | 598490 | 61 | 13.5 | Marão | HAND AUGER | 2.4 | 0-13.5 | 2.0 | 3.5 |
| 21MUHA136 | 7293330 | 598841 | 55 | 12.0 | Marão | HAND AUGER | 2.3 | 0-12.0 | 1.5 | 3.0 |
| 21MUHA137 | 7296887 | 596742 | 106 | 13.5 | Marão | HAND AUGER | 2.9 | 0-13.5 | 2.5 | 3.5 |
| 21MUHA138 | 7296529 | 597097 | 97 | 13.5 | Marão | HAND AUGER | 4.2 | 0-13.5 | 3.0 | 5.5 |

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The Magonde Target

The first HMS mineralised target identified at Marão was the Magonde target, identified through 9 hand auger holes returning VIS EST THM of >3% THM.

The Magonde target was drilled to depths of between 13.0 and 13.5m, with the mineralisation identified from surface. The target area covers a total area of +5 sq km. Within the target area, the two highest VIS EST THM holes, 21MUHA014 with VIS EST 4.3% THM to 13.5m and 21MUHA015 with VIS EST 5.1% THM to 13.5m, clearly demonstrating the significant potential for higher grade mineralisation to be identified. The holes remained in mineralisation at the end of drilling, highlighting the prospectivity for additional deeper lying mineralisation.

Tenements

The Tenements held by the Group 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 |
| Marão | 6842L | 100 | |
| Marruca | 6846L | 100 | |

African Renaissance Pipeline Project

MRG formally submitted its expression of interest to utilise the proposed African Renaissance Pipeline Project (ARP), for the supply of natural gas feedstock to the MRG assets via pipeline and grid source electricity for its power and heat conversion needs.

The ARP looks to address the lack of pipeline infrastructure to deliver natural gas to consumers within Mozambique, South Africa and neighbouring countries in the Southern Africa Development Community. The ARP will also feed several other major industrial and infrastructure investments, including the Chongoene Deep-water Seaport, associated railway, eco-industrial and a clean energy park project, which are being developed in the coming years, as part of the Chongoene Development Corridor Project (CDC). (See ASX Announcement 6 August 2020).

MRG has been encouraged by the progress African Renaissance Pipeline Limitada (ARPL) (ARP Project Company and Developer) is making and notes the significance of this project to its heavy mineral sands assets, given that access to adequate and reliable energy supply is often a hurdle many junior exploration companies hit on their growth and development path to becoming major miners.

CORPORATE ACTIVITIES

Placements

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

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

Use of Placement Funds include:

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

In February 2021, MRG successfully completed a \$2,106,000 Placement through the issue of 162 million fully paid ordinary shares at \$0.013 per share, together with 162 million attaching listed options, exercisable at \$0.025 (expiring 30 June 2023) (MRQOC) to sophisticated and professional investors.

The Placement allowed MRG to expand its ongoing exploration activities across its HMS Projects in Mozambique.

Use of Placement Funds include:

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

Change of Auditor

Following an audit tender process, MRG appointed William Buck Audit [VIC] Pty Ltd (William Buck) as auditor of the Group. This appointment follows the resignation of Grant Thornton Audit Pty Ltd (Grant Thornton), and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001.

Under the tender process, the Group considered length of tenure and costs associated with the audit, with a view to reduce costs of the external auditor where possible. The Board strongly believes that the appointment of William Buck is in the best interests of the Group and its shareholders.

In accordance with s327C of the Corporations Act 2001, William Buck will hold office until the next Annual General Meeting at which shareholders will formally approve the new auditor.

Management Changes

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

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

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

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

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, Sofala Mining & Exploration IV Lda, Sofala Mining & Exploration V Lda, Sofala Mining & Exploration VI Lda, Sofala Mining & Exploration VII Lda, Sofala Mining & Exploration VIII Lda, Sofala Mining & Exploration IX Lda and Sofala Mining & Exploration X Lda ('the Group') for the year ended 30 June 2021 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:

37,906,679 shares

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:

24,482,509 shares

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, vended into SensOre (Private).

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

63,563,986 shares

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 \$665,660 (2020 loss \$1,897,244). Refer detailed Review of Operations that precedes this report.

Earnings per share (0.05) cents (2020 (0.19) 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 Group carried out exploration on its Heavy Mineral Sands project in Mozambique.

During the year, the Group raised \$660,000 from a placement in September 2020 and \$2,223,546 from a placement in February 2021.

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 Group 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 Group's operations and are likely to be beyond the control of the Group.

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

The Directors are monitoring the outbreak of COVID-19 closely and have considered the impact of COVID-19 on the Group's business. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. The Group was able to carry out a safe full exploration program during the year.

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

Dividends

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

Events arising since the end of the reporting period

On 21 July 2021, 320,000,000 Class B performance rights expired.

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

Likely developments

Progress Corridor Sands Project from exploration phase to development phase including:

- Updated Mineral Resource Estimate (MRE) at Koko Massava;
- Pit optimisation/mine planning studies for Koko Massava;
- Maiden MRE's for Nhacutse and Poiombo; and
- Re-run pit optimisation/mine planning for all 3 MRE's to achieve best outcome.

Upon acceptable outcomes of above, carry out Preliminary Economic Assessment comprising a Scoping Study and Financial Modelling, including Pre Feasibility Stage Metallurgical Testwork.

Continue to explore our Mozambique HMS projects to identify high grade targets.

Look for opportunities to expand our projects in Mozambique.

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 | 7 | 7 |
| Mr S Turner | 7 | 7 |
| Mr C Gregory | 7 | 7 |

Where:

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

B is the number of meetings the Director attended

Movement in shares:

| | Date | No of shares | Issue price (cents) | \$ |
|---|------------|----------------------|------------------------|-------------------|
| Opening balance at 1 July 2020 | | 1,234,151,639 | | 23,589,237 |
| Capital Raising - placement | 18/09/2020 | 110,000,000 | 0.6 | 660,000 |
| Issue of Ordinary Shares – corporate mandate | 18/09/2020 | 5,800,000 | 0.6 | 34,800 |
| Capital Raising - placement | 24/11/2020 | 6,666,667 | 0.6 | 40,000 |
| Issue of Ordinary Shares – options conversion | 24/11/2020 | 1,580,085 | 1.0 | 15,801 |
| Issue of Ordinary Shares – options conversion | 10/12/2020 | 1,601,809 | 1.0 | 16,018 |
| Issue of Ordinary Shares – options conversion | 11/12/2020 | 7,000,000 | 1.0 | 70,000 |
| Issue of Ordinary Shares – options conversion | 23/12/2020 | 2,827,678 | 1.0 | 28,277 |
| Capital Raising - placement | 04/02/2021 | 162,000,000 | 1.3 | 2,106,000 |
| Issue of Ordinary Shares – corporate mandate | 04/02/2021 | 9,042,000 | 1.3 | 117,546 |
| Less costs associated with capital raisings | | - | - | (179,464) |
| Closing balance at 30 September 2021 | | 1,540,669,878 | | 26,498,215 |

