QUARTERLY REPORT

FOR THE QUARTER ENDED 31 MARCH 2019

MOZAMBIQUE

HEAVY MINERAL SAND PROJECTS

Capital Gains Tax clearance and Mineral Rights transfer progress

The Company retained MXR Serviços Jurídico-Fiscais (MXR) in Mozambique to prepare an independent professional assessment of the Capital Gains Tax associated with the acquisition of Sofala Resources in January 2019 and assist with the process of obtaining the Tax Clearance Certificate and Transfer Consent for a change in indirect ownership of mineral rights. The tax application process was lodged on 4 March 2019. Both taxation and rights transfer processes are interdependent and run concurrently.

Airborne Geophysical Survey

The submission of the tax and mineral rights transfer processes paved the way for the Company to sign an agreement with Geotech Limited of Canada to undertake a major magnetic and radiometric airborne survey covering both Corridor Central and Corridor South tenements. This magnetic and radiometric data will support aircore drill program planning and is expected to define targets for testing in the drilling planned for Q2. The survey will comprise approximately 2440 line-kilometres (Fig. 1) with a line spacing of 200m and aircraft altitude of 30m and is expected to take 7 to 10 days to complete, depending on weather.

The permit process for the airborne survey was commenced by Geotech in early March 2019 and the permit was granted on 25 March 2019. The Geotech aircraft was mobilised to the project area on 27 March 2019 and after safety and health procedure checks, reconnaissance flights over the survey area and calibration of equipment, data production flights commenced. The survey was completed on time and budget on 7 April 2019.

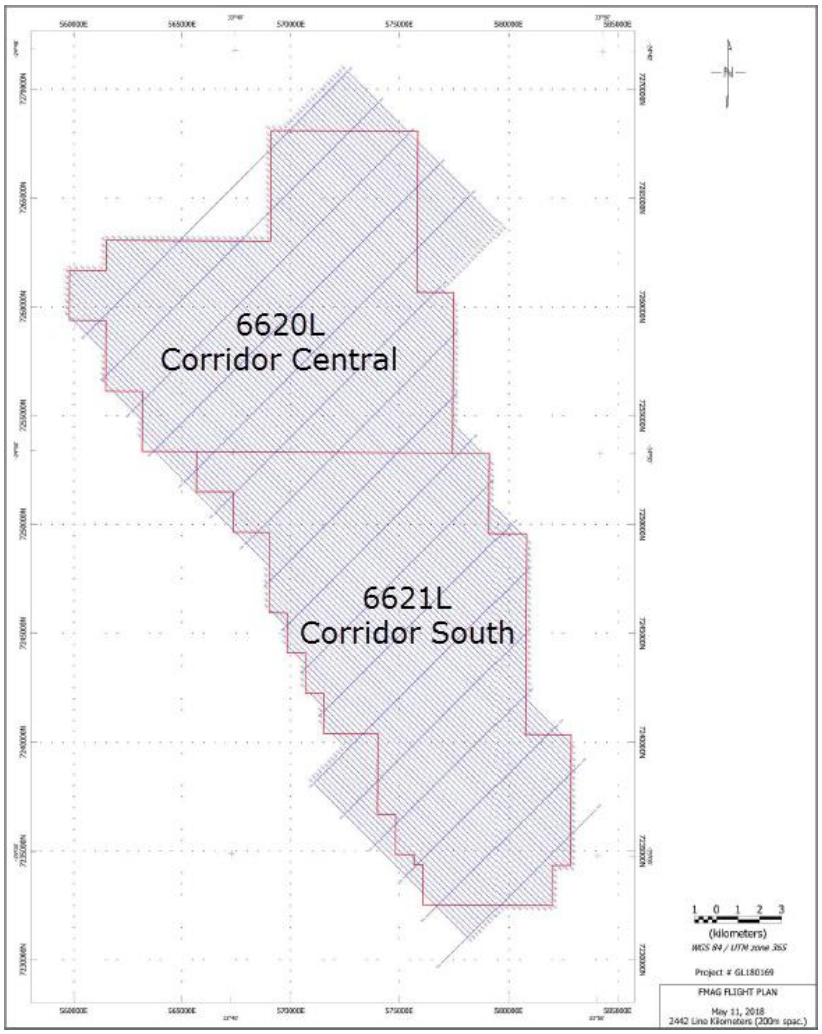


Figure 1: Airborne geophysical survey flight line plan for the Corridor Central and Corridor South tenements, Gaza Province, Mozambique.

