Half Year Financial Report

MRG Metals Limited

ABN: 83 148 938 532

For the half-year ended 31 December 2019

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Corporate Directory

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Andrew Van Der Zwan
Non Executive Chairman

Christopher Gregory
Non Executive Director

Shane Turner
Non Executive Director and Company Secretary

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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, 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 2019 and the Independent Review Report thereon.

Projects

MOZAMBIQUE

During the six months to 31 December 2019, MRG carried out its maiden aircore drill program at the Koko Massava target on its Corridor Central project in Mozambique. In addition, auger drilling was carried out over the 13 Heavy Mineral Sands ('HMS') targets identified on Corridor Central and Corridor South projects.

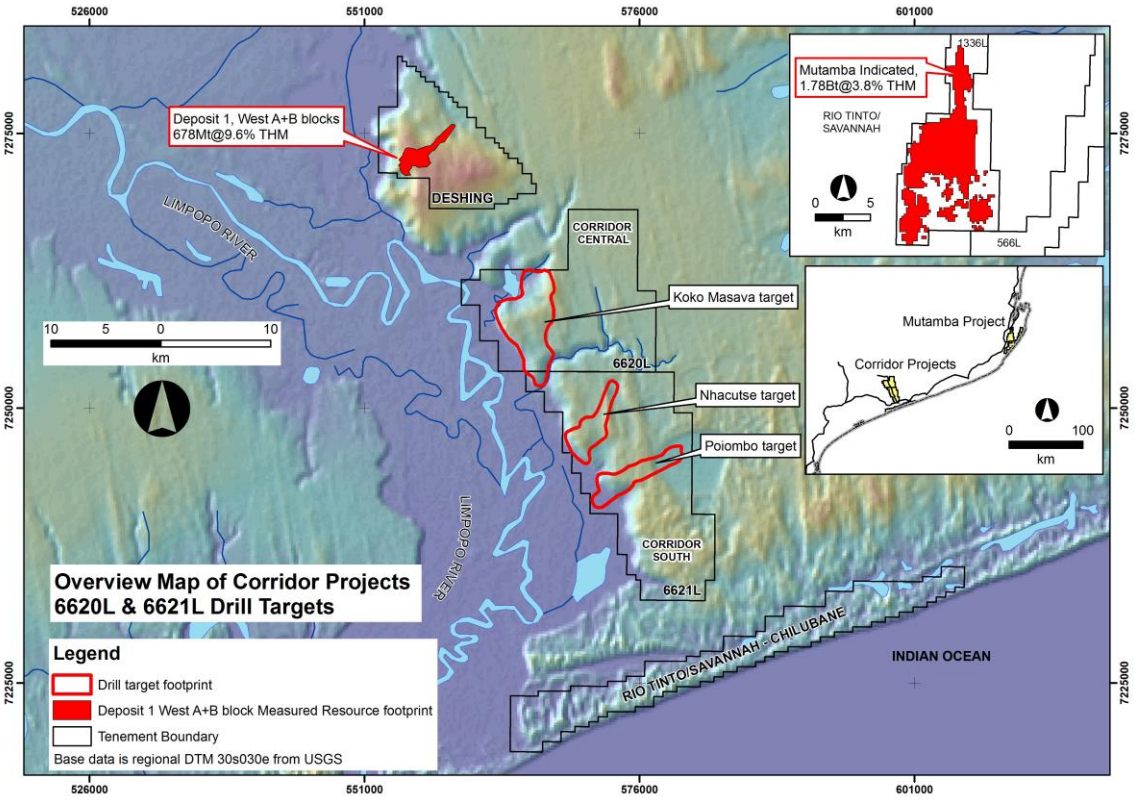


Figure 1: Overview map of Corridor Central and Corridor South projects and relative size and location of 3 targets in comparison to other known Mozambique Heavy Mineral Sands projects.

