Half Year Financial Report

MRG Metals Limited

ABN: 83 148 938 532

For the half-year ended 31 December 2018

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Corporate Directory

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Stock Exchange Listing

ASX Codes: MRQ, MRQOA, MRQOB

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 and MRG Metals (Exploration) Pty Ltd ('the Group') for the half year ended 31 December 2018 and the Independent Review Report thereon.

Projects

MOZAMBIQUE

During the first half of 2018 MRG Metals began the search for more advanced exploration projects, to complement our Norrliden Project and Greenfields Australian Exploration Portfolio. After an exhaustive investigation for suitable projects, MRG commenced discussions with Sofala Resources Pty Ltd ('Sofala') the holder of several Heavy Mineral Sands ('HMS') Projects in Mozambique and Trophosys Pty Ltd ('Trophosys'), their commercial advisors. However, despite extensive negotiations a suitable commercial agreement could not be finalised and dialogue ceased in August 2018. Subsequently, Sofala and Trophosys advised MRG it was willing to recommence discussions to seek mutually agreeable commercial settlement. On 7 November 2018 MRG announced that it had reached agreement to acquire Sofala and Trophosys.

The key terms of the transaction are:

- MRG acquires 100% of the shares of Sofala and associated entities for 50 million shares (MRQ) and 50 million options (MRQOB) and MRG acquires 100% of the shares of Trophosys and associated entities for 40 million shares (MRQ) and 40 million options (MRQOB);
- MRG to reimburse Sofala loans not to exceed US$100,000;
- Subsequent potential milestone payments, dependent on success of exploration, of 160 million shares and 320 million shares;
- The initial payment of shares and options are subject to a voluntary escrow period of 12 months, with the latter milestone payments subject to 3 months escrow;
- MRG to pay any taxation liabilities on the sale transaction, should they be imposed by the Mozambican Government.

These terms and conditions are more favourable than those originally proposed during earlier negotiations between MRG and Sofala in early 2018.

Sofala secured these highly prospective exploration projects and their directors have an intimate knowledge of the mineral sands potential of Mozambique, providing MRG with a significant first mover advantage.

The main asset is the Corridor Project consisting of Corridor Central Exploration Licence (6620L) and Corridor South Exploration Licence (6621L) covering a combined 387km^2. These areas were drilled by Southern Mining Corporation and are the most advanced project within Sofala's project portfolio.

Historic wide-spaced RC drilling on the Corridor Project encountered high-grade mineralisation ('total heavy mineral' THM) from surface to 90m depth over an area of 14km x 9km. Better drill intercepts included:

- DHCS100: 36m @ 5.2% THM (from surface)
- DHCS101: 39m @ 6.7% THM (from surface), including 12m @ 9.8% THM from 21m
- DHCSEX32: 87m @ 3.62% THM (from surface to EOH), including 27m @ 6.8% THM from 39m

The Linhuane Project consists of Exploration Licence Application (EL7423L) and comprises 113km² of a palaeodune, previously drilled by Rio Tinto. This project covers a 20km strike of a prospective palaeodune system adjacent to the present coast line. Open file reports indicate that Rio Tinto conducted shallow reconnaissance drilling within the Linhuane project area. Auger drill holes were on a 500m spacing on traverses 3km apart. Results showed continuous zones of high grade THM to depths of 10m with grades ranging 5-25% THM.

The Marao/Marruca Project consists of Exploration Licence Applications (EL6842L) and (EL6846L) that cover 491km² of a palaeodune system that lies approximately 50km from the present coastline.
This project covers an ancient heavy mineral strandline and portion of the project area was previously drilled by Rio Tinto. Open file reports show Rio Tinto undertook shallow reconnaissance exploration on a part of EL6842L where grades of 1.5-2.0% THM from surface to 10.5m were reportedly intercepted including 9m @ 2.85% THM. Surface mineralisation extends over a strike length of up to 7km with drill traverses completed on 1km intervals. The combined prospective palaeodune system strike length is 75km, located inland from the interpreted palaeo-shoreline (Figure1).



