

QUARTERLY REPORT

FOR THE PERIOD ENDING 30 JUNE 2015

HIGHLIGHTS

- **1,568m drill program successfully completed at Xanadu**
- **Deep drill hole completed at Loongana**
- **Preparations underway for Mt Isa geophysics and IOCG drilling in 2H 2015**

CORPORATE

- **Discussions with strategic partners continue to progress**
- **\$613,373 research & development claim received**
- **Sasak relationship extended**

MRG Metals Ltd ("MRG") is pleased to announce the successful completion of drilling at its Xanadu and Loongana projects, located in Western Australia. Xanadu is a prospective gold target approximately 4km west southwest of Northern Star's Ashburton project. Loongana is a Platinum Group Elements ("PGE") plus gold project located east of Kalgoorlie.

XANADU DRILLING PROGRAM OVERVIEW

During the June quarter, two separate drilling programs were successfully completed at Xanadu, focusing on two prospective gold targets: Cleopatra and Pertinax.

Drilling at Cleopatra comprised further holes to the northeast of the existing drill holes over the eastern and western ends of the Pertinax prospect (Figure 1). The drilling at Cleopatra was testing the potential for small, shallow open pit developments on a series of anomalous gold targets.

At Pertinax drilling was directed to testing multi-element soil anomalies outlined by sampling of an area with similar geological settings to the +1Moz Mt Olympus deposit (within the Ashburton project owned by Northern Star) to the east. Early results from Pertinax confirm the existence of a mineralised zone with multi-element geochemical signatures akin to the nearby Mt Olympus. MRG is now in receipt of the first series of assay results from the Laboratory and they are currently being assessed.

Managing Director Keith Weston said: *"The June quarter saw the completion of two exciting drilling programs at our Xanadu and Loongana projects in Western Australia. The Xanadu drilling campaigns at the Cleopatra and Pertinax gold targets confirm the prospectivity of the project. This is an important initial step in MRG's strategic goal of defining and developing shallow gold targets over the Xanadu project. Our priority is to accelerate sampling at both prospects to enhance our understanding of the gold endowment over the area. It is particularly pleasing that the first holes at Pertinax indicate the presence of significant mineralisation, a fantastic result for MRG and the Sasak Predictive Technology"*

XANADU – CLEOPATRA PROSPECT

Previous drilling at Cleopatra in mid-2014 returned wide mineralised intercepts including 23m @ 1.14 g/t Au from 21m down hole in X4017 & 41m @ 0.44g/t Au from 20m down hole in X4018 (see ASX announcement 22 July 2014). The current program was testing the potential for shallow open pit deposits on a series of anomalous gold targets flanking a major anticlinal fold axis. The additional holes drilled in this campaign demonstrated the presence of similar structural and lithological traps for mineralising fluids, where a shallow dipping horizon of calcareous sediments hosts disseminated gold above a massive dolomite unit. The region of near surface mineralisation covers an area of 300m wide x 400m long, which remains open in both the north and south direction.

XANADU – PERTINAX PROSPECT

Drilling at Pertinax was directed to testing multi-element soil anomalies in an area with a similar geological setting to the Mt Olympus mine, which lies to the east. Four orientation lines were drilled at the eastern and western ends of this 1.2km long zone, revealing a new mineralised area with multi element geochemical signatures akin to adjacent deposits. The central portion of this zone remains untested and recent soil sampling indicates that it remains open along strike to the northwest for a further 2km. The trend is displaced by cross faulting towards the southeast.

