

ASX ANNOUNCEMENT

22 October 2024

FOTINHO 11000 REE EXPLORATION LICENCE GRANTED, ABUTTING ADRIANO REE + TH PROJECT, MOZAMBIQUE

Key Highlights

- Fotinho Exploration Licence 11000 (19,865.18 ha) has been granted over a newly identified, high potential Thorium (Th) and Rare Earth Element (REE) district in Mozambique (refer ASX Announcement 11 May 2022).
- Historical work, leading to the application for Fotinho, showed the presence of monazite and highly elevated Th and REE grades, with Th assays >1,000 ppm in soil and panned heavy mineral concentrate and 559 ppm in rock (refer ASX Announcement 11 May 2022).
- Granting of Fotinho follows on from recently announced very high rare earth oxide (REO), magnet rare earth oxide (MREO) and Th assay results from stream sedimentary sampling at MRG's adjacent and abutting Adriano 11002 Th and REE exploration licence (refer ASX Announcement 17 October 2024).
- Re-imaging of regional aerial radiometric data clearly shows that Fotinho contains a number of well defined, discrete Th anomalies (Figure 4). Assay results reported last week for Adriano demonstrated the strong correlation between Th and REE, meaning that Th can be used as a proxy for REE. The Th anomalies shown in Figure 4 will be an immediate focus for soil sampling.
- The combined area of Fotinho and Adriano projects represents an opportunity for MRG to explore a newly identified, virtually unexplored mineral district of high potential for rare earth deposits discovery, under 100% owned title.
- A drainage pattern interpretation has been completed for Fotinho.
- MRG's exploration team will be on the ground to initiate exploration at Fotinho upon completion of environmental licencing and easing of the upcoming wet season.

MRG Metals Limited (“MRG” or “the Company”) (ASX Code: MRQ) is pleased to announce the grant of a third new Rare Earth Elements (REEs) exploration licence (EL), Fotinho 11000.

Fotinho – Rare Earth Elements project:

The new REE project **Fotinho** (11000L; 19,865.18 ha) is situated 780 km North-East of the Company’s Corridor Central (11142C) and Corridor South (11137C) Heavy Mineral Sands (HMS) Mining licence applications (MLAs) and 230 km North-Northeast of the port city of Beira and 120km from the port of Quelimane (**refer Figure 1**). Fotinho, in combination with MRGs adjacent Adriano 11002 REE EL and the Olinga 11005 U and REE EL, were generated based on highly elevated Th (in the case of Fotinho and Adriano) and U (in the case of Olinga) from regional aerial radiometric survey work. On the ground historical exploration, with some limited sampling, happened within ELA Fotinho (**refer ASX Announcement 11 May 2022, Figure 4**). The exploration and sampling clearly showed the presence of Monazite in some of the sampled material, as well as highly elevated REE grades (**refer ASX Announcement 11 May 2022**). Thorium (Th) grades as high as >1,000 ppm Th in a soil and HMC sample and 559 ppm in a rock sample from within Fotinho were reported from X-ray fluorescence (XRF) analysis, while X-ray diffraction (XRD) results showed the clear presence of Monazite in the samples from the REE area (**refer ASX Announcement 11 May 2022**). Fotinho and Adriano EL’s include both hard-rock and recent sediments, covering areas of high-grade metamorphic gneisses, undifferentiated granites and granitoid rocks within the Mozambique Metamorphic Province and sediments from the Mozambique Basin sediments (**refer Figure 2**).

Recently reported assays from a stream sedimentary sampling program the adjacent Adriano (**refer ASX Announcement 17 October 2024**) returned very high REO, MREO and Th results:

- 3.24%, 3.12% and 2.70% TREO respectively;
- Nd+Pr oxides > 350ppm, 21 of the 42 samples exceeded the MREO target with 8 samples >1000ppm; Highest Pr₂O₃ >1,170ppm (0.117%);
- Dy+Tb oxides >35ppm, 4 of the 42 samples exceed the MREO target and with 3 of these at >100ppm; and
- ZrO₂ >13,500ppm (>1.35%), which exceeded the maximum reading of the analytical technique.

Re-interpretation and imaging of the regional aerial magnetic and radiometric survey data shows continuation of Th anomalism westward from Adriano into the new Fotinho licence, with very discrete, high intensity Th anomalies evident in Fotinho demonstrating high potential for discovery (**Figure 4**).

