

Half Year Financial Report

MRG Metals Limited
ABN: 83 148 938 532

For the half-year ended 31 December 2020



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Contents

Corporate Directory	3
Director's Report	4
Auditor's Independence Declaration	15
Statement of Financial Position	16
Statement of Profit or Loss and Other Comprehensive Income	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the condensed interim Financial Report	20
Directors' declaration	25
Independent Auditor's Review Report	26

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

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Stock Exchange Listing

ASX Codes: MRQ, MRQOC

Director's Report

The Directors of MRG Metals Limited ('MRG') present their Report together with the financial statements of the consolidated entity, being MRG Metals Limited ('the Company') and its controlled entities, MRG Metals (Australia) Pty Ltd, MRG Metals (Exploration) Pty Ltd, Sofala Resources Pty Ltd, Sofala Mining & Exploration Limitada, Sofala Mining & Exploration I Limitada, Sofala Mining & Exploration II Limitada, Sofala Mining & Exploration III Limitada, Sofala Mining & Exploration IV Limitada and Trophosys Pty Ltd ('the Group') for the half year ended 31 December 2020 and the Independent Review Report thereon.

Projects

MOZAMBIQUE

During the six months to 31 December 2020, MRG carried out extensive aircore drilling on its Corridor South project in Mozambique.