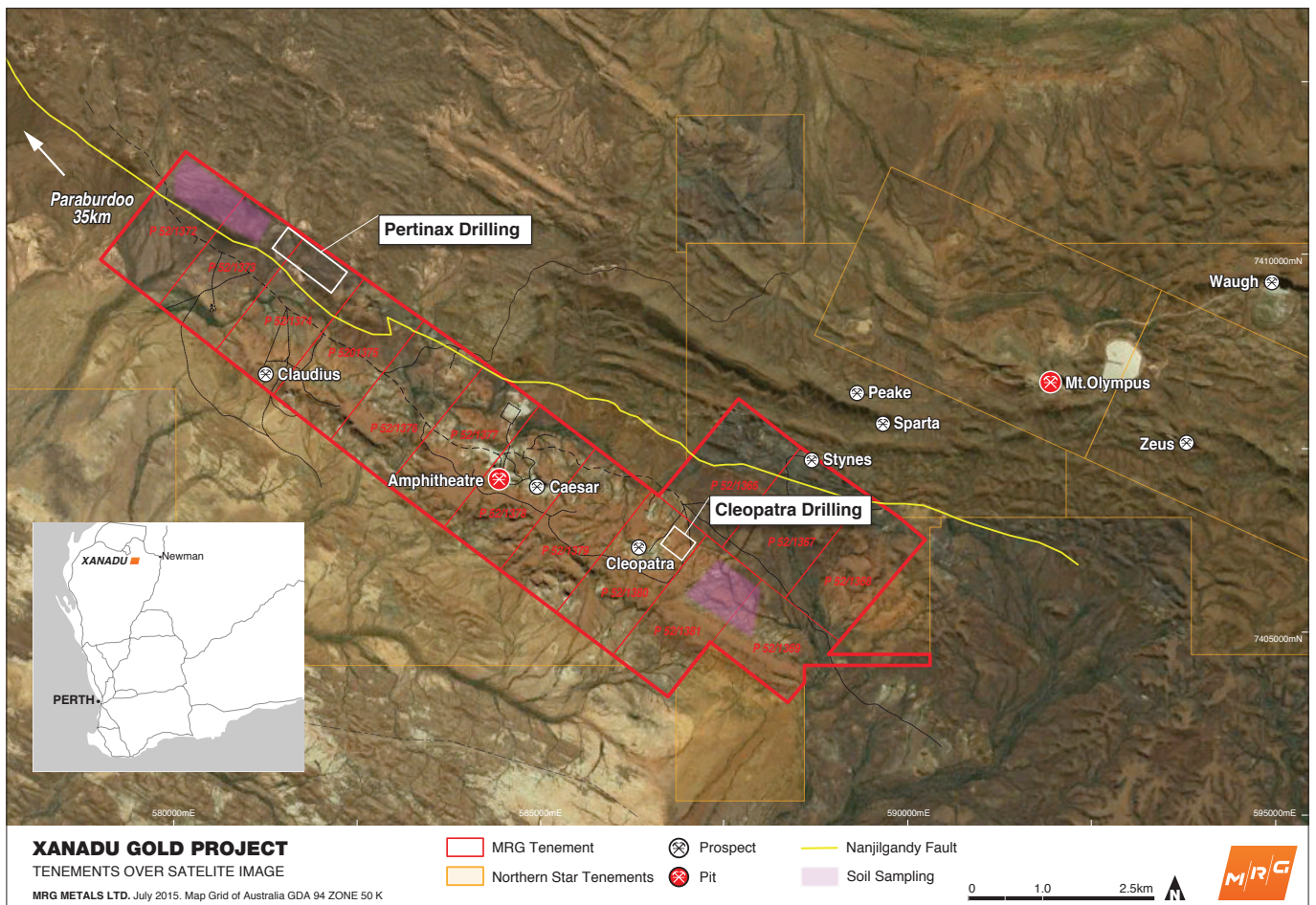


Figure 1. Xanadu tenement outline showing recent drilling and soil sampling.

MRG’s Xanadu project is located close to the northern margin of the Ashburton Basin, some 4 kilometres west southwest of Northern Star’s Ashburton Project (21.3Mt @ 2.4g/t Au for 1.67Moz). The Xanadu mineralisation was discovered in the mid 1980’s by BP Minerals and has been subject to various phases of exploration in the ensuing period until MRG’s acquisition in 2012.

LOONGANA DRILLING PROGRAM OVERVIEW

A deep ‘proof of concept’ hole, seeking a PGE reef style target in the Loongana Igneous Complex was completed at the end of the June quarter.