The drainage pattern analyses conducted for Adriano has now been completed for Fotinho as well (**Figure 3**). This will be used in the planning of a stream sedimentary sampling program at Fotinho.

MRG will provide an update of proposed exploration in due course.

MRG Metals Chairman, Mr Andrew Van Der Zwan said: *“The granting of Fotinho comes at the perfect time on the back of our initial success and findings at the adjoining Adriano Licence. We are searching for both primary and alluvial REE and Th deposits, leveraging off our knowledge from Corridor HMS Project. While we don’t yet know the source of the REE + Th identified in stream sediment samples at Adriano, the strong correlation demonstrated between Th and REE makes the Th anomalies that show on the re-imaged airborne radiometric spectrometer data in our Fotinho tenement are highly exciting as potential primary sources for REE.*

A two-pronged exploration approach will see a repeat of the Adriano stream sediment technique extended westward into Fotinho, combined with direct target testing of Th anomalies by soil sampling.”

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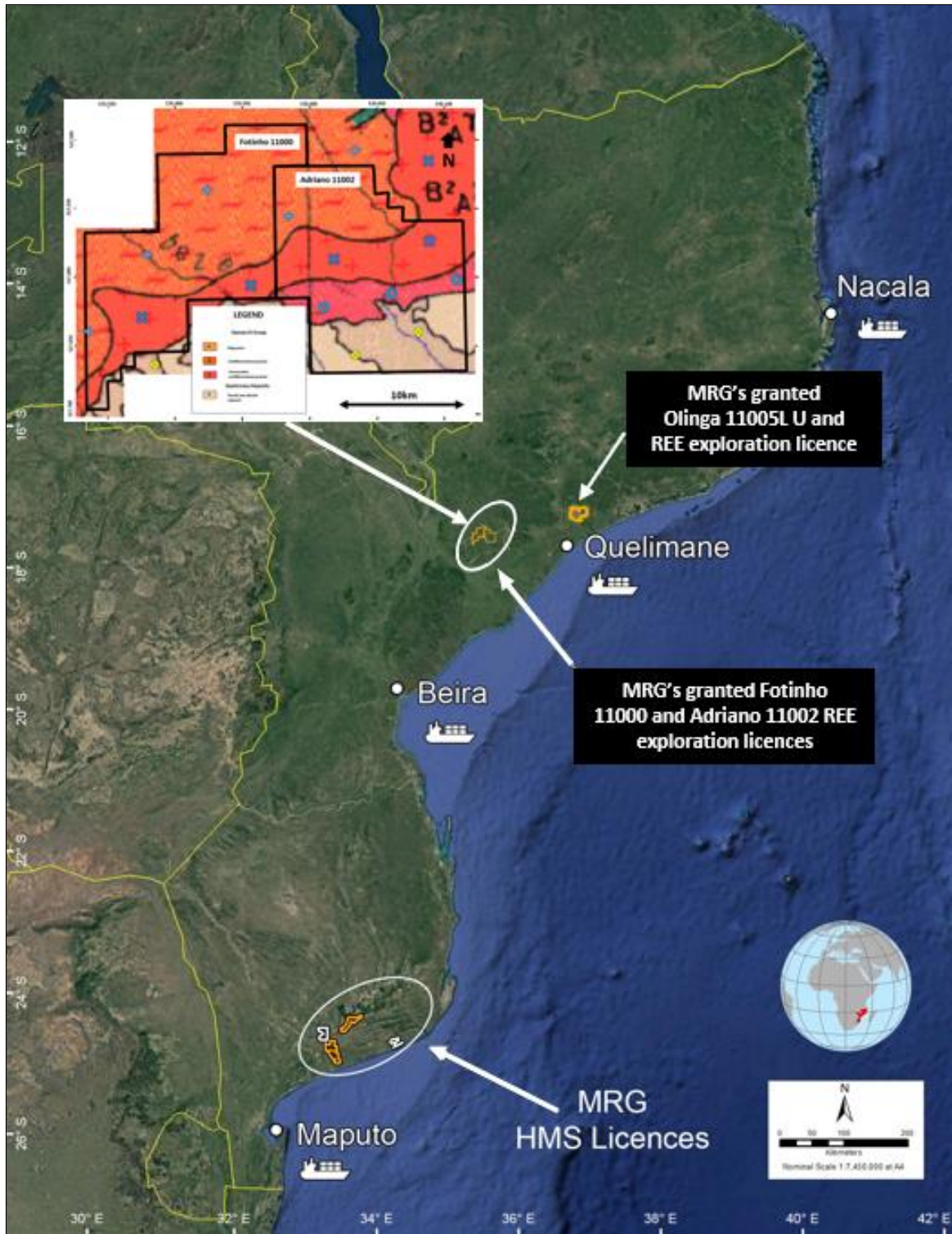


Figure 1: Map of the location of MRG's new granted Fotinho 11000 Rare Earth Exploration licence (EL), as well as recently granted Adriano 11002L Rare Earth EL and Olinga 11005L REE and U EL in relation to MRG's exiting Heavy Mineral Sands exploration licences and the port city of Beira.