Movements in options:

| 2021 | Date | No. options 1 July 2020 | Issued/ (converted/ lapsed) | No. options 30 September 2021 | 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 | 118,968,298 | - | 118,968,298 | 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 |
| Issue of options - placement | 13/02/2020 | 3,000,000 | - | 3,000,000 | 1.0 | 20/12/2020 |
| Options lapsed | 31/08/2020 | - | (72,978,404) | (72,978,404) | | 31/08/2020 |
| Issue of options - placement | 18/09/2020 | - | 110,000,000 | 110,000,000 | 1.0 | 20/12/2020 |
| Issue of options - corporate mandate | 18/09/2020 | - | 17,800,000 | 17,800,000 | 1.0 | 20/12/2020 |
| Issue of options - placement | 24/11/2020 | - | 6,666,667 | 6,666,667 | 1.0 | 20/12/2020 |
| Options conversion | 24/11/2020 | - | (1,580,085) | (1,580,085) | | 20/12/2020 |
| Options conversion | 10/12/2020 | - | (1,601,809) | (1,601,809) | | 20/12/2020 |
| Options conversion | 11/12/2020 | - | (7,000,000) | (7,000,000) | | 20/12/2020 |
| Options conversion | 23/12/2020 | - | (2,827,679) | (2,827,678) | | 20/12/2020 |
| Options lapsed | 20/12/2020 | - | (729,151,475) | (729,151,475) | | 20/12/2020 |
| Issue of options - placement | 04/02/2021 | - | 162,000,000 | 162,000,000 | 2.5 | 30/06/2023 |
| Issue of options - corporate mandate | 04/02/2021 | - | 9,042,000 | 9,042,000 | 2.5 | 30/06/2023 |
| Closing balance at 30 September 2021 | | 680,672,784 | (509,630,784) | 171,042,000 | | |

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Movements in rights:

| 2021 | Date of issue/conversion | No. rights 1 July 2020 | Issued/ (converted/ lapsed) | No. rights 30 September 2021 | Expiry date |
|--|--------------------------|------------------------|-----------------------------|------------------------------|-------------|
| Issue of rights – acquisition of HMS project | 22/01/2019 | 320,000,000 | (320,000,000) | - | 21/07/2021 |
| Closing balance at 30 September 2021 | | 320,000,000 | (320,000,000) | - | |

Additional information

The results of the Group for the five years to 30 June 2021 are summarised below, together with the factors that are considered to affect total shareholders return:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------|---------------|---------------|-------------|-------------|
| Net profit/(loss) attributable to equity holders of the parent | \$(665,660) | \$(1,897,244) | \$(4,089,395) | \$(894,394) | \$(590,197) |
| Closing share price at period end | \$0.008 | \$0.010 | \$0.005 | \$0.009 | \$0.006 |
| Closing cash balance | \$1,610,733 | \$721,248 | \$423,937 | \$1,724,570 | \$579,964 |

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 | - | 9,500 | - | - | 12,160 | 121,660 | 10% |
| Mr S Turner | 100,000 | - | 9,500 | - | - | 12,160 | 121,660 | 10% |
| Mr C Gregory | 100,000 | - | 9,500 | - | - | 12,160 | 121,660 | 10% |
| 2021 Total | 300,000 | - | 28,500 | - | - | 36,480 | 364,980 | 10% |

| | | | | | | | | |
|--------------------------------|----------------|----------|---------------|----------|----------|----------------|----------------|------------|
| Non-executive directors | | | | | | | | |
| Mr A Van Der Zwan | 100,000 | - | 7,125 | - | - | 68,160 | 175,285 | 39% |
| Mr S Turner | 100,000 | - | 9,500 | - | - | 68,160 | 177,660 | 39% |
| Mr C Gregory | 100,000 | - | 7,125 | - | - | 68,160 | 175,285 | 39% |
| 2020 Total | 300,000 | - | 23,750 | - | - | 204,480 | 528,230 | 39% |

- (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.

(c) Service agreements

Remuneration and other terms of employment for 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 – Consultant | 50,000 | No fixed term | Nil |

Remuneration of Non-Executive Directors is not to exceed \$150,000. Base fees for the 2021 financial year were \$50,000 per annum.

(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.

(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 Group to KMP's during the financial year (2020: 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 (2020 \$38,000 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:

| 2021 Key Management Person | Balance at start of year | Additions | Received | | Held at the end of the reporting period |
|-------------------------------|--------------------------|------------|-------------|---------------|---|
| | | | on exercise | Other changes | |
| Van Der Zwan | 31,906,679 | 6,000,000 | - | - | 37,906,679 |
| Turner | 21,815,842 | 2,666,667 | - | - | 24,482,509 |
| Gregory | 60,563,986 | 3,000,000 | - | - | 63,563,986 |
| | 114,286,507 | 11,666,667 | - | - | 125,953,174 |

| 2020 Key Management Person | Balance at start of year | Additions | Received | | Held at the end of the reporting period |
|-------------------------------|--------------------------|------------|-------------|---------------|---|
| | | | on exercise | Other changes | |
| 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 |

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.

| 2021 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 | 19,523,179 | 3,000,000 | (3,000,000) | (19,523,179) | - |
| Turner | 9,530,042 | 1,666,667 | (1,000,000) | (10,196,709) | - |
| Gregory | 34,964,186 | - | (3,000,000) | (31,964,186) | - |
| | 64,017,407 | 4,666,667 | (7,000,000) | (61,684,074) | - |

| 2020 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 | 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 |

Performance rights held by key management personnel

The number of performance rights held by each of the key management personnel of the Group; including their related parties are set out below.

| 2021 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 | 4,000,000 | - | - | - | 4,000,000 |
| Turner | 4,000,000 | - | - | - | 4,000,000 |
| Gregory | 4,000,000 | - | - | - | 4,000,000 |
| | 12,000,000 | - | - | - | 12,000,000 |

| 2020 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 | 12,000,000 | - | (8,000,000) | - | 4,000,000 |
| Turner | 12,000,000 | - | (8,000,000) | - | 4,000,000 |
| Gregory | 12,000,000 | - | (8,000,000) | - | 4,000,000 |
| | 36,000,000 | - | (32,000,000) | - | 12,000,000 |

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 2021.

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.

Non-audit services

During the period, Grant Thornton Audit Pty Ltd, the Group's auditors until 21 June 2021, performed no other services in addition to their statutory audit duties. During the period, William Buck Audit (Vic) Pty Ltd, the Group's auditors from 21 June 2021, performed no other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Group, 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 34 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Group

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'A. V. Zwan', with a long horizontal stroke extending to the right.

