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ASX ANNOUNCEMENT
9 November 2022

MRG SECURES OPTION TO ACQUIRE SAVANNAH RESOURCES PLC OWNED JANGAMO MINING CONCESSION – A STRATEGICALLY VALUABLE HEAVY MINERAL (VHM) SAND DEPOSIT IN MOZAMBIQUE

Highlights

- **MRG has the option to acquire the Jangamo Project, a 65Mt @ 4.2% Heavy Mineral Sand (HMS) licence with excellent mineralogy (64.0% Valuable Heavy Minerals plus 11% Titanomagnetite, for 75% product; refer Table 2) in an already granted Mining Concession.**
- **Acquisition of Jangamo will allow potential for optimisation of MRG's start-up production pipeline in relation to MRG's Corridor Mining Licence applications, currently awaiting approval.**
- **The Jangamo Project is located 170km NE (200km via the main N1 tarred road) from the Corridor Projects (Figure 1).**
- **The financials of the deal are attractively priced for MRG shareholders**

MRG Metals Limited (ASX: MRQ, "**MRG**" or **"the Company"**) is pleased to advise that it has signed a Binding Heads of Agreement (**HoA**) to enter into an option agreement with Savannah Resources PLC (LSE: SAV, "**SAV"**) subsidiary AME EAST AFRICA LIMITED ("**AME"**) to acquire the Jangamo Project (Mining Concession 9735C), owned by Matilda Minerals Lda ("**Matilda**"). The HoA is subject to an exclusive 45-day Due Diligence Period.

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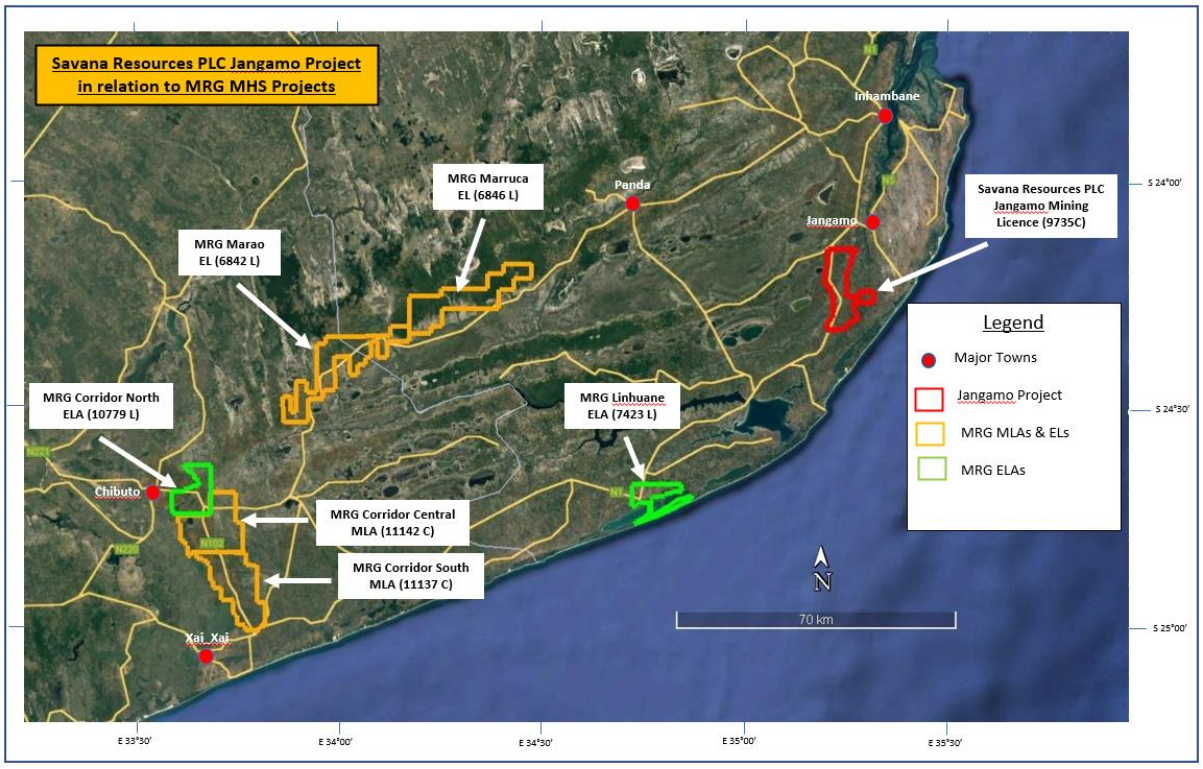