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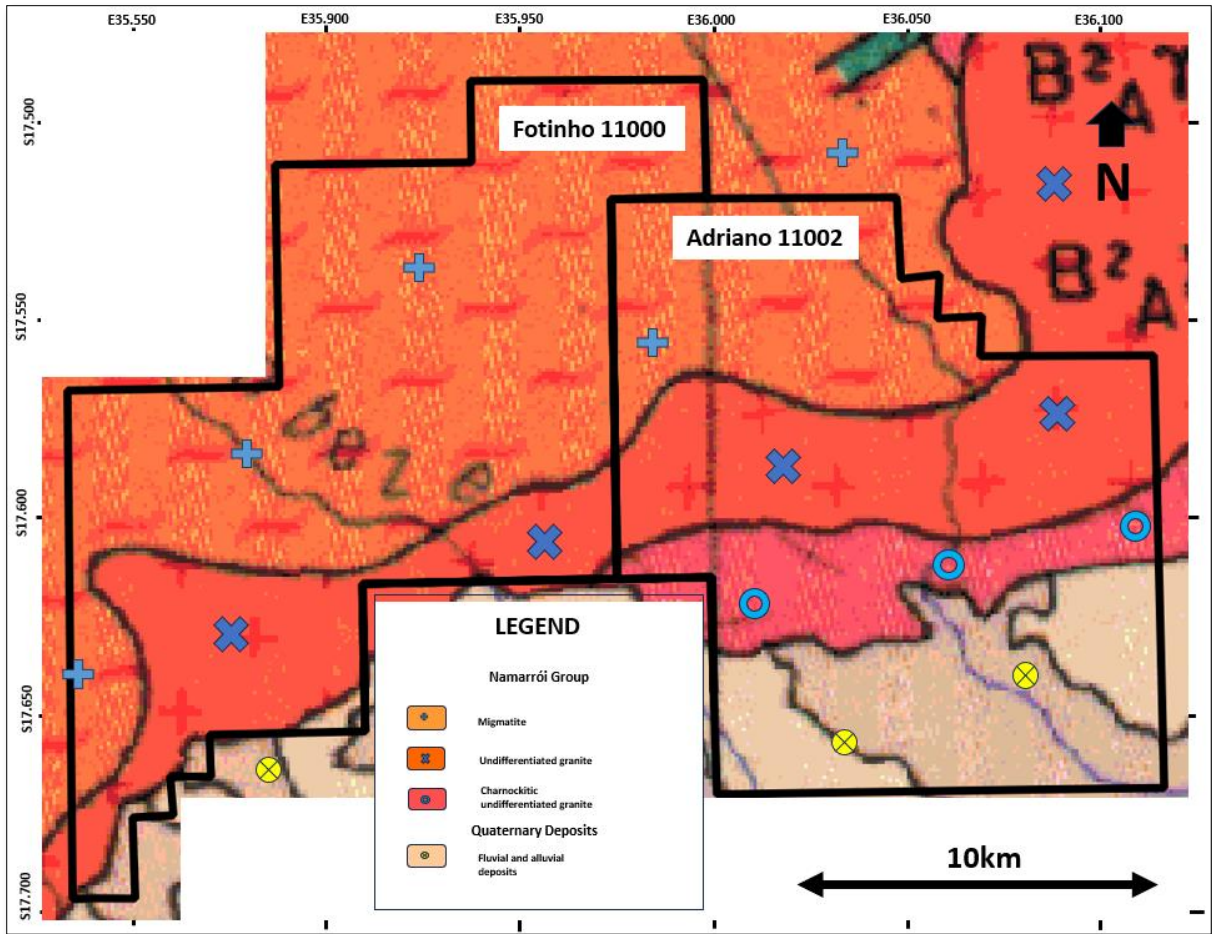


Figure 2: Geological map (1:1 000 000 geological map of Mozambique, dated 1987) showing the geology of the adjacent Fotinho 11000 and Adriano 11002 licences. Image in Lat Long degree decimal degree.

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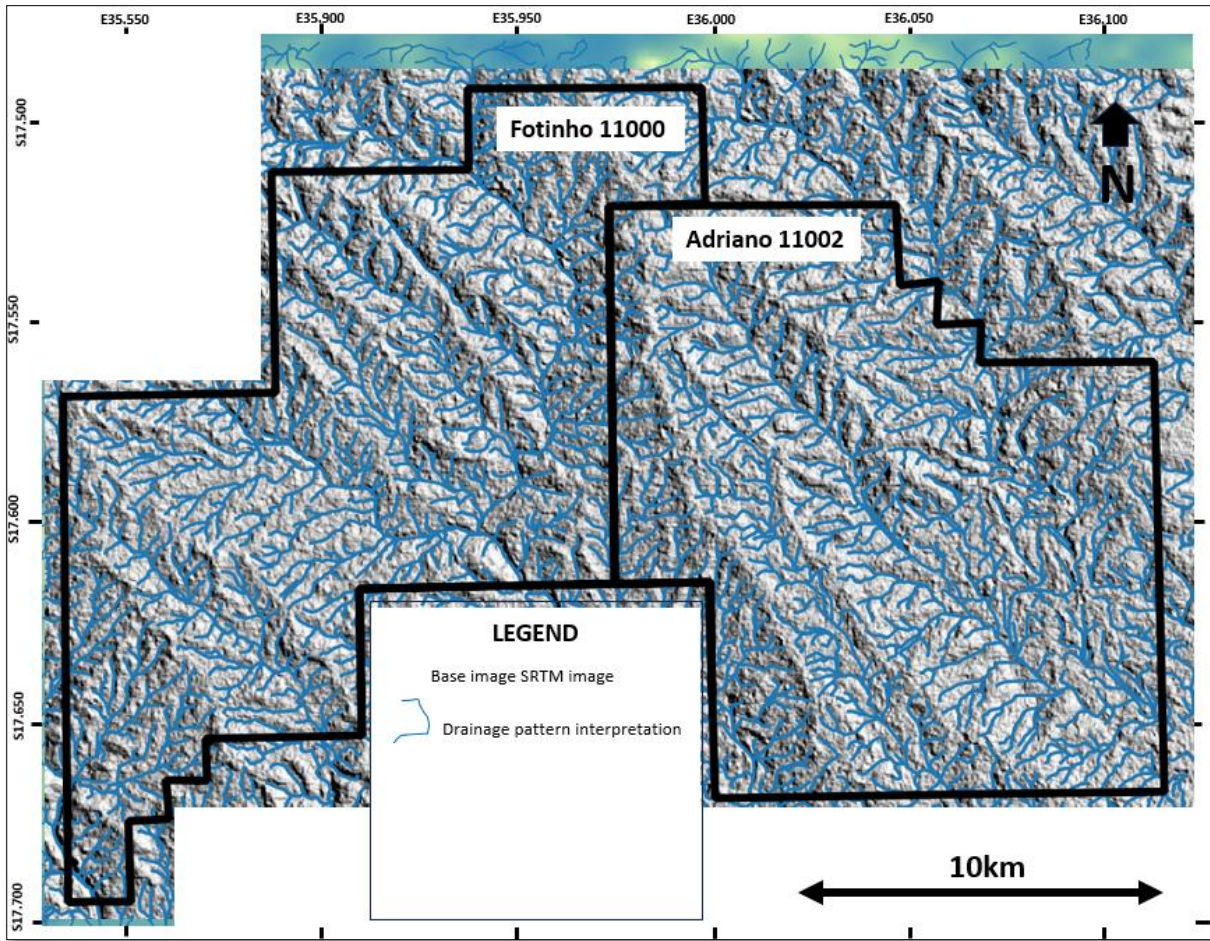


Figure 3: Map showing the adjacent Fotinho 11000 and Adriano 11002 licences, with the drainage pattern analyses also now covering Fotinho 11000. Base image SRTM of the two licences, image in Lat Long degree decimal degree.