Andrew Van Der Zwan
Chairman

30 September 2021

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MRG METALS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

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



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J.C. Luckins
Director

Melbourne, 30th September 2021

ACCOUNTANTS & ADVISORS

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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, 4th Edition as published by ASX Corporate Governance Council in February 2019 and became effective for financial years commencing with the financial year ended 30 June 2021. The Corporate Governance Statement is current at 30 June 2021 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: A listed entity should have and disclose a board charter setting out: <ul style="list-style-type: none"> (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management. | 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: A listed entity should: <ul style="list-style-type: none"> (a) Undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) 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: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | The Company's Board Charter 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: The company secretary of a listed entity 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: A listed entity should: <ul style="list-style-type: none"> (a) Have and disclose a diversity policy; (b) Through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) Disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) The measurable objectives set for that period to achieve gender diversity; (2) The entity's progress towards achieving those objectives; and (3) Either: | 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). The Company is not a "relevant employer" under the Workplace Gender Equality Act as it does not employ 100 or more employees in Australia. |

| ASX Corporate Governance Council Recommendation | MRG policy |
|---|---|
| <p>(A) The respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or</p> <p>(B) If the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p> | |
| <p>Recommendation 1.6: A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) Disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <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: A listed entity should:</p> <p>(a) Have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) Disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p>Currently, there are no senior executives. However, if there were, the Chairman would be responsible for reviewing the individual performance of senior executives.</p> |
| <p>Principle 2: Structure the board to be effective and add value</p> | |
| <p>Recommendation 2.1: A listed entity should:</p> <p>(a) Have a nomination committee which:</p> <ol style="list-style-type: none"> (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; and (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual | <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> |

| ASX Corporate Governance Council Recommendation | MRG policy |
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| <p>attendances of the members at those meetings; or</p> <p>(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | |
| <p>Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills 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. The skills, experience and expertise relevant to the position of director held by each director are disclosed in the Directors' Report and on the Company's website.</p> |
| <p>Recommendation 2.3: A listed entity should disclose:</p> <p>(a) The names of the directors considered by the board to be independent directors;</p> <p>(b) If a director has an interest, position or relationship of the type described in Box 2.3 of Corporate Governance Principles and Recommendations fourth edition but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) The length of service of each director.</p> | <p>The Company's Board Charter sets out the directors' obligations in relation to conflicts of interests and the disclosure requirements of the Board. Details of each director are disclosed in the Directors' Report and on the Company's website.</p> |
| <p>Recommendation 2.4: A majority of the Board of a listed entity 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 Chair of the Board of a listed entity should be an independent Director and, in particular should not be the same person as the Chief Executive Officer of the entity.</p> | <p>Andrew Van Der Zwan, an independent director, is the Chairman of the Board.</p> |
| <p>Recommendation 2.6: A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to 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> |
| <p>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</p> | |
| <p>Recommendation 3.1: A listed entity should articulate and disclose its values.</p> | <p>The Board has established a Code of Conduct as to the practices necessary to maintain confidence in the</p> |

| ASX Corporate Governance Council Recommendation | MRG policy |
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| | 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. |
| Recommendation 3.2: A listed entity should: <ol style="list-style-type: none"> (a) Have and disclose a code of conduct for its directors, senior executives and employees; and (b) Ensure that the board or a committee of the board is informed of any material breaches of that code. | The Code of Conduct is available on the Company's website. |
| Recommendation 3.3: A listed entity should: <ol style="list-style-type: none"> (a) Have and disclose a whistleblower policy; and (b) Ensure that the board or a committee of the board is informed of any material incidents under that policy. | The Company's Whistleblower Policy is available on the Company's website. The board is informed of any material incidents that occur as a result of this policy. |
| Recommendation 3.4: A listed entity should: <ol style="list-style-type: none"> (a) Have and disclose an anti-bribery and corruption policy; and (b) Ensure that the board or a committee of the board is informed of any material breaches of that policy. | The Company's Anti-Bribery & Corruption Policy is available on the Company's website. The board is informed of any material incidents that occur as a result of this policy. |
| Principle 4: Safeguard the integrity of corporate reports | |
| Recommendation 4.1: The Board of a listed entity should: <ol style="list-style-type: none"> (a) Have an Audit Committee which: <ol style="list-style-type: none"> (1) Has at least 3 members, all of whom are non-executive Directors and a majority of whom are independent Directors; (2) Is chaired by an independent Director who is not the chair of the Board; and <p style="margin-left: 20px;">And disclose:</p> <ol style="list-style-type: none"> (3) The charter of the committee; (4) The relevant qualifications and experience of the members of the committee; and (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose that fact and the processed it | 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. |

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| <p>employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | |
| <p>Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which system is operating effectively.</p> | <p>The Company's process and practices comply with the Recommendation. In particular, the CFO of the 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: A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p> | <p>Half Year and Annual accounts are reviewed or audited by an external auditor. Quarterly activity reports are prepared by the Company's Geologist and are reviewed and approved by the Board before release to the market. Quarterly cash flow reports are prepared by the Company's CFO and certified that they have been prepared in accordance with appropriate accounting standards and are reviewed and approved by the Board before release to the market.</p> |
| <p>Principle 5: Make timely and balanced disclosure</p> | |
| <p>Recommendation 5.1: A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the ASX listing rule 3.1.</p> | <p>The Company has established a Continuous Disclosure Policy which applies to all directors and senior management. A copy of the Continuous Disclosure Policy is available on the Company's website.</p> |
| <p>Recommendation 5.2: A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p> | <p>This recommendation is satisfied. All members of the board receive the ASX Announcement direct from ASX once lodged.</p> |
| <p>Recommendation 5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p> | <p>This recommendation is satisfied.</p> |
| <p>Principle 6: Respect the rights of securityholders</p> | |
| <p>Recommendation 6.1: A listed entity 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> |

| ASX Corporate Governance Council Recommendation | MRG policy |
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| Recommendation 6.2 A listed entity should have an investor relations program to facilitate effective two-way communication with investors. | The Company's Board Charter sets out the manner in which the Board should endeavour to communicate with its shareholders and the manner in which shareholders can make enquiries to the Company. This includes emails to Shareholders on its Mailing List and via Social Media. |
| Recommendation 6.3: A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | The Company's Board Charter sets out the Company's goal to encourage participation at general meetings. All Shareholders are notified of meetings. |
| Recommendation 6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands. | This recommendation is satisfied. All resolutions at a meeting of MRG Metals' security holders are decided by a poll. |
| Recommendation 6.5: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically. | This recommendation is satisfied. |
| Principle 7: Recognise and manage risk | |
| Recommendation 7.1: The Board of a listed entity should: <ul style="list-style-type: none"> (a) Have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) Has at least 3 members, a majority of whom are independent Directors; (2) Is chaired by an independent Director, And disclose: <ul style="list-style-type: none"> (3) The charter of the committee; (4) The members of the committee; and (5) At the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | 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. |
| Recommendation 7.2: The Board or a committee of the Board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with | 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. |