***Figure 1**: Location of Mining Concession 9735C (Jangamo Project) in relation to MRG's Heavy Mineral Sands (HMS) Corridor Central (11142C) and Corridor South (11137C) Mining Licence Application (MLA) licences; the Marruca (6842L) and Marao (6846L) Exploration licences (Els) and the Linhuane (7423L) and Corridor North (10779L) Exploration Licence Applications (ELAs).*

Key aspects of the Option agreement include:

- MRG is given an exclusive 45-day due diligence period commencing on the date of signing these Heads of Agreement ("**Due Diligence**" and "**Due Diligence Period**" respectively) to validate all relevant costs (initially estimated by AME at c.US$0.5m) and commitments and any legal, regulatory, tax or commercial matters.
- On completion of the Due Diligence Period, if MRG chooses to proceed with the Transaction, the parties execute an "**Option Agreement**" providing MRG a 16-month option period (the "**Option**" and "**Option Period**" respectively), which can be extended by mutual consent.
- During the Due Diligence Period, AME will take all reasonable steps to prepare a draft and negotiate the Option Agreement with MRG in anticipation of it being entered into by the parties within 5 working days following the expiry of the Due Diligence Period, or earlier by agreement.

Proposed transaction structure

- During the Option Period, MRG will fund the estimated US$0.5m to complete the Work Program by mid-October 2023. The Work Program is focussed on commitments necessary to

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satisfy Instituto Nacional de Minas ("**INAMI**") but may include infill/extension drilling to improve resource quality and quantity.

- In order to keep the Project's development on schedule during the Due Diligence Period and initial phase (first 14 days) of the Option Period, AME is prepared to continue to fund the Work Program up to the value of US$50,000. Any sums accrued by AME will be reimbursed by MRG as part of its funding commitment during the Option Period.

- On successful completion of the Work Program to the satisfaction of INAMI, AME will reimburse MRG for 50% of its spend on the Project up to the value of US$0.25m.

- During the Option Period MRG may exercise the option to acquire ML 9735C based on the following terms:
    - US$0.8m, payable at the sole discretion of MRG in cash, or in new ordinary shares in MRG based on the 20-day volume weighted average price at time of exercise of the Option, or a combination of cash and new ordinary shares in MRG ("**Acquisition Consideration**").
    - In years where the Project generates a Net Profit after Tax, MRG to make a 1% royalty payment to AME on revenues from product sold, calculated annually for the year completed, capped at no more than 50% of Net Profit after Tax in any given year.

- If MRG choose to exercise the Option, the Licence will be transferred and the Acquisition Consideration paid by MRG to AME. Each party will be responsible for paying its respective tax liabilities, if any, upon transfer of the Licence.

- If MRG does not exercise the Option to acquire the Licence:
    - MRG will return all data to AME including all new data created during the Option;
    - MRG will return any drilling sites used by MRG to original condition at its own cost.

MRG Metals Chairman, Mr Andrew Van Der Zwan said: *"We are pleased to have worked with Savannah to reach an option agreement that allows both parties to potentially gain from a small yet high quality asset in the Jangamo Project. What we found to be of particular interest to MRG in the potential acquisition of this project is the following:*

- *The Mining Licence is well progressed and Operations could commence as early as 2023 - at least a couple of years ahead of our Corridor Sands Project.*
- *The current market pricing is favorable and may facilitate an early start up at Jangamo for MRG, with a planned scale up and relocation to Corridor. We are currently looking into this scenario which will be included in the PFS stage for our Corridor Sands Project.*
- *Of great interest to MRG is the significantly higher VHM content of Jangamo deposit.*
- *Rio Tinto is continuing development at the nearby Mutamba Project and we would look to discussing opportunities for access to infrastructure.*

We are now commencing the Due Diligence period and will advise the market upon developments."

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Background:

SAV amicably cancelled its unincorporated joint venture with Rio Tinto on the Mutamba Mineral Sands Project in December 2021 (originally announced on 11 October 2016) to concentrate on its 100% owned Barroso Lithium Project in Portugal. However, SAV retained its 100% owned Mining Concession 9735C, known as the Matilda Jangamo Project (see Figure 1 above) , which contains a significant JORC mineral sands resource of 65Mt at 4.2% Heavy Minerals. MRG entered advanced discussions with SAV in Q3 2022 and this Binding HoA represents the completion of those discussions.