Field Team Recruitment and Field Base Establishment

Recruitment of the core field team roles including; Senior Exploration Geologist, Logistics Officer, and Consulting Stakeholder Engagement Officer – has been completed. The team mobilised to the field in mid March and began establishment of a field base in the district capital, Chibuto, north of the Corridor tenements.

General Field Reconnaissance

The Company's field team spent the first week of March 2019 undertaking reconnaissance in the Corridor Central (6620L) and Corridor South (6621L) tenements to determine best access routes and other constraints for planned drilling activities. During this reconnaissance activity, surface concentrations of heavy mineral sand (HMS) were located in numerous areas within drainage traps and along dirt access tracks on both tenements. The most prominent HMS occurrences identified to date are associated with the zone of high grade mineralisation defined from historic drilling at Corridor Central (Fig. 2). The frequency of occurrence and the volume of HMS concentrate (Fig. 2) support the historic drilling data, providing a strong indication of mineralised sand nearby. In the Corridor South tenement, historic drilling was generally restricted to the main road connecting the two district towns of

Chongoene and Chibuto. However, reconnaissance in this tenement has also defined significant HMS concentrations in drainage traps and along tracks (Fig. 2).

In some locations, away from tracks and drainage traps, HMS concentrations can be seen at surface being generated by aeolian winnowing activity. This is another common indication of HMS mineralisation.

Visual inspection of panned heavy mineral concentrates of samples indicate the mineral assemblage is dominated by ilmenite, with grainsize typically >100µm (Fig. 3).



Figure 2: Field photos of HMS concentrations along tracks in the Corridor Central (6620L) tenement. Refer to the map in Figure 4 for photo locations.



Figure 3: Field photos of panned HMS concentrates in the Corridor South (6621L) tenement. Visual estimated total heavy mineral contents are 4.5%, 5.0%, and 4.0%, from A to B, respectively. Samples were taken from 20cm below surface in areas away from tracks and drainage.