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| <p>due regard to the risk appetite set by the Board; and</p> <p>(b) Disclose, in relation to each reporting period, whether such a review has taken place.</p> | |
| <p>Recommendation 7.3: A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p> | <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: A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p> | <p>The Company discloses various material risks to company strategy, and how it manages those risks within the Directors' Report section of its Annual Report.</p> |
| <p>Principle 8: Remunerate fairly and responsibly</p> | |
| <p>Recommendation 8.1: The Board of a listed entity should:</p> <p>(a) Have a remuneration committee which:</p> <p>(1) Has at least 3 members, a majority of whom are independent Directors;</p> <p>(2) Is chaired by an independent Director,</p> <p>And disclose:</p> <p>(3) The charter of the committee;</p> <p>(4) The members of the committee; and</p> <p>(5) At the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it 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 ensuring 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> |

| ASX Corporate Governance Council Recommendation | MRG policy |
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| <p>Recommendation 8.2: A listed entity 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 provides the requisite disclosure regarding executive remuneration policies in its annual report.</p> |
| <p>Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) 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 (b) Disclose that policy or a summary of it. | <p>The Company offers at its discretion to Directors, equity-based remuneration in the form of options to purchase shares and performance rights. This incentive assists in aligning their interests with those of shareholders.</p> |

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

Statement of Financial Position

As of 30 June 2021

| | Notes | Consolidated 2021 \$ | Consolidated Restated 2020 \$ |
|----------------------------------|-------|----------------------------|-------------------------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | 8 | 1,610,733 | 721,248 |
| Other receivables | 7 | 214,172 | 107,704 |
| Assets held for sale | 13 | - | - |
| Total current assets | | 1,824,905 | 828,952 |
| Non-current | | | |
| Plant & Equipment | 11 | 83,172 | 425 |
| Exploration & Evaluation | 12 | 3,781,312 | 2,546,058 |
| Total non-current assets | | 3,864,484 | 2,546,483 |
| Total assets | | 5,689,389 | 3,375,435 |
| Liabilities | | | |
| Current | | | |
| Trade and other payables | 10 | 127,040 | 92,884 |
| Total current liabilities | | 127,040 | 92,884 |
| Total liabilities | | 127,040 | 92,884 |
| Net assets | | 5,562,349 | 3,282,551 |
| Equity | | | |
| Share capital | 9 | 26,355,247 | 23,589,237 |
| Reserve | 9 | 310,978 | 988,932 |
| Retained earnings | | (21,103,876) | (21,295,618) |
| Total equity | | 5,562,349 | 3,282,551 |

This statement should be read in conjunction with the notes to the financial statements. Refer Note 25 for information on Restatement of comparatives.

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Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2021

| | Notes | Consolidated 2021 \$ | Consolidated Restated 2020 \$ |
|---|-------|----------------------------|-------------------------------------|
| Interest income | | 756 | 3,038 |
| Other income | | 981 | 28,679 |
| Employee benefits expense | 5 | (264,980) | (378,230) |
| Consultants | 5 | (6,364) | (147,647) |
| Promoters fee | | - | (160,000) |
| Administration expenses | | (396,494) | (462,118) |
| Depreciation expenses | | - | (957) |
| Foreign Exchange Gain/(Loss) | | 441 | (21,413) |
| Asset held for sale impairment | | - | (608,596) |
| (Loss) before tax | | (665,660) | (1,747,244) |
| Tax expense | 14 | - | - |
| (Loss) after tax | | (665,660) | (1,747,244) |
| Other comprehensive income, net of tax | | - | - |
| Total comprehensive (losses) | | (665,660) | (1,747,244) |
| | | Cents | Cents |
| Earnings per share | 16 | | |
| Basic earnings per share | | | |
| Earnings/(loss) from continuing operations | | (0.05) | (0.18) |
| Diluted earnings per share | | | |
| Earnings/(loss) from continuing operations | | (0.05) | (0.18) |

This statement should be read in conjunction with the notes to the financial statements. Refer Note 25 for information on Restatement of comparatives.

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Statement of Changes in Equity

for the year ended 30 June 2021

| | Share Capital \$ | Reserves \$ | Retained earnings \$ | Total equity \$ |
|--|------------------------|----------------|----------------------------|-----------------------|
| Balance at 1 July 2020 | 23,589,237 | 988,932 | (21,295,618) | 3,282,551 |
| Issue of share capital | 2,958,346 | - | - | 2,958,346 |
| Transaction costs | (179,464) | - | - | (179,464) |
| Options exercised | 130,096 | - | - | 130,096 |
| Options lapsed | - | (857,402) | 857,402 | - |
| Share based payments | (142,968) | 179,448 | - | 36,480 |
| Loss after income tax expense for the period | - | - | (665,660) | (665,660) |
| Balance at 30 June 2021 | <u>26,355,247</u> | <u>310,978</u> | <u>(21,103,876)</u> | <u>5,562,349</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 | - | - | (1,747,244) | (1,747,244) |
| Balance at 30 June 2020 | <u>23,589,237</u> | <u>988,932</u> | <u>(21,295,618)</u> | <u>3,282,551</u> |

This statement should be read in conjunction with the notes to the financial statements. Refer Note 25 for information on Restatement of comparatives.

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Statement of Cash Flows

for the year ended 30 June 2021

| | Notes | Consolidated 2021 \$ | Consolidated Restated 2020 \$ |
|--|-------|----------------------------|-------------------------------------|
| Operating activities | | | |
| Interest received | | 889 | 3,204 |
| Sale of Data | | - | 25,000 |
| Refunds | | 981 | 3,679 |
| Payments to suppliers and employees | | (703,803) | (735,413) |
| Net cash used in operating activities | 17 | <u>(701,933)</u> | <u>(703,529)</u> |
| Investing activities | | | |
| Payment for exploration & evaluation | | (1,222,327) | (1,205,751) |
| Acquisition of plant & equipment | | (82,747) | - |
| Acquisition of tenements | | - | (70,609) |
| Net cash used in investing activities | | <u>(1,305,074)</u> | <u>(1,276,360)</u> |
| Financing activities | | | |
| Proceeds from issue of capital | | 2,936,096 | 2,289,700 |
| Payment of transaction costs | | (39,604) | (12,500) |
| Net cash from financing activities | | <u>2,896,492</u> | <u>2,277,200</u> |
| Net change in cash and cash equivalents | | 889,485 | 297,311 |
| Cash and cash equivalents, beginning of year | | 721,248 | 423,937 |
| Cash and cash equivalents, end of year | 8 | <u>1,610,733</u> | <u>721,248</u> |

This statement should be read in conjunction with the notes to the financial statements. Refer Note 25 for information on Restatement of comparatives.

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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, Sofala Mining & Exploration IV Lda, Sofala Mining & Exploration V Lda, Sofala Mining & Exploration VI Lda, Sofala Mining & Exploration VII Lda, Sofala Mining & Exploration VIII Lda, Sofala Mining & Exploration IX Lda and Sofala Mining & Exploration X 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 2021 were approved and authorised for issue by the board of directors on 30 September 2021 (see note 26).

3 New Accounting Standards and Interpretations adopted

The Group 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. The adoption of these Accounting Standards did not have any significant impact on the financial performance or position of the Group.

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.

The financial statements are presented in Australian dollars, which is the Group's presentation currency.