About ML 9735C

Mining Licence 9735C was delivered to Matilda by the Minister of Mineral Resources and Energy in Mozambique in December 2019. The Licence covers 11,948 hectares and is valid to April 2044, with the possibility of an additional 25-year extension.

The Licence's principal mineral sands production opportunity is based on the Jangamo deposit which has a JORC 2012 compliant resource estimate of 65Mt at 4.2% Heavy Minerals. To date, AME has spent approximately US$4.1m on acquiring the Jangamo Project and developing it.

Historical Drilling and Resource results

The combined drill data enabled the identification and delineation of two zones of mineralisation (i.e., >2.5% THM) (**refer Figure 2**). The main valuable heavy minerals (**VHM**) at the Jangamo Project are ilmenite ($FeTiO_3$), rutile (TiO_2) and zircon ($ZrSiO_4$). Other non-valuable (or trash) heavy minerals present in significant amounts include; titanomagnetite, chromite, haematite, andalusite (including kyanite and sillimanite) and staurolite. These minerals are largely resistant to weathering and hence tend to concentrate in sediments that have been repeatedly reworked by the forces of wind and wave action.

The distribution of higher-grade sand indicates a number of mineralised blocks which are detailed in Figure 3:

- Eastern mineralisation around hole JMRC051,
- Central mineralisation around hole JMRC123 and
- South-eastern area of the Strandline.

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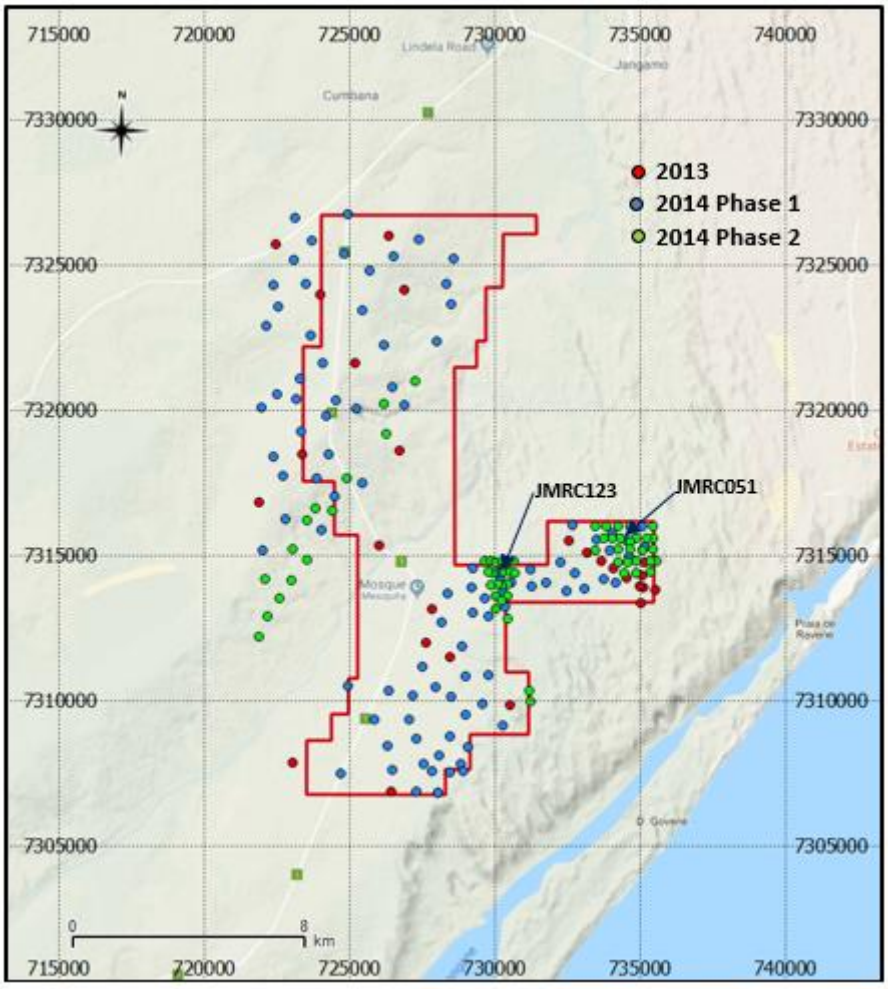


