OMMANEY FOLLOW-UP RC DRILLING

- **Ommaney follow up drilling to commence in early to mid-March 2017.**
- **A 7 hole RC drilling program will follow up the intense alteration zone intersected in YRDH-003A.**
- **Main aims of the follow up drilling are to drill below (down dip) and along strike of YRDH-003A to test the NE and SW continuity of the alteration system and to vector to high grade gold mineralisation.**
- **The layout of planned RC drillholes was driven by Sasak's AGLADS classification of multi-element geochemistry in the search for Archean Gold Lode deposits in Western Australia.**
- **More detailed explanation of AGLADS (Archean Gold Lode Alteration Detection System).**

MRG has finalised a drilling program designed to follow-up on the alteration system intersected in YRDH-003A in December 2016, and plans to commence RC drilling at Ommaney in March 2017.

The program will comprise up to 7 holes designed to test:

1. The down-dip extent of the 30m wide, intense sericite-biotite (+ pyrite) alteration zone in YRDH-003A. Analysis of this alteration zone using Sasak's AGLADS classification indicated it is likely to be Proximal To Ore and a second intersection of the same zone will allow MRG to vector towards a deposit with much greater confidence.

2. The along strike extent of the same alteration zone, 500m to the NE and the SW of the intersection in YRDH-003A. Confirming the lateral extent of this alteration system is important in predicting the size of the potential deposit as well as understanding geochemical zonation across the prospect and vectoring towards the core of the system.

By integrating detailed structural analysis of diamond core from the 2016 drilling program with regional geophysics and analysis of surface multielement geochemistry by Sasak, MRG has developed an updated geological and exploration model of the Ommaney prospect that forms the basis for targeting future drillholes. With increased confidence in geological controls and orientations, the latest drilling program is designed as a cost-effective and efficient series of RC

drillhole fences (200-250m deep holes), with provision to drill Diamond Drillhole tails on deeper holes if required (Figures 1, 2 & 3).

Commencement of drilling is planned for early to mid-March 2017 dependent on the outcome of heritage surveys and improving weather conditions over the next few weeks. Much of southern Western Australia has been subject to record rainfalls and flooding over the past week leading to significant damage of roads and tracks, and prioritisation of equipment and machinery to cleanup efforts.