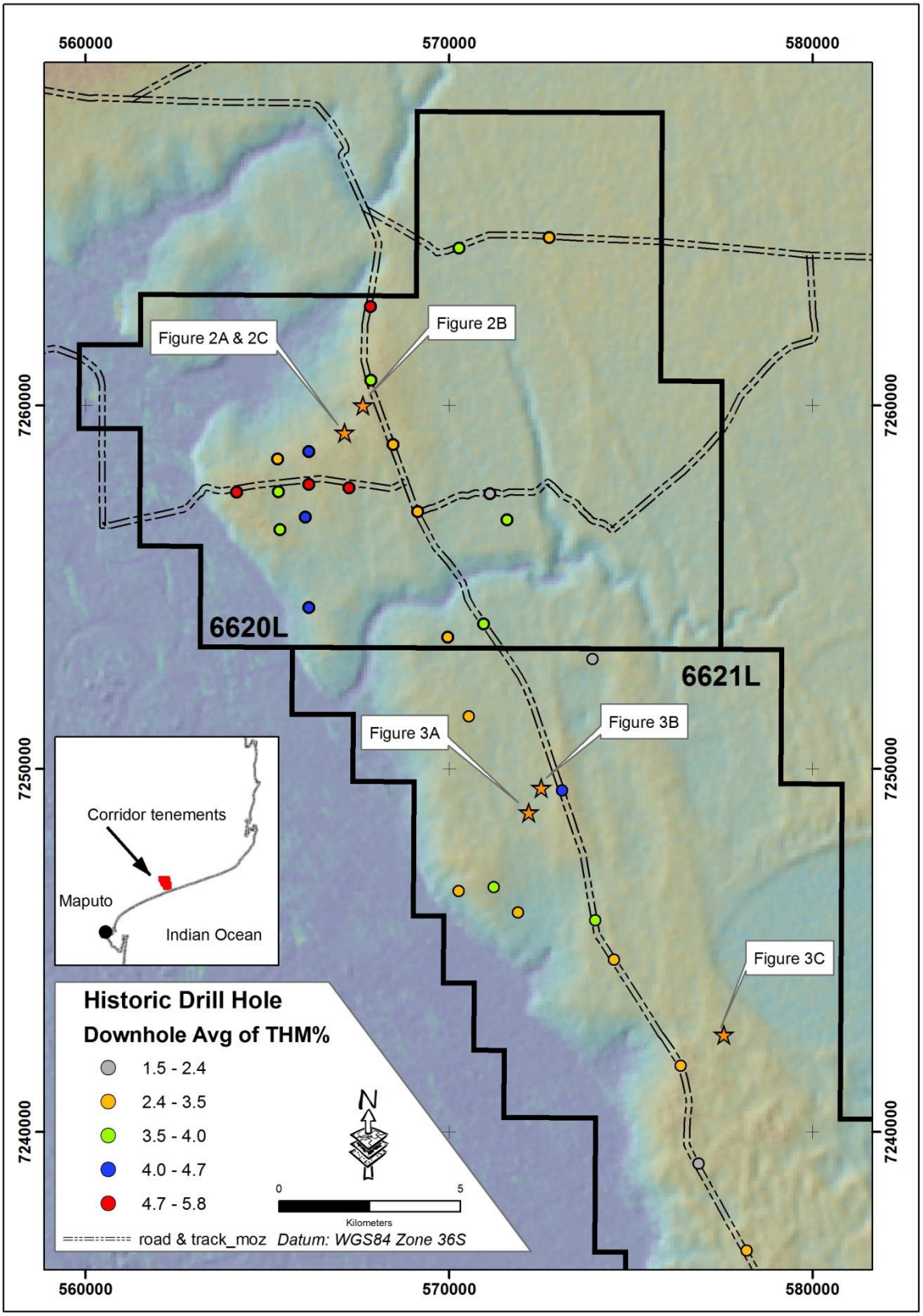


Figure 4: Map of the Corridor tenement areas showing the locations of field photos presented in the General Field Reconnaissance section above.

Government and Community Stakeholder Engagement

The Company's field team spent the final week of March presenting the proposed field activities to various stakeholders in the areas of influence in Corridor Central (6620L). Government stakeholders included those from provincial, district and village post levels, who were provided with a presentation of the nature of the airborne survey plus different drilling activities planned for the project (Fig. 5). Community members from local villages also participated in the engagement. The information was received very positively with the Company commended for its proactive approach to the engagement prior to initiation of any field activity.

The same stakeholder engagement presentation was completed for Corridor South (6621L) in mid April 2019.





Figure 5: Photographs of the Company's field team presenting information on planned activities to local government and community people in the Corridor Central tenement.

Hand Auger Drilling

The Company purchased Dormer sand augers from Australia and imported them into Mozambique for the drill programme. The Dormer sand augers are considered a standard exploration tool in the heavy sand industry and are widely used for reconnaissance exploration.

The hand auger drilling programme commenced within Corridor Central on 30 March 2019 with the objectives of:

(i) obtaining orientation data over the high grade HMS zones to correlate with any anomalism generated from airborne geophysics data, and
(ii) reconnaissance exploration of areas in the east of the tenement that will supplement the targeting of the planned aircore drill program.

The auger holes (Figs 6 and 7) are planned to be 10.5m to 15m deep, dependent on visual total heavy mineral percent (THM%) grades estimated from sample panning. Samples will

be collected at 1.5m intervals and split to smaller sub-samples for export to an Australian laboratory for heavy liquid separation analysis.