After initial rotary drilling through covering rocks comprising limestones and shales, Proterozoic basement rocks were intersected 310m below surface. The basement consisted of mafic and ultramafic rocks, predominantly gabbros and pyroxenites with strong primary igneous layering, of alternating elevated chromium and titanium rich bands. These features are typical of stratiform reef-style PGE deposits.

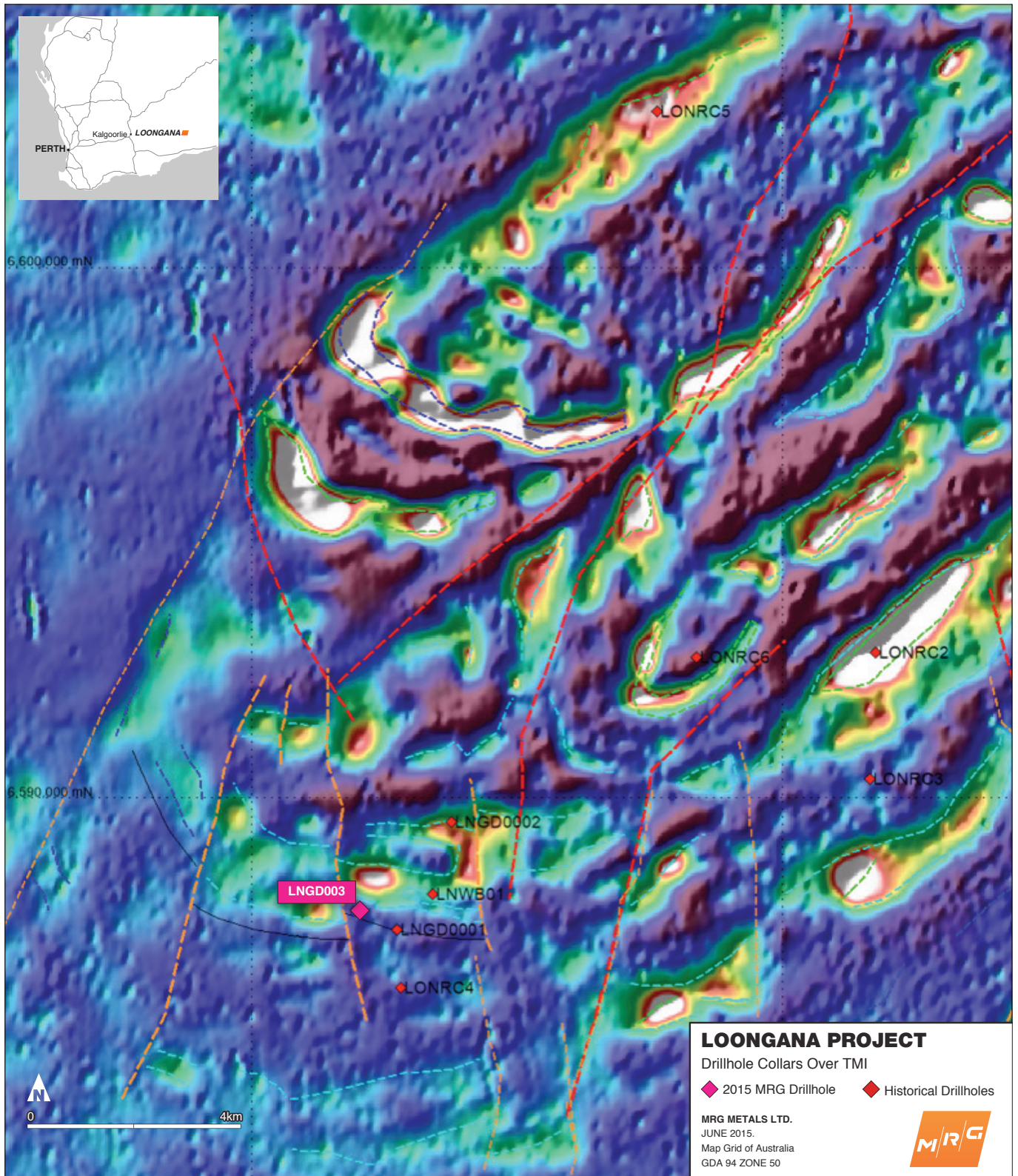


Figure 2.

