



ASX ANNOUNCEMENT

13 June 2024

MRG SIGNS BINDING JOINT VENTURE AGREEMENT TO DEVELOP MOZAMBIQUE HEAVY MINERAL SANDS PROJECTS

MRG Metals Limited (“**MRG**” or “**the Company**”) (ASX Code: MRQ) is pleased to announce that on 12 June 2024 it entered into a Binding Joint Venture Agreement (JVA) with Sinowin Lithium (HK) Co., Ltd and SINOWIN Lithium Cobalt (ShenZhen) Ltd (“**SLC**”) to develop its Mozambique Corridor Sands projects (Corridor Central and Corridor South) and its other Mozambique Heavy Mineral Sands (“**HMS**”) projects.

Highlights:

MRG is to be free carried, including all capital expenditure and operating expenditure, through to 440,000 tonnes of annual concentrate production. MRG shall retain equity of 30% of the JV Company(s) through mine start-up at 110,000 tonnes of annual concentrate production, reducing during production expansion to a floor equity of 20% when the JV production has grown to 440,000 tonnes of annual concentrate.

MRG and SLC had earlier entered into a Non-Binding Memorandum of Understanding (“**MOU**”) on 6 March 2024. SLC sent geological, construction and design teams to Mozambique in April 2024 to carry out Due Diligence and commence design work.

The Due Diligence was successfully completed in early May 2024. The parties worked together in good faith to finalise the formal Joint Venture Agreement, including the JV Company(s) structure, on terms consistent with the Non-Binding MOU.

SLC will provide an initial US\$80,000, representing two months payment for MRG’s part in progressing JV operations, while the formal processes of setting up the JV Company/s are completed. This initial payment comprises USD\$15,000 per month to the MRG Board, together with an estimated USD\$25,000 per month to cover in-country costs in Mozambique, the use of funds to assist with grant of the Mining Licence Applications and development of the Project.

Upon setting up the JV Company/s, SLC will provide an immediate initial investment of USD\$3 million and once spent, an additional USD\$3 million to progress mine approvals, design and project economic analysis into construction phase.

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SLC and MRG have been working together during the Due Diligence period to fast track the necessary feasibility and mine design plans required to update the Mining Licence applications. A Feasibility Study is substantially progressed and will be finalized shortly.

A Joint Venture Company (“JVC”) based in Hong Kong will be formalised in the coming weeks.

MRG has agreed to a drag-along clause, with a conditional acquisition of MRG’s JVC equity for a minimum of USD\$50 million.

Through this joint venture, MRG is partnering with a company with prior international (Canada) mine development experience and the funding necessary to bring a mine to production without external funding (Refer “About SLC” below).



Figure 1: MRG Team and SLC Team during Due Diligence. L-R: Luis Siteo (MRG’s local Senior Geologist), SLC Team Member, Kobus Badenhorst (MRG’s Head Geologist), SLC Team Member, Stephanie Walker (MRG’s In Country Manager) and SLC Team Member.

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Key Terms of the JV are:

- All parties signed the binding JVA on 12 June 2024.
- **JV Expenditure**
 - o SLC to fund all JV expenditure through mining operation and production expansion up to and beyond the agreed targets and includes:
 - o Deposit of USD\$3 million dollars into the JV trust account.
 - o Initial two monthly payments of USD\$40,000 have been made available in the interim as formal Joint Venture Companies and Bank accounts are set up in the various jurisdictions.
 - i) Working capital to cover MRG's in-country costs estimated at USD\$25,000 for 6 months will be funded until the JVC puts in place the necessary personnel and corporate structure.
 - ii) MRG Management involvement in JV at USD\$15,000/month for minimum of 12 months.
 - o SLC during its in-country Due Diligence, coordinated engineering and construction consultants to fast track the next steps of mine development:
 - To complete the mine feasibility report for the Initial Corridor Project;
 - To design the engineering and construction plan of the Initial Corridor Project; and
 - To get the Mining Licence approval from the Mozambique Government.
- **JV Equity structure**
 - o Effective immediately, upon receipt of USD\$3-6 million working capital funding, SLC shall hold 70% of JV equity and MRG 30% of JV equity. The JVC shall own Corridor Central and Corridor South via ownership of the Mozambique Holding Companies
 - o **Stage 1:** After the JV has achieved 110,000 tonnes of annual concentrate production, Stage 1 shall be achieved within 21 months of receipt of Mining Licence/s. Milestone benefit: Corridor North is added to the JVC.
 - o **Stage 2:** After the JV has achieved 220,000 tonnes of annual concentrate production, Stage 2 shall be achieved within 2 years after Stage 1. Milestone Benefit: SLC increases equity to 75%. MRG reduces equity to 25% and Linhuane is added to the JV.
 - o Stage 3: After the JV has achieved 440,000 tonnes of annual concentrate production, Stage 3 shall be achieved within 5 years after Stage 1. Milestone Benefit: SLC increases equity to 80%. MRG reduces equity to 20% and Marao is added to the JVC.
 - o SLC shall invest all funds necessary to develop the initial mining operation up to an annual concentrate production of 440,000 tonnes. Further expansion will be funded by the JVC but MRG's equity in the JV will not be diluted below 20%. It is anticipated the JVC will have the financial capacity to fund such further expansion, or have the capacity to arrange debt financing as needed.