Figure 2: *Historical Drill locations Refer AIM announcement; Savannah Resources Plc (AIM:SAV); RNS Number:2071L; 2 July 2014*

The eastern and central areas showed greater heavy mineral content and as a result, these two areas were used for the resource calculation of 65Mt at 4.2% HM for Exploration licence 3617L (**refer AIM release RNS Number 0517B "Maiden Resource Jangamo Mozambique" 31 December 2014, now Mining Licence 9735C**). The remaining areas to the west and south were not used in the resource definition because the mineralisation with higher grades starts relatively deep and also exhibit discontinuities of the mineralised layers that for this type of deposit are unlikely to be economically viable. Bulk sample mineralogical investigations were conducted by Allied Mineral Laboratory in Australia, with the results from the testwork on 2 holes (JMRC005 and JMRC027) within the MRE areas shown in Table 2 (**refer AIM releases RNS Number 1744A "Jangamo Drilling Confirms Broad Mineralise Zones" 17 February 2015 and RNS Number 2360C Jangamo Heavy Minerals Project Update, Mozambique 13 March 2014**).

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***Table 1**: Resource Table (2.5% Cutoff) – (Refer AIM announcement; Savannah Resources Plc (AIM:SAV); RNS Number:0517B; 31 December 2014; Table 2)*

Zones	Category	Sand (Mt)	THM %	Ilmenite In HM	Ilmenite In Sand		Rutile In HM	Zr In Sand	HM (Mt)	Ilm (Mt)	Rut (Mt)	Zr (Mt)
Jangamo	Inferred Resource	65	4.2	60	2.5		0.083	0.15	2.7	1.6	0.054	0.10

***Table 2**: Mineralogy of historic drillholes JRMC005 and JRMC027 (highlighted below) from within the Resource Area (refer Jangamo Heavy Mineral Sands Project Techno-Economic Study by TZ Minerals International Pty Ltd for Matilda Minerals Lda – August 2018 - Table 2.8 QEMSCAN HM.)*

Table 2.8: **QEMSCAN HM composition**

Sample	***Rutile*** ***%***	***Ilmenite*** ***%***	***Zircon*** ***%***	***Others*** ***%***
JRMC005	1.9	58.2	3.1	36.8
JRMC018	2.5	49.1	3.4	45
JRMC025	2.2	57.2	4.1	36.5
JRMC027	1.7	59.9	3.1	35.3
Average	2.1	56.1	3.4	38.4

QEMSCAN mineralogy data in the Savannah Resources dataroom also indicated abundancy of titanomagnetite in the Heavy Mineral Concentrates to be in the order of 11% (JRMC005: 10.2% and JRMC027: 12.3%).

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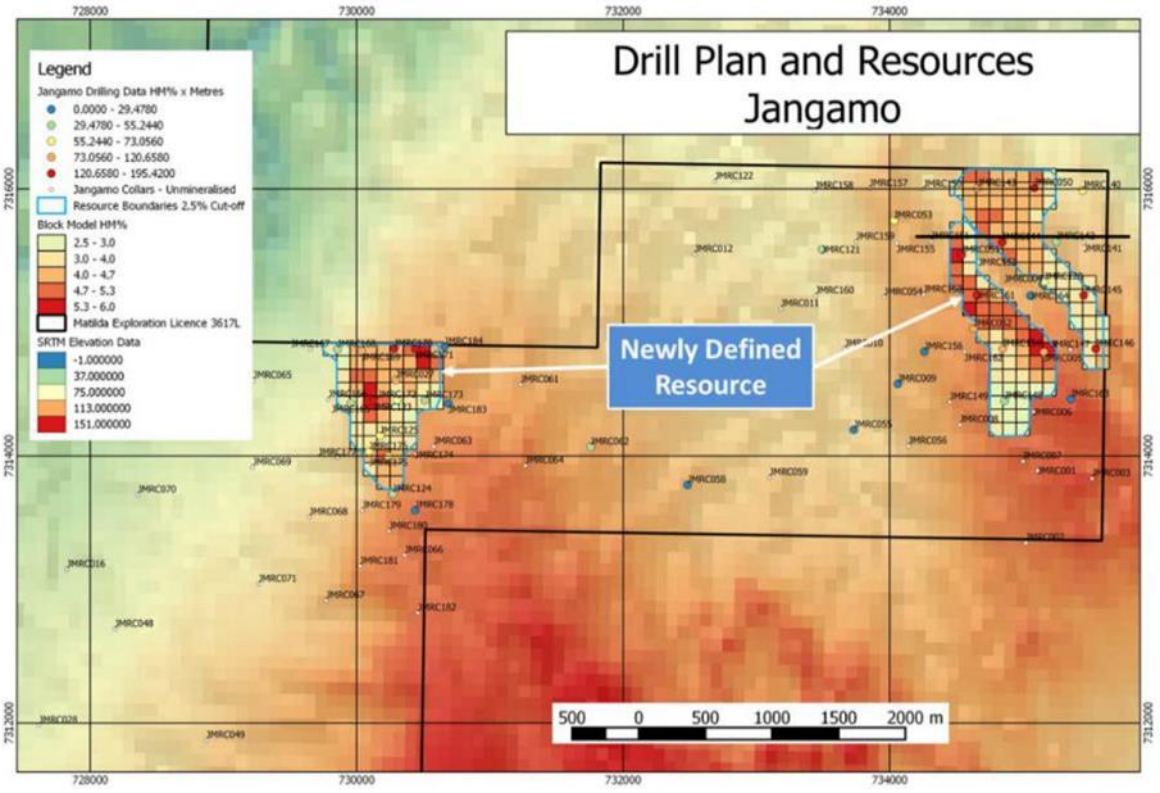


