# Annual Report

## MRG Metals Ltd
ABN: 83 148 938 532

## For the Year ended 30 June 2012

# Contents

# Review of Operations

## Highlights:

- Acquisition of prospective Kalgoorlie East Gold project, WA
  - Surface geophysics and soil sampling identifying high Gold and Nickel anomalies
  - Subsequent RAB/RC drilling confirmed 3 target zones for Gold, Silver and Base Minerals
  - Follow up work commenced on Silver targets

- Acquisition of prospective Collie South Coal project, WA
  - Land owner and DMP approvals acquired. Drilling to start in Oct 2012

- Acquisition of Gold and Base metals project at Fraser Range, WA

- Completion of 1:2 non renounceable option rights entitlement, raising $426,042 net of costs

The year ended 30 June 2012 represented the first full year of MRG as a listed entity and is the period in which MRG commenced its first drilling program at Kalgoorlie East, developed a program of works for Collie South and acquired tenements in the prospective Fraser Range area (potential of the area highlighted by Sirius Resources discovery). The year positions the Group for an exiciting 12 month exploration program focussed on further targetting of the Silver anomoly identifed adjacent to the Nimbus Silver mine in Kalgoorlie, and Coal exploration drilling on extensions of the known Coal fields. Add to this the recent Gold exploration finds by Northern Star Resources next to our Xanadu tenement; the exciting Ni/Cu find by Sirius Resources near our Mt Fraser tenement, which lies along the Tropicana extension; MRG offers some of the best exploration opportunities in the Junior Exploration space.

**Kalgoorlie East Project (Gold and Silver)**
**3 Targets identified.**

The Kalgoorlie East Project is located approximately 7 kilometres due east of the Kalgoorlie Super Pit in the eastern Goldfields of Western Australia and is considered prospective for both Gold and Nickel mineralisation, as the project lies along strike and in the same sequence or rocks as the Golden Ridge Gold Mine and Blair Nickel Mine. The project contains widespread evidence of mineralisation as shown by numerous historic workings.

After a review of previous exploration and structural analysis, the Company embarked upon widespread soil sampling. This first pass sampling was followed be more detailed grid sampling, which highlighted some eleven areas warranting further exploration. Also, in conjunction with the soil sampling, an Electro-Magnetic (EM) geophysical survey was commissioned, over areas where elevated Nickel in soil was coincident with ultramafic rocks.

After completing further soil sampling analysis at its Kalgoorlie East Project during the March 2012 Quarter and the results of the ground electromagnetic survey (EM), the Company completed its first pass RAB and RC drilling program on the key targets at Kalgoorlie East.

- A total of 5,183 metres of RAB drilling was completed across a number of Gold and Silver targets. In addition two RC holes were drilled in areas identified through the ground EM program targeting base metals. (Figure 1)

- Of the eight soil anomalies drill tested for Gold, two have returned elevated precious metal values. The first of these is located within the tenement P26/3604 (Figure 1) and comprises a narrow auriferous shear structure with a strike length in excess of 400 metres (across broadly spaced drill lines).

  The southernmost anomaly has returned numerous elevated Silver (Ag) (Figure 1) values in 5 metre composite samples. The elevated silver occurs in a pyritic felsic volcanics and black shale sequence, part of the Black Flag Beds. The mineralisation appears analogous to that seen in the Nimbus deposit, which lies 2.5 kilometres to the North East. Most significantly, many holes terminated in mineralisation as the Air Core drill was unable to penetrate further into harder rock encountered at depth.

- The two RC holes, which drill tested strong EM anomalies, intersected strongly pyritised black shales. Geochemical analysis of composite samples from these shales showed elevated levels of Copper and Zinc. Subsequent testing and analysis has identified the potential for a significant source resource to be located in the vicinity of the initial test areas. It is now planned to further test the area with an addition surface geophysics (Surface EM) and deeper RC drilling. The preliminary drill results validate the earlier soil sampling analysis and resultant target zones. Of particular interest is the potential for significant Silver mineralisation in the area adjacent to the Nimbus mine, where recent exploration has identified substantial Silver intersects in previously unexplored zones below the old mine operations. These discoveries and our preliminary exploration encourage MRG to further explore the area for a significant Silver resource. Therefore, our near term focus on Kalgoorlie East will be to further test the area for Silver mineralisation.

In summary the Aircore drilling discovered three distinct styles of mineralisation; shear hosted Gold mineralisation, lateritic Nickel mineralisation, with up to 1% nickel and Silver mineralisation within meta - volcaniclastics. Several of the holes intersected elevated Silver values, with hole KE047 terminating in a hard quartz vein returning values up to 88.7 g/t Silver.

The EM conductors tested by RC drilling were revealed to be black shales containing up to 1.5% Zinc and 0.2% Copper. Of the mineralisation styles found in the first phase of drilling the Silver mineralisation was afforded the highest priority for further work, as it is in a similar geological setting to the Nimbus Ag - Zn deposit, which lies 2.5 kilometres to the east.

