HEAVY MINERALS SANDS UPDATE

MRG advises that Trophosys has given notification that it has filed a Writ of Summons in the Supreme Court of Western Australia seeking orders to restrain MRG from entering into direct negotiations with Sofala. MRG received notice of the filing of the Writ on the evening of Friday 24 August 2018. At such time it had not yet been able to advise Sofala of its intention to commence negotiations on new agreements and has subsequently been notified by Sofala that Sofala does not wish to entertain any such discussions. MRG nevertheless disputes the basis for the Writ filed by Trophosys.

Sofala has advised MRG that given the inability of the relevant parties to reach agreement on all matters being negotiated in connection with the sale of the shares in Sofala (and notwithstanding the expectation that agreement would be reached), they were no longer wishing to continue to deal with Trophosys and MRG in regards to this matter.

It should be noted that MRG has, in good faith, throughout the course of these negotiations been looking for ways for the 3 parties (MRG, Sofala and Trophosys) to finalise an agreement to their mutual satisfaction, only to come to the conclusion as of Friday morning that a 3 way deal was no longer possible. Now, given the events of last Friday evening, it is apparent that the likelihood of the 3 parties reaching a mutually acceptable agreement has faded, and MRG will no longer seek to facilitate such an outcome, although remain open to such an outcome and the negotiation of a new agreement, if proposed by Sofala and Trophosys.

MRG will now focus on the continuous review of new project opportunities that will reposition the company going forward, while completing the streamlining of the existing project portfolio including the use of Joint Ventures and where possible Asset Sales.