Figure 3: *Jangamo project HM grade distribution map Refer AIM announcement; Savannah Resources Plc (AIM:SAV); RNS Number:0517B; 31 December 2014*

Further work and preliminary Scoping analysis

Further work will be carried out to improve confidence in the existing resource (**refer AIM release RNS Number 0517B "Maiden Resource Jangamo Mozambique" 31 December 2014**). The following activities may be completed in parallel with the next phase of the project development:

- Infill drilling to ensure continuity between existing intersections;
- Mineralogy investigations to determine the distribution throughout the resource;
- Metallurgical testwork to quantify recoveries and product quality;
- Product quality to be confirmed with bulk sample test work;
- Slimes characteristics testwork for the fine materials;
- Identify and secure a source of water for mineral processing; and
- Completion of the socio-environmental assessment of the project.

Results from the preliminary scoping analysis have highlighted the following key characteristics of any potential project development

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Preferred mining method

The key attributes of the Jangamo deposit taken into account when selecting the mining method included:

- Continuity of the viable mineralised zones identified for mining;
- Depth of the water table;
- Slimes (<45 µm particles) of the ore;
- Average thickness of the mineralised zones;
- Presence of indurated layers; and
- Capital cost.

Given these constraints, dredge mining is not considered a viable option due to the high slimes content and small scale of the operation. Dredge ponds become difficult to manage if slimes in the ore approach 5%. As the majority of samples have shown slimes to be in the range of 6 to 18% dredging was not considered to be a practical option. At the other end of the spectrum, hydraulic mining requires a high slimes content of greater than 20% to achieve efficient mining and water retention and so was excluded as a potential option for Jangamo.

The deposit characteristics, being predominantly unconsolidated sand in an area where the water table can be managed, meant that the deposit is best suited to dry mining with heavy earth moving equipment. Dry mining methods are also preferred as this allows for more flexibility around basement irregularities and is better suited to selective mining of deposits. Bulldozer and front-end loader mining methods loading a mobile mining and slurrying unit were compared before the preferred mining method for the project was chosen. The mining unit used to slurry the ore would be similar for both methods with the exception of the feeder being more robust in the Dozer option.

Of the dry mining options considered, dozer trap mining is preferred over the front-end loader method due to:

- Dozer trap mining represents a lower cost option in deposits like Jangamo which have an ore thickness of 15 metres;
- Dozer trap mining is safer than the FEL method for pit heights exceeding 10 metres;
- Top to bottom mining technique allows for more even equipment utilisation and rapid response to changes in feed demand over entire pit life;
- Moving the mining unit is easier and less risky with a dozer fleet; and
- Equipment fleet required provides maximum versatility with minimum equipment types for a mineral sands mining and processing operation.