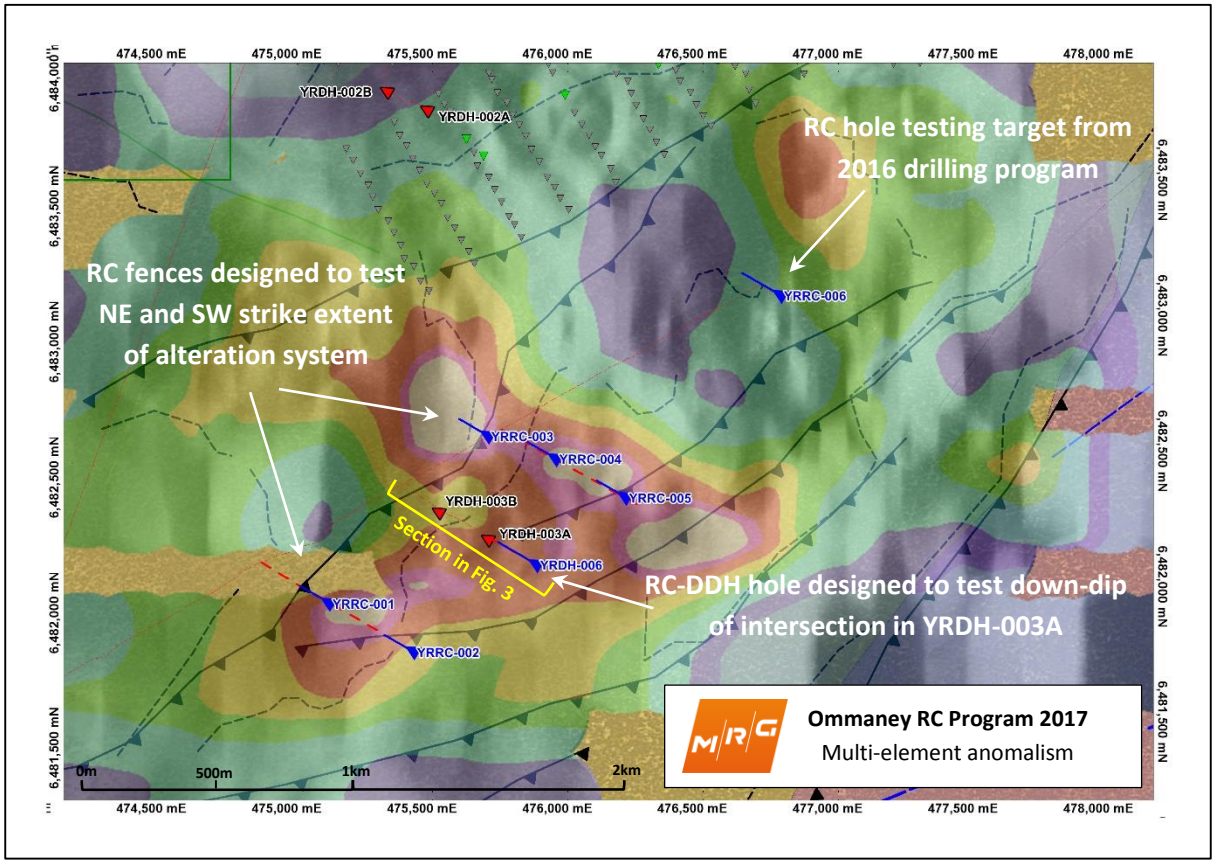

Figure 1. Map of the Ommaney prosect at Yardilla integrating structural interpretation of the geology with shaded interpolation of the results of Sasak Techonologies re-interpretation of surface multi-element anomalism. This analyis of surface multi-element geochemistry guided the initial targeting of hole YRDH003A, it has now been updated to include results of 2016 drilling. Planned RC Drillhole collars (blue) and the projected drillhole traces (300° azimuth) are shown with Diamond Drillholes from the 2016 program (including YRDH-003A) shown in red.