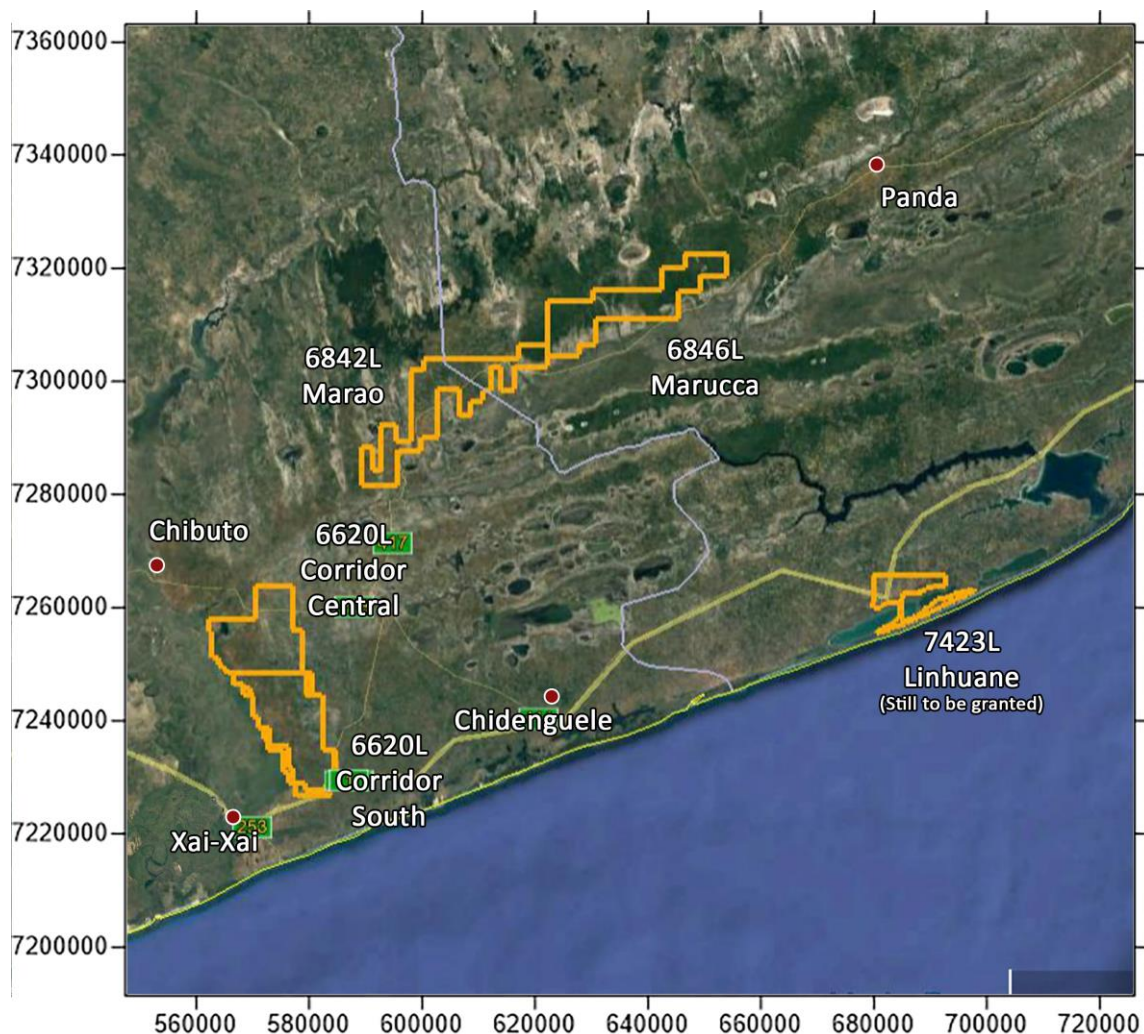


Figure 1: MRG Projects in Mozambique.

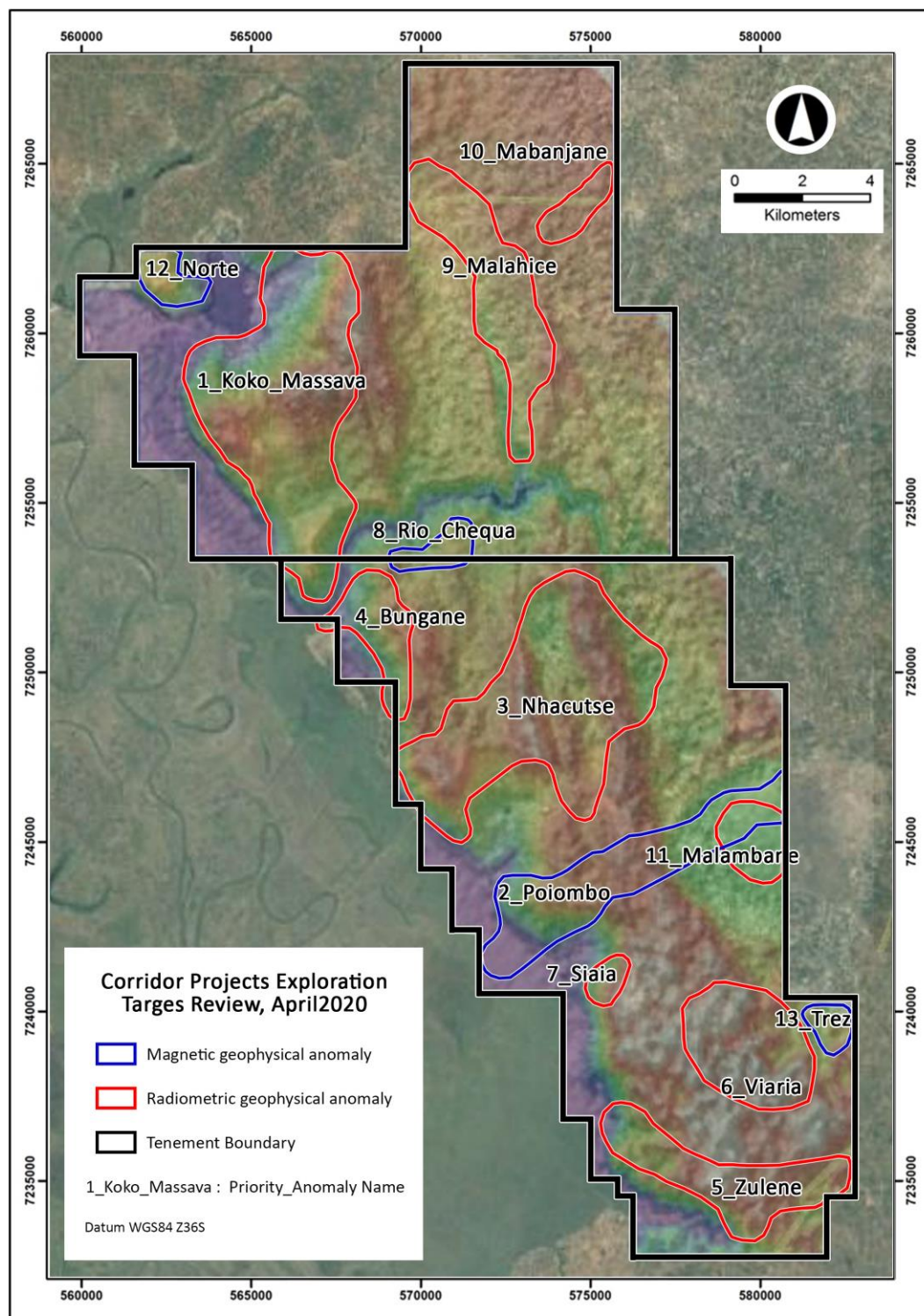


Figure 2: Map of the Corridor Central (6620L) and Corridor South (6621L) Projects showing the locations of the various Prospects.