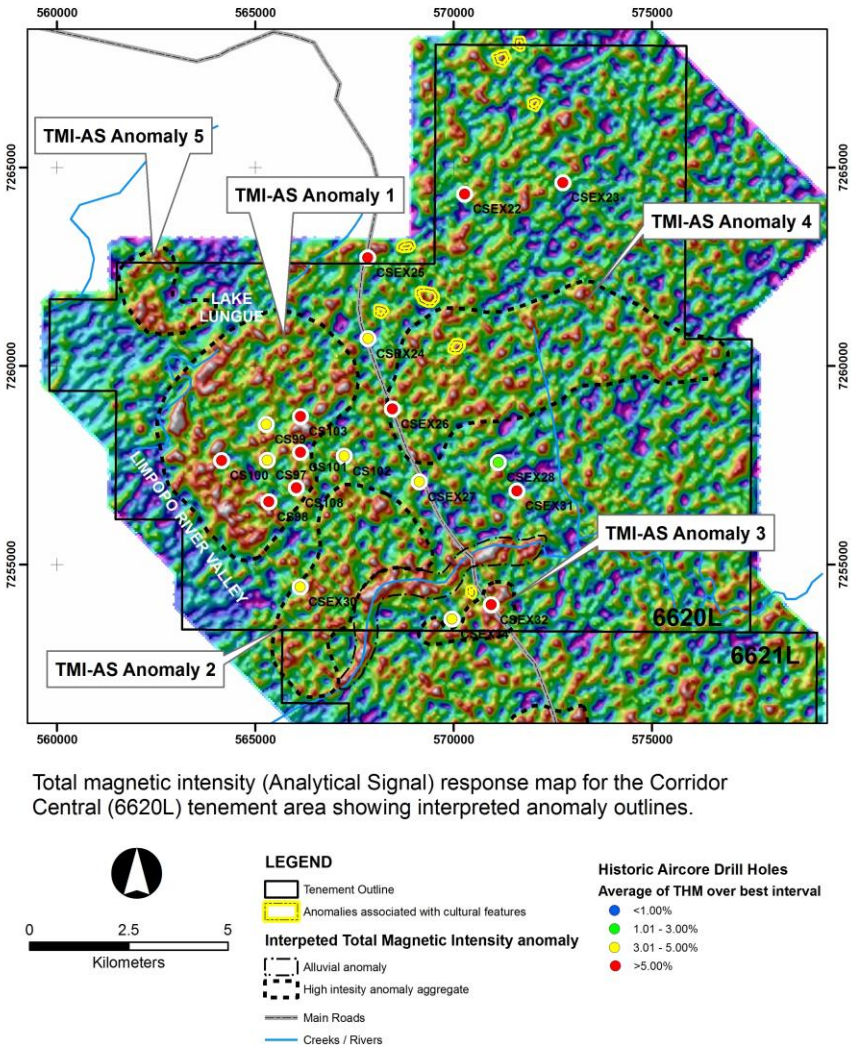
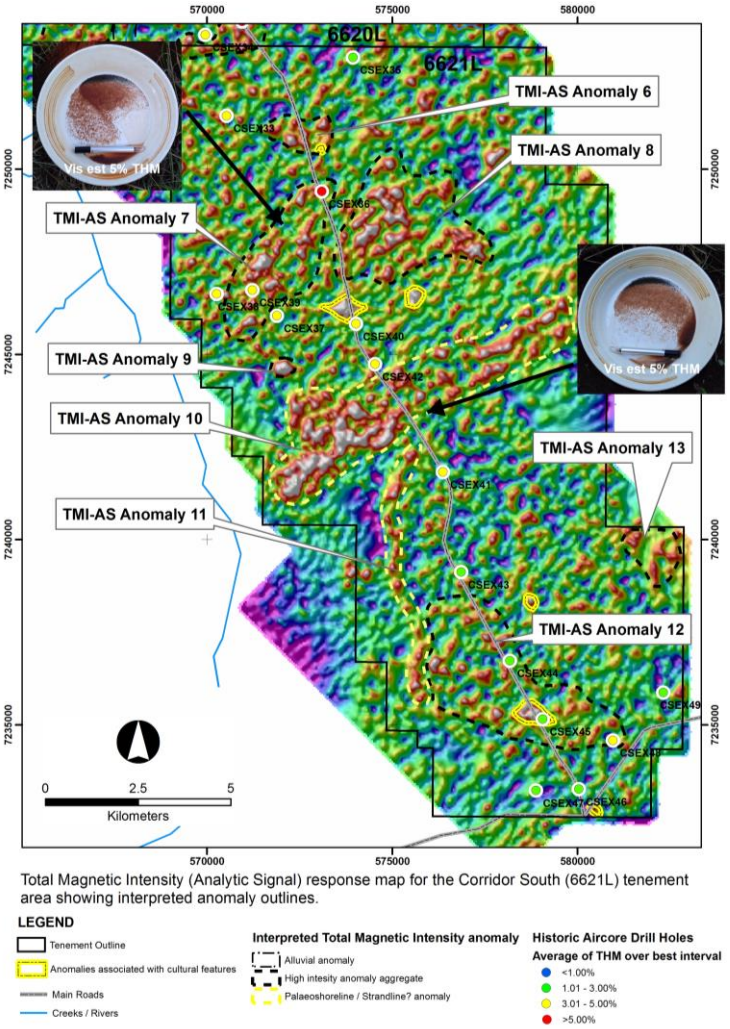


