



ACN 007 870 760

INTERIM FINANCIAL REPORT

For the Half Year Ended

31 December 2014

Corporate Directory

Directors

| | |
|---------------------|--------------------------|
| Peter Hepburn-Brown | (Chairman) |
| Craig McGuckin | (Managing Director) |
| Peter R. Youd | (Executive Director) |
| Denis Geldard | (Non-Executive Director) |
| Joel Chong | (Non-Executive Director) |

Company Secretary

Peter R. Youd

Principal Registered Office in Australia

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Nedlands WA 6009

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Facsimile: +61 1300 855 044

Email: info@mrltd.com.au

Website: www.mrltd.com.au

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited under the trading codes MRF and MRFOA

Share Registry

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth W.A. 6005

Telephone: +61 8 9324 2099

Facsimile: +61 8 9321 2337

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors – Australia

Steinepreis Paganin
Lawyers and Consultants
Level 4,
The Read Buildings
16 Milligan Street
Perth WA 6000

Solicitors – Sri Lanka

Varners
Level 14, West Tower
World Trade Centre
Echelon Square
Colombo 01

Sri Lanka

Bankers

Westpac Banking Corporation
Level 6
109 St Georges Terrace
Perth WA 6000

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Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of MRL Corporation Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

DIRECTORS

The following persons were Directors of MRL Corporation Limited during the half-year and up to the date of this report:

- Peter Hepburn-Brown
- Craig Robert McGuckin
- Peter Richard Youd
- Denis Geldard
- Joel Mean Chew Chong (appointed 30 September 2014)
- Peter Reilly (resigned 30 September 2014)

REVIEW AND RESULTS OF OPERATIONS

Operating Results

Net operating loss after tax for the half-year ended 31 December 2014 was \$2,065,621, of which \$916,501 were non-cash expenses(2013: \$656,227).

Review of Operations and Changes in State of Affairs

The key areas of activity during the half were:

- Continuing the rehabilitation process of the EL228 – S2 shaft at the Pandeniya graphite project in Sri Lanka. This work was aimed at enabling further bulk samples and, potentially, early production to commence following the conversion to a mining licence. Bulk samples were taken and dispatched for testing. The rehabilitation activities will continue concurrently with the licence conversion process, which is underway.
- Continuation of drilling campaign under the main Bopitiya - Pandeniya priority area. This is designed to intersect multiple vein sets. DHE228-02 was completed to 262m from a planned total depth of 380m and DHE228-03 was completed to 250m with a planned total depth of 350m. Both these holes will be completed when a larger capacity rig arrives.
- A full review of available technical geological data at Aluketiya, including testing core from drilled holes. This was completed successfully and commenced ground works towards the rehabilitation of selected shafts. A drill rig is currently on site and has commenced a further diamond core drilling program in January to cover unexplored zones.
- Further exploration work towards drill targets on the Pujapitiya project areas is ongoing. Land access agreements have been negotiated and initial drill targets are ready to be drilled when the rig becomes available.

Directors' Report

- Further geological reconnaissance, mapping and geophysics on the Company's other priority areas including Dedigama and Hikkaduwa. Initial land access agreements have been negotiated and initial drill targets are ready to be drilled when the rig becomes available.
- Complete initial analytical testing by Wuhan University in China and Nagrom Metallurgical group for upgrading graphite to battery grade specifications.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of Directors and on behalf of the Directors by:



Craig McGuckin
Managing Director

Nedlands, 12 March 2015

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MRL CORPORATION LIMITED

As lead auditor for the review of MRL Corporation Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of MRL Corporation Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 12 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2014

| | Note | Half-Year | |
|---|------|--------------------|------------------|
| | | 2014 | 2013 |
| | | \$ | \$ |
| Revenue from continuing operations | | | |
| Gain on sale of subsidiary | | - | 32,579 |
| Other income | 3 | 136,566 | 7,380 |
| | | <u>136,566</u> | <u>39,959</u> |
| Exploration and evaluation expenditure | | (770,781) | (124,378) |
| Legal expenses | | (22,072) | (61,456) |
| Occupancy expenses | | (66,033) | (59,584) |
| Employee benefit expenses | | (2,918) | (14,273) |
| Depreciation and amortisation | | (5,771) | (856) |
| Share based payment expense | 13 | (764,220) | - |
| Other expenses from ordinary activities | | (570,392) | (435,639) |
| (Loss) from continuing operations before tax expense | | (2,065,621) | (656,227) |
| Income tax benefit/(expense) | | - | - |
| (Loss) after tax from continuing operations | | <u>(2,065,621)</u> | <u>(656,227)</u> |
| Other comprehensive income | | | |
| <i>Items which may be reclassified to the profit or loss</i> | | | |
| Foreign currency translation difference on foreign operations | | 21,734 | 157,911 |
| Total comprehensive loss for the period attributable to the owners of MRL Corporation Ltd | | <u>(2,043,887)</u> | <u>(498,316)</u> |
| Basic (loss) per share (cents per share) | | (1.29) | (1.07) |
| Diluted (loss) per share (cents per share) | | (1.29) | (1.07) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 31 December 2014