Figure 6: Field photographs of hand auger drilling underway in the Corridor Central tenement

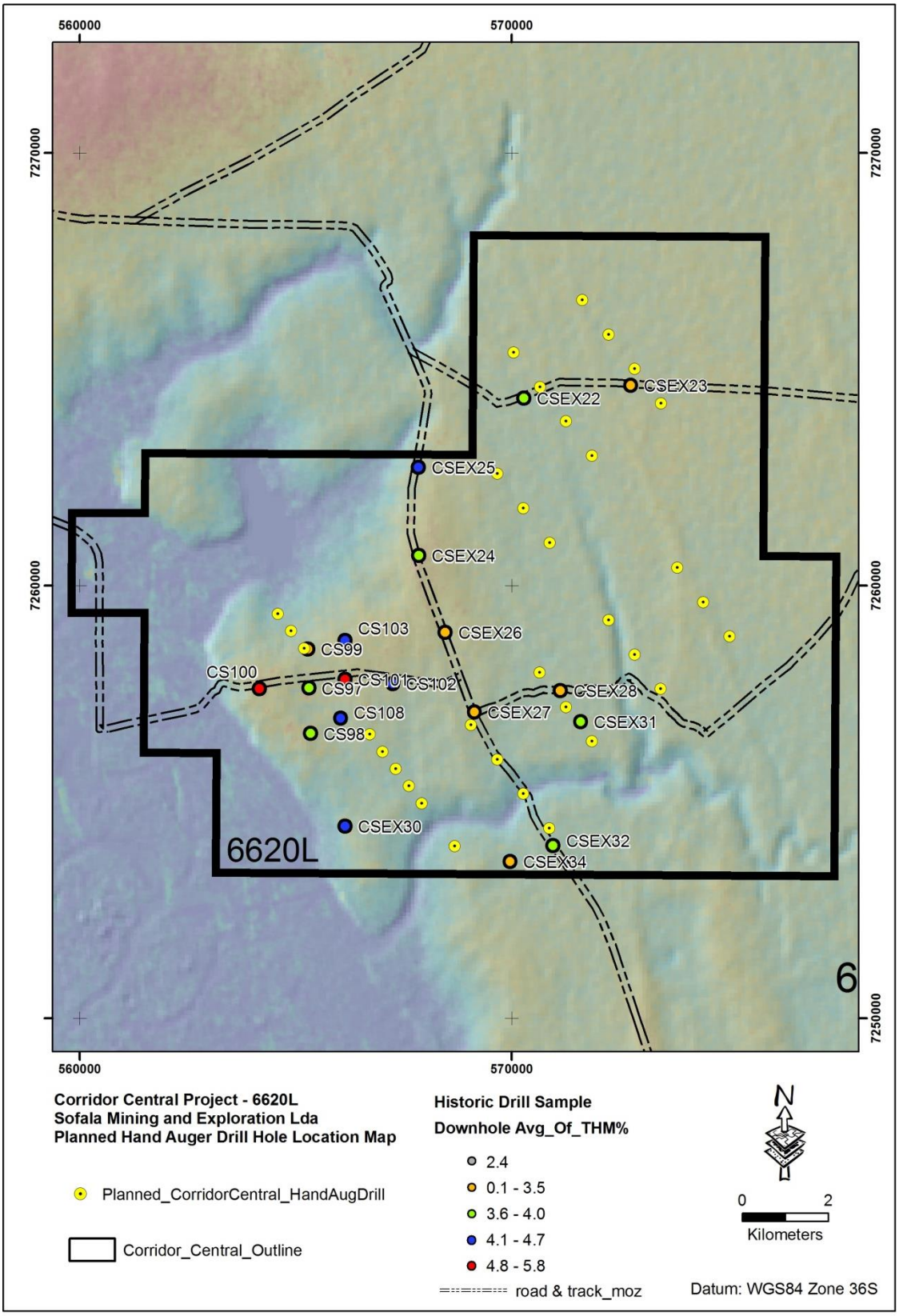


Figure 7: Location map for the planned hand auger drilling on the Corridor Central tenement.

AUSTRALIA
QUEENSLAND IOCG PROJECTS

The previous airborne geophysical analysis and follow up exploration did not lead to a compelling IOCG drilling target. A tenement rationalisation was undertaken because of the acquisition the Mozambican Heavy Mineral Sand Projects. As a result, MRG's Queensland IOCG tenements were out-prioritised and surrendered on 15 February 2019.

