4 March 2019

Markets Announcement Platform
Australian Stock Exchange

MARKET UPDATE: HIGH POTENTIAL HEAVY MINERAL SANDS PROJECTS IN MOZAMBIQUE

- **Shareholder approval of the transaction achieved January 2019 (refer ASX announcement 23 January 2019).**
- **Shares and Options issued late Jan 2019 to acquire Sofala, which owns Sofala Mozambique, which owns Heavy Mineral Sands projects.**
- **Mark Alvin appointed as Mozambique General Manager and commenced 1 February 2019 (refer ASX announcement 25 January 2019)**
- **Mark Alvin currently in-country:**
  - Working with local authorities on necessary approvals;
  - Reviewing local contracts to support drill program planned for early Q2, 2019;
  - Finalising airborne geophysical survey plans;
  - Commence field reconnaissance for final drill hole locations; and
  - Near surface ground testing to augment drill programs as necessary.
- **Lodgment of transfer approval documents completed 4 March 2019:**
  - Anticipate government approval process to take 4–6 weeks; and
  - Independent estimate of tax liability (subject to Government approval) is well within estimates.
- **Airborne geophysical survey to commence as soon as practical.**
- **Drilling campaign to commence as soon as practical after Government approvals and the end of the Wet Season taking into account results of the geophysical survey.**

Lodgement of application by MRG for Certificate of Tax Discharge and Transfer Consent for Indirect Beneficial Interest of Heavy Mineral Sand (HMS) Tenements in Mozambique has been actioned.

In-country planning now underway to commence exploration, initiated by an Airborne Geophysical Survey in March covering the Corridor Central and Corridor South tenements.

Details:

Tax Discharge Certificate; Transfer Consent

In completing the transaction for MRG to acquire Sofala, the transfer of mineral rights is subject to Mozambican Government approvals through the Ministry of Mineral Resources and Energy. The consent to transfer of mineral rights is dependent on provision of a Certificate of Tax Discharge issued by the Mozambican Tax Authority.

The documents for the application process were Lodged on Monday 4 March, 2019. Both taxation and rights transfer processes are interdependent and run concurrently. The timeframe for completion of the processes is approximately 4 to 6 weeks.

Airborne Geophysical Survey

The commencement of the tax and transfer processes has paved the way for the Company to sign an agreement with Geotech Limited to undertake a major magnetic and radiomentric airborne survey covering both Corridor Central and Corridor South tenements. This magnetic and radiomentric data is expected to confirm and enhance HMS anomalies generated from historic RC drilling, an important part of MRG's decision to acquire the ground. In addition, the airborne survey data is expected to support additional HMS target definition for an upcoming aircore drill program planned for Q2–2019.

The survey is preceded by a phase of permitting and stakeholder engagement in the field to ensure communities are sensitised to the upcoming survey activity and is expected to begin in the second week of March. The survey will comprise approximately 2440 line-kilometres (Fig. 1) with a line spacing of 200m and aircraft altitude of 30 metres and is expected to take 7 to 10 days to complete, depending on weather.

This magnetic and radiomentric data will support aircore drill programme planning and is expected to define targets for testing in the drilling planned for Q2. The data will also be used to complement existing historic drill data in any correlation of known high grade surface HMS mineralisation with geophysical anomalism.

Proposed Drill Program

A draft aircore drill program has been developed on the basis of approximately 5000m of drilling and an update announcement will be provided shortly after completion of a reconnaissance site visit, anticipated to be mid-March.

The Company has procured manual Dormer sand auger drill kits from Australia that will be used to refine and augment the Corridor projects aircore drill program, as well as reconnaissance exploration on other projects. The sand auger drill kits are anticipated to be delivered to Mozambique by mid-March.

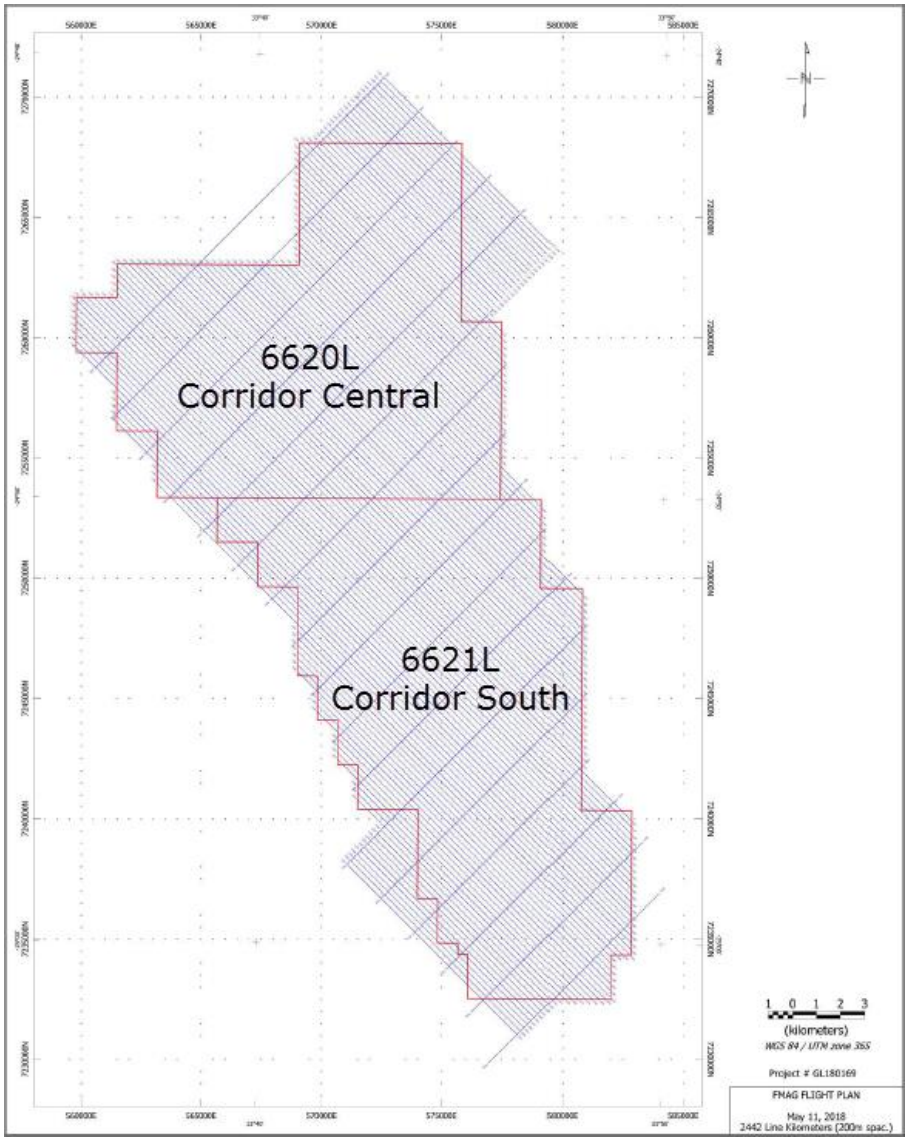

Figure 1: Airborne geophysical survey flight line plan for the Corridor Central and Corridor South tenements, Gaza Province, Mozambique.