Figure 2: Location of Heavy Mineral Sands targets on Corridor Central project.



Total Magnetic Intensity (Analytic Signal) response map for the Corridor South (6621L) tenement area showing interpreted anomaly outlines.

Figure 3: Location of Heavy Mineral Sands targets on Corridor South project.

Koko Massava

Key highlights from exploration at Koko Massava are:

- Hand auger drilling at Koko Massava identified a massive target with very good grades to +10m depth over +20km².
- Wide spaced aircore drilling (mainly 50 metres deep) delivered the following achievements:
  - Definition of an approximate 20km² highly mineralised zone (excluding townships) with assay results averaging >4.5% Total Heavy Minerals (THM) from surface to end of hole; and
  - A high grade zone of 5km x 1km averaging >5% THM from surface to end of hole.
- Infill aircore drilling has successfully identified further high grade zones and will likely provide sufficient data to establish an Inferred Mineral Resource Estimate with a portion potentially at Indicated resource confidence level.
- The mineralised footprint at Koko Massava is massive and has the potential to deliver a +2billion tonne resource.
- Mineral resource estimation work is now underway and will define grade and tonnage at various THM cut-off grades within Koko Massava.

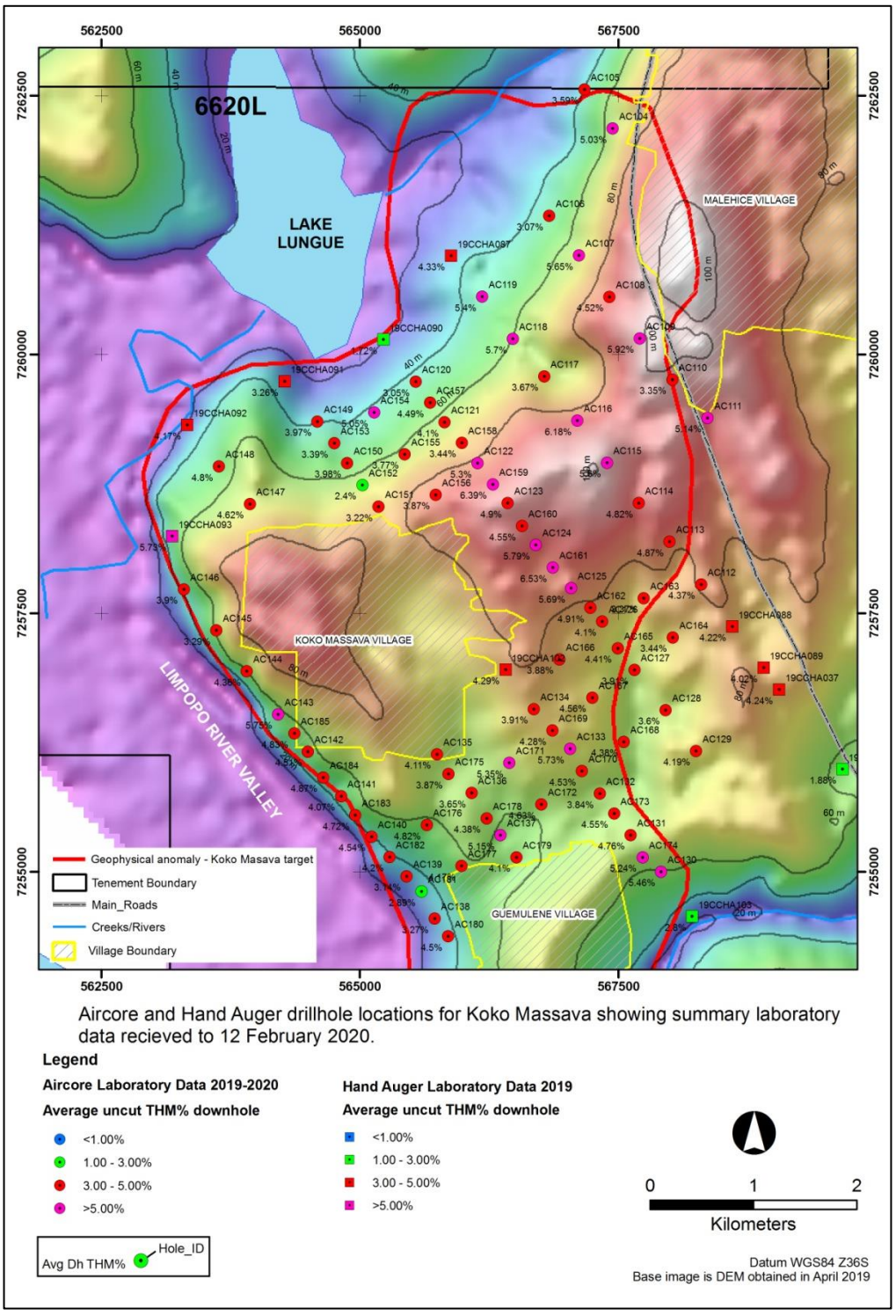


Figure 4: Location map of Koko Massava aircore drillholes reported previously and new holes included in this update, plus hand auger holes, showing summary laboratory data for THM% grades. Aircore drillhole names are shortened for map presentation, but are all prefixed by '19CC'.