Key highlights from Exploration in Quarter ended 30 September 2020

- **MRG completes Phase 1 and 2 aircore drilling at Nhacutse, delineating high-grade Heavy Mineral Sand (HMS) Strandline within 18km² footprint.**
- **Maiden aircore drilling at Zulene intersects significant thicknesses of high-grade heavy mineral sand, visually estimated at grades up to 7.5% THM.**
- **Bulk sampling returns high quality mineral assemblage from multiple targets including Nhacutse, Koko Massava East and Poiombo.**
- **Koko Massava metallurgical testwork demonstrates potential for quality TiO₂ product.**
- **Ultra Low Temperature Roasting (ULTR) under reduced conditions produced a quality upgraded Ilmenite product with 47.1% TiO₂, 0.9% SiO₂, 0.5% Al₂O₃, 0.1% Cr₂O₃ and <20ppm U+Th – potential to upgrade to an Ilmenite product approaching 50% TiO₂ with next step optimization.**

Drilling at Nhacutse, Poiombo and Bungane targets

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

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

MRG provided an update on the drilling progress on 21 September 2020, with 15 holes of the program completed (14 holes at Nhacutse, 1 hole at Bungane). Two holes at Nhacutse intersected grades that suggest Strandline style mineralisation exists in the area. Two aircore holes (20CSAC543 and 20CSAC544) 1km apart at Nhacutse yielded individual 3m sample intervals with visual estimated grade >10% THM, with the best interval having an estimated THM grade of 14.0%. These very high estimated THM grades at Nhacutse confirm the discovery of a zone of heavy mineral sand mineralisation with estimated Strandline style grades that is both laterally extensive and can extend from surface to depths of >30m.

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

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

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

These three significant holes in the central zone of the Nhacutse Target are approximately 1km apart, along a line oriented southwest-northeast and sub-parallel to the interpreted long axis of the broader

radiometric anomaly. The very high grades intersected in 20CSAC543 and '544 are indicative of Strandline-style HMS mineralisation. Based on these aircore visual results, additional drilling is warranted to further define the extent of this very thick HMS mineralisation.

Drilling at Zulene, Viaria and Saia targets

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

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

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

Significant assay results returned from the infill auger program included:

Zulene

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

Viaria

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

Saia

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

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

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

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

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

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

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

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

Mineral Assemblage results

In July 2020, MRG reported results for mineral assemblage characterisation by Qemscan analysis of 16 selected composite samples from the Corridor South (6621L) and Corridor Central (6620L) tenements. The composite samples were prepared from heavy mineral concentrates derived from auger drilling at selected targets contained within the Corridor Heavy Minerals Sand Projects. The data received provides reconnaissance phase information on the VHM assemblage contained within the THM concentrate and will be used to prioritise targets for ongoing work programs.

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

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

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

Overall, the new mineral assemblage results demonstrated a better value assemblage occurring to the eastern side of the tenements, further from the Limpopo River valley and significantly better than that reported for the Koko Massava Mineral Resource. This important observation will be used as another prioritisation parameter in exploration targeting and to drive the selection of additional mineral assemblage samples. A further hypothesis, yet to be tested, is that assemblage testing on identified strandline drill hole assays may reflect better grade mineralogy.

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

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

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

Koko Massava metallurgical testwork

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

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

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

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

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

Processing of the material included:

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

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

The WCP was undertaken over several stages of wet shaking tables to produce a HMC. This HMC outflow comprised 83.0% heavy mineral with 22.6% TiO_2 and 0.77% ZrO_2 (Table 4).