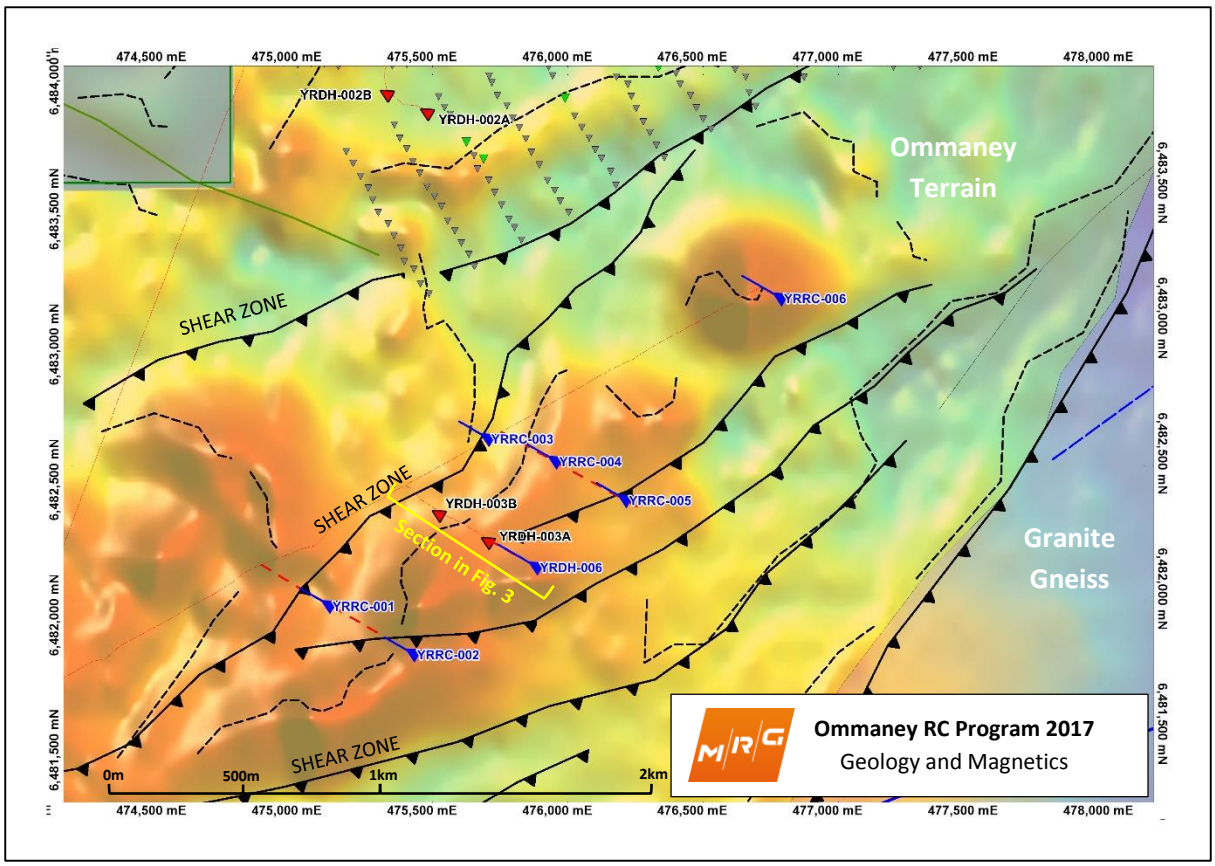

Figure 2. Map of the Ommaney prosect at Yardilla showing updated structural and geological model overlaid on aeromagnetic imgage. Key features of the prospect are the series of SE-dipping interpreted shear zones that cut through the deformed geniessic rocks, the geometry of which is defined by a folded linear magnetic trend in the data. Planned RC Drillhole collars and projected traces (blue) have been designed to test favourbale structural features of the prospect in addition to testing the multi-element anomaly defined by surface geochemistry. The area to the NW of the main local shear zone (at NW edge of planned drilling) has has yet to be tested by any previous drilling at Ommaney-Yardilla.