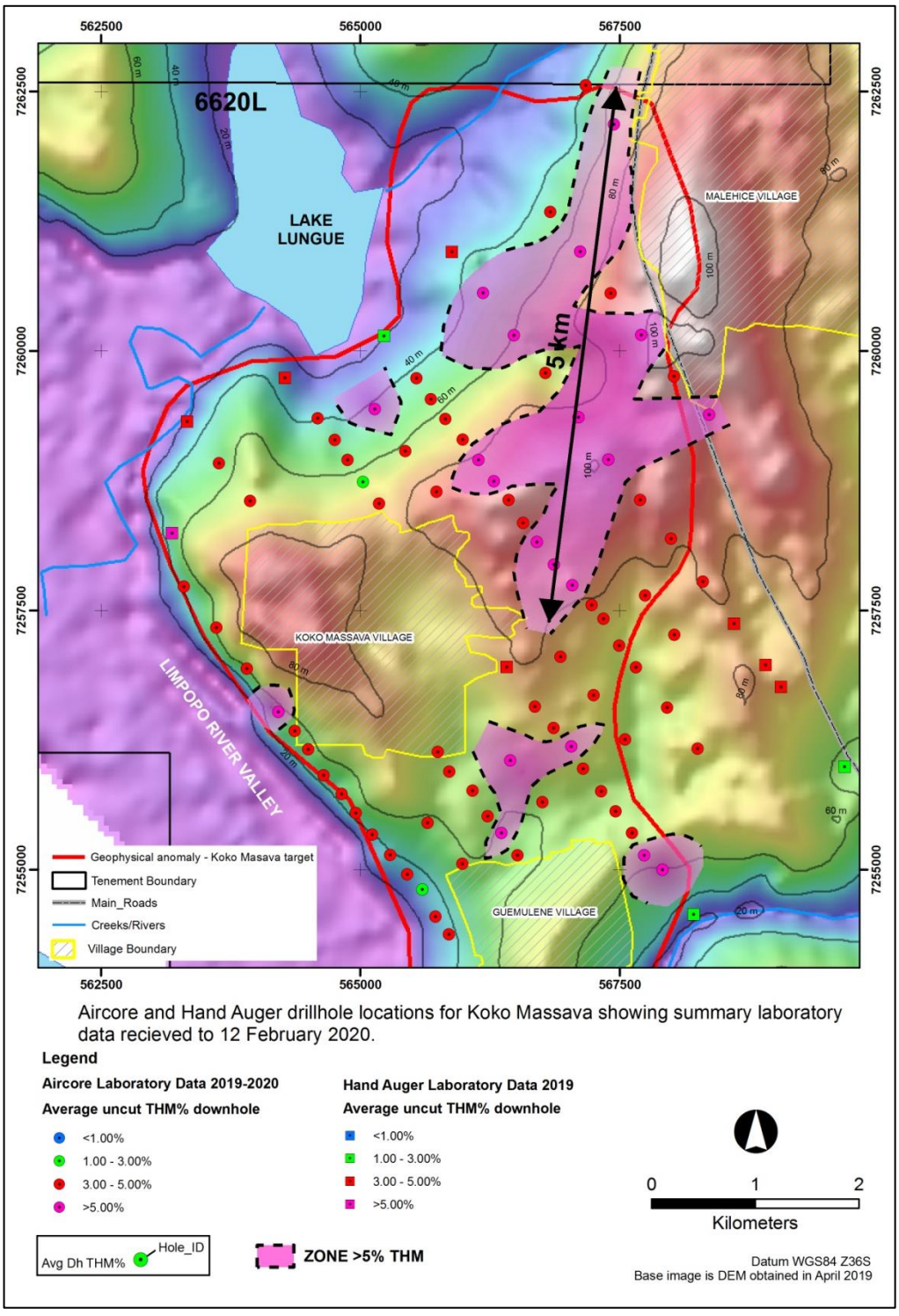


Figure 5: Location map of Koko Massava aircore and hand auger drillholes showing the surface footprint of high grade (>5% THM downhole average) zones now defined with the complete data set.

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 2019

On 9 January 2020, 16,000,000 fully paid ordinary shares were issued to Directors and the Exploration Manager of the Company as the performance condition under the Class C Performance Rights was met on 31 December 2019.

On 15 January 2020, 11,870,000 fully paid ordinary shares were issued pursuant to MRQOB Options being exercised and raised $118,700.

On 13 February 2020, 6,000,000 fully paid ordinary shares and 3,000,000 MRQOB Options were issued to Directors and/or Nominees and raised $60,000.

Exploration has continued on Mozambique projects.

TENEMENTS:

The Tenements held by the Company at 31 December 2019 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	
Linhuane	7423L	100	Application
Marao	6842L	100	Application
Marruca	6846L	100	Application

The information in this report, as it relates to Mozambique 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.

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 $581,752 (31/12/18 loss $2,111,532).
Earnings per share during the half year were ($0.0007) (31/12/18 ($0.0032)).

Dividends

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

Events arising since the end of the reporting period

On 9 January 2020, 16,000,000 fully paid ordinary shares were issued to Directors and the Exploration Manager of the Company as the performance condition under the Class C Performance Rights was met on 31 December 2019.