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

A representative sample of the ilmenite product was roasted at ultra-low temperature (ULTR; $<650^\circ\text{C}$) under reduced conditions and then processed through a series of magnetic separators to produce an upgraded ilmenite product. This standard low temperature roast test successfully produced upgraded ilmenite which is calculated to contain 47.1% TiO_2 , 0.9% SiO_2 , 0.1% Cr_2O_3 and $<20\text{ppm}$ U+Th (Table 6). Pre roast and post roast upgraded contents are tabled (Tables 7 and 8)

Mozambique infrastructure

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

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

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

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

Phase 1 will comprise the construction of:

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

Key highlights from Exploration in Quarter ended 31 December 2020

- MRG doubles its Mozambique tenement size with approval for Marao and Marruca exploration licences.
- Excellent progress towards delivering a second, smaller and higher grade Heavy Mineral Sand (HMS) Resource was achieved by MRG Metals during the Quarter to December 2020.
- Exploration during the Quarter comprised 2 aircore drilling programs, totalling 40 aircore drillholes (20CSAC572 to '611), with 1,254m drilled and 418 samples (sans QAQC) collected and analysed. Visually Estimated results were reported for all holes and Analytical results were reported for 20CSAC572 to '587 within reporting period.
- Drilling focused on the Corridor South (6621L) licence as Infill/Extension/Delineation drilling of the following Targets and mineralized zones, with the total amount of drillholes shown from the drilling phases:
 - Nhacutse High Grade – 21 drillholes (refer ASX Announcements 06 October 2020, 22 October 2020 and 11 November 2020);
 - Nhacutse-Poiombo High Valuable Heavy Mineral Assemblage (VHM) - 9 drillholes (refer ASX Announcements 22 October 2020 and 11 November 2020);
 - Nhacutse to Bungane Gap - 7 drillholes (refer ASX Announcement 22 October 2020 and 11 November 2020);
 - Nhacutse to Poiombo Gap - 1 drillhole (refer ASX Announcement 11 November 2020);
 - Zulene – 2 drillholes (refer ASX Announcement 11 November 2020).
- Analytical results for maiden aircore drilling program at the Nhacutse Prospect (with 1 drillhole at Bungane as well) were reported in the Q4 2020 period (refer ASX Announcement 24 November 2020).
- Analytical results for hand auger infill drilling program at the Zulene, Saia and Viaria Prospects were reported in the Q4 2020 period (refer ASX Announcement 1 October 2020).
- Analytical results for the maiden aircore drilling program at the Zulene and Viaria Prospects were reported in the Q4 2020 period (refer ASX Announcement 31 December 2020).
- Analytical results for the Phase 2 aircore drilling at Poiombo were reported in the Q4 2020 period (refer ASX Announcement 30 November 2020).

Marao and Marruca Projects - New Licences

- Final grant of Exploration Licences Marao 6842L and Marruca 6846L received.

The addition of Marao and Marruca to MRG's exploration portfolio more than doubles MRG's wholly-owned tenement area in Mozambique.

Nhacutse High Grade Zone

- 2 Phases of aircore drilling took place within an approximate 18 km² mineralised footprint at the Nhacutse Target, the Phase 2 Nhacutse drilling and a follow-up infill drilling program, with a total of 21 holes drilled.
- Major zones of high-grade HMS mineralisation confirmed in both drilling programs, significant THM aircore drill assays (vis est for some as analytical results not received within the quarter), from surface, include:
 - 20CSHA576 0 - 30m 30m @ 4.77% THM,
including 0 – 27m, 27m @ 5.11% THM;
 - 20CSHA578 0 - 30m 30m @ 5.15% THM,
including individual 3m assays to 8.88% THM;
 - 20CSAC611 0 - 36m 36m @ 5.3 % vis est THM;
 - 20CSAC608 0 - 42m 42m @ 4.5% vis est THM;
 - 20CSAC594 0 - 30m 30m @ 4.9% vis est THM; and
 - 20CSAC609 0 - 36m 36m @ 4.8% vis est THM.
 - 15 of the 21 aircore holes were still in +3% THM mineralization at end of drilling, with an individual end of hole 3m interval of up to 9.23% THM showing the deposit is still open at depth.
- The 2 drilling phases at Nhacutse identified and delineated a high-grade mineralized zone of over 8 km² within the 18 km² mineralized envelope. 16 holes drilled to approximately 30 metres within this high grade zone, with drillhole assays averaging 5.3% THM within this large mineralised footprint.
- Additionally, three smaller, very high grade zones were defined within the high grade zone with a combined footprint of approximately 2.5 km², with holes assaying an average of 6.05% THM.