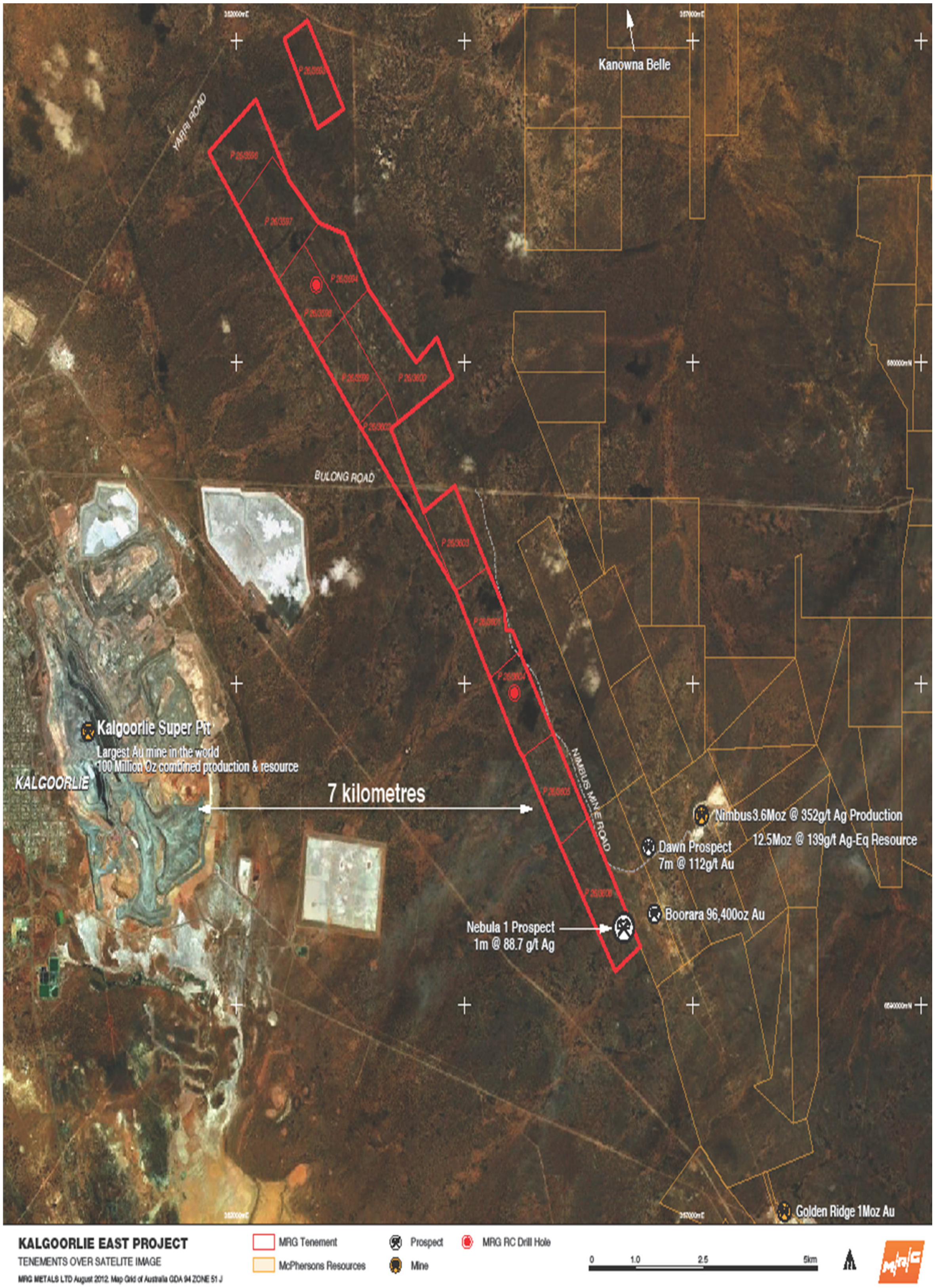


*Figure 1 Kalgoorlie East Gold Project*

**Collie South Project (Coal and Bauxite)**

The Collie tenement covers 33kms of strike directly south of the main Collie Coal bearing basin & ground surrounding the western sub-basin of the lesser Wilga Coal bearing basin. (Figures 2, 3)

An exhaustive compilation of has been made of all available data for the area of the Collie tenements & environs. This has included data from previous drilling, gravity & airborne magnetic surveys and mapping. This compilation has identified seven targets considered worthy of follow up.

In the June Quarter of 2012 the Company has sought the required approvals and negotiated with Private Landholders for access in order to complete first pass drilling on four main targets, numbers 1, 3 & 6 on the following plan. Drilling is planned to commence during October 2012.