On 15 January 2020, 11,870,000 fully paid ordinary shares were issued pursuant to MRQOB Options being exercised and raised $118,700.

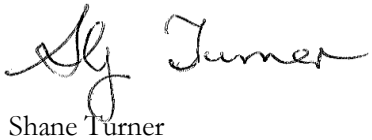
On 13 February 2020, 6,000,000 fully paid ordinary shares and 3,000,000 MRQOB Options were issued to Directors and/or Nominees and raised $60,000.

No other significant events have arisen since 31 December 2019.

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: 13 March 2020

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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 2019. 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, 13 March 2020

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Statement of Financial Position

As at 31 December 2019

	Notes	Consolidated 31 December 2019 $	Consolidated 30 June 2019 $
Assets			
Current			
Cash and cash equivalents		1,461,348	423,937
Trade & other receivables		119,234	14,550
Assets held for sale	3	608,596	608,596
Current assets		2,189,178	1,047,083
Non-current			
Plant & equipment		5,073	957
Exploration and evaluation	4	1,439,689	860,315
Non-current assets		1,444,762	861,272
Total assets		3,633,940	1,908,355
Liabilities			
Current			
Trade and other payables		130,093	114,459
Current liabilities		130,093	114,459
Total liabilities		130,093	114,459
Net assets		**3,503,847**	**1,793,896**
Equity			
Share capital	8	22,498,537	20,389,818
Reserves	8	1,135,436	952,452
Accumulated losses		(20,130,126)	(19,548,374)
Total equity		**3,503,847**	**1,793,896**