| | Note | 31 December 2014 \$ | 30 June 2014 \$ |
|-----------------------------------|------|------------------------------|--------------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 1,244,479 | 1,230,499 |
| Trade and other receivables | | 54,615 | 26,700 |
| Other current assets | 4 | 18,265 | 204,902 |
| Total Current Assets | | 1,317,359 | 1,462,101 |
| Non-Current Assets | | | |
| Exploration and evaluation assets | 5 | 1,783,325 | 1,333,325 |
| Property, plant and equipment | | 28,286 | 25,808 |
| Total Non-Current Assets | | 1,811,611 | 1,359,133 |
| Total Assets | | 3,128,970 | 2,821,234 |
| Current Liabilities | | | |
| Trade and other payables | | 291,367 | 226,196 |
| Total Current Liabilities | | 291,367 | 226,196 |
| Total Liabilities | | 291,367 | 226,196 |
| Net Assets | | 2,837,603 | 2,595,038 |
| Equity | | | |
| Issued capital | 6 | 59,813,995 | 58,281,263 |
| Share based payment reserve | | 2,848,053 | 2,094,333 |
| Translation reserve | | 134,264 | 112,530 |
| Accumulated losses | | (59,958,709) | (57,893,088) |
| Total Equity | | 2,837,603 | 2,595,038 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For Half-Year Ended 31 December 2014

| | Issued capital | Share based payments reserve | Translation reserve | Accumulated losses | Total equity |
|---|----------------|------------------------------|---------------------|--------------------|--------------|
| As at 1 July 2014 | 58,281,263 | 2,094,333 | 112,530 | (57,893,088) | 2,595,038 |
| Profit/(loss) for the period | - | - | - | (2,065,621) | (2,065,621) |
| Other comprehensive income | - | - | 21,734 | - | 21,734 |
| Total comprehensive income for the period | - | - | 21,734 | (2,065,621) | (2,043,887) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| Share placement during the period | 1,598,000 | - | - | - | 1,598,000 |
| Share placement to employee | 10,500 | - | - | - | 10,500 |
| Share issue costs | (75,768) | - | - | - | (75,768) |
| Issue of options | - | 753,720 | - | - | 753,720 |
| Balance at 31 December 2014 | 59,813,995 | 2,848,053 | 134,264 | (59,958,709) | 2,837,603 |

| | Issued capital | Share based payments reserve | Translation reserve | Accumulated losses | Total | Non-controlling interest | Total equity |
|---|----------------|------------------------------|---------------------|--------------------|-------------|--------------------------|--------------|
| As at 1 July 2013 | 55,212,885 | 1,664,000 | (31,393) | (55,809,568) | 1,035,924 | (95,433) | 940,491 |
| Profit/(loss) for the period | - | - | - | (656,227) | (656,227) | - | (656,227) |
| Other comprehensive income | - | - | 157,911 | - | 157,911 | - | 157,911 |
| Total comprehensive income for the period | - | - | 157,911 | (656,227) | (498,316) | - | (498,316) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | | | |
| Share placement during the period | 2,800,000 | - | - | - | 2,800,000 | - | 2,800,000 |
| Share issue costs | (1,099,899) | - | - | - | (1,099,899) | - | (1,099,899) |
| Minority interests disposed | - | - | - | (36,149) | (36,149) | 95,433 | 59,284 |
| Balance at 31 December 2013 | 56,912,986 | 1,664,000 | 126,518 | (56,501,944) | 2,201,560 | - | 2,201,560 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2014

| | Half-Year | |
|---|-------------|-----------|
| | 2014 | 2013 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (507,354) | (721,959) |
| Payments for exploration and evaluation | (639,368) | (122,860) |
| Interest received | 11,108 | 4,805 |
| Net cash outflows from operating activities | (1,135,614) | (840,014) |
| Cash flows from investing activities | | |
| Acquisition of mining assets | | (20,658) |
| Proceeds from disposal of related entity | | 57,649 |
| Payments for property, plant and equipment | (5,433) | - |
| Net cash (outflows)/inflows from investing activities | (5,433) | 36,991 |
| Cash flow from financing activities | | |
| Proceeds from placement of shares | 1,148,000 | 1,034,000 |
| Payment for share issue costs | (75,768) | (17,751) |
| Net cash inflows from financing activities | 1,072,232 | 1,016,249 |
| Net increase/(decrease) in cash and cash equivalents | (68,815) | 213,226 |
| Exchange rate adjustments | 82,795 | 2,573 |
| Cash and cash equivalents at beginning of the period | 1,230,499 | 1,065,139 |
| Cash at the end of the period | 1,244,479 | 1,280,938 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