Figure 1: Location map showing the Corridor, Linhuane and Marao & Marruca HMS Projects, Mozambique, along with nearby operating mines (Corridor 1) and advanced exploration projects (Chilubane & Mutamba).

SWEDEN

Norrliden

During September 2018 MRG announced that it had successfully completed Phase 1 of the earn in to the Norrliden VMS Project via the Farm-in Agreement with Mandalay Resources Corporation (Mandalay). MRG now holds 10% of the Project by completing the earn-in milestone of US$500,000 expenditure.

The Phase 1 work produced a Mineral Resource Estimate for the Norra and Bjurfors deposits along with an accompanying first pass study of the potential economic viability of their potential development. The first pass study produced a potentially economic estimated net profit of US$111 million for the Norra deposit and US$2.4 million for the Bjurfors deposit.

Phase 2 exploration will increase MRG's equity in the Project increase to 25%, with additional expenditure of US$0.5 million (cumulative US$1.0 million). MRG is developing an exploration plan for Phase 2 to grow the current resource base of 5.2Mt @ 2.1% Zn, 0.4% Cu, 0.2% Pb, 0.3g/t Au & 29g/t Ag. The Program will comprise follow up earlier promising drilling of the promising Södra drilling in Phase 1, including 8m@ 2.3g/t Au, 130 g/t Ag, 0.46% Zn and 0.21% Pb from 57m in drill hole NOR17001.

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.

Norrliden background

The Norrliden Project is located in a key position within the central part of the Paleoproterozoic (c. 1890-1870 Ma) Skellefte Belt in Northern Sweden, 5km to the southeast of Boliden Group's Maurliden mines, along the main structural corridor and mineralised trend between Boliden and Malå. There are numerous sulphide deposits, resources and mines within 10km of the Norrliden Project and the district offers huge potential for further new discoveries.

Much of the Skellefte Belt and the majority of the Norrliden Project area is covered by a veneer of recent glacial till (up to 50m thick). Within the Norrliden JV concessions are three main areas of historical exploration that are the focus of exploration by MRG; Norrliden Södra, Norrliden Norra & Bjufors. Exploration during the year comprised several programs of diamond drilling, down hole and surface geophysical testing and most recently, Bottom of Till (BOT) geochemical sampling via shallow drilling.

AUSTRALIA

QUEENSLAND IOCG PROJECTS

On the 19 September 2018 MRG announced that it had entered into a binding Heads of Agreement (HOA) with Au Resource Company Limited ("Au"), whereby Au would commence Due Diligence on MRG's projects in Queensland including Oban, Mt Angelay, Selwyn and Kamileroi. Au advised that they had completed the Due Diligence over the Oban project. Subsequently, Au did not proceed. MRG has surrendered these projects subsequent to 31 December 2018.

PULCHERA

On the 26 July 2018 MRG announced that it and Singapore based Magnaver Group (through its exploration & Mining related subsidiary "Apollo Exploration & Mining Ltd ('Apollo')" have entered into a Memorandum of Understanding (MOU) for Apollo to farm-in to MRG's Pulchera Project (EPM19471) in Queensland. However, the period of Due Diligence by Apollo on the Pulchera Project ended without Apollo doing sufficient work to complete the Due Diligence. A further request to an extension was not granted and MRG is currently pursuing Joint Venture opportunities with other interested parties.

XANADU

MRG entered into a binding Heads of Agreement with Au Resource Company Ltd to farm into MRG's Xanadu Project in late 2017, subject to successful Due Diligence by Au. This did not occur by 31 December 2018 and MRG has surrendered this project subsequent to 31 December 2018.

YARDILLA

The preliminary discussions with a potential Joint Venture partner are ongoing with a view to a potential Farm-In Agreement. In addition, several licences, granted in late 2017, in the vicinity of MRG's Yardilla Project were also surrendered during the period, as they were considered to have lesser prospectivity than the core Yardilla Project licences.