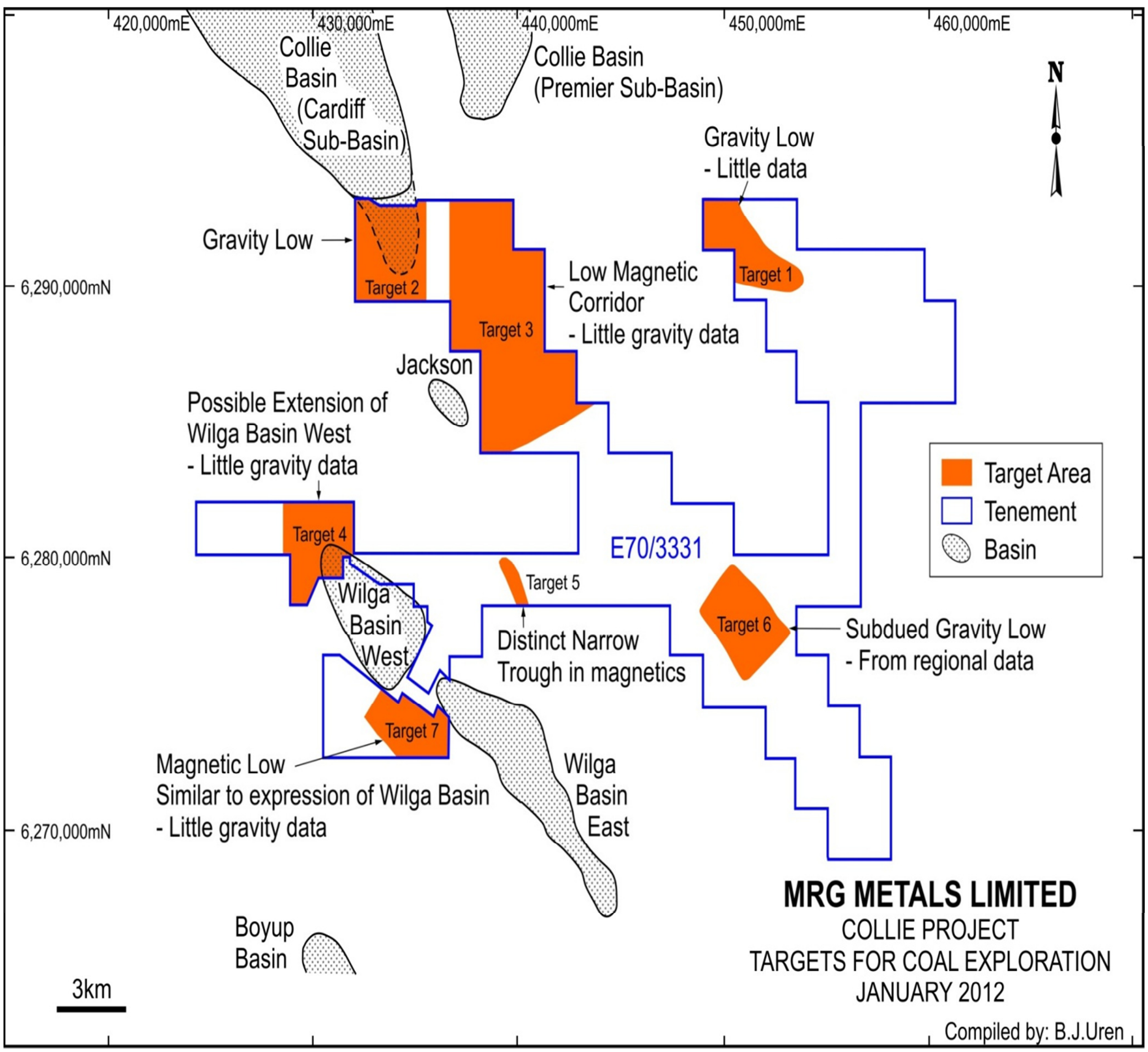


***Fig 2 Collie South identified target zones***

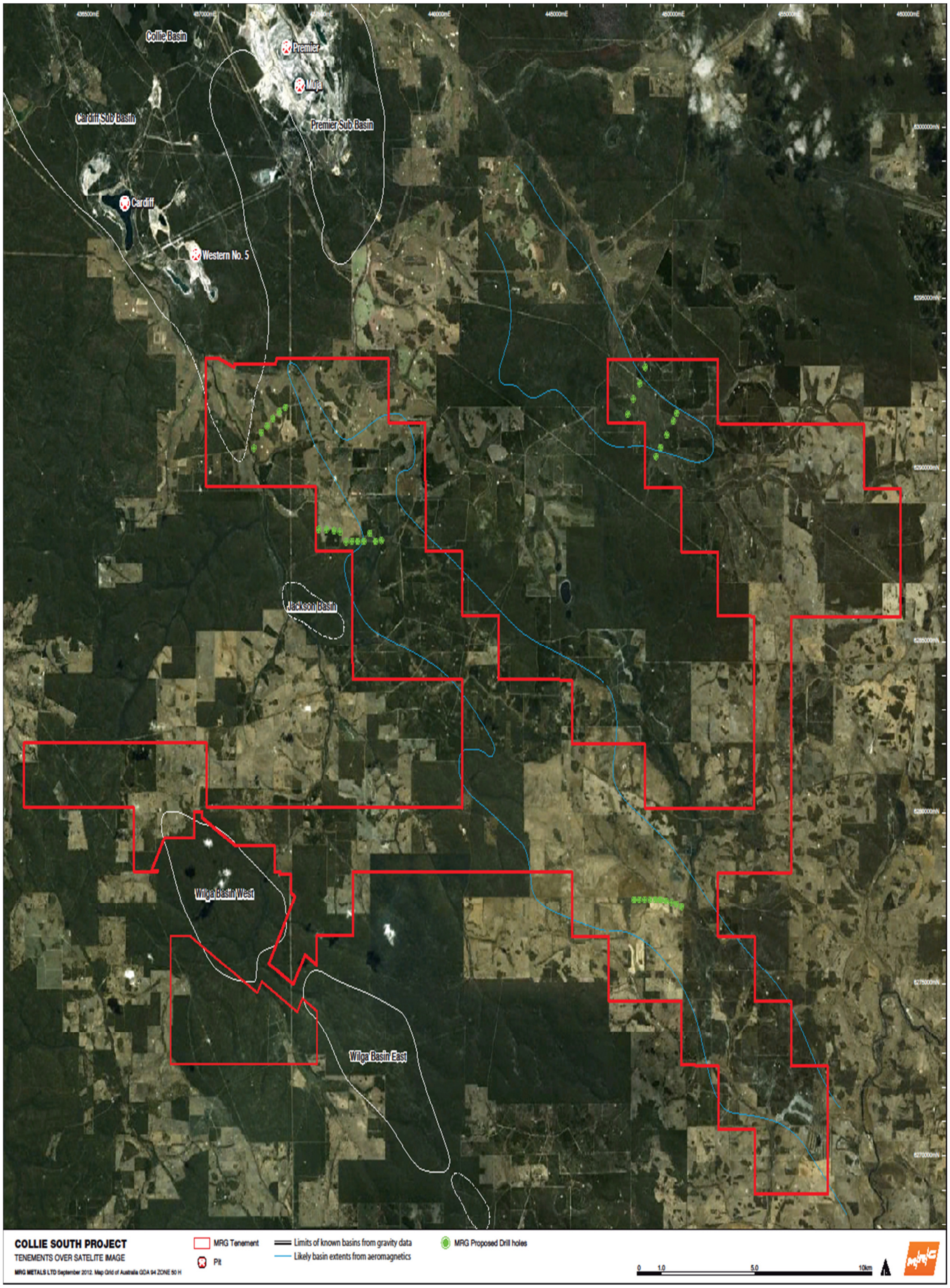


***__Figure 3 Collie South Coal Project__***

**Xanadu Project (Gold)**

Work completed at the Xanadu Project during the year consisted of database compilation and verification. All historical data relevant to the project dating back to the mid-1980's was acquired in both digital and hard copy format. Once finalised, the Xanadu database will be reviewed and priority targets identified for further exploration.

In addition an analysis of ALOS & LandSat imagery along with radiometric/DEM imaging has been completed to identify the geological characteristics associated with the known mineral anomalies and to facilitate new target identification.

A new target has been identified close to the known resource near the Amphitheatre area close to the eastern boundary near to Northern Star Resources' recent Sparta discovery.

The work of Northern Star Resources indicates that this region is developing into a significant Gold province. Our project is 7km west of their Mt Olympus Gold Project where recently completed RC drilling has targeted the sulphide resource beneath the Mt Olympus, Waugh and Peak open pits and adjacent to their new discovery at Sparta.