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Key Terms of the Offtake Agreement

- SLC shall be the Offtaker for all HMS products from the Initial Corridor Sands Project.
- The offtake price will be fixed with reference to the export prices of the same quality HMS which is being processed by other companies in Mozambique and the JV shall coordinate an independent review mechanism agreeable to both Parties.
- The JV company shall pay 5% sales commission for the offtake agreement.

About SLC:

Sinowin Lithium (HK) Co., Ltd and SINOWIN Lithium Cobalt (ShenZhen) Ltd were the investing companies involved with Guo Ao Lithium Ltd (GAL), a Canadian-based company. Guo Ao Lithium Ltd was established in December 2016, focusing on mining investments and operating mining development projects, especially in seeking and developing strategically valuable mineral resources globally. In December 2017, the company acquired 60% equity of the Moblan lithium mine project for USD\$60 million from its wholly-owned subsidiary, Global Star, based in Peru. Following the completion of the acquisition, the company immediately commenced comprehensive mining development and operations, including in-depth geological exploration, rigorous feasibility studies, comprehensive environmental impact assessments, and detailed drilling analysis, laying a solid foundation for the project. After years of meticulous operation and development, in October 2021, the company sold 60% equity of the Moblan lithium mine project for USD\$86.5 million, achieving significant investment returns.

Since GAL is a Canadian company, SLC has been formed in Hong Kong to avoid multiple country jurisdictions. SLC has reserved capital generated from the sale in Canada and has identified the Corridor Sands project as its key focus for re-investment of the funds.

MRG Chairman, Mr Andrew Van Der Zwan, said:

“We are extremely pleased to establish this Joint Venture with SLC, a partner that shares our vision of developing this huge resource to the benefits of all stakeholders, including the local communities in Mozambique. SLC brings significant mining experience and capital capacity following its successful investment in the Moblan Lithium Mine and has been pursuing new development opportunities with even larger scope and upside to replicate this success.

The journey for MRG has been a long one, but we have remained focussed on advancing the Corridor Sands Project, which offers multi-decade resource capacity and an exceptional infrastructure base, including access to water, electricity, manpower and importantly proximity to port, which we recently updated the market about (refer ASX Announcement 9 May 2024). We anticipate the operating costs upon development will be in the leading quartile for low-cost production globally. The high base grade will ensure a low cost to value concentrate operation, one which our partner is well positioned to optimise given relationships with downstream processors in mainland China.

The free-carried nature of project funding from this point on is an important shareholder consideration.

We thank our shareholders for their patience and hope that existing and new shareholders are rewarded as the JV company moves aggressively towards production. Our partner has already, in good faith, spent considerable time and money during the Due Diligence period and final JV structure negotiations. The Due Diligence was extremely thorough and included the involvement of design engineers and construction consultants. This work will enable the JV to resubmit the proposed mining development and feasibility plan to INAMI and set an internal goal of first production by the end of 2025.

The ongoing funding of most of our in-country and administrative expenses during this period is testament to the effective working relationship we have built over the last 4 months and recognition of the significant role our people will play in bringing this project to construction phase.”

JV Properties and Definitions

- Corridor Projects means Heavy Mineral Sands projects in Mozambique including Corridor Central (11142C), Corridor South (11137C), Corridor North (10779L), Linhuane (7423L) and Marao (6842L).
- “Initial Project” means the first of the Corridor Projects chosen by the JV for commencement of mining and production.