LOONGANA

MRG has applied for extension of the main Loongana Licence, E69/3104 to enable completion of a revised exploration program over the project. Drilling at Loongana is planned for 2019, subject to funding.

KALGOORLIE EAST

No exploration was conducted on the project during the period. MRG has surrendered this project subsequent to 31 December 2018.

ACTIVITIES SINCE 31 DECEMBER 2018

Subsequent to the execution of formal documentation completed in November 2018 the Mozambique HMS transaction was approved by MRG's Shareholders on 8 January 2019. MRG is moving to exploration on these Projects with an Airborne geophysical survey over the Corridor South and Central Projects to begin in early 2019.

Due to MRG's change in focus to the acquisition of the Mozambican assets, rationalisation of other Projects has commenced. Consequently, the two remaining prospecting licences at Kalgoorlie East were surrendered on 18 January 2019; the peripheral licence E28/3288, surrounding the core of the Loongana project was surrendered on 25 January 2019; the prospecting licences at Xanadu were surrendered on 15 February 2019 and licences at Mt Angelay, Oban, Kamileroi and Selwyn were surrendered on 15 February 2019. The remaining non HMS tenements are currently under review and MRG is seeking potential Joint Venture/Farm-in partners and/or sale of these tenements.

TENEMENTS:

The Tenements held by the Company at 31 December 2018 are as follows:

Project	Tenement	% Owned	Note
Yardilla	E28/2368	100	
Yardilla	E28/2338	100	
Xanadu	P52/1366	100	Surrendered 12/02/2019
Xanadu	P52/1367	100	Surrendered 12/02/2019
Xanadu	P52/1368	100	Surrendered 12/02/2019
Xanadu	P52/1369	100	Surrendered 12/02/2019
Xanadu	P52/1372	100	Surrendered 12/02/2019
Xanadu	P52/1373	100	Surrendered 12/02/2019
Xanadu	P52/1374	100	Surrendered 12/02/2019
Xanadu	P52/1375	100	Surrendered 12/02/2019
Xanadu	P52/1376	100	Surrendered 12/02/2019
Xanadu	P52/1377	100	Surrendered 12/02/2019
Xanadu	P52/1378	100	Surrendered 12/02/2019
Xanadu	P52/1379	100	Surrendered 12/02/2019
Xanadu	P52/1380	100	Surrendered 12/02/2019
Xanadu	P52/1381	100	Surrendered 12/02/2019
Loongana	E69/3104	100	
Loongana	E69/3288	100	Surrendered 25/01/2019
Kalgoorlie East	P26/4015	100	Surrendered 18/01/2019
Kalgoorlie East	P26/4016	100	Surrendered 18/01/2019
Pulchera	EPM19471	100	
Mt Angelay I	EPM25884	100	Surrendered 15/02/2019
Mt Angelay II	EPM26167	100	Surrendered 15/02/2019
Oban	EPM25883	100	Surrendered 15/02/2019
Kamileroi	EPM25885	100	Surrendered 15/02/2019
Selwyn	EPM25887	100	Surrendered 15/02/2019

The information in this document that relates to Swedish-based exploration results is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No.990895). Amanda Scott is a full-time employee of Scott Geological AB. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types 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 (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this document that relates to Australian-based exploration results is based on information compiled and/or reviewed by Mr. Keith Weston, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).Mr. Weston is an employee to the Company and has the relevant experience with the mineralisation reported on 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. Weston consents to the inclusion in the report of the matters based on the information in the form and context in which they appear. This is a summary report and technical data contained within has been previously released to the Australian Stock Exchange.

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 Gold, Silver, Nickel, Base Metals and other commodities within Australia and Sweden.

During the period the Group agreed to acquire a Heavy Mineral Sands project in Mozambique. This acquisition was approved by Shareholders subsequent to 31 December 2018.