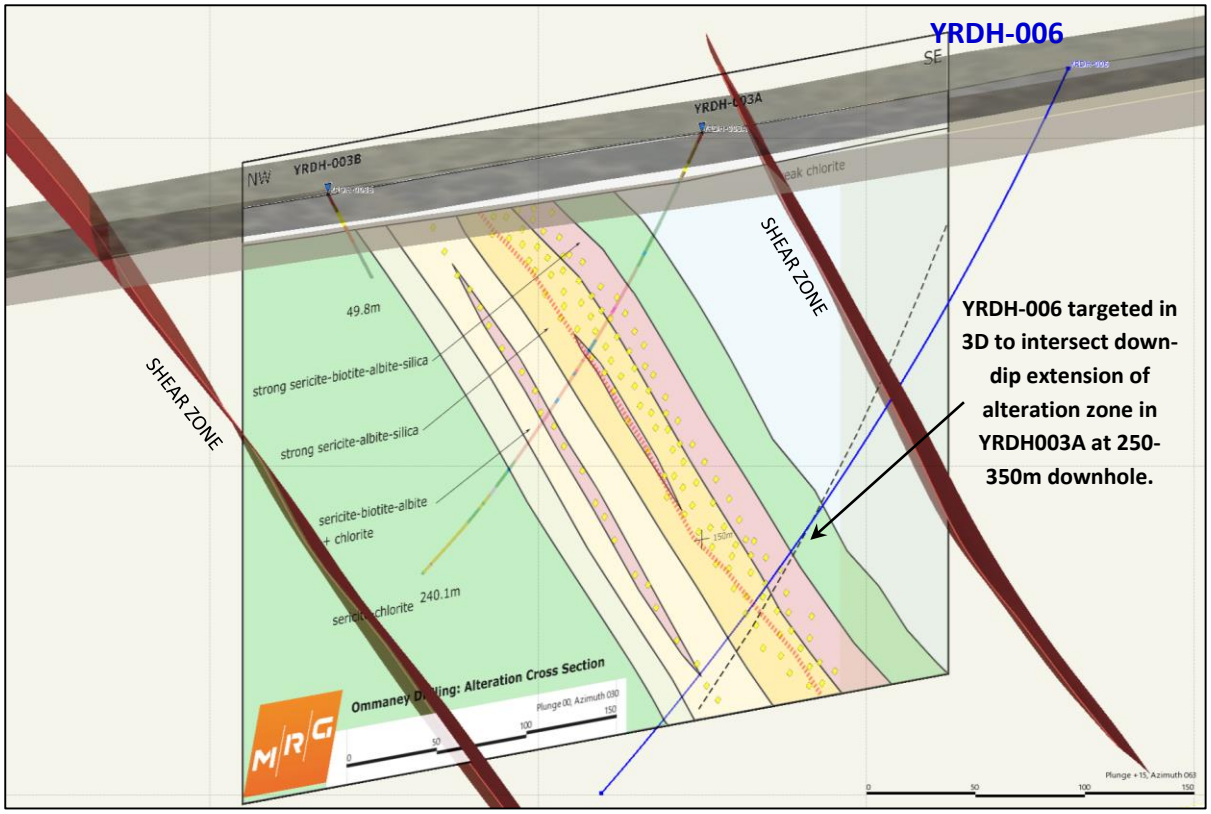

Figure 3. Interpreted cross-section (showing the alteration zoning) of YRDH-003A and YRDH-003B projected into 3D space using Leapfrog™ and integrated with structural modeling of shear zones from updated Ommaney-Yardilla geological map. The ground surface and base of paleochanell cover is also modeled and shown in this oblique view. Planned hole YRDH-006 is designed to intersect the Proximal-classified alteration zone at approximately 200m down-dip of the original intersection. In addition to testing for nearby gold mineralisation, comparison of the multi-element signature of the two intersections using Sasak's AGLADS system will allow MRG to vector the next stage of exploration towards the core of alteration/mineralisation.

MRG is now highly confident that it can accurately identify Ommaney-style alteration in RC drill chips by comparison of multi-element assays with the detailed multi-element signature of the intersection in hole YRDH-003A. Because of this, assays of the planned drilling will be a two-step process:

Stage 1: Composited 5m multi-element samples will be assayed (including gold) and analysed to detemine prospective intervals.

Stage 2: More detailed 1m samples will be assayed over prospective intervals defined in Stage 1 to accurately determine gold grades and to refine geochemical model.

This two-stage process will be completed as quickly as possible following intial laboratory results.

Sasak AGLADS System

The Sasak AGLADS geochemical classification was referred to in MRG's previous announcement. A more detailed explanation that follows corrects the errors made in the previous description.

The *Archean Gold Lode Alteration Detection System* (AGLADS) is an A.I. based system that works from a "Knowledge Base" (or database) of high quality, multi-element geochemical data from known Archean Gold Lode Deposits across Western Australia. This approach is necessary as complex geochemical patterns arise due to the large variety of host rocks, mineralisation styles, metamorphic grades and hydrothermal alteration that characterise deposits of this type. Sasak is also in the process of developing other classification systems where similar technology is used to leverage larger multi-element datasets covering a wider range of deposit styles and ages, with a global coverage.