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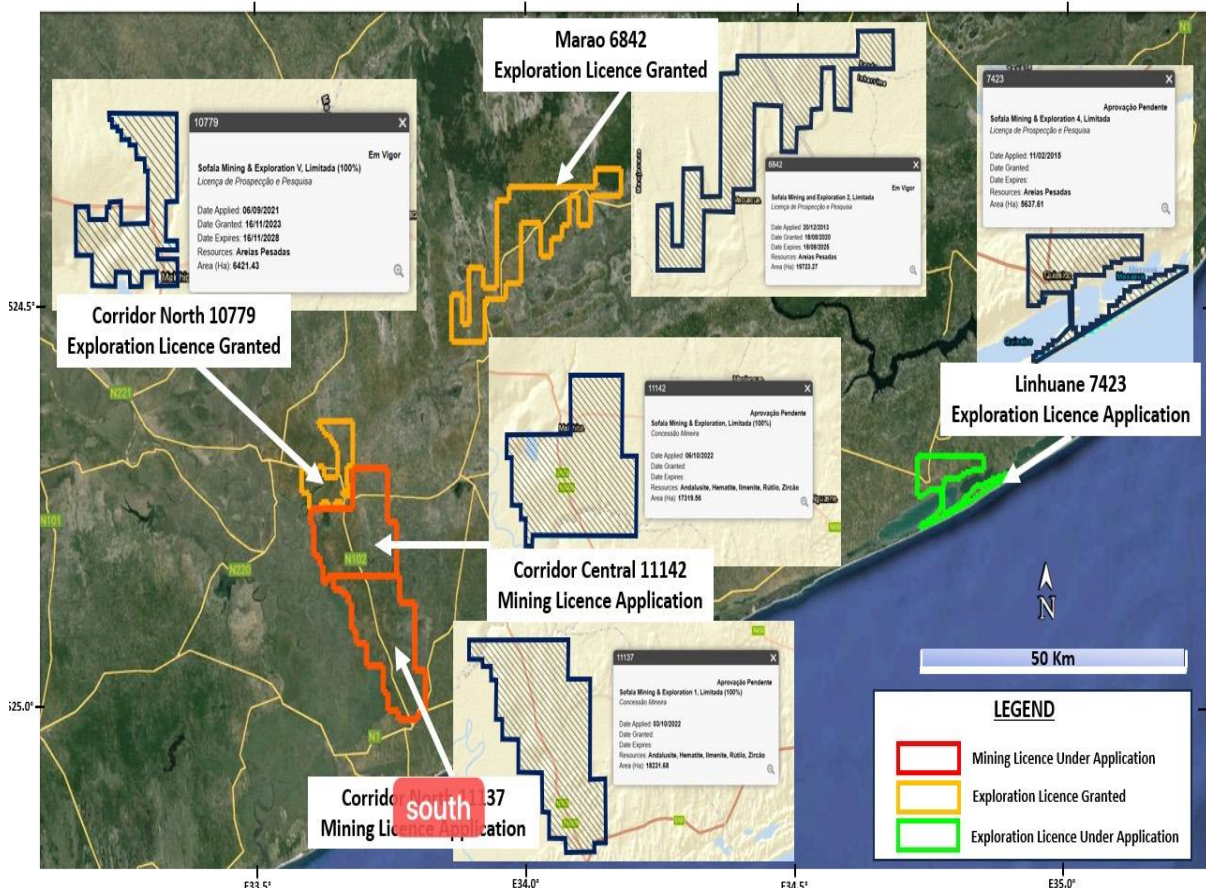


Figure 2: MRG’s Heavy Mineral Sands Projects

The Trading Halt can now be lifted.

Authorised by the Board of MRG Metals Ltd.

For more Information please contact:

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Competent Persons' Statement

The information in this report, as it relates to Mozambique Exploration Results is based on information compiled and/or reviewed by Mr JN Badenhorst, who is a member of the South African Council for Natural Scientific Professions (SACNASP) and the Geological Society of South Africa (GSSA). Mr Badenhorst is a consultant 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". Mr Badenhorst 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 Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned exploration program and corporate activities. When used in this document, the words such as "could", "plan" "estimate", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results, events and outcomes achieved will be consistent with these forward looking statements.

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