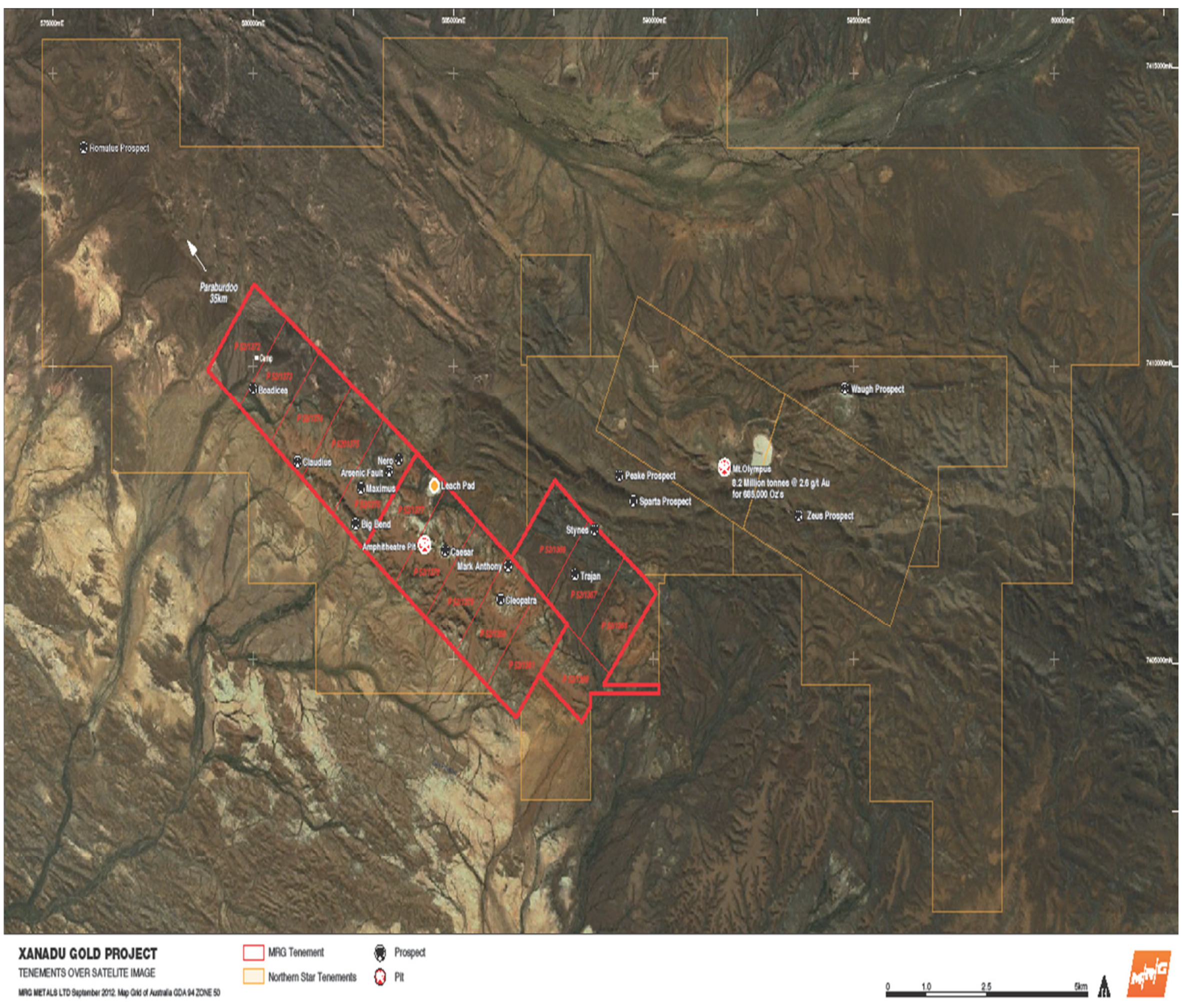


***Figure 4 Xanadu Gold Project***

**Braemore Battery (Gold)**

A soil program was completed at Braemore Battery to cover the northern portion of the project which overlay the historical Au-As anomalies. Work completed to date has not identified any significant results. Braemore is to be retained given that minimum expenditure is low and mostly met for the next year; pending review of drilling on nearby tenements. We have written off the costs of Braemore at 30 June 2012. If further work is carried out that changes our view, costs will be reinstated and capitalised.

**Tenement Acquisitions/Sales**

During the year the Board of MRG finalised its review of all the current Tenements. In light of recent developments and acquisitions, MRG decided there was a need to reduce the number of Tenements in the portfolio. Key elements to this decision being:

- Need to prioritise exploration expenditure across the most prospective projects.
- The preliminary exploration results across the retained Tenements warrant focus of management time and Company resources.
- Interest of 3rd parties created opportunities.
- Potential to look at other opportunities and acquisitions.
- Timing of Tenement anniversary dates and near term expenditure requirements.

**<u>MRG decided to sell its exploration licences at Bell Chambers, Diorite and Mulgul.</u>**

Terms of the sale included the retention of future interest via a royalty agreement which varies during the exploration phase through to a full net smelter royalty once in the production phase.

**<u>Acquisitions:</u>**

The Board of MRG is pleased to advise its successful application for prospective tenements along the Tropicana geological feature extension, known as Fraser Range. Tropicana Gold has identified over 5 million oz resource.

- The project is consistent with MRG's strategy to develop world class Gold assets.
- The tenements sit within MRG's WA tenement focus.
- The project is in an area currently being evaluated by Thor Mining Ltd, Ausquest Ltd and AngloGold Ashanti Ltd.
- The Company expects that these new tenements will be granted late in 2012.
- Recent Ni/Cu discovery by Sirius Resources in the Fraser Range tenement to the North further enhances the potential of this relatively under explored region

**Overview**

The project lies in an area that has seen intense tectonic activity within the same province which hosts the Tropicana Gold deposits. It has demonstrated Gold potential, with Gold anomalies already identified in the adjacent tenements owned by Thor Mining Ltd and Ausquest Ltd ( Figure 5) and Nickel as indicated by the recent announcement of Sirius Resources.