1. Basis of Preparation of half-year financial statements

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Statements of MRL Corporation Limited as at 30 June 2014 and any public announcements made by MRL Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going concern

The financial report has been prepared on the going concern basis of accounting which assumes the group will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business. This includes expenditure on the group's various exploration projects. In arriving at this position, the directors recognise the group is dependent on various funding alternatives to meet these commitments, which may involve share placements. The group has incurred a net loss after tax for the half year ended 31 December 2014 of \$2,065,621 (2013: \$656,227) and experienced net cash outflows from operating activities of \$1,135,614 (2013: \$840,014). At 31 December the cash was \$1,244,479 (30 June 2014: \$1,230,499).

The directors believe that at the date of signing the financial report they have reasonable grounds to believe that having regard to the matters set out above, the group will have sufficient funds to meet its obligations as and when they fall due.

Should the company not successfully achieve additional fund raising as stated above, there will be a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Notes to the Consolidated Financial Statements

(b) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The new hedging rules align hedge accounting more closely with the group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Notes to the Consolidated Financial Statements

2. Segment information

(a) Identification of reportable segments

The Board has determined the Group has one reportable segment, being mineral exploration in Sri Lanka. As the Group is focussed on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest.

(b) Segment assets – 31 December 2014

| | Sri Lanka \$ | Corporate Services \$ | Total \$ |
|--|-----------------|-----------------------------|-------------|
| Segment assets | 2,263,859 | 865,111 | 3,128,970 |
| Reconciliation of segment assets to the consolidated statement of financial position | | | |
| Cash and cash equivalents | 450,161 | 794,318 | 1,244,479 |
| Trade and other receivables | 17,793 | 36,822 | 54,615 |
| Other current assets | (10,785) | 29,050 | 18,265 |
| Exploration and evaluation expenditure | 1,783,325 | - | 1,783,325 |
| Property, plant and equipment | 23,365 | 4,921 | 28,286 |
| Total Assets | 2,263,859 | 865,111 | 3,128,970 |

(c) Segment assets 30 June 2014

| | Sri Lanka \$ | Corporate Services \$ | Total \$ |
|--|-----------------|-----------------------------|-------------|
| Segment assets | 1,692,889 | 1,128,345 | 2,821,234 |
| Reconciliation of segment assets to the consolidated statement of financial position | | | |
| Cash and cash equivalents | 281,375 | 949,124 | 1,230,499 |
| Trade and other receivables | 5,302 | 21,398 | 26,700 |
| Other current assets | 53,362 | 151,540 | 204,902 |
| Exploration and evaluation expenditure | 1,333,325 | - | 1,333,325 |
| Property, plant and equipment | 19,525 | 6,283 | 25,808 |
| Total Assets | 1,692,889 | 1,128,345 | 2,821,234 |

Notes to the Consolidated Financial Statements

2. Segment information (continued)

(d) Segment profit and loss

| | Sri Lanka \$ | Corporate Services \$ | Total \$ |
|---------------------------------------|-----------------|-----------------------------|-------------|
| Reportable segment loss December 2014 | (400,896) | (1,664,725) | (2,065,621) |
| Reportable segment loss December 2013 | (89,302) | (566,925) | (656,227) |

A reconciliation of reportable segment loss to operating loss before income tax is provided as follows;

| | 31 December 2014 \$ | 31 December 2013 \$ |
|------------------------------------|------------------------------|------------------------------|
| Total loss for reportable segments | (2,065,621) | (656,227) |

3. Revenue and other income

| | 31 December 2014 \$ | 31 December 2013 \$ |
|---|------------------------------|------------------------------|
| Interest revenue | 11,108 | 4,805 |
| Realisation of foreign currency reserve upon deconsolidation of Kumai Group | 43,975 | - |
| Foreign exchange gain | 81,482 | 2,575 |
| | 136,565 | 7,380 |

Notes to the Consolidated Financial Statements

4. Other Current Assets

| | 31 December 2014 \$ | 30 June 2014 \$ |
|---|------------------------------|-----------------------|
| Current | | |
| Security deposits | 7,040 | 7,040 |
| Other receivable | 10,000 | 10,000 |
| Prepayments of corporate and engineering fees | - | 187,862 |
| | <u>17,040</u> | <u>204,902</u> |

5. Exploration and evaluation expenditure

| | 31 December 2014 \$ | 30 June 2014 \$ |
|--|------------------------------|-----------------------|
| Opening balance | 1,333,325 | - |
| Cash paid for acquisition of exploration interest | - | 594,142 |
| Share based payments for acquisition of exploration interest | - | 700,000 |
| Foreign currency translation adjustment | - | 39,183 |
| Share based payment for acquisition 31 October 2014 ¹ | 450,000 | - |
| Total exploration and evaluations expenditure | <u>1,783,325</u> | <u>1,333,325</u> |

¹ In accordance with the second stage of the agreement with The Supreme Group of Sri Lanka for the acquisition of graphite exploration licences, 5,000,000 vendor shares in MRL were issued to the Supreme Group at \$0.09 per share.

Notes to the Consolidated Financial Statements

6. Issued Capital

| | 31 December 2014 Number of Shares | 31 December 2013 Number of Shares | 31 December 2014 \$ | 31 December 2013 \$ |
|---|---|---|------------------------------|------------------------------|
| Issued and Paid-Up Capital | | | | |
| Ordinary shares, fully paid | 149,191,587 | 58,773,104 | 58,281,263 | 55,212,885 |
| Movements in ordinary share capital | | | | |
| Shares issued to Supreme Global Holdings (Pvt) Ltd | - | 5,000,000 | - | 700,000 |
| Shares issued by way of prospectus dated 12 September 2013 | - | 5,500,000 | - | 1,100,000 |
| Placement/management fee to consultants | - | 5,000,000 | - | 1,000,000 |
| Less issue costs | | - | | (1,099,899) |
| Placement to senior employee | 150,000 | | 10,500- | - |
| Placement to investors September 2014 | 16,400,000 | | 1,148,000 | - |
| Shares issued to Supreme Global Holdings (Pvt) Ltd ¹ | 5,000,000 | | 450,000 | - |
| Less issue costs | - | | (75,768) | - |
| At end of the period | <u>170,741,587</u> | <u>74,273,104</u> | <u>59,813,995</u> | <u>56,912,986</u> |

¹Relates to the acquisition of exploration licences in Sri Lanka. Refer to Note 5 for further details. As the fair value of assets acquired were unable to be reliably measured, the fair value of equity issued has been used as a reasonable estimate of fair value.

Notes to the Consolidated Financial Statements

7. Dividends

No dividends have been paid or declared during the period.

8. Subsequent events after Reporting Date

There have been no subsequent events after the reporting date.

9. Capital Commitments

There have been no changes to capital commitments since 30 June 2014.

10. Contingent Liabilities and Contingent Assets

On 9 April 2013 the Company announced it had reached agreed terms with The Supreme Group of Sri Lanka for the acquisition of 45km² of graphite exploration licences representing 45 Grids. The remaining terms of the acquisition are;

1. Payment of US\$500,000 at the time of commencement of commercial mining activities.

The Directors do not believe there are any grounds for any other claims of a material nature as at the date of this report and as at the reporting date.

11. Fair Value measurement of financial instruments

Due to the short-term nature, the carrying value of the current receivables and current payables is assumed to approximate their fair value.

12. Related party transactions

During the reporting period, the group paid director and company secretarial fees. During the reporting period there were additions to related parties and the following payments were made to the new companies in which those related persons have an interest:

| | | |
|------------------------------|---------------------|-----------|
| PHB Consulting Pty Ltd | Peter Hepburn-Brown | \$ 45,833 |
| Target Engineering Solutions | Joel Chong | 10,566 |

Notes to the Consolidated Financial Statements

13. Share based payments

An additional 12,000,000 unlisted options were granted to directors, with an exercise price of \$0.092, in accordance with the Employee Share Options Plan. The options expire on 31 October 2017.

The pricing of the options at the time of issue was calculated using the Black-Scholes option valuation method applying the following inputs.

| | |
|---------------------------|----------|
| Exercise price range | \$0.092 |
| List of options range | 3 years |
| Underlying share price | \$0.090 |
| Expected share volatility | 117% |
| Dividend yield | 0% |
| Risk free interest rate | 2.59% |
| Fair value of options | \$0.0628 |

Historical volatility has been the basis for determining expected share price volatility as it assumes this is indicative of future tender, which may not eventuate. When applicable, market conditions have been built into the options pricing model to reflect the likelihood of those conditions being met. Historical data has been used to determine dividend yield and option life. The fair value of the consultants' and directors' option is not based on the fair value of the services provided but on the Black Scholes option pricing model.

The Group recognised total expenses of \$764,220 (2013: \$Nil) related to director, senior employee and consultant share based payment transactions in the period (inclusive of 150,000 shares for the total value of \$10,500 issued to a senior employee as a bonus in recognition of his services).

Directors Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date, and
- b) There are reasonable grounds to believe MRL Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Craig McGuckin
Managing Director

Nedlands, 12 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MRL Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MRL Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MRL Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MRL Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MRL Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon various funding alternatives to meet its commitments, which may involve share placements. This condition, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, 12 March 2015

Additional Securities Information

a) Substantial Shareholders

| Shareholder name | Number of shares | % Of issued Shares |
|------------------|------------------|--------------------|
| Jason Peterson | 10,549,888 | 6.37 |

b) Distribution of Shareholdings – Fully Paid Ordinary Shares:

| Size of Holding | Number of Shareholders | Number of Share |
|------------------|------------------------|--------------------|
| 1 – 1,000 | 54 | 10,702 |
| 1,001 – 5,000 | 48 | 156,046 |
| 5,001 – 10,000 | 76 | 638,307 |
| 10,001 – 100,000 | 376 | 18,691,663 |
| 100,001 and over | 218 | 151,244,869 |
| | <u>772</u> | <u>170,741,587</u> |

| Equity Security | Quoted | Unquoted |
|----------------------------|-------------|------------|
| Fully Paid ordinary shares | 136,647,397 | 34,094,190 |
| Options | 26,200,000 | 60,698,551 |

c) Top 20 Security Holders – Fully Paid Ordinary Shares (MRF) at 4 March 2015

| | Name of Holder | Number of Shares | % |
|----|--|------------------|--------|
| 1 | Citicorp Nominees Pty Limited | 12,681,691 | 7.4 |
| 2 | McGuckin Family | 7,085,786 | 4.2 |
| 3 | Supreme Global Holdings (Pvt) Ltd | 6,250,000 | 3.7 |
| 4 | Hallidaf Management Ltd | 6,094,794 | 3.6 |
| 5 | Grande Prosperity Trading Limited | 6,000,000 | 3.5 |
| 6 | Mr Beng Chye Ang | 5,775,000 | 3.4 |
| 7 | Mr Ryan Jehan Rockwood | 5,000,000 | 2.9 |
| 8 | Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/C> | 4,715,000 | 2.8 |
| 9 | Mr Chin Yong Chong | 4,484,000 | 2.6 |
| 10 | Mr Han Keong Ang | 3,000,000 | 1.8 |
| 11 | Miss Ing Ing Chan | 3,000,000 | 1.8 |
| 12 | Bank Julius Baer & Co. Ltd | 2,574,633 | 1.5 |
| 13 | Redhill Partners Pte Ltd | 2,448,447 | 1.4 |
| 14 | UOB Kay Hian Private Limited <Clients A/C> | 2,368,950 | 1.4 |
| 15 | Burwood Investments S.A. | 2,323,445 | 1.4 |
| 16 | Varra Pty Ltd <Farmer Family A/C> | 1,800,000 | 1.1 |
| 17 | Nefco Nominees Pty Ltd | 1,667,342 | 1.0 |
| 18 | Professional Payment Services Pty Ltd | 1,600,000 | 0.9 |
| 19 | Winkara Pty Ltd | 1,466,800 | 0.9 |
| 20 | HSBC Custody Nominees (Australia) Limited | 1,350,751 | 0.8 |
| | Total Top 20 shareholders | 81,686,639 | 47.8% |
| | Other shareholders | 89,054,948 | 52.2% |
| | Total Issued Shares | 170,741,587 | 100.0% |

Additional Securities Information

All granted licences are in good standing and comply with the reporting requirements of the exploration licence.

| Licence Number | MRL Interest - % | Status | General Location |
|----------------|------------------|---------|------------------|
| IML/C/HO/8416 | 100 | Granted | Western |
| EL/225 | 100 | Granted | Central |
| EL/226 | 100 | Granted | Central |
| EL/227 | 100 | Granted | South central |
| EL/228 | 100 | Granted | Central |
| EL/231 | 100 | Granted | South West |
| EL/243 | 100 | Granted | Central |
| EL/244 | 100 | Granted | South West |
| EL/262 | 100 | Granted | Central |