AGLADS works by categorising samples in its multi-element "Knowledge Base" into "Ore", "Proximal", "Distal" and "Host" (Rock) based on complex mineralogical associations of rocks located in and around the gold-ore zones. AGLADS then takes multi-element analysis of new and unknown samples (e.g. assays of drill intervals from Yardilla YRDH-003A) and computes probabilistic estimates of "Training Group" class based on the variations of a total of 34 primary geochemical variables and a series of many additional computer-derived variables. This complex statistical abstraction of the data is nearly impossible for the human brain to comprehend and requires analysis by Neural Networks to help solve highly complex questions related to Classification & Complex Geochemical Prediction. Sasak uses two types of Neural Networks: The Multilayer Perceptron (MLP) and Radial Basis Function (RBF) networks are a function of predictors (also called inputs or independent variables) that minimize the prediction error of target variables (also called outputs). A simple diagram of the approach is also shown below.

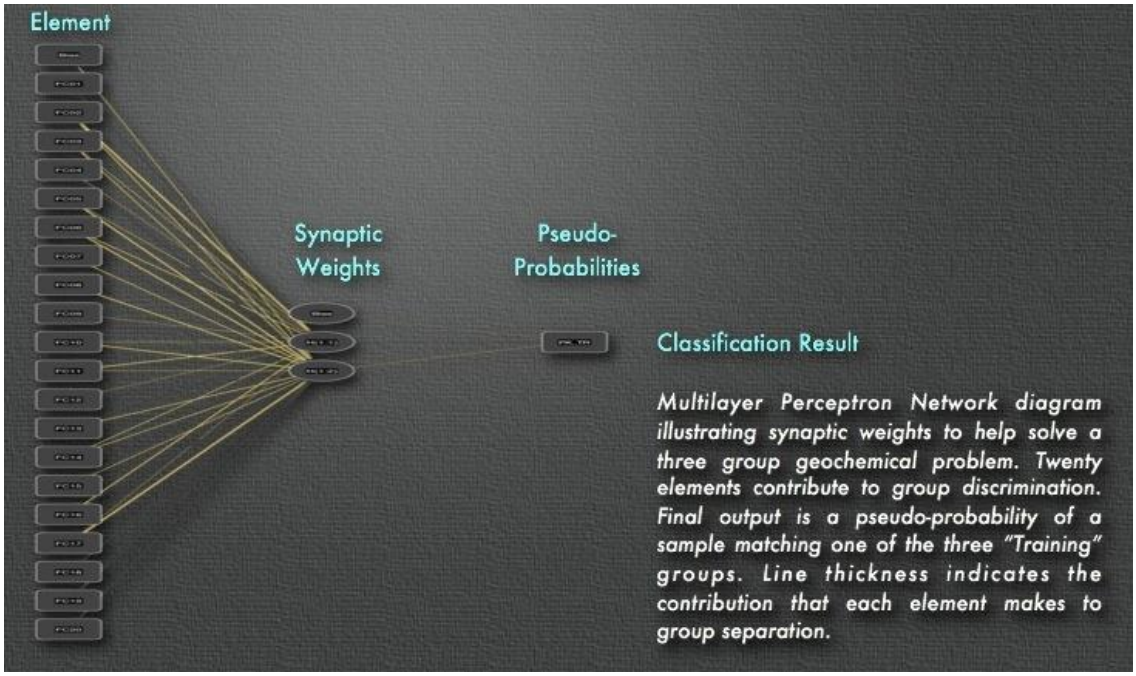

Figure 4. Diagram depicting the Multilayer Perceptron (MLP) Network used by Sasak to refine and categorise the geochemical associations computed from the AGLADS database of multi-element assay information.

Some of the results of this process when applied to the multi-element assays from YRDH-003A at Yardilla are depicted in the graphs shown in Figures 5 and 6. Yellow, Red, Green, and Orange zones represent the range of concentrations of elements in classified samples (Ore, Proximal, Distal, Host) from known Archean Gold Lode deposits across Western Australia.