**Location:**
100km ESE of Norseman, WA

**Tenements:**
Exploration Licences:-
E63/1552 and E63/1553 for a total of 100 blocks.

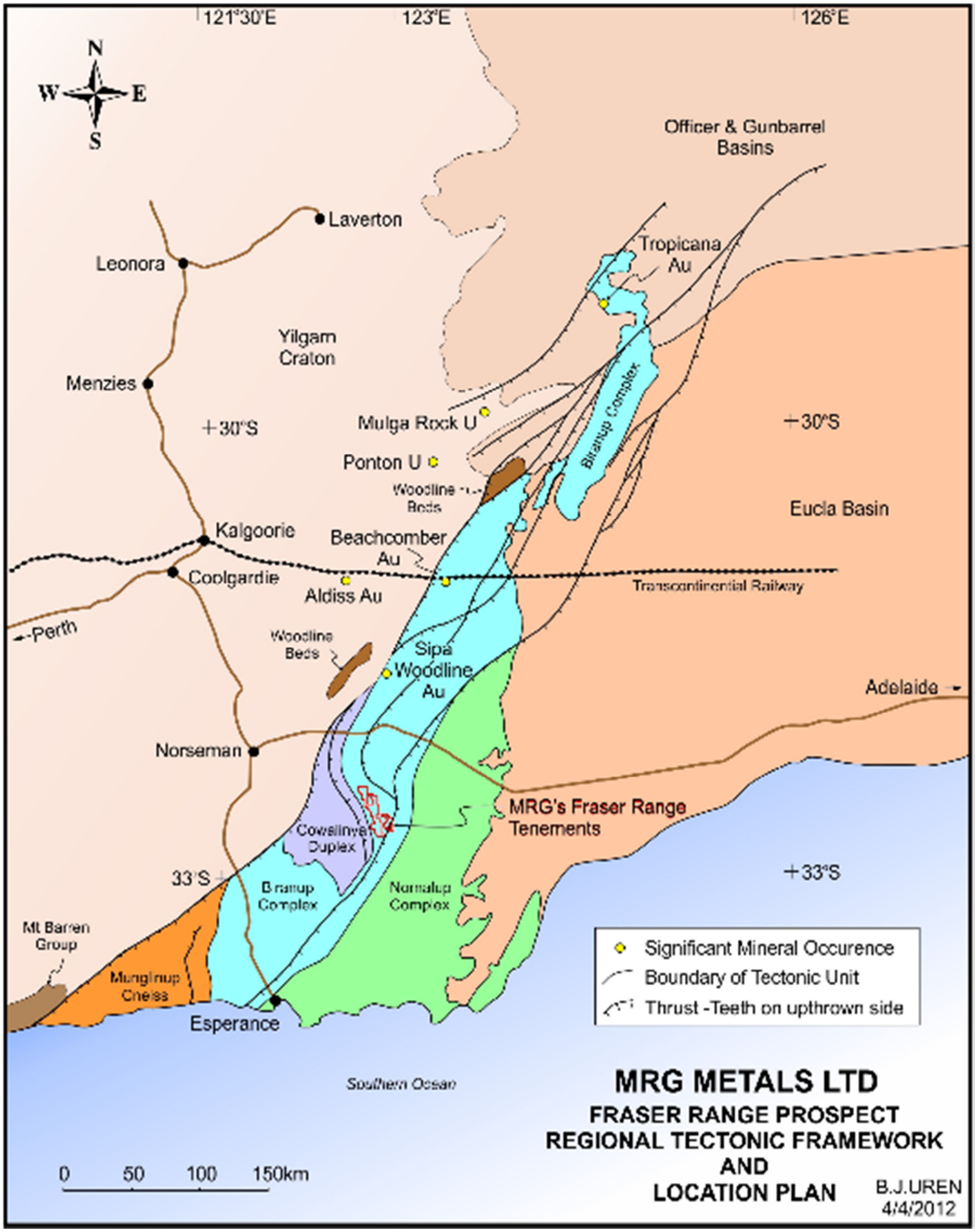


***Figure 5 – Fraser Range Project Location and Soil Geochemistry***

**Corporate Activities**

**Non-Renounceable Rights Options Issue**
During the year, the Group offered Shareholders the opportunity to participate in a 1 for 2 non-renounceable entitlements issue of Options. The last trading day for Shareholders to become eligible for the entitlement was Tuesday 23 August 2011. All Shareholders registered as at 7.00pm AEST on 30 August 2011 were entitled to participate in a pro-rata non-renounceable entitlements issue of Options on the basis of 1 Option for every 2 Shares held. The Options were issued at 1 cent per Option and at an exercise price of 25 cents, valid for a period of 5 years.

**Other key aspects of the Rights Issue were as follows:**

- The maximum number of MRG options able to be issued were 44,058,000 and 44,057,993 were issued;
- The issue price for the Offer Securities was 1 cent each;
- Options exercisable at 25 cents for a period open until 21 September 2016;
- The amount of money raised by the Rights Issue was $440,580;
- The Board of MRG took up 100% of their own rights; and
- Money raised through the Rights Issue will be used to:
    - provide working capital for the Company; and
    - meet the costs of the Rights Issue, which were $14,538.

MRG is continuing to review a number of additional opportunities that avail themselves in the current market conditions.

## ACTIVITIES AND HIGHLIGHTS SINCE 30 JUNE 2012

MRG has submitted its program of works for Collie South and is awaiting approval from the Department of Minerals &Petroleum WA and WA Water Authority before it commences the initial drill program. Drilling is expected to start in October 2012.

Further drilling at Kalgoorlie East commenced in August 2012 and finished in early September 2012. Follow up RC drilling of the Silver target did not return results with as high a tenor as the original air core drilling. However, subsequent detailed geological mapping and soil sampling indicates that this mineralisation likely extends further to the south.

Currently, a review of the exploration results generated to date is underway and the results of this review will be used to focus future work on the Project. This work shows two areas to the south of the previous drilling, within the felsic volcaniclastics. The stronger anomaly (anomaly 1) is within the Volcaniclastic unit but close to the boundary with the Dolerite volcanics. The mapping suggests some local folding in the area and the mineralisation could be present in the hinge zone of the fold. Additional drilling is planned to confirm this hypothesis and drilling will continue in October.

Xanadu is currently undergoing further data consolidation and further field work is planned in the next quarter, to develop a comprehensive exploration plan. A priority of the plan will be how to quickly monetise the known Gold resource sitting within the old Leach pit, which was abandoned during previous operations under significantly different gold valuations. It is anticipated (but requires validation) that in excess of 5,000 oz of contained Gold sits within the old pit.

The Board of MRG has met to review the proposed exploration expenditure for the 2013 financial year and has approved a range of exploration expenditure between $500,000 and $600,000 pending progressive outcomes.

# Directors' Report

The Directors of MRG Metals Ltd present their Report together with the financial statements of the consolidated entity, being MRG Metals Ltd ('MRG' or 'the Company') and its controlled entity, MRG Metals (Australia) Pty Ltd ('the Group') for the year ended 30 June 2012 and the Independent Audit Report thereon. The Company was incorporated on 24 January 2011 and the comparatives in this Report are for the period from 24 January 2011 to 30 June 2011.

## Director details

The following persons were directors of MRG Metals Ltd during or since the end of the financial year.

**Mr Andrew Van Der Zwan**
**BA Chemical Engineering**
Managing Director
Director since 14/02/2011

Andrew has 26 years engineering and commercial experience, both local and international. He was a Non Executive Director of Gulfx Ltd for 11 years and was employed in various senior positions within the worldwide operations of Exxon Mobil for 17 years.

Other current directorships:
None
Previous directorships (last 3 years):
None

Interests in shares:
2,160,000 shares

Interest in options:
1,080,000 options

**Mr Albert Pietrzak**
**BA Mechanical Engineering**
Independent Non-Executive Director
Independent Chairman
Director since incorporation 24/01/2011

Albert has 41 years engineering and commercial experience. He was Managing Director of an engineering company for 33 years. He is a fully qualified IFR pilot, an engineering consultant and an investor.

Other current directorships:
None
Previous directorships (last 3 years):
None

Interests in shares:
2,130,000 shares

Interest in options:
1,065,000 options

**Mr Shane Turner**
**CA, Bachelor of Business**
Independent Non-Executive Director
Director since incorporation 24/01/2011

Shane is a Chartered Accountant and has 24 years financial and accounting experience. He has been employed with KPMG, a large regional public accounting practice, operated his own public accounting practice and now is employed with RSM Bird Cameron. He was a Non Executive Director and Company Secretary for Metminco Ltd for 2 years.

Other current directorships:
None
Previous directorships (last 3 years):
Metminco Ltd

Interests in shares:
1,470,000 shares

Interest in options:
735,000 options

## Company secretary

Shane Turner is a Chartered Accountant and the Group Chief Financial Officer. Shane has held senior positions with a number of professional accounting firms and has a degree in Business. Shane has previously held the role of company secretary for Metminco Ltd for 2 years. He has been the company secretary of MRG Metals Ltd since incorporation on 24/01/2011.

## Principal activities

During the period, the principal activities of entities within the Group were exploration and development of gold, base metals and other commodities within Australia.

There have been no significant changes in the nature of these activities during the period.

## Review of operations and financial results

The operating result of the Group for the year ended was a loss of $764,056 (part year 2011 loss $316,660). Refer detailed Review of Operations that follows this report.

Earnings per share (0.87) cents (2011 (1.33) cents).

Since listing, monies raised have been used consistent with that described in the IPO Prospectus, including:

- augment the Company's exploration of mining tenements,
- assist the Company to identify and assess new mining opportunities,
- finance the acquisition of interests in mineral properties,
- meet the Company's ongoing administration and corporate overhead expenses, and
- meet the one-off expenses of the offer.