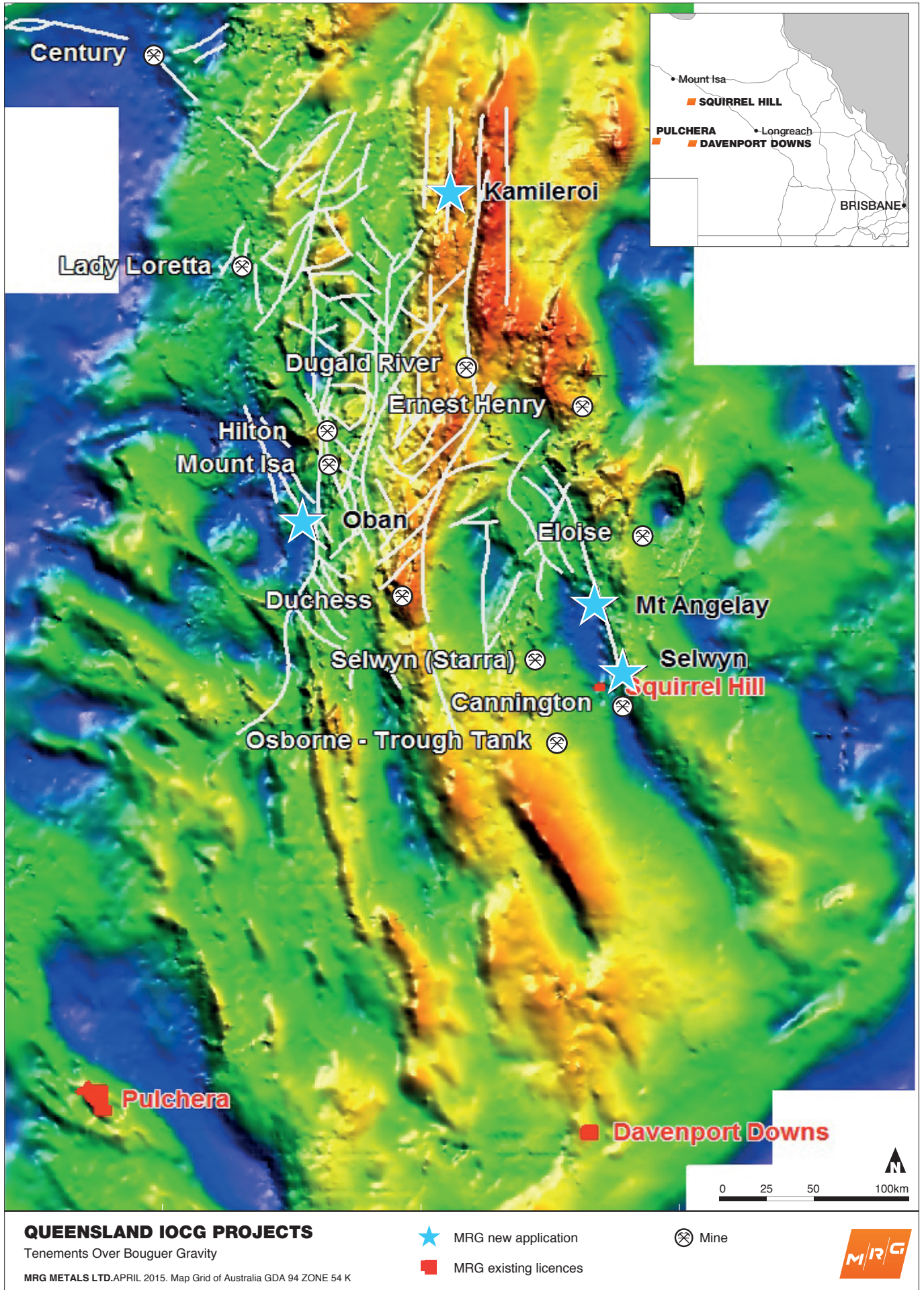


Figure 3.