The Light Blue (Cyan) zones depict the range of concentrations of the same elements from YRDH-003A at Yardilla. Classification across the full range of elements available & derived variables from multi-element assays is then used to compute the probability that a given interval of core in YRDH-003A most closely resembles the "training" categories (Ore, Proximal, Distal, Host), and the likelihood that the drillhole is in the vicinity of a similar gold lode deposit.

In this way, most of the core of the alteration zone (sericite-biotite +pyrite) in YRDH-003A classifies as Proximal to gold lode, while much of the flanking alteration zone (chlorite-sericite) classifies as Distal to gold lode. Distal in this case meaning within the outer part of the overall alteration system.

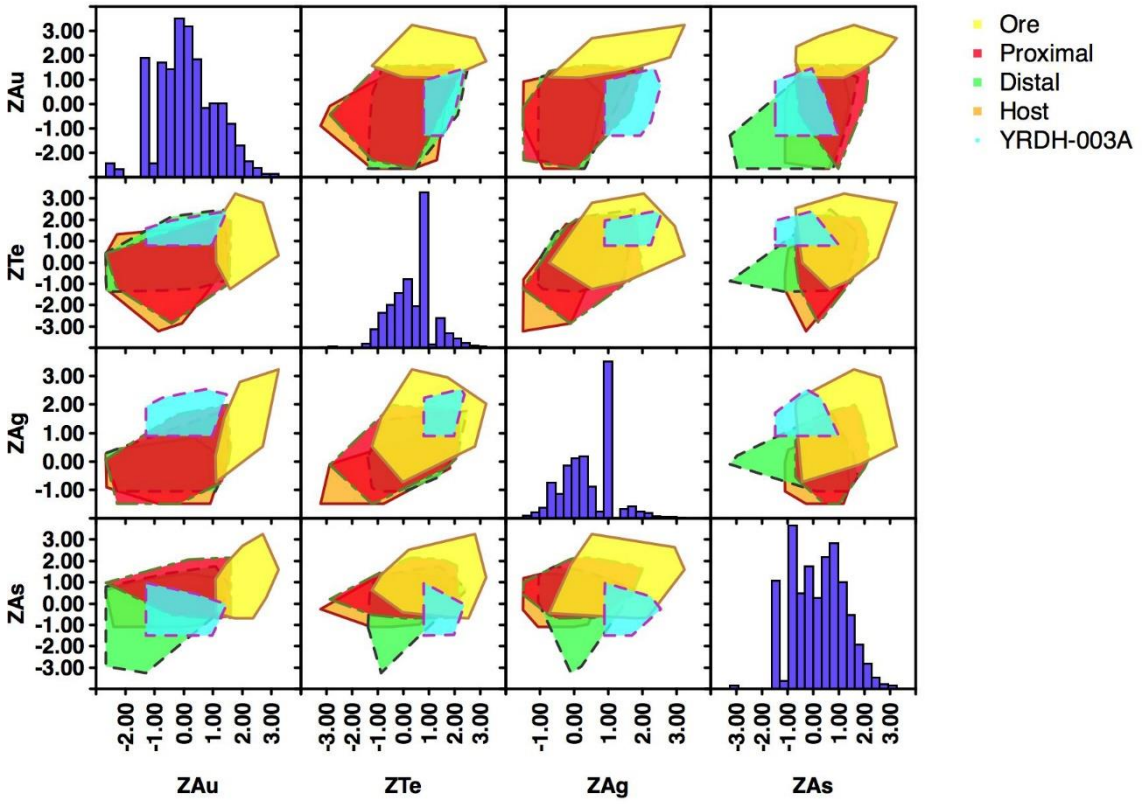

*Figure 5. Quad-plot illustrating range of concentrations for **Au, Ag, As & Te** (standardised) for known Archean Gold Lode Deposits in Western Australia and drilling completed for Yardilla YRDH-003A.*