Review of operations and financial results

The operating result of the Group for the half year was a loss of $2,111,532 (31/12/17 loss $309,923).
Earnings per share during the half year were ($0.0032) (31/12/17 ($0.0009)).

Dividends

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

Events arising since the end of the reporting period

Shareholders approved the acquisition of a Heavy Mineral Sands project in Mozambique on 8 January 2019. In conjunction with this acquisition, the Group issued 90 million fully paid ordinary shares and 90 million listed MRQOB options 160,000,000 Class A performance rights and 320,000,000 Class B performance rights on 22 January 2019 (refer ASX announcements 23 November 2018, 7 December 2018, 8 January 2019, 22 January 2019 and 23 January 2019). The accounting for the acquisition of the HMS project has not been finalised at the date of this report. It is noted that tax will be payable to Mozambique Authorities to complete the transfer of the HMS project.

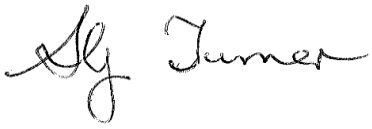
On 18 January 2019 licences of the Kalgoorlie East project were surrendered; on 25 January 2019 the peripheral licence E28/3288, surrounding the core of the Loongana project was surrendered; on 15 February 2019 the prospecting licences at Xanadu were surrendered and on 15 February 2019 licences at Mt Angelay, Oban, Kamileroi and Selwyn were surrendered. These assets were written off as at 31 December 2018.

No other significant events have arisen since 31 December 2018.

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 11 of this financial report and forms part of this Directors report.

Signed in accordance with a resolution of the directors.



Shane Turner
Director

Date: 14 March 2019

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Auditor's Independence Declaration

To the Directors of MRG Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of MRG Metals Limited for the half-year ended 31 December 2018. 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, 14 March 2019

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Statement of Financial Position

As at 31 December 2018

		Consolidated	
	Notes	31 December 2018	30 June 2018
Assets		$	$
Current			
Cash and cash equivalents		1,279,558	1,724,570
Trade & other receivables		37,818	35,887
Assets held for sale	3	606,162	-
Current assets		1,923,538	1,760,457
Non-current			
Plant & equipment		1,510	2,063
Exploration and evaluation		1,366,805	3,628,518
Non-current assets		1,368,315	3,630,581
Total assets		3,291,853	5,391,038
Liabilities			
Current			
Trade and other payables		78,334	84,227
Current liabilities		78,334	84,227
Total liabilities		78,334	84,227
Net assets		**3,213,519**	**5,306,811**
Equity			
Share capital	8	20,029,818	20,029,818
Reserves	8	754,212	745,734
Accumulated losses		(17,570,511)	(15,468,741)
Total equity		**3,213,519**	**5,306,811**

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 2018

		Consolidated	
	Notes	**31 December 2018**	**31 December 2017**
		$	**$**
Revenue		8,283	3,752
Other income		2,751	-
Employee benefits expense		(127,750)	(127,741)
Tenements written off		(1,746,529)	(23,046)
Consultants		(175,631)	(95,324)
Amortisation/Depreciation expenses		(553)	(553)
Other expenses		(72,103)	(67,011)
Loss before tax		**(2,111,532)**	**(309,923)**
Tax expense		-	-
Loss after tax		**(2,111,532)**	**(309,923)**
Other comprehensive income, net of tax		-	-
Total comprehensive loss		**(2,111,532)**	**(309,923)**

		Cents	**Cents**
Basic loss per share			
Loss from continuing operations	4	(0.32)	(0.09)
Diluted loss per share			
Loss from continuing operations	4	(0.32)	(0.09)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the half-year ended 31 December 2018