Nhacutse-Poiombo High VHM Zone

- In the eastern part of the Poiombo Target, a high Valuable Heavy Mineral (VHM) surface footprint of approximately 5km² was identified by auger with mineral assemblage results showed 63.84% Ilmenite+Leucoxene, 2.92% Zircon and 2.06% Rutile, this area was targeted by 10 aircore holes (20CSHA584, '585, '586, '587, '599, '600, '601 '602, '603 and '604) drilled in the 2 drilling phases.

Nhacutse to Bungane Gap

- Aircore drilling of 6 holes (20CSHA572, '588, '589, '590, '591, '592) in total during the 2 drilling phases have successfully linked HMS mineralisation between the Nhacutse and Bungane Targets, with 7 of the 8 holes with >3% THM on average from surface to the end of the holes, highlights include:
 - 20CSAC572 0 - 30 30m @ 5.76% THM,
Including 0 – 27m, 27m @ 6.12% THM.

Nhacutse to Poiombo Gap

- Aircore drilling of 1 hole has highlighted the potential of linking high grade HMS mineralisation between the Nhacutse and Poiombo Targets, highlight:
 - 20CSAC605 0 - 36m 36m @ 3.7 vis est % THM.

Nhacutse Maiden Aircore Drilling

- 14 Aircore drillholes were completed at Nhacutse focussed on the 18 km² High Grade THM surface footprint established from hand auger drilling (refer ASX Announcements 3 July 2020 and 21 September 2020), highlights include:
 - 20CSAC543 0 - 36m, 36m @ 6.52 % THM,
including 30 - 36m, 6m @ 9.67 % THM;
 - 20CSAC544 0- 33m, 33m @ 6.17 % THM,
including 30-33m, 3m @ 12.10% THM;
 - 20CSAC545 0 – 30m, 30m @ 5.93% THM;
 - 20CSAC547 0 – 33m, 33m @ 5.92% THM.
- 1 Aircore drillhole was drilled at Bungane to provide an initial test to join high grade zone from Nhacutse to include Bungane, intersected very high grade Heavy Mineral Sands (HMS) mineralisation:
 - 20CSAC549 0 – 30m, 30m @ 6.99% THM,
including 0 - 21m, 21m @ 8.54% THM.

Zulene and Viaria Maiden Aircore Drilling

- 7 Aircore holes were drilled during Q3 based on results from infill auger program, 5 at Zulene and 2 at Viaria;
- Individual 3m interval grades of up to 7.18% THM (20CSAC565) are present in the aircore holes, with multiple consecutive >5% THM over 3m intersections in two of the drillholes (20CSAC565 and 20CSAC568).
- Significant program results include:
 - 20CSAC565 0-30m 30m @ 4.63% THM (Zulene),
with a higher grade zone at 0-21m of 21m @ 5.83% THM;
 - 20CSHA568 0-30m 30m @ 4.86% THM (Zulene),
with a higher grade zone at 0 – 27m of 27m @ 5.17% THM; and
 - 20CSHA571 0-30m 30m @ 4.14% THM (Viaria).

Poiombo Phase 2 Aircore Drilling

- Phase 2 aircore drilling at Poiombo Prospect in Q3 involved the drilling of 13 drillholes, the results confirm and expand zones of high grade heavy mineral sand (HMS) mineralization.
- 11 of the 12 aircore holes completed in Phase 2 return high grade HMS assays of above 30m @ 3.75%, with individual 3 metre grades up to 9.09% THM. Highlights include:
 - 20CSAC556 0 – 30m 30m @ 5.22 % THM,
including 27-30m with 3m @ 7.74 % THM
 - 20CSAC557 0 – 30m 30m @ 4.86 % THM,
including 27 – 30m with 3m @ 5.19 % THM

SWEDEN

Norrliden

Mandalay & MRG are currently exploring opportunities for the sale of the Norrliden assets that recognise MRG's right to earn up to 50% equity under the existing JV agreement.

ACTIVITIES SINCE 31 DECEMBER 2020

On 4 February 2021, the Company completed a Placement raising \$2,106,000 and resulting in the issuance of 162,000,000 fully paid ordinary shares at \$0.013, together with 162,000,000 attaching MRQOC options (exercisable at \$0.025, expiring 30 June 2023).