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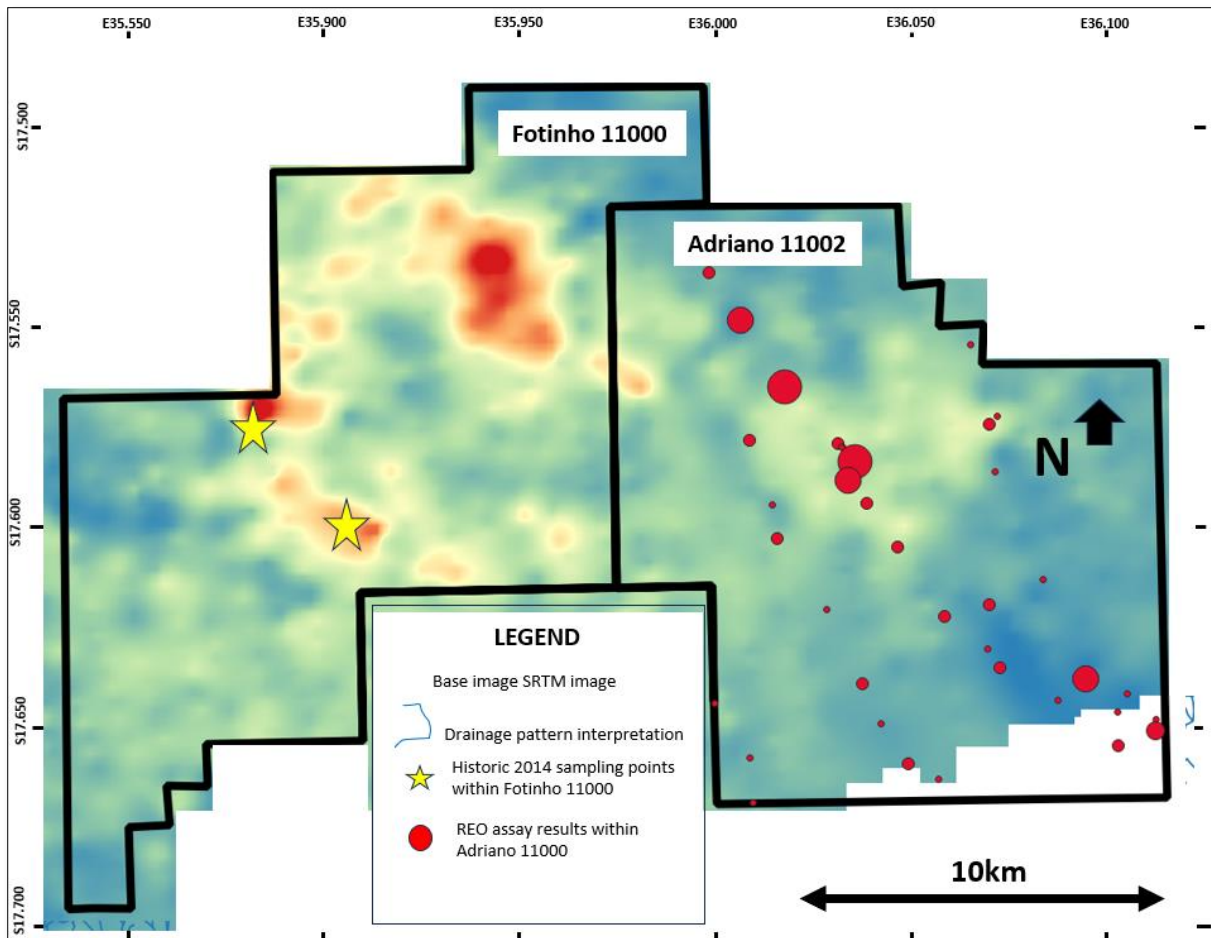


Figure 4: Map showing the granted adjacent Rare Earth Element exploration licences Fotinho 11000 and Adriano 11002 plotted on re-imaged airborne radiometric spectrometer data of a regional national airborne geophysical survey. Recent stream sedimentary total rare earth oxide (REO) grades from Adriano shown in red (refer ASX Announcement 17 October 2024), with the historical sampling positions shown in yellow (refer ASX Announcement 11 May 2022). Image in Lat Long degree decimal degree.

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.



Authorised by the Board of MRG Metals Ltd.