Consolidated	Notes	Share capital	Share based payments reserve	Accumulated losses	Total equity
		$	$	$	$
Balance at 1 July 2018		20,029,818	745,734	(15,468,741)	5,306,811
Share based payments		-	18,240	-	18,240
Cancelled performance rights		-	(9,762)	9,762	-
Reported loss for the period		-	-	(2,111,532)	(2,111,532)
Balance at 31 December 2018		**20,029,818**	**754,212**	**(17,570,511)**	**3,213,519**
Balance at 1 July 2017		18,104,748	703,174	(14,574,347)	4,233,575
Issue of share capital		432,000	-	-	432,000
Transaction costs		(34,021)	-	-	(34,021)
Share based payments		-	21,280	-	21,280
Reported loss for the period		-	-	(309,923)	(309,923)
Balance at 31 December 2017		**18,502,727**	**724,454**	**(14,884,270)**	**4,342,911**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the half-year ended 31 December 2018

	Consolidated	
	31 December 2018 $	**31 December 2017 $**
Operating activities		
Interest received	8,736	3,752
Research & development incentive	-	669,271
Payments to suppliers and employees	(372,326)	(341,582)
Net cash (used in) operating activities	(363,590)	331,441
Investing activities		
Payment for exploration & evaluation	(81,422)	(495,307)
Net cash (used in) investing activities	(81,422)	(495,307)
Financing activities		
Proceeds from issue of capital	-	432,000
Payment of transaction costs	-	(25,920)
Net cash from (used in) financing activities	-	406,080
Net change in cash and cash equivalents	(445,012)	242,214
Cash and cash equivalents, beginning of period	1,724,570	579,964
Cash and cash equivalents, end of period	1,279,558	822,178

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 Gold, Silver, Nickel, Base Metals and other commodities within Australia and Sweden.

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.

(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 2018, except as noted below.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the interim period ended 31 December 2018.

New standards adopted as at 1 July 2018:

Revenue

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. There has been no material impact on the Group as result of the implementation of AASB 15.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. There has been no material impact on the Group as result of the implementation of AASB 9.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of or disclosure in, its half-year financial statements.

Going Concern

The Group recorded a loss after tax of $2,111,532 (which included $1,746,529 for tenements written off) and net cash outflows from operating and investing activities were $445,012 for the half year ended 31 December 2018. The Group's financial position as at 31 December 2018 was as follows:

- The Group had available cash reserves of $1,279,558;
- The Group's current assets of $1,923,538 exceed current liabilities of $78,334 by $1,845,204;
- 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.

Since 31 December 2018, the Group acquired a Heavy Mineral Sands project. Current forecasts indicate that cash on hand as at 31 December 2018 will not be sufficient to fully fund the planned exploration and operational activities during the next twelve months.

The Group's position as at 28 February 2019 was as follows:

- The Group had available cash reserves of $927,069;
- 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 2018.

The Directors are confident that, if required, the Group will be able to secure sufficient funds or reduce or defer expenditure to ensure that the Group can meet essential operational and expenditure commitments for at least the next twelve months.

Accordingly, the financial statements for the half year ended 31 December 2018 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.

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.

4 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 2018 $	Consolidated 6 months to 31 December 2017 $
Loss after income tax	(2,111,532)	(309,923)
Weighted average number of shares used in basic earnings per share	667,169,639	328,171,063
Weighted average number of shares used in diluted earnings per share	667,169,639	328,171,063
Earnings Per Share	(0.32) cents	(0.09) cents
Diluted Earnings Per Share (a)	(0.32) cents	(0.09) 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.

5 Subsidiaries

MRG Metals Limited owns 100% of the shares of MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd. There were no changes during the period.

6 Dividends

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

7 Impairment of non-financial assets

There was an impairment during the six months ended 31 December 2018 of $1,746,529 for relinquishment of tenements.