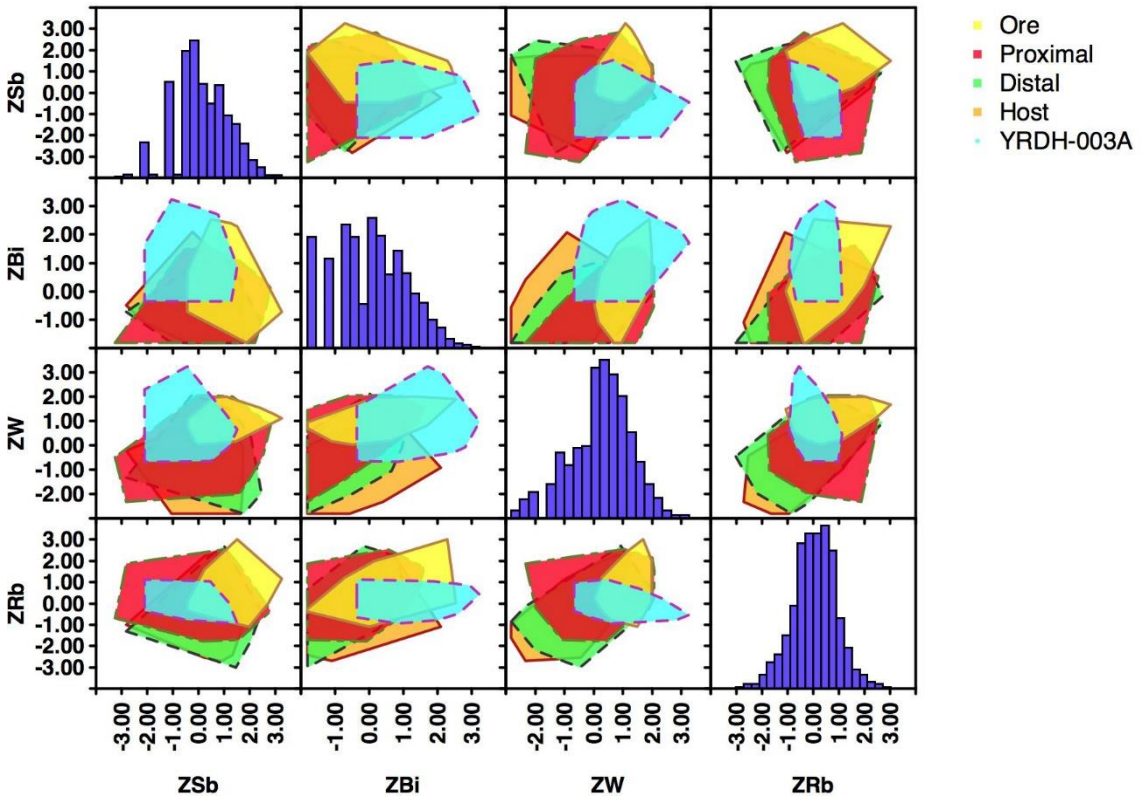

Figure 6. Quad-plot illustrating range of concentrations for Bi, Rb, Sb & W (standardised) for known Archean Gold Lode Deposits in Western Australia and drilling completed for Yardilla YRDH-003A.

Chairman of MRG, Andrew Van Der Zwan says "access to Sasak Technology and their ability to predict deposits under cover and continue to improve the predictability as more data is processed is a competitive edge that MRG has that others our size do not. This led to the discovery of this major alteration at Ommaney. Data from the first round of drilling has improved both MRG's and Sasak's knowledge of the style of this alteration and MRG looks forward to the next round of drilling at Ommaney as we vector towards higher gold mineralisation".

Andrew Van der Zwan
Chairman

The information in this report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr. Benjamin McCormack, who is a member of the Australian Institute of Geoscientists (AIG).

Mr. McCormack is a consultant to 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. McCormack consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.