Exploration has continued on Mozambique projects, including commencement of Auger drilling on the Company's recently granted Marao licence.

TENEMENTS:

The Tenements held by the Company at 31 December 2020 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	
Linhwane	7423L	100	Application
Marao	6842L	100	
Marruca	6846L	100	

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

Forward Looking Statement

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of MRG Metals Ltd ('MRG' or 'Company') are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management of MRG that could cause MRG's actual results to differ materially from the results expressed or anticipated in these statements. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. MRG does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Director details

The following persons were directors of MRG Metals Limited during or since the end of the half year.

- Mr Andrew Van Der Zwan
- Mr Christopher Gregory
- Mr Shane Turner

Principal activities

During the period, the principal activities of entities within the Group were exploration for Heavy Mineral Sands in Mozambique.

Review of operations and financial results

The operating result of the Group for the half year was a loss of \$416,147 (31/12/19 loss \$581,752). Earnings per share during the half year were (\$0.0003) (31/12/19 (\$0.0007)).

Dividends

There were no dividends declared or paid during the half year.

Events arising since the end of the reporting period

On 4 February 2021, the Company completed a Placement raising \$2,106,000 and resulting in the issuance of 162,000,000 fully paid ordinary shares at \$0.013, together with 162,000,000 attaching MRQOC options (exercisable at \$0.025, expiring 30 June 2023).

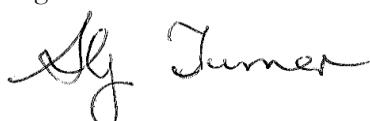
On 8 February 2021, initial Auger drilling commenced on recently granted Marao licence.

No other significant events have arisen since 31 December 2020.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 15 of this financial report and forms part of this Directors report.

Signed in accordance with a resolution of the directors.



Shane Turner
Director

Date: 15 March 2021

Auditor's Independence Declaration

To the Directors of MRG Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of MRG Metals Limited for the half-year ended 31 December 2020. I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 15 March 2021

Statement of Financial Position

As at 31 December 2020

		Consolidated	
	Notes	31 December 2020 \$	30 June 2020 \$
Assets			
Current			
Cash and cash equivalents		689,523	721,248
Trade & other receivables		130,688	107,704
Current assets		820,211	828,952
Non-current			
Plant & equipment		353	425
Exploration and evaluation	4	2,852,781	2,396,058
Non-current assets		2,853,134	2,396,483
Total assets		3,673,345	3,225,435
Liabilities			
Current			
Trade and other payables		117,531	92,884
Current liabilities		117,531	92,884
Total liabilities		117,531	92,884
Net assets		3,555,814	3,132,551
Equity			
Share capital	8	24,410,408	23,589,237
Reserves	8	149,770	988,932
Accumulated losses		(21,004,364)	(21,445,618)
Total equity		3,555,814	3,132,551

The accompanying notes form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

		Consolidated	
	Notes	31 December 2020	31 December 2019
		\$	\$
Revenue		288	1,738
Other income		981	27,179
Foreign exchange loss		(2,092)	-
Remuneration to Directors		(114,260)	(109,510)
Share based payments expense	12	(18,240)	(182,984)
Consultants expense		(94,352)	(132,557)
Amortisation/Depreciation expenses		-	(553)
Administration expenses		(188,473)	(185,065)
Loss before tax		(416,147)	(581,752)
Tax expense		-	-
Loss after tax		(416,147)	(581,752)
Other comprehensive income, net of tax		-	-
Total comprehensive loss		(416,147)	(581,752)
		Cents	Cents
Basic loss per share			
Loss from continuing operations	5	(0.03)	(0.07)
Diluted loss per share			
Loss from continuing operations	5	(0.03)	(0.07)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the half-year ended 31 December 2020

Consolidated	Notes	Share capital	Reserves	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance at 1 July 2019		20,389,818	952,452	(19,548,374)	1,793,896
Issue of share capital		2,223,409	-	-	2,223,409
Transaction costs		(114,690)	-	-	(114,690)
Share based payments		-	182,984	-	182,984
Reported loss for the period		-	-	(581,752)	(581,752)
Balance at 31 December 2019		22,498,537	1,135,436	(20,130,126)	3,503,847
Balance at 1 July 2020		23,589,237	988,932	(21,445,618)	3,132,551
Issue of share capital		864,896	-	-	864,896
Transaction costs		(43,725)	-	-	(43,725)
Share based payments	12	-	18,240	-	18,240
Lapsed options		-	(857,402)	857,402	-
Reported loss for the period		-	-	(416,147)	(416,147)
Balance at 31 December 2020		24,410,408	149,770	(21,004,364)	3,555,814