PULCHERA - QLD

MRG is currently pursuing Joint Venture opportunities with interested parties to enable drilling of the identified geophysical targets.

XANADU - WA

The Xanadu Project tenements were surrendered on 12 February 2019. Our Farm-in partner, Au Resource Company Pty Ltd, was unable to mobilise their geophysical survey crew, prior to the onset of the monsoon season. As the licences were due to expire in early 2019 and based on previous results, MRG could not support any further renewal of tenure.

YARDILLA - WA

Discussions during the quarter with a potential Joint Venture partner did not result in a formal agreement. MRG is currently assessing the potential of the ground in light of the current focus on the Mozambique HMS Projects with a view to attract a partner to maintain an interest in this prospective area.

LOONGANA - WA

MRG did apply for extension of the main Loongana Licence, E69/3104 to enable completion of a revised exploration program over the project. However, this was denied and the tenement was surrendered.

KALGOORLIE EAST - WA

Despite considerable exploration for the duration of MRG's interest in the Kalgoorlie East Project, no economic concentrations of mineralisation were delineated. Accordingly, the remaining tenements P26/4015 & P26/4016 were surrendered on 18 January 2019.

SWEDEN
NORRLIDEN FARM-IN

PHASE 1 COMPLETION & ASSET SALE

MRG has reached 10% Equity position and has agreed standstill with its JV Partner, Mandalay Resources, during an ongoing period where parties pursue potential sale opportunities.

CORPORATE

There were no capital raisings during the quarter.

Andrew Van Der Zwan
Chairman and Non-Executive Director

Competent Person for Australia

The information in this summary report, as it 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 & Metallurgy. Mr. Weston is an employee of 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.

Competent Person for Mozambique

The information in this report, as it relates to Mozambique-based Exploration Results is based on information compiled and/or reviewed by Dr Mark Alvin, who is a member of The Australasian Institute of Mining and Metallurgy. Dr Alvin is an 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". Dr Alvin consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MRG METALS LIMITED

ABN	**Quarter ended ("current quarter")**
83 148 938 532	31 March 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(283)	(384)
	(b) development		
	(c) production		
	(d) staff costs	(102)	(264)
	(e) administration and corporate costs	(111)	(302)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	12
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(493)**	**(938)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)	(139)	(139)
	(c) investments/government bond		
	(d) other non-current assets		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(139)**	**(139)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,280	1,725
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(493)	(938)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(139)	(139)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**648**	**648**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	20	5
5.2	Call deposits	628	1,275
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**648**	**1,280**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	93
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director Fees, Secretarial Fees, Consulting Fees, & Accounting Fees.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	Nil
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	Nil	Nil
8.2	Credit standby arrangements	Nil	Nil
8.3	Other (please specify)	Nil	Nil

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

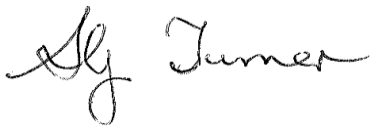
9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	100
9.2	Development	
9.3	Production	
9.4	Staff costs	80
9.5	Administration and corporate costs	60
9.6	Other (tenement acquisition costs)	
9.7	**Total estimated cash outflows**	**240**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Xanadu P52/1366 P52/1367 P52/1368 P52/1369 P52/1372 P52/1373 P52/1374 P52/1375 P52/1376 P52/1377 P52/1378 P52/1379 P52/1380 P52/1381	Exploration	100%	0%
		Kalgoorlie East P26/4015 P26/4015	Exploration	100%	0%
		Oban EPM25883	Exploration	100%	0%
		Kamileroi EPM25885	Exploration	100%	0%
		Mt Angelay EPM25884 EPM26267	Exploration	100%	0%
		Selwyn EPM25887	Exploration	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Mozambique HMS EL6620L EL6621L EL7423L EL6842L EL6846L	Exploration	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2019

(Company secretary)

Print name: SHANE TURNER

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.