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	Quantity	Consolidated Dec 2018 $
SHARES		
Total at 1 July 2018	667,169,639	20,029,818
Total share capital at 31 December 2018	667,169,639	20,029,818
OPTIONS RESERVE		
Total at 1 July 2018	394,368,284	677,402
Total issued options at 31 December 2018	394,368,284	677,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2018		68,332
Cancelled performance rights		(9,762)
Share based payments		18,240
Total reserve at 31 December 2018		76,810
SHARE CAPITAL & RESERVES		20,784,030

Details	Quantity	Consolidated Dec 2017 $
SHARES		
Total at 1 July 2017	320,779,759	18,104,748
Additions during the year	80,000,000	432,000
Costs of raising	-	(34,021)
Total share capital at 31 December 2017	400,779,759	18,502,727
OPTIONS RESERVE		
Total at 1 July 2017	72,978,404	677,402
Total issued options at 31 December 2017	72,978,404	677,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2017		25,772
Share based payments		21,280
Total reserve at 31 December 2017		47,052
SHARE CAPITAL & RESERVES		19,227,181

On 7 December 2018 the Company announced a General Meeting of Shareholders to approve the acquisition of Heavy Mineral Sands projects in Mozambique. This included the issuance of shares and options. This was completed after 31 December 2018. Refer Note 12 Subsequent events.

9 Segment reporting

The Group is organised into one operating segment, which is the exploration for Gold, Silver, Nickel, Base Metals and other commodities within Australia and Sweden. 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 2018	30 June 2018
	$	$
Exploration and evaluation:		
Within 12 months	279,000	941,040
After 12 months but not later than 5 years	1,116,000	2,813,300

Exploration and evaluation:
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements of the State Mine Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable. There was a reduction due to expiry/relinquishment of tenements during the period.

11 Related parties

Payment for goods and services:
The Group used the accounting services of RSM Australia Pty Ltd, an entity associated with Mr. Turner. The amounts billed were based on normal market rates and amounted to nil for the six months (2018 $3,000). Also, the Group used accounting services from Mr. Turner. The amounts billed were based on normal market rates and amounted to $14,000 for the six months (2018 $14,000).

12 Events after the reporting date

Shareholders approved the acquisition of a Heavy Mineral Sands (HMS) project in Mozambique on 8 January 2019. In conjunction with this acquisition, the Group issued 90 million fully paid ordinary shares, 90 million listed MRQOB options, 160,000,000 Class A performance rights and 320,000,000 Class B performance rights on 22 January 2019 (refer ASX announcements 23 November 2018, 7 December 2018, 8 January 2019, 22 January 2019 and 23 January 2019). The accounting for the acquisition of the HMS project has not been finalised at the date of this report. It is noted that tax will be payable to Mozambique Authorities to complete the transfer of the HMS project.

On 18 January 2019 licences of the Kalgoorlie East project were surrendered; on 25 January 2019 the peripheral licence E28/3288, surrounding the core of the Loongana project was surrendered; on 15 February 2019 the prospecting licences at Xanadu were surrendered and on 15 February 2019 licences at Mt Angelay, Oban, Kamileroi and Selwyn were surrendered. These were written off as at 31 December 2018.

No other significant events have arisen since 31 December 2018.

Directors' declaration

1. In the opinion of the directors of MRG Metals Limited:

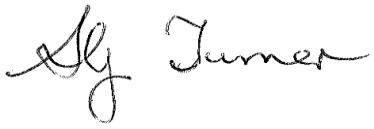
   a the consolidated financial statements and notes of MRG Metals Limited are in accordance with the Corporations Act 2001, including

      i. giving a true and fair view of its financial position as at 31 December 2018 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 14th day of March 2019

Shane Turner
Director

Grant Thornton

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Independent Auditor's Review Report

To the Members of MRG Metals Limited

Report on the audit of the 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 2018 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, nothing has come to our attention that causes us to believe that the half year financial report of MRG Metals Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018 and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $2,111,532 during the half year ended 31 December 2018, with the net cash outflows from operating and investing activities amounting to $445,012. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Group 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 2018 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*. As the auditor of MRG Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 14 March 2019