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the half-year ended 31 December 2020

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Operating activities		
Interest received	521	2,083
Other income	981	27,179
Payments to suppliers and employees	(426,790)	(532,791)
Net cash (used in) operating activities	(425,289)	(503,529)
Investing activities		
Payment for exploration & evaluation	(425,807)	(557,560)
Net cash (used in) investing activities	(425,807)	(557,560)
Financing activities		
Proceeds from issue of capital	830,096	2,111,000
Payment of transaction costs	(10,725)	(12,500)
Net cash from (used in) financing activities	819,371	2,098,500
Net change in cash and cash equivalents	(31,725)	1,037,411
Cash and cash equivalents, beginning of period	721,248	423,937
Cash and cash equivalents, end of period	689,523	1,461,348

The accompanying notes form part of these financial statements.

Condensed Notes to the Interim Consolidated Financial Statements

1 Nature of operations

During the period, the principal activities of entities within the Group were exploration for Heavy Mineral Sands within Mozambique.

2 General information and basis of preparation

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and public announcements made in accordance with ASX continuous disclosure obligations.

(b) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The same accounting policies and methods of computation are followed in the half-year financial report as compared with the Company's most recent annual financial report, for the financial year ended 30 June 2020, except as noted below.

New standards adopted as at 1 July 2020:

There were no new accounting standards applicable from 1 July 2020 to 31 December 2020.

Going Concern

The Group recorded a loss after tax of \$416,147 and net cash outflows from operating and investing activities were \$851,096 for the half year ended 31 December 2020. The Group's financial position as at 31 December 2020 was as follows:

- The Group had available cash reserves of \$689,523;
- The Group's current assets of \$820,211 exceed current liabilities of \$117,531 by \$702,680;
- 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.

Subsequent to 31 December 2020, the Group raised \$2,106,000.

Current forecasts indicate that cash on hand as at 28 February 2021 will be sufficient to fully fund the planned exploration and operational activities during the next twelve months.

The Group's position as at 28 February 2021 was as follows:

- The Group had available cash reserves of \$2,376,479;
- 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 31 December 2020.

Accordingly, the financial statements for the half year ended 31 December 2020 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its essential operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

3 Assets held for sale

The Norrliden project is currently being marketed for sale. This is an exploration asset and the asset has been recognised at lower of carrying value prior to reclassification or fair value less cost to sell. However, as no sale had been achieved in the 12 months to 30 June 2020, an impairment was charged to asset equal to the carrying value in the year ended 30 June 2020. Nothing has changed during the period and the same treatment has been applied.

4 Exploration and evaluation assets

	Consolidated 6 months to 31 December 2020 \$	Consolidated 6 months to 30 June 2020 \$
Opening balance	2,396,058	1,439,689
Acquisition of tenements	-	480,000
Other exploration costs	456,723	476,369
Closing balance	2,852,781	2,396,058

5 Earnings per share

The weighted average number of shares for the purposes of the calculation 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 6 months to 31 December 2020 \$	Consolidated 6 months to 31 December 2019 \$
Loss after income tax	(416,147)	(581,752)
Weighted average number of shares used in diluted earnings per share	1,303,065,038	863,658,199
Weighted average number of shares used in diluted earnings per share	1,303,065,038	863,658,199
Earnings Per Share	(0.03) cents	(0.07) cents
Diluted Earnings Per Share (a)	(0.03) cents	(0.07) cents

- (a) 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. Diluted earnings per share is the same as basic earnings per share due to the loss for the period.

6 Subsidiaries

MRG Metals Limited owns 100% of the shares of MRG Metals (Australia) Pty Ltd, MRG Metals (Exploration) Pty Ltd, Sofala Resources Pty Ltd and Trophosys Pty Ltd. Sofala Resources Pty Ltd owns Mozambique subsidiaries Sofala Mining & Exploration Limitada, Sofala Mining & Exploration I Limitada, Sofala Mining & Exploration II Limitada, Sofala Mining & Exploration III Limitada and Sofala Mining & Exploration IV Limitada. New companies Sofala Mining & Exploration I Limitada, Sofala Mining & Exploration II Limitada, Sofala Mining & Exploration III Limitada and Sofala Mining & Exploration IV Limitada were incorporated during the period as a requirement under Mozambique laws for a separate company for each tenement.