Description of the mining methodology

The mining operation will be carried out in the following stages:

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- Clearing and mulching of native vegetation;
- Stripping of 15 to 20 cm of topsoil and initially stockpiling in the first year for direct return over backfilled pit areas as mining progresses;
- Mining of the ore by dozing the ore into a dozer trap;
- Screening of the incoming feed to reject oversize (+2.0 mm) particles;
- Pumping the slurry to the PCP where Valuable Heavy Minerals (approximately 5% of the mass and 3% of the volume) are separated from the ore using wet gravity separation with the remaining tailings pumped back to infill the pond as the mining path progresses;
- Backfilling of the mining void with tailings and overburden to enable landform reconstruction and contouring;
- Replacement of topsoil; and
- Revegetation / rehabilitation of disturbed areas to agreed end land use.

The project concept assumes that ore will be mined at a rate of 500 tonnes per hour.

The mining and ore transport methods are generally easy to manage and are currently practiced across mineral sands operations worldwide. The proposed mining operation will exploit only the commercially relevant sand units which are the principal unit of economic interest. Figure 4 shows a high-level schematic of the mining sequence.

In places where the water table intersects the surface, dewatering of the pit will be required. The water can be pumped out of the pit to the concentrator for use in the process.

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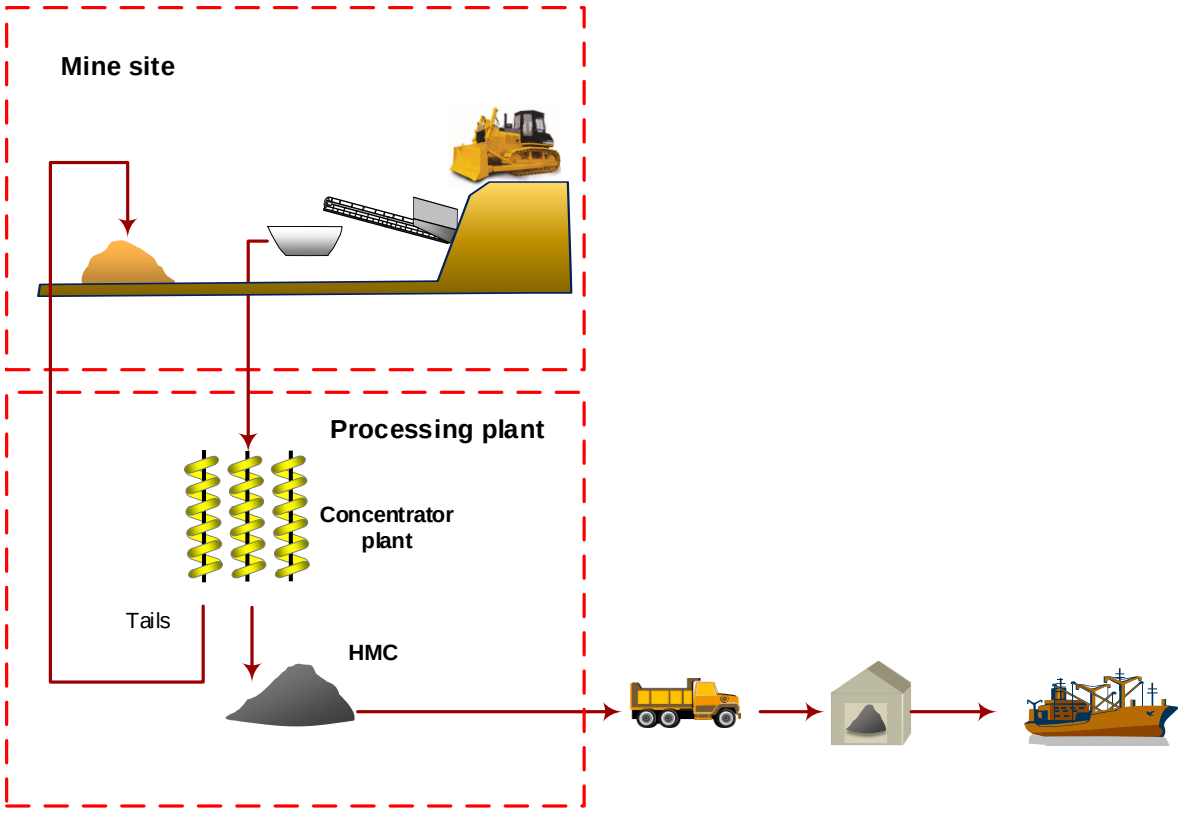


***Figure 4**: High level schematic of the mining sequence.*

This announcement has been approved by the Board.

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