4.2 Basis of measurement

Going Concern

The Group recorded a loss after tax of \$665,660 and net cash outflows from operating and investing activities were \$2,007,007 for the year ended 30 June 2021. The Group's financial position as at 30 June 2021 was as follows:

- The Group had available cash reserves of \$1,610,733;
- The Group's current assets of \$1,824,905 exceed current liabilities of \$127,040 by \$1,697,865;

- 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 2021 will not be sufficient to fully fund the planned exploration and operational activities during the next twelve months.

The Group's position as at 31 August 2021 was as follows:

- The Group had available cash reserves of \$1,247,358;
- 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 2021.

The Directors are confident that 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 2021 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 Group's ability to continue on a going concern basis. However, no significant COVID-19 impacts have been felt by the Group to date. The Group has been able to continue exploration and raise equity.

4.3 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to 30 June 2021. 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.

4.4 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.

4.5 Revenue

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

4.6 Operating expenses

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

4.7 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.

4.8 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.

4.9 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.

4.10 Other Receivables

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

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 Property, plant & equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any gains and losses on disposal of an item of property, plant and equipment are recognised in profit or loss.

(ii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- plant and equipment 2-20 years
- motor vehicles 4-20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.21 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.

4.22 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 in September 2020 (5,800,000 shares @ \$0.006 and 5,800,000 free attaching options and 12,000,000 options).

The Company issued shares and options to a Manager in consideration for corporate advisory services, calculated on the same basis as the Placement in February 2021 (9,042,000 shares @ \$0.013 and 9,042,000 free attaching options).

4.23 Foreign currency translation

The financial statements are presented in Australian dollars, which is Group's presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

5 Employee benefit expense and Consultants

| | Consolidated 2021 | Consolidated Restated 2020 |
|--|----------------------|-------------------------------|
| | \$ | \$ |
| Employee benefit expense incurred | 364,980 | 428,249 |
| Employee benefit expense capitalised in exploration assets | (100,000) | (50,019) |
| | <u>264,980</u> | <u>378,230</u> |
| Consultants | 6,364 | 247,628 |
| Consultants capitalised in exploration assets | - | (99,981) |
| | <u>6,364</u> | <u>147,647</u> |

Refer Note 25 for information on Restatement of comparatives.

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. Non current assets excluding financial instruments are located in Mozambique.

7 Other receivables

| | Consolidated 2021 | Consolidated 2020 |
|---------------------------|----------------------|----------------------|
| | \$ | \$ |
| GST receivables | 12,716 | 18,032 |
| Mozambique VAT receivable | 201,456 | 89,672 |
| Other receivables | 214,172 | 107,704 |

The receivables noted above are not impaired nor past due.

8 Cash and cash equivalents

Cash and cash equivalents include the following components:

| | Consolidated 2021 | Consolidated 2020 |
|-------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Cash at bank and in hand: | | |
| AUD | 1,581,149 | 693,985 |
| USD | 2,621 | 3,799 |
| MZN | 4,188 | 1,048 |
| Short term deposits (AUD) (a) | 22,775 | 22,416 |
| Cash and cash equivalents | <u>1,610,733</u> | <u>721,248</u> |

The effective interest rate on short-term bank deposits is 0.9%(2020: 1.6%); these deposits have an average maturity of 365 days.

(a) The \$22,775 is restricted cash as it is security for Company credit cards.

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 2021 \$ |
|--------------------------------------|---------------|----------------------------|
| SHARES | | |
| Total at 1 July 2020 | 1,234,151,639 | 23,589,237 |
| Additions during the year | 306,518,239 | 3,088,442 |
| Costs of raising | - | (322,432) |
| Total share capital at 30 June 2021 | 1,540,669,878 | 26,355,247 |
| OPTIONS RESERVE | | |
| Total at 1 July 2020 | 680,672,784 | 857,402 |
| Additions during the year | 305,508,667 | |
| Exercised during the year | (13,009,572) | |
| Lapsed during the year | (802,129,879) | (857,402) |
| Total issued options at 30 June 2021 | 171,042,000 | - |
| SHARE BASED PAYMENTS RESERVE | | |
| Total at 1 July 2020 | | 131,530 |
| Additions during year (i) | | 142,968 |
| Vesting expense – performance rights | | 36,480 |
| Total reserve at 30 June 2021 | | 310,978 |
| PERFORMANCE RIGHTS | | |
| Total at 1 July 2020 | 332,000,000 | - |
| Additions during the year | - | - |
| Deletions during the year | - | - |
| Total rights at 30 June 2021 | 332,000,000 | - |
| SHARE CAPITAL & RESERVES | | <u>26,666,225</u> |

(i) The fair value of options granted to lead manager as a share-based payment is based on the listed price on the ASX grant date.

| 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 |
| Vesting expense | | 36,480 |
| Total reserve at 30 June 2020 | | 131,530 |
| PERFORMANCE RIGHTS | | |
| Total at 1 July 2019 | 492,000,000 | - |
| Additions during the year (a) | 32,000,000 | - |
| Deletions during the year (b) | (192,000,000) | - |
| Total rights at 30 June 2020 | 332,000,000 | - |
| SHARE CAPITAL & RESERVES | | 24,578,169 |

- (b) 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.
- (c) 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 | No of shares | Issue price (cents) | \$ |
|---|------------|----------------------|------------------------|-------------------|
| Opening balance at 1 July 2020 | | 1,234,151,639 | | 23,589,237 |
| Capital Raising - placement | 18/09/2020 | 110,000,000 | 0.6 | 660,000 |
| Issue of Ordinary Shares – corporate mandate | 18/09/2020 | 5,800,000 | 0.6 | 34,800 |
| Capital Raising - placement | 24/11/2020 | 6,666,667 | 0.6 | 40,000 |
| Issue of Ordinary Shares – options conversion | 24/11/2020 | 1,580,085 | 1.0 | 15,801 |
| Issue of Ordinary Shares – options conversion | 10/12/2020 | 1,601,809 | 1.0 | 16,018 |
| Issue of Ordinary Shares – options conversion | 11/12/2020 | 7,000,000 | 1.0 | 70,000 |
| Issue of Ordinary Shares – options conversion | 23/12/2020 | 2,827,678 | 1.0 | 28,277 |
| Capital Raising - placement | 04/02/2021 | 162,000,000 | 1.3 | 2,106,000 |
| Issue of Ordinary Shares – corporate mandate | 04/02/2021 | 9,042,000 | 1.3 | 117,546 |
| Less costs associated with capital raisings | | - | - | (179,464) |
| Closing balance at 30 June 2021 | | 1,540,669,878 | | 26,498,215 |

| | Date | 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 |

(ii) Movements in options:

| 2021 | Date | No. options 1 July 2020 | Issued/ (converted/ lapsed) | No. options 30 June 2021 | 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 | 118,968,298 | - | 118,968,298 | 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 |
| Issue of options - placement | 13/02/2020 | 3,000,000 | - | 3,000,000 | 1.0 | 20/12/2020 |
| Options lapsed | 31/08/2020 | - | (72,978,404) | (72,978,404) | | 31/08/2020 |
| Issue of options - placement | 18/09/2020 | - | 110,000,000 | 110,000,000 | 1.0 | 20/12/2020 |
| Issue of options - corporate mandate | 18/09/2020 | - | 17,800,000 | 17,800,000 | 1.0 | 20/12/2020 |
| Issue of options - placement | 24/11/2020 | - | 6,666,667 | 6,666,667 | 1.0 | 20/12/2020 |
| Options conversion | 24/11/2020 | - | (1,580,085) | (1,580,085) | | 20/12/2020 |
| Options conversion | 10/12/2020 | - | (1,601,809) | (1,601,809) | | 20/12/2020 |
| Options conversion | 11/12/2020 | - | (7,000,000) | (7,000,000) | | 20/12/2020 |
| Options conversion | 23/12/2020 | - | (2,827,679) | (2,827,678) | | 20/12/2020 |
| Options lapsed | 20/12/2020 | - | (729,151,475) | (729,151,475) | | 20/12/2020 |
| Issue of options - placement | 04/02/2021 | - | 162,000,000 | 162,000,000 | 2.5 | 30/06/2023 |
| Issue of options - corporate mandate | 04/02/2021 | - | 9,042,000 | 9,042,000 | 2.5 | 30/06/2023 |
| Closing balance at 30 June 2021 | | 680,672,784 | (509,630,784) | 171,042,000 | | |

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MRG Metals Ltd
Consolidated Financial Statements
30 June 2021

| 2020 | Date | 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 |
| Closing balance at 30 June 2020 | | 484,368,284 | 196,304,500 | 680,672,784 | | |

(iii) Movements in rights:

| 2021 | Date of issue/conver sion | No. rights 1 July 2020 | Issued/ (converted) | No. rights 30 June 2021 | Expiry date |
|---|---------------------------------|---------------------------|------------------------|----------------------------|----------------|
| Issue of rights - directors | 22/11/2016 | 12,000,000 | | 12,000,000 | 22/12/2021 |
| Issue of rights – acquisition of HMS project | 22/01/2019 | 320,000,000 | - | 320,000,000 | 21/07/2021 |
| Closing balance at 30 June 2021 | | 332,000,000 | - | 332,000,000 | |

| 2020 | Date of issue/conver sion | No. rights 1 July 2019 | Issued/ (converted) | No. rights 30 June 2020 | Expiry date |
|---|---------------------------------|---------------------------|------------------------|----------------------------|----------------|
| Issue of rights - directors | 22/11/2016 | 12,000,000 | | 12,000,000 | 22/12/2021 |
| 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 |
| Closing balance at 30 June 2020 | | 492,000,000 | (160,000,000) | 332,000,000 | |

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 2021 | Consolidated 2020 |
|---------------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Current | | |
| - Trade payables | 75,728 | 23,002 |
| - Other payables and accrued expenses | 51,312 | 69,882 |
| | <u>127,040</u> | <u>92,884</u> |

11 Plant and equipment

| | Consolidated 2021 | Consolidated 2020 |
|--------------------------|----------------------|----------------------|
| | \$ | \$ |
| Plant & Equipment | 88,952 | 6,205 |
| Accumulated Depreciation | (5,780) | (5,780) |
| | <u>83,172</u> | <u>425</u> |

12 Exploration and evaluation assets

| | Consolidated 2021 |
|-------------------------|----------------------|
| | \$ |
| Cost as at 1 July 2020 | 2,396,058 |
| Other exploration costs | 1,385,254 |
| Cost as at 30 June 2021 | <u>3,781,312</u> |

| | Consolidated Restated 2020 |
|-----------------------------------|----------------------------------|
| | \$ |
| Cost as at 1 July 2019 | 860,315 |
| Other exploration costs | 1,155,743 |
| Acquisition costs HMS project (i) | 480,000 |
| Cost as at 30 June 2020 | <u>2,546,058</u> |

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

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.

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.

| | 2021 | 2020 |
|----------------------------------|------------------|------------------|
| Non-current assets held for sale | 608,596 | 608,596 |
| Less Impairment (a) | <u>(608,596)</u> | <u>(608,596)</u> |
| | <u>-</u> | <u>-</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 Restated 2020 |
|---|----------------------|----------------------------------|
| | \$ | \$ |
| Profit/(loss) before tax | (665,660) | (1,747,244) |
| Expected tax expense/(benefit) @ 26.0% (2020 27.5%) | <u>(173,072)</u> | <u>(480,492)</u> |
| Adjustment for non-deductible expenses: | | |
| - Movement in accruals | (910) | (17,905) |
| - Impairment of asset held for sale | - | 167,364 |
| | <u>(173,982)</u> | <u>(331,033)</u> |
| Current period tax (loss) not recognised | (173,982) | (331,033) |
| Deferred tax expense: | | |
| - Temporary differences | (910) | (17,905) |
| - Unused tax losses | 173,982 | 462,587 |
| Deferred tax assets not recognised | <u>173,072</u> | <u>444,682</u> |

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

The carry forward tax losses at 30 June 2021 were \$19,030,721.

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 2021 \$ | Consolidated 2020 \$ |
|--|----------------------------|----------------------------|
| Audit services | | |
| - Audit and review of the financial reports – Grant Thornton | 21,386 | 47,500 |
| - Audit financial reports – William Buck | 20,000 | - |
| Audit services remuneration | <u>41,386</u> | <u>47,500</u> |
| Other services | - | - |
| Total Auditor's remuneration | <u>41,386</u> | <u>47,500</u> |

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 2021 \$ | Consolidated Restated 2020 \$ |
|--|----------------------------|--|
| Loss after income tax | (665,660) | (1,747,244) |
| Weighted average number of shares used in basic earnings per share | <u>1,404,958,320</u> | <u>985,793,789</u> |
| Weighted average number of shares used in diluted earnings per share | <u>1,404,958,320</u> | <u>985,793,789</u> |
| Earnings Per Share | (0.05) cents | (0.18) cents |
| Diluted Earnings Per Share | (0.05) cents | (0.18) 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.

Refer Note 25 for information on Restatement of comparatives.

17 Reconciliation of cash flows from operating activities

| | Consolidated 2021 \$ | Consolidated Restated 2020 \$ |
|--|----------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| (Loss) after income tax expense for the year | (665,660) | (1,747,244) |
| Cash flows excluded from loss attributable to operating activities | | |
| Non cash flows in loss: | | |
| Amortisation/Depreciation | - | 957 |
| Foreign exchange (gain)/loss | (441) | 21,414 |
| Share based payments transactions | 36,480 | 468,480 |
| Write off deferred exploration and evaluation expenditure | - | - |
| Impairment of asset held for sale | - | 608,596 |
| Change in other assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | (106,468) | (93,154) |
| Increase/(decrease) trade and other payables | 34,156 | 37,423 |
| Net cash used in operating activities | <u>(701,933)</u> | <u>(703,529)</u> |

Refer Note 25 for information on Restatement of comparatives.

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, Sofala Mining & Exploration IV Lda, Sofala Mining & Exploration V Lda, Sofala Mining & Exploration VI Lda, Sofala Mining & Exploration VII Lda, Sofala Mining & Exploration VIII Lda, Sofala Mining & Exploration IX Lda and Sofala Mining & Exploration X Lda (Mozambique Companies).