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 2019

		Consolidated	
	Notes	**31 December 2019**	**31 December 2018**
		$	**$**
Revenue		1,738	8,283
Other income		27,179	2,751
Remuneration to Directors		(109,510)	(109,510)
Share based payments expense	12	(182,984)	(18,240)
Tenements written off		-	(1,746,529)
Consultants expense		(132,557)	(175,631)
Amortisation/Depreciation expenses		(553)	(553)
Administration expenses		(185,065)	(72,103)
Loss before tax		**(581,752)**	**(2,111,532)**
Tax expense		-	-
Loss after tax		**(581,752)**	**(2,111,532)**
Other comprehensive income, net of tax		-	-
Total comprehensive loss		**(581,752)**	**(2,111,532)**

		Cents	**Cents**
Basic loss per share			
Loss from continuing operations	5	(0.07)	(0.32)
Diluted loss per share			
Loss from continuing operations	5	(0.07)	(0.32)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the half-year ended 31 December 2019

Consolidated	Notes	Share capital	Share based payments reserve	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	12	-	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 2018		20,029,818	745,734	(15,468,741)	5,306,811
Share based payments		-	18,240	-	18,240
Lapsed 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**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the half-year ended 31 December 2019

	Consolidated	
	31 December 2019 $	**31 December 2018 $**
Operating activities		
Interest received	2,083	8,736
Other income	27,179	-
Payments to suppliers and employees	(532,791)	(372,326)
Net cash (used in) operating activities	(503,529)	(363,590)
Investing activities		
Payment for exploration & evaluation	(557,560)	(81,422)
Net cash (used in) investing activities	(557,560)	(81,422)
Financing activities		
Proceeds from issue of capital	2,111,000	-
Payment of transaction costs	(12,500)	-
Net cash from (used in) financing activities	2,098,500	-
Net change in cash and cash equivalents	1,037,411	(445,012)
Cash and cash equivalents, beginning of period	423,937	1,724,570
Cash and cash equivalents, end of period	1,461,348	1,279,558

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 2019, except as noted below.

New standards adopted as at 1 July 2019:

Leases

AASB 16 leases replaced AASB 117 leases and some lease related interpretations. The new standard has been applied using the modified retrospective approach. Prior periods have not been restated and there have been no adjustments to opening retained earnings. AASB 16 requires all leases to be accounted for "on balance sheet" by lessees, other than short term and low value asset leases. Provides new guidance on the application of the definition of lease and on sale and lease back accounting. For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from AASB 117 and interpretation 4 and has not applied AASB 16 to arrangements that were previously not identified as leases under AASB 117 and interpretation 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. At this date the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate the leases.

At 1 July 2019, the initial adoption of AASB 16 did not have a material impact on the transactions and balances recognised in the financial statements. The majority of the leases were excluded from AASB 16 under the short term or low value exemptions.

Interpretation 23 Uncertainty over Income Tax Treatment

Interpretation 23 requires that assessment of whether the effect of uncertainty over income tax treatment should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The interpretation outlines the requirements to determine

whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax basis, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

The Group has adopted Interpretation 23 from 1 July 2019, based on an assessment of whether it is "probable" that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the Company operates, a local tax authority may seek to open a company's books as far back as inception of the Company. Where it is probable, the Company has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the Group has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of interpretation 23 in this reporting period.

Going Concern

The Group recorded a loss after tax of $581,752 and net cash outflows from operating and investing activities were $1,061,089 for the half year ended 31 December 2019. The Group's financial position as at 31 December 2019 was as follows:

- The Group had available cash reserves of $1,461,348;
- The Group's current assets of $2,189,178 exceed current liabilities of $130,093 by $2,059,085;
- 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.

Current forecasts indicate that cash on hand as at 31 December 2019 will not be sufficient to fully fund the planned exploration and operational activities during the next twelve months.

The Group's position as at 29 February 2020 was as follows:

- The Group had available cash reserves of $1,252,629;
- 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 2019.