Representative samples from the drilling are currently being processed by the assay laboratory and results are expected shortly.

Costs up to \$108,000 – 50% of the drilling cost – will be covered by the West Australia Government's Exploration Incentive Scheme. MRG is in receipt of the first tranche of funds from the scheme and is appreciative of this funding to assist cutting edge exploration.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

MRG's IOCG ground holding in the Mt Isa province in Queensland comprises 3 granted licences and the recent acquisition of 4 exploration tenement applications from Sasak Minerals Pty Ltd ("Sasak") – Kamileroi, Oban, Mt Angelay and Selwyn (Figure 3).

The 4 new applications were obtained via the Project Generation Agreement between MRG and Sasak and were selected using Sasak's in-house predictive analytical targeting techniques for IOCG deposits. They cover high potential targets on open ground, within the prospective Mt Isa Block and lie under shallow cover, close to favourable structural positions near existing mines.

On ground exploration is soon to begin on the two granted tenements. MRG was recently awarded \$75,000 for deep drilling on the Davenport Downs licence, as part of the Queensland Government's Collaborative Drilling Initiative Scheme. Accordingly, landowner & heritage clearances have commenced as a precursor to drilling on this project and at Pulchera.

CORPORATE

Research & Development claim received

On 10 April 2015 MRG received a tax offset cash payment of \$613,373 pursuant to the Australian Government's Research and Development ("R&D") Tax Incentive Scheme.

MRG appreciates the Australian Government's continued support for the R&D Tax Incentive Scheme, which provides valuable financial assistance to MRG, who undertakes innovative and technically challenging mineral exploration research. The refund will be used to fund MRG's 2015 exploration programs.

Relationship extended with Sasak

On 1 April 2015, MRG announced the extension of the Technical Services Agreement and a new Project Generation Agreement for a further term of 2 1/2 years.

Commensurate with the strong relationship developed over the previous 2 years between MRG and Sasak, and the joint belief in the projects within MRG's portfolio, it was agreed that no upfront payments were necessary to reach agreement. Sasak remains committed to driving success of the exploration portfolio and will continue to provide the technology to do so.

MRG looks forward to the continuing relationship and future exploration success.

Keith Weston

Managing Director

The information in this summary report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr Keith Weston, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Weston is an employee 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 Weston consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.

Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MRG METALS LIMITED

ABN

83 148 938 532

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(106) (279)	(698) (871)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	23
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Govt Drilling Grant	23	113
1.7 Other – Research & Development Claim	613	613
Net Operating Cash Flows	258	(820)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(9)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(9)
1.13 Total operating and investing cash flows (carried forward)	258	(829)

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	258	(829)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	258	(829)
1.20	Cash at beginning of quarter/year to date	152	1,239
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	410	410

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	\$100
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Director Fees, Secretarial Fees, Consulting Fees, & Accounting Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Appendix 5B

Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	
3.2 Credit standby arrangements	NIL	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	NIL
4.3 Production	NIL
4.4 Administration	100
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5	68
5.2 Deposits at call	405	84
5.3 Bank overdraft	NIL	NIL
5.4 Other (provide details)	NIL	NIL
Total: cash at end of quarter (item 1.22)	410	152

Appendix 5B

Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	East Yilgarn E38/2773	100%	0%
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	NIL	NIL	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	135,612,115	135,612,115	20 cents
7.4	Changes during quarter (a) Increases through issue (b) Decreases	NIL	NIL	
7.5	+Convertible debt securities (description)	NIL	NIL	

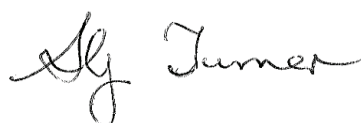
Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	44,007,993	44,007,993	<i>Exercise price</i> 25 cents	<i>Expiry date</i> 21/09/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	NIL	NIL		
7.12	Unsecured notes (totals only)	NIL	NIL		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 31 July 2015

Print name:

SHANE TURNER

Appendix 5B Mining exploration entity quarterly report

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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