Sofala Mining & Exploration Limitada, Sofala Mining & Exploration I Lda, Sofala Mining & Exploration II Lda, Sofala Mining & Exploration III Lda and Sofala Mining & Exploration IV Lda owns the HMS tenements.

Sofala Mining & Exploration V Lda, Sofala Mining & Exploration VI Lda, Sofala Mining & Exploration VII Lda, Sofala Mining & Exploration VIII Lda, Sofala Mining & Exploration IX Lda and Sofala Mining & Exploration X Lda were set up during the year in preparation should there be future granting of HMS applications as Mozambique law requires a separate company for each licence application.

MRG Metals Ltd owns 100% of the shares of Trophosys Pty Ltd. (2020 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 (2020 \$38,000 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 2021 \$ | Consolidated 2020 \$ |
|--------------------------|----------------------------|----------------------------|
| Short term benefits | 300,000 | 300,000 |
| Post employment benefits | 28,500 | 23,750 |
| Share based payments | 36,480 | 204,480 |
| Total KMP remuneration | 364,980 | 528,230 |

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 2021

| 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 | 31,906,679 | 6,000,000 | - | - | 37,906,679 |
| Turner | 21,815,842 | 2,666,667 | - | - | 24,482,509 |
| Gregory | 60,563,986 | 3,000,000 | - | - | 63,563,986 |
| | 114,286,507 | 11,666,667 | - | - | 125,953,174 |

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 2021

| Key Management Person | Balance at start of year | Additions | Deleted on exercise | Other Ceased/Lapsed | Held at the end of the reporting period |
|-----------------------|--------------------------|-----------|---------------------|---------------------|---|
| Van Der Zwan | 19,523,179 | 3,000,000 | (3,000,000) | (19,523,179) | - |
| Turner | 9,530,042 | 1,666,667 | (1,000,000) | (10,196,709) | - |
| Gregory | 34,964,186 | - | (3,000,000) | (31,964,186) | - |
| | 64,017,407 | 4,666,667 | (7,000,000) | (61,684,074) | - |

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 |

Performance rights held by key management personnel

The number of performance rights held by each of the key management personnel of the Group; including their related parties are set out below.

Year ended 30 June 2021

| Key Management Person | Balance at start of year | Additions | Deleted on exercise | Other Ceased/Lapsed | Held at the end of the reporting period |
|-----------------------|--------------------------|-----------|---------------------|---------------------|---|
| Van Der Zwan | 4,000,000 | - | - | - | 4,000,000 |
| Turner | 4,000,000 | - | - | - | 4,000,000 |
| Gregory | 4,000,000 | - | - | - | 4,000,000 |
| | 12,000,000 | - | - | - | 12,000,000 |

Year ended 30 June 2020

| Key Management Person | Balance at start of year | Additions | Deleted on exercise | Other Ceased/Lapsed | Held at the end of the reporting period |
|-----------------------|--------------------------|-----------|---------------------|---------------------|---|
| Van Der Zwan | 12,000,000 | - | (8,000,000) | - | 4,000,000 |
| Turner | 12,000,000 | - | (8,000,000) | - | 4,000,000 |
| Gregory | 12,000,000 | - | (8,000,000) | - | 4,000,000 |
| | 36,000,000 | - | (32,000,000) | - | 12,000,000 |

19 Contingent assets and contingent liabilities

There were no contingent assets or liabilities (2020 Nil).

20 Commitments for expenditure

| | 2021 | 2020 |
|---|-----------|-----------|
| | \$ | \$ |
| Exploration and evaluation: | | |
| Within 12 months | 421,708 | 1,365,217 |
| After 12 months but not later than 5 years | 1,686,832 | 789,128 |

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 four 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 Group's 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 2021 is set out below (Australian dollar equivalents):

| | 30 June 2021 |
|--------------------------|---------------------|
| Reported exchange rate | 47.72 |
| Cash at Bank | 4,188 |
| Trade and other payables | (14,812) |
| Total exposure | (10,624) |

The Group's exposure to assets and liabilities to USD at 30 June 2021 is set out below (Australian dollar equivalents):

| | 30 June 2021 |
|------------------------|---------------------|
| Reported exchange rate | 0.7518 |
| Cash at Bank | 2,621 |
| Total exposure | 2,621 |

The table below shows the effect on profit after income tax expense and total equity from MZN 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% | (1,062) | (1,062) |
| Foreign exchange rates + 10% | 1,062 | 1,062 |

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 2021, there was \$22,775 on deposit at 0.9% (Note 8).

An increase/decrease by 30% or 0.03 basis points would have a favourable/adverse effect on profit for the year of \$61. 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 2021 was \$1,697,865. The Directors are confident that 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.

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 2021 | \$ | \$ | \$ | \$ |
| Trade and other payables | 127,040 | - | - | - |
| Total | 127,040 | - | - | - |

| | 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 | - | - | - |

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 21 July 2021, 320,000,000 Class B performance rights expired.

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")

| | 2021 \$ | 2020 Restated \$ |
|--|--------------|---------------------|
| Statement of financial position | | |
| Current assets | 1,824,905 | 828,952 |
| Total assets | 5,689,389 | 3,375,435 |
| Current liabilities | 127,040 | 92,884 |
| Total liabilities | 127,040 | 92,884 |
| Issued capital | 26,498,215 | 23,589,237 |
| Reserves | 168,010 | 988,932 |
| Retained earnings | (21,103,876) | (21,295,618) |
| | 5,562,349 | 3,282,551 |
| Statement of comprehensive income | | |
| Profit/(loss) for the period | (665,660) | (1,747,244) |
| Total comprehensive income | (665,660) | (1,747,244) |

25 Restatement of Comparatives

Correction of error

An error was discovered when assessing the carrying value of exploration assets. It was determined that some costs that should have been capitalised in the previous year had not been.

Extracts (being only those line items affected) are disclosed below.

Statement of Financial Position:

| Extract | Consolidated | | |
|---------------------------|------------------------|------------------|------------------------|
| | 2020 \$ Reported | \$ Adjustment | 2020 \$ Restated |
| Non Current Assets | | | |
| Exploration & evaluation | 2,396,058 | 150,000 | 2,546,058 |
| Equity | | | |
| Retained earnings | (21,445,618) | 150,000 | (21,295,618) |

Statement of Profit or Loss and other Comprehensive Income:

| Extract | Consolidated | | |
|----------------------------|------------------------|------------------|------------------------|
| | 2020 \$ Reported | \$ Adjustment | 2020 \$ Restated |
| Expenses | | | |
| Employee benefits expenses | 428,249 | (50,019) | 378,230 |
| Consultant | 247,628 | (99,981) | 147,647 |

Earnings per share

| | | | |
|----------------------------|-------------|---------|-------------|
| Loss after income tax | (1,897,244) | 150,000 | (1,747,244) |
| Basic earnings per share | (0.19) | 0.01 | (0.18) |
| Diluted earnings per share | (0.19) | 0.01 | (0.18) |

Statement of Cashflows:

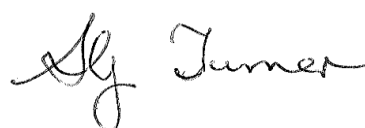
| Extract | 2020 | Consolidated | 2020 |
|--|----------------|------------------|----------------|
| | \$ Reported | \$ Adjustment | \$ Restated |
| Payment to suppliers and employees | (885,413) | 150,000 | (735,413) |
| Payment for exploration and evaluation | (1,055,751) | (150,000) | (1,205,751) |
| Reconciliation of cashflows from operating activities | | | |
| Loss after income tax | (1,897,244) | 150,000 | (1,747,244) |

26 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2021 were approved by the board of directors on 30 September 2021.



Andrew Van Der Zwan
Chairman



Shane Turner
Director/Secretary

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 2021 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 2021.
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 2021.



Andrew Van Der Zwan

Director

MRG Metals Limited

Independent auditor's report to members

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 consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 (including Independence Standards)* (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 1 in the half-year financial report, which reports that the consolidated entity incurred a net loss after income tax of \$665,660 and net cash outflows from operating and investing activities of \$2,007,007 for the year ended 30 June 2021. As stated in Note 4.2, these events, or conditions, along with other matters as set forth in Note 4.2 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Other Matter

The financial report of MRG Metals Limited for the year ended 30 June 2020 was audited by another auditor, who expressed an unmodified opinion to that report.

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.

| KEY AUDIT MATTER | |
|--|---|
| Exploration and evaluation assets | How our audit addressed it |
| <p>During the year, additions to exploration and evaluation assets in Mozambique totalled \$1.385m as detailed in Note 12.</p> <p>Accounting for these costs require a significant amount of judgements and estimates and there is a risk that capitalisation of these costs may not be appropriate.</p> <p>The Group is also required to assess at each reporting date if there are any triggers for impairment which may suggest that the carrying value is in excess of recovering value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p> <p>Management is required to exercise judgement in evaluating whether any impairment triggers exist.</p> | <p>In order to meet this risk, our audit procedures included the following:</p> <ul style="list-style-type: none"> — Reviewing the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of whether an impairment charge is required; — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the Group's renewal in that area of interest at its expiry; — Examining project spend per each area of interest and comparing this spend to budgeted expenditure; — Agreeing a sample of expenditure capitalised to underlying support and ensuring that it is appropriately recorded in accordance with AASB 6 and is directly attributable to that area of interest; — Evaluating management's impairment analysis which included the Group's analysis of recoverability of the carrying value of the tenements; and — From an overall perspective, comparing the market capitalisation of the Group to the net carrying value of its assets on the statement of financial position to identify any other additional indicators of impairment. <p>We also assessed the adequacy of the Group's disclosures in respect of capitalised exploration costs and the planned expenditures.</p> |

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the 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 ability of the Group 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 has 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 these financial statements 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 independent 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 2021.

In our opinion, the Remuneration Report of MRG Metals Limited, for the year ended 30 June 2021, 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.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J.C. Luckins
Director

Melbourne, 30th September 2021

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 27 September 2021.

Substantial Shareholders

There are no substantial Shareholders as at 27 September 2021.

| | Ordinary Shares | |
|------------------|-----------------|---------------------|
| | Number Held | %of quoted shares |
| Nil | | |
| Holding | | Shareholders |
| 1 – 1,000 | | 42 |
| 1,001 – 5,000 | | 15 |
| 5,001 – 10,000 | | 52 |
| 10,001 – 100,000 | | 632 |
| 100,000 and over | | 1,190 |
| | | <u>1,931</u> |

There were 302 holders of less than a marketable parcel of ordinary shares.

| | Ordinary Shares | |
|--|--------------------|-------------------|
| Twenty largest quoted shareholders | Number Held | %of quoted shares |
| AJ Barker | 75,000,000 | 4.87 |
| CJ & M Gregory S/F A/C | 45,563,536 | 2.96 |
| BNP Paribas Nominees P/L | 39,229,424 | 2.55 |
| 10 Bolivianos P/L | 29,201,949 | 1.90 |
| Citicorp Nominees P/L | 28,371,015 | 1.84 |
| KV Van Der Zwan Harleston Family A/C | 24,596,679 | 1.60 |
| A Knowles | 22,562,898 | 1.46 |
| Icon Custodians P/L Cummins Family A/C | 21,951,677 | 1.42 |
| GA Jacks | 20,242,135 | 1.31 |
| EJ Heymann | 20,135,000 | 1.31 |
| MP Alvin | 19,024,713 | 1.23 |
| S & E Turner Turner S/F A/C | 18,815,842 | 1.22 |
| Jolanza P/L Jolanza A/C | 18,000,450 | 1.17 |
| Altera P/L S/F A/C | 17,902,877 | 1.16 |
| MA Wuerschling | 16,556,955 | 1.07 |
| Samatzo Holdings P/L Hill Family A/C | 15,000,000 | 0.97 |
| MP Alvin | 13,926,964 | 0.90 |
| A & KV Van Der Zwan S/F A/C | 12,920,000 | 0.84 |
| A Swift | 12,590,870 | 0.82 |
| V Maricic | 11,999,999 | 0.78 |
| | <u>483,592,983</u> | <u>31.39</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 |
| I Toet | 11,050,000 | 6.46 |
| CM Dunford | 10,000,000 | 5.85 |
| D Ariti | 10,000,000 | 5.85 |
| Mastermines (Australia) P/L | 9,000,000 | 5.26 |
| Speyside Holdings P/L S/F A/C | 9,000,000 | 5.26 |
| MF Durward | 8,166,666 | 4.77 |
| R Nguyen | 8,054,376 | 4.71 |
| CS Third Nominees P/L | 6,538,462 | 3.82 |
| Stocksonline P/L | 5,498,590 | 3.21 |
| AP Hall | 5,000,000 | 2.92 |
| Kajprich P/L S/F A/C | 4,990,016 | 2.92 |
| Vibe FM Signature P/L S/F A/C | 4,800,000 | 2.81 |
| AE Young | 3,598,000 | 2.10 |
| DAH Tuckett | 3,447,000 | 2.02 |
| ME Julie P/L | 3,000,000 | 1.75 |
| Hardwood Holdings P/L | 2,850,000 | 1.67 |
| CJ King | 2,300,000 | 1.34 |
| Zaman Perak P/L S/F A/C | 2,070,000 | 1.21 |
| AD Agushi | 2,000,000 | 1.17 |
| Alpha Securities P/L | 2,000,000 | 1.17 |
| | 113,363,110 | 66.28 |

Securities exchange

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

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 | |
| Marruca | 6846L | 100 | |

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

William Buck Audit (Vic) Pty Ltd
Level 20
181 William Street, Melbourne Vic 3000
Telephone (office): +61 3 9824 8555
Website: www.williambuck.com

Stock Exchange Listing

ASX Codes: MRQ, MRQOC