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 2019 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 Exploration and evaluation assets

	Consolidated 6 months to 31 December 2019 $	Consolidated 6 months to 30 June 2019 $
Opening balance	860,315	1,366,805
Acquisition of tenements	-	509,633
Other exploration costs	579,374	363,762
Relinquishments	-	(1,379,885)
Closing balance	**1,439,689**	**860,315**

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 2019 $	Consolidated 6 months to 31 December 2018 $
Loss after income tax	(581,752)	(2,111,532)
Weighted average number of shares used in basic earnings per share	863,658,199	667,169,639
Weighted average number of shares used in diluted earnings per share	863,658,199	667,169,639
Earnings Per Share	(0.07) cents	(0.32) cents
Diluted Earnings Per Share (a)	(0.07) cents	(0.32) 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	Quantity	Consolidated Dec 2019 $
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
SHARE CAPITAL & RESERVES		23,633,973

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 (b)		18,240
Total reserve at 31 December 2018		76,810
SHARE CAPITAL & RESERVES		20,784,030

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

(b) Share based payments relate to performance rights issued to Directors and Consultant. Refer Note 12.

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 2019	30 June 2019
	$	$
Exploration and evaluation:		
Within 12 months	1,282,859	1,250,579
After 12 months but not later than 5 years	1,069,635	1,250,579

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 Mozambique Mine Department. 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.

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 Share based payments

On 28 November 2019, Shareholders approved at the Annual General Meeting of the Company, the following performance rights to Directors and a Consultant:

- 16,000,000 Class C Performance Rights
- 16,000,000 Class D Performance Rights

The value attributed to the Class C and Class D Performance Rights was $0.007. Included in the expenses for the period is $112,000 in relation to achievement of Class C Performance Rights as the relevant performance condition was met within the period. Included in the expenses for the period is $52,744 in relation to amortisation of Class D Performance Rights over their estimated period of achievement of their performance condition. In addition, Performance Rights issued in 2016 of $18,240 were amortised during the period.

Full details of Class C and Class D Performance Rights are as follows:
Class C Performance Rights – The Company achieving a share price that is equal to or greater than a 5 day VWAP of $0.02 per share at any time during the performance period of 5 years from grant.
Class D Performance Rights – Either (a) the publication of a JORC 2012 compliant Mineral Resource suitable for a scoping study of greater than 350,000,000 tonnes at a minimum of 5% Total Heavy Mineral (THM) within the performance period of 5 years from grant; or (b) the HMS projects are sold at a valuation of greater than A$100 million cash or based on consideration that is valued by an independent expert's report during the performance period of 5 years from grant.

13 ASX Listing Rules Guidance Note 23

On 1 December 2019, the Australian Stock Exchange issued Guidance Note 23. This requires Auditors of the Company to compare previously issued September 2019 and December 2019 quarterly cashflow reports (Appendix 5B's) with information reported in half year and full year reports. As a result of this review and as result of the accounting policy adopted at the end of the period to capitalise payments for exploration and evaluation, it is now identified that payments for exploration and evaluation were incorrectly shown under "Cash flows from operating activities" and should have been shown under "Cash flows from investing activities" in quarterly cashflow reports.

14 Events after the reporting date

On 9 January 2020, 16,000,000 fully paid ordinary shares were issued to Directors and the Exploration Manager of the Company as the performance condition under the Class C Performance Rights was met on 31 December 2019.

On 15 January 2020, 11,870,000 fully paid ordinary shares were issued pursuant to MRQOB Options being exercised and raised $118,700.

On 13 February 2020, 6,000,000 fully paid ordinary shares and 3,000,000 MRQOB Options were issued to Directors and/or Nominees and raised $60,000.

No other significant events have arisen since 31 December 2019.

Directors' declaration

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

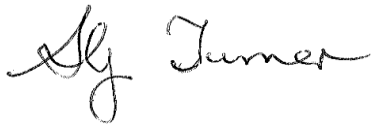
    a the consolidated financial statements and notes of MRG Metals Limited are in accordance with the Corporations Act 2001, including

        i. giving a true and fair view of its financial position as at 31 December 2019 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 13th day of March 2020

Shane Turner
Director

Grant Thornton

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Independent Auditor's 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 2019, 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.

Basis for conclusion

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 2019, 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 1 in the financial report, which indicates that the Group incurred a net loss of $581,752 during the half year ended 31 December 2019, with the net cash outflows from operating and investing activities amounting to $1,061,089. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant 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 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.

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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 2019 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.

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, 13 March 2020