7 Dividends

There were no dividends declared or paid during the current or previous half year.

8 Share Capital

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	Consolidated Dec 2019	
	Quantity	\$
SHARES		
Total at 1 July 2019	757,169,639	20,389,818
Additions during the period	267,112,000	2,223,409
Costs of raising	-	(114,690)
Total share capital at 31 December 2019	1,024,281,639	22,498,537
OPTIONS RESERVE		
Total at 1 July 2019	484,368,284	857,402
Additions during the period (a)	205,174,500	-
Total issued options at 31 December 2019	689,542,784	857,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2019		95,050
Share based payments (b)		182,984
Total reserve at 31 December 2019		278,034
TOTAL RESERVES		1,135,436
SHARE CAPITAL & RESERVES		23,633,973
Details	Consolidated Dec 2020	
	Quantity	\$
SHARES		
Total at 1 July 2020	1,234,151,639	23,589,237
Additions during the period	135,476,239	864,896
Costs of raising	-	(43,725)
Total share capital at 31 December 2020	1,369,627,878	24,410,408
OPTIONS RESERVE		
Total at 1 July 2020	680,672,784	857,402
Additions during the period (a)	134,466,667	-
Exercised during the period	(13,009,572)	-
Lapsed during the period	(802,129,879)	(857,402)
Total issued options at 31 December 2020	-	-
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2020		131,530
Amortised during the period		18,240

Total reserve at 31 December 2020	149,770
TOTAL RESERVES	149,770
SHARE CAPITAL & RESERVES	24,560,178

- (a) Options issued free attaching to shares issued, as such no value attributed.

9 Segment reporting

The Group is organised into one operating segment, which is the exploration for 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.

10 Commitments for expenditure

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Exploration and evaluation:		
Within 12 months	885,156	1,365,217
After 12 months but not later than 5 years	2,160,000	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 'after 12 months but not later than 5 years' 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.

11 Related parties

The Parent entity is MRG Metals Ltd.

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

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

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

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

Sofala Mining & Exploration Limitada owns the HMS tenements.

Sofala Mining & Exploration I Lda, Sofala Mining & Exploration II Lda, Sofala Mining & Exploration III Lda and Sofala Mining & Exploration IV Lda were set up during the year in preparation for granting of HMS applications and transfer of the Corridor South tenement; such that each Mozambique company will hold one tenement as now required by Mozambique law. The Corridor Central tenement will be retained in Sofala Mining & Exploration Lda.

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

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

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

The following transactions occurred with related parties:

Payment for goods and services:

The Group used the accounting services from Mr. Turner. The amounts billed were based on normal market rates and amounted to \$14,000 for the six months (2019 \$14,000).

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.

12 Share based payments

Performance Rights issued in 2016 of \$18,240 were amortised during the period.

13 Events after the reporting date

On 4 February 2021, the Company completed a Placement raising \$2,106,000 and resulting in the issuance of 162,000,000 fully paid ordinary shares at \$0.013, together with 162,000,000 attaching MRQOC options (exercisable at \$0.025, expiring 30 June 2023).

On 8 February 2021, initial Auger drilling commenced on recently granted Marao licence.

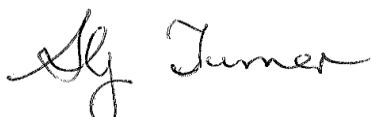
No other significant events have arisen since 31 December 2020.

Directors' declaration

1. In the opinion of the directors of MRG Metals Limited:
 - a the consolidated financial statements and notes of MRG Metals Limited are in accordance with the Corporations Act 2001, including
 - i. giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 Interim Financial Reporting; and
 - b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Melbourne this 15th day of March 2021



Shane Turner
Director

Independent Auditor's Review Report

To the Members of MRG Metals Limited

Report on the review of the half-year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of MRG Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of MRG Metals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the MRG Metals Limited financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

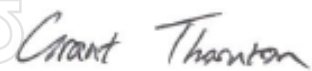
Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 15 March 2021