Further information on the detailed operations of the Group during the year are included in the Review of Operations Report.

## Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- Options issue

  On 25 November 2011, the Company completed a 1 for 2 non renounceable options issue, raising $440,580, before costs of $14,538. These options are exercisable at $0.25 by September 2016.

- Tenement Acquisitions

  On 4 July 2011, the Group completed the acquisition of tenements prospective for Gold at Kalgoorlie East, WA. This resulted in 1,000,000 shares being issued and payment of $20,000.

  On 26 July 2011, the Group completed an option for the 30% acquisition of tenements prospective for Coal and Bauxite at Collie South, WA. This resulted in 1,000,000 shares being issued and payment of $50,000.

  On 12 April 2012, the Company announced application for tenement acquisitions prospective for Gold along the Tropicana extension at Fraser Range near Norseman, WA.

- Tenement Sales

  On 5 March 2012, the Company announced sale of tenements known as Bell Chambers, Diorite and Mulgul for a Royalty interest after a review of tenements.

## Dividends

There were no dividends declared or paid during the financial period.

## Events arising since the end of the reporting period

Since the end of the year the following significant events have occurred:

- There are no other events occurring since the end of the year that have, or may, significantly affect the Group's operations, results of those operations or the state of affairs of the Group.

## Likely developments

Information on likely developments in the Group's operations and the expected results have not been included in this report because the directors believe it would likely result in unreasonable prejudice to the Group.

## Directors' meetings

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

| Name | Board meetings | |
|---|---|---|
| | A | B |
| Mr A Van Der Zwan | 13 | 13 |
| Mr A Pietrzak | 13 | 13 |
| Mr S Turner | 13 | 13 |

Where:
A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

## Remuneration Report (audited)

The Directors of MRG Metals Ltd ('the Group') present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration

### (a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

MRG Metals Ltd has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board, in accordance with its charter as approved by the Board, is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Superannuation to meet statutory obligations.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Board annually as part of the review of executive.  All bonuses, options and incentives must be linked to pre-determined performance criteria.

## (b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of MRG Metals Ltd are shown in the table below. The $5,000 paid to Mr A Pietrzak in 2011 was in recognition of outstanding contribution to the successful capital raising in connection with the IPO. The $1,000 paid to Mr N Fammartino was in recognition of him serving as a Director for the period 24/1/11 to 14/2/11.

Director and other Key Management Personnel Remuneration

| | Short term employee benefits | | | Post-employment benefits | Long-term benefits | Termination benefits | Share-based payments | | |
|---|---|---|---|---|---|---|---|---|---|
| **Name** | **Cash salary and fees ($)** | **Cash bonus ($)** | **Non-monetary benefits ($)** | **Superannuation ($)** | **Long-term bonus ($)** | **Termination payments ($)** | **Options ($)** | **Total ($)** | **% of remuneration that is performance based** |
| Executive director | | | | | | | | | |
| Mr A Van Der Zwan | 56,250 | - | - | 5,063 | - | - | - | 61,313 | Nil |
| Non-executive directors | | | | | | | | | |
| Mr A Pietrzak | 20,833 | 5,000 | - | 1,875 | - | - | - | 27,708 | Nil |
| Mr S Turner | 35,833 | - | - | 3,225 | - | - | - | 39,058 | Nil |
| Mr N Fammartino | - | - | - | | - | - | - | - | Nil |
| **2011 Total** | **112,916** | **5,000** | **-** | **10,163** | **-** | **-** | **-** | **128,079** | **Nil** |
| Executive director | | | | | | | | | |
| Mr A Van Der Zwan | 150,000 | - | - | 13,500 | - | - | - | 163,500 | Nil |
| Non-executive directors | | | | | | | | | |
| Mr A Pietrzak | 50,000 | - | - | 4,500 | - | - | - | 54,500 | Nil |
| Mr S Turner | 86,000 | - | - | 7,740 | - | - | - | 93,740 | Nil |
| Mr N Fammartino | - | 1,000 | - | | - | - | - | 1,000 | Nil |
| **2012 Total** | **286,000** | **1,000** | **-** | **25,740** | **-** | **-** | **-** | **312,740** | **Nil** |

### (c) Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

| Name | Base salary | Term of agreement | Notice period |
|---|---|---|---|
| Mr A Van Der Zwan | 150,000 | Three Years | Six Months |
| Mr A Pietrzak | 50,000 | Rotation per Corporations Act 2001 | Nil |
| Mr S Turner - Director | 50,000 | Rotation per Corporations Act 2001 | Nil |
| Mr S Turner - Secretary | 36,000 | No fixed term | Nil |

### (d) Share based remuneration

During the year, there was no share based remuneration paid or outstanding.

End of audited remuneration report.

## Environmental legislation

The Group's projects are subject to environmental regulation under laws of the Commonwealth and States and Territories in Australia, specifically the Group is required to comply with terms of the grant of the tenement and all directions given to it under those terms of the tenement which it holds. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the period ended 30 June 2012.

## Indemnities given and insurance premiums paid to auditors and officers

During the year, MRG Metals Ltd negotiated a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

## Non-audit services

During the previous period, Grant Thornton Audit Pty Ltd, the Group's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact upon the impartiality and objectivity of the auditor; and

- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in note 15 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 19 of this financial report and forms part of this Directors' Report.

## Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the directors.

Albert Pietrzak
Chairman

27 September 2012

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## Auditor's Independence Declaration
## To the Directors of MRG Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MRG Metals Limited for the period ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B Taylor
Partner – Audit & Assurance

Melbourne, 27 September 2012

# Corporate Governance Statement

This Corporate Governance Statement sets out the extent to which the Company's practices comply with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations (**Recommendations**). The Recommendations are not mandatory.

| ASX Corporate Governance Council Recommendation | MRG policy | Compliance |
|---|---|---|
| **Principle 1: Lay solid foundations for management and oversight** | | |
| **Recommendation 1.1**: Companies should establish functions reserved to the board and those delegated to senior executives and disclose those functions | The Group's Corporate Governance framework includes a Board Charter, which details the specific responsibilities of the Board and identifies those areas of authority delegated to senior executives. | Complies |
| **Recommendation 1.2**: Companies should disclose the process for evaluating the performance of senior executives | The Board will set performance criteria to review the performance of senior management. | Complies |
| **Recommendation 1.3**: Companies should provide the information indicated in the Guide to reporting on Principle 1 | The Board Charter is available on the Group's website. | Complies |
| **Principle 2: Structure the board to add value** | | |
| **Recommendation 2.1**: A majority of the board should be independent directors | Two of the Group's three directors, being Albert Pietrzak and Shane Turner, are independent directors. | Complies |
| **Recommendation 2.2**: The chair should be an independent director | Albert Pietrzak is the Chairman and is an independent director. | Complies |
| **Recommendation 2.3**: The roles of chair and chief executive officer should not be exercise by the same individual | Albert Pietrzak is the Chairman. Andrew Van Der Zwan is the Chief Executive Officer. | Complies |
| **Recommendation 2.4**: The board should establish a nomination committee | The Group does not currently have a nomination committee. Board appointments will be decided by the Board as a whole, taking into consideration the needs of the Group at the relevant time. | The Board does not consider it necessary given the size of the Group's current operations. |
| **Recommendation 2.5**: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors | The Company Secretary plays an integral role in monitoring the conduct and activities of Board, ensuring the Board has an appropriate mix of skills and experience and reviewing individual director's performance. The Chief Executive Officer is responsible for reviewing the performance of the Company Secretary. | Complies |