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Section 1 Sampling Techniques and Data

Criteria	Explanation	Comment
Sampling techniques	<p><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be</i></p>	<p><i>N/A, no sampling has taken place by MRG on Fotinho 11000 yet</i></p>

Criteria	Explanation	Comment
	<i>required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	
<i>Drilling techniques</i>	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	N/A
<i>Drill sample recovery</i>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	N/A

Criteria	Explanation	Comment
Logging	<p>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	N/A
Sub-sampling techniques and sample preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken.</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected,</p>	N/A

Criteria	Explanation	Comment
	<p><i>including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	
<p><i>Quality of assay data and laboratory tests</i></p>	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	N/A

Criteria	Explanation	Comment
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	N/A
Location of data points	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	N/A, no on-the-ground exploration has taken place yet
Data spacing and distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade</p>	N/A

Criteria	Explanation	Comment
	<p><i>continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	
<p><i>Orientation of data in relation to geological structure</i></p>	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></p>	N/A
<p><i>Sample security</i></p>	<p><i>The measures taken to ensure sample security.</i></p>	N/A
<p><i>Audits or reviews</i></p>	<p><i>The results of any audits or reviews of sampling techniques and data.</i></p>	N/A

Section 2 Reporting of Exploration Results

Criteria	Explanation	Comment
<p><i>Mineral tenement and land tenure status</i></p>	<p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></p>	<ul style="list-style-type: none"> • <i>Exploration licence Fotinho 11000 (Rare earth Elements) was issued on 08/10/2024 and this first period is valid till 08/10/2029.</i>
<p><i>Exploration done by other parties</i></p>	<p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<ul style="list-style-type: none"> • <i>A report and data were supplied to MRG by Dr Luc Antoine of historic work that took place in 2014, report used in target generation work of the Fotinho 11000 licence.</i> • <i>The report and data refers to field reconnaissance work, data only used for target generation.</i> • <i>Some rock and heavy mineral concentrate samples were collected within the now Fotinho 11000 licence area.</i> • <i>Analysis (XRF and XRD) of these samples were done by SGS South Africa (Pty) Ltd, analytical technique seen as appropriate for reconnaissance work with results used for target generation.</i> • <i>No information is available on quality control procedures.</i>
<p><i>Geology</i></p>	<p><i>Deposit type, geological setting and style of mineralisation.</i></p>	<ul style="list-style-type: none"> • <i>REE and U licences have a number of hard-rock U and REE targets associated with Namarrói Group primary granitic sources and the contact between different age granites in high-grade</i>

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Criteria	Explanation	Comment
		<i>metamorphic gneiss within the Mozambique Metamorphic Province, as well as Quaternary alluvial and fluvial deposits.</i>
<i>Drill hole Information</i>	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <i>- easting and northing of the drill hole collar</i> <i>- elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>- dip and azimuth of the hole</i> <i>- down hole length and interception depth</i> <i>- hole length.</i> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	N/A

Criteria	Explanation	Comment
<i>Data aggregation methods</i>	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	N/A
<i>Relationship between mineralisation widths and intercept lengths</i>	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this</i></p>	N/A as no drilling / trenching has taken place

Criteria	Explanation	Comment
	<i>effect (eg 'down hole length, true width not known').</i>	
<i>Diagrams</i>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	<i>All figures (Figures 1 to 4) are in the main body, Refer to the main body of the report (no Tables in the report).</i>
<i>Balanced reporting</i>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	<i>All exploration results and information linked to all the MRG projects / licences have been reported.</i>
<i>Other substantive exploration data</i>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<ul style="list-style-type: none"> <i>The airborne magnetic and radiometric data are historical regional data, predating the Fugro surveys of the 2000s. We lack metadata. These data were probably collected on a 1,000m line interval. Gamma-ray spectrometer data are recorded in counts per second (cps). Anomalies within an area of interest (AOI) are defined by the relative proportions of cps values in that AOI; statistically determined from the raster histogram of the selected radioelement channel. To assist with target generation the data was re-imaged; on the REE target Th: the distribution is log normal; mean value 376 cps and the 90th percentile 600 cps. Data are rendered above the latter threshold.</i>

Criteria	Explanation	Comment
		<ul style="list-style-type: none"> Drainage networks were derived from the Shuttle Radar Mission (SRTM) 1 arc-second digital elevation model (i.e. approximately 30 m pixel resolution). The network of flow paths was extracted using the algorithms of TNTMips GIS.
Further work	<p>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	<ul style="list-style-type: none"> Environmental licence to be done for Fotinho 11000. Drainage pattern interpretation to be used to plan a stream sedimentary sampling program covering the entire licence. Geological confirmatory mapping (confirming the existing 1987 regional geological map, will take place. Positive stream sedimentary results resulting in the generation of targets will result in closer spaced stream sedimentary sampling, soil sampling, outcrop sampling, all with the aim of generating trenching and drilling targets.