| ASX Corporate Governance Council Recommendation | MRG policy | Compliance |
|---|---|---|
| **Recommendation 2.6**: Companies should provide the information indicated in the Guide to reporting on Principle 2 | This information, where relevant, has been disclosed in the Directors' Report. | Complies |
| **Principle 3: Promote ethical and responsible decision making** | | |
| **Recommendation 3.1**: Companies should establish a code of conduct and disclose the code or a summary of the code as to:<br>- the practices necessary to maintain confidence in the company's integrity<br>- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders<br>- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices<br>- trading in securities of the Company | The Board has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity; practices necessary to take into account the Group's legal obligations and the reasonable expectations of shareholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.<br>The Code of Conduct is available on the Group's website. | Complies |
| **Recommendation 3.2**: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board and to assess annually both the objectives and progress in achieving them | The Group does not currently have a diversity policy.<br>Once the Group has established its operations, it will develop a policy that complements its needs. | Board is committed to review and prepare appropriate Diversity policy. |
| **Recommendation 3.3**: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them | The Group does not currently have a diversity policy.<br>Once the Group has established its operations, it will develop a policy that complements its needs. | Board is committed to review and prepare appropriate Diversity policy. |
| **Recommendation 3.4**: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board | None at present. | None at present due to the size of Group. |
| **Recommendation 3.5**: Companies should provide the information indicated in the Guide to reporting | The Code of Conduct and the diversity policy (once established) will be available on the Group's | Board is committed to review and prepare appropriate Diversity |

| ASX Corporate Governance Council Recommendation | MRG policy | Compliance |
|---|---|---|
| on Principle 3 | website. | policy. |
| **Principle 4: Safeguard integrity in financial reporting** | | |
| **Recommendation 4.1**: The board should establish an audit committee | The Group does not currently have an audit committee. The functions of this committee will be carried out by the whole Board. The Company Secretary has significant experience in financial and accounting matters and will be primarily responsible for monitoring and preparing the financial reports. External resources will be commissioned where necessary. | The Board does not consider it necessary given the size of the Group's current operations. |
| **Recommendation 4.2**: The audit committee should be structured so that it:<br>- consists only of non-executive directors<br>- consists of a majority of independent directors<br>- is chaired by an independent chair, who is not chair of the board<br>- has at least 3 members | Refer to comments in 4.1 above. | Refer to comments in 4.1 above. |
| **Recommendation 4.3**: The audit committee should have a formal charter | Refer to comments in 4.1 above. | Refer to comments in 4.1 above. |
| **Recommendation 4.4**: Companies should provide the information indicated in the Guide to reporting on Principle 4 | Refer to comments in 4.1 above. | Refer to comments in 4.1 above. |
| **Principle 5: Make timely and balanced disclosure** | | |
| **Recommendation 5.1**: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies | The Group has established a Continuous Disclosure Policy which applies to all directors and senior management. | Complies |
| **Recommendation 5.2**: Companies should provide the information indicated in the Guide to reporting on Principle 5 | The Group's Continuous Disclosure Policy will be available on the Group's website. | Complies |
| **Principle 6: Respect the rights of shareholders** | | |
| **Recommendation 6.1**: Companies should design a communications policy for promoting effective | The Group is committed to all shareholders and stakeholders having equal and timely access to | Complies |

| ASX Corporate Governance Council Recommendation | MRG policy | Compliance |
|---|---|---|
| communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy | material information regarding the operations and results of the Group.<br>Where required, this information will be provided via the ASX. Otherwise, information will be made available on the Group's website. | |
| **Recommendation 6.2**: Companies should provide the information indicated in the Guide to reporting on Principle 6 | The Group will provide an explanation of any departures (if any) from the best practice recommendations in Principle 6 in its future annual reports. | Complies |
| **Principle 7: Recognise and manage risk** | | |
| **Recommendation 7.1**: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies | Given the size of the Group's current operations, the Board has formed the view that a separate risk committee is not necessary. The Board itself monitors all areas of operational and financial risk and considers strategies for appropriate risk management arrangements on an ongoing basis. If considered necessary, external input will be sought to assess and counteract identified risks. | Complies |
| **Recommendation 7.2**: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks | The Board will require that Andrew Van Der Zwan, as Managing Director and Chief Executive Officer, design and implement an appropriate risk management and internal control system and provide a report to the Board at the relevant time. | Complies |
| **Recommendation 7.3**: The board should disclose whether it has received assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks | The Board will seek this assurance from Andrew Van Der Zwan as Chief Executive Officer. | Complies |
| **Recommendation 7.4**: Companies should provide the information | The Group will provide an explanation of any departures (if | Complies |

| ASX Corporate Governance Council Recommendation | MRG policy | Compliance |
|---|---|---|
| indicated in the Guide to reporting on Principle 7 | any) from the best practice recommendations in Principle 7 in its future annual reports. | |
| **Principle 8: Remunerate fairly and responsibly** | | |
| **Recommendation 8.1**: The board should establish a remuneration committee | The Group does not currently have a remuneration committee. . The Board is responsible for making recommendations regarding director and management remuneration packages. | The Board does not consider it necessary given the size of the Group's current operations |
| **Recommendation 8.2**: The remuneration committee should be structured so that it:<br>- consists of a majority of independent directors<br>- is chaired by an independent chair<br>- has at least three members | Refer to comments in 8.1 above. | Refer to comments in 8.1 above. |
| **Recommendation 8.3**: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives | The Board is aware of the need to ensure remuneration remains competitive and consistent with competitor companies and that remuneration reflects the performance of the Group over time.<br>The directors performing an executive role are remunerated based on the scope of their responsibilities and the performance of the Group.<br>Non-executive directors are paid fees as determined by shareholders.<br>The Group will provide the requisite disclosure regarding executive remuneration policies in its annual report. | Complies |
| **Recommendation 8.4**: Companies should provide the information indicated in the Guide to reporting on Principle 8 | The Group will provide an explanation of any departures (if any) from the best practice recommendations in Principle 8 in its future annual reports. | Complies |

**The Board actively monitors the Group's governance framework, related practices and overall culture.**

# Statement of Financial Position

As of 30 June 2012

| | Notes | Consolidated 2012 $ | Consolidated 2011 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current** | | | |
| Cash and cash equivalents | 8 | 4,362,737 | 5,145,091 |
| Other receivables | 7 | 44,436 | 92,370 |
| Total current assets | | 4,407,173 | 5,237,461 |
| **Non-current** | | | |
| Plant & Equipment | 12 | 736 | - |
| Exploration & Evaluation | 13 | 2,089,540 | 1,146,623 |
| Total non-current assets | | 2,090,276 | 1,146,623 |
| **Total assets** | | 6,497,449 | 6,384,084 |
| **Liabilities** | | | |
| **Current** | | | |
| Employee benefits | 10 | 10,062 | 4,716 |
| Trade and other payables | 11 | 183,567 | 150,034 |
| Total current liabilities | | 193,629 | 154,750 |
| **Total liabilities** | | 193,629 | 154,750 |
| **Net assets** | | 6,303,820 | 6,229,334 |
| **Equity** | | | |
| Share capital | 9 | 7,384,536 | 6,545,994 |
| Retained earnings | | (1,080,716) | (316,660) |
| **Total equity** | | 6,303,820 | 6,229,334 |

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Comprehensive Income

for the year ended 30 June 2012

| | Notes | Consolidated 2012 $ | Consolidated 24/1/11 - 30/6/11 $ |
|---|---|---|---|
| Revenue | 5 | 298,117 | 28,840 |
| Employee benefits expense | 10 | (317,086) | (127,795) |
| Administrative expenses | | (376,708) | (217,705) |
| Exploration expenses | | (368,379) | - |
| **Loss before tax** | | (764,056) | (316,660) |
| Tax expense | 14 | - | - |
| **Loss after tax** | | (764,056) | (316,660) |
| **Other comprehensive income, net of tax** | | - | - |
| **Total comprehensive losses** | | (764,056) | (316,660) |
| | | **Cents** | **Cents** |
| **Earnings per share** | 16 | | |
| **Basic earnings per share** | | | |
| Earnings from continuing operations | | (0.87) | (1.33) |
| **Diluted earnings per share** | | | |
| Earnings from continuing operations | | (0.87) | (1.33) |

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Changes in Equity
for the year ended 30 June 2012

| | Share Capital $ | Retained earnings $ | Total equity $ |
|---|---|---|---|
| Balance at 24 January 2011 | - | - | - |
| **Other Comprehensive Income** | | | |
| Loss after income tax expense for the period | - | (316,660) | (316,660) |
| **Transactions with owners** | | | |
| Issue of share capital | 6,967,200 | - | 6,967,200 |
| Less capital raising costs | (421,206) | - | (421,206) |
| Total transactions with owners | 6,545,994 | - | 6,545,994 |
| Balance at 30 June 2011 | 6,545,994 | (316,660) | 6,229,334 |
| Balance at 30 June 2011 | 6,545,994 | (316,660) | 6,229,334 |
| **Other Comprehensive Income** | | | |
| Loss after income tax expense for the period | - | (764,056) | (764,056) |
| **Transactions with owners** | | | |
| Issue of share capital | 853,080 | - | 853,080 |
| Less capital raising costs | (14,538) | - | (14,538) |
| Total transactions with owners | 838,542 | - | 838,542 |
| Balance at 30 June 2012 | 7,384,536 | (1,080,716) | 6,303,820 |

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Cash Flows

for the year ended 30 June 2012

| | Notes | Consolidated 2012 $ | Consolidated 24/1/11 to 30/6/11 $ |
|---|---|---|---|
| **Operating activities** | | | |
| Interest received | | 298,117 | 28,840 |
| Payments to suppliers and employees | | (643,069) | (329,944) |
| Net cash from continuing operations | | (344,952) | (301,104) |
| Net cash used in operating activities | 17 | (344,952) | (301,104) |
| **Investing activities** | | | |
| Payment for plant & equipment | | (1,104) | - |
| Payment for exploration & evaluation | | (874,840) | (72,924) |
| Net cash used in investing activities | | (875,944) | (72,924) |
| **Financing activities** | | | |
| Proceeds from issue of share capital | | 453,080 | 5,695,800 |
| Capital raising costs | | (14,538) | (176,681) |
| Net cash from (used in) financing activities | | 438,542 | 5,519,119 |
| Net change in cash and cash equivalents | | (782,354) | 5,145,091 |
| Cash and cash equivalents, beginning of year | | 5,145,091 | - |
| Cash and cash equivalents, end of year | 8 | 4,362,737 | 5,145,091 |

This statement should be read in conjunction with the notes to the financial statements.

# Notes to the consolidated financial statements

## 1 Nature of operations

The activities of MRG Metals Ltd and its subsidiary, MRG Metals (Australia) Pty Ltd are exploration and development of gold, base metals and other commodities within Australia.

## 2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MRG Metals Ltd is the Group's ultimate parent company. MRG Metals Ltd is a public company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2012 were approved and authorised for issue by the board of directors on 26 September 2012 (see note 25).

## 3 Changes in accounting policies

### 3.1 Overall considerations

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group.

### 3.2 New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|---|---|
| AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' | 1 January 2013 | 30 June 2014 |
| AASB 10 'Consolidated Financial Statements' | 1 January 2013 | 30 June 2014 |
| AASB 11 'Joint Arrangements' | 1 January 2013 | 30 June 2014 |
| AASB 12 'Disclosure of Interests in Other | 1 January 2013 | 30 June 2014 |

| | | |
|---|---|---|
| Entities' | | |
| AASB 127 'Separate Financial Statements' (2011) | 1 January 2013 | 30 June 2014 |
| AASB 128 'Investments in Associates and Joint Ventures' (2011) | 1 January 2013 | 30 June 2014 |
| AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' | 1 January 2013 | 30 June 2014 |
| AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)' | 1 January 2013 | 30 June 2014 |
| AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets' | 1 January 2012 | 30 June 2013 |
| AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' | 1 July 2013 | 30 June 2014 |
| AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards' | 1 January 2013 | 30 June 2014 |
| AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income' | 1 July 2012 | 30 June 2013 |
| Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20' | 1 January 2013 | 30 June 2014 |

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

| **Standard/Interpretation** | **Effective for annual reporting periods beginning on or after** | **Expected to be initially applied in the financial year ending** |
|---|---|---|
| Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7) | 1 January 2015 | 30 June 2016 |

## 4 Summary of accounting policies

### 4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### 4.2 Presentation of financial statements

AASB 101 requires two comparative periods to be presented for the statement of financial position in certain circumstances. The comparatives are for the reporting period since incorporation on 24 January 2011 to 30 June 2011.

### 4.3 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to 30 June 2012. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### 4.4 Segment reporting

Operating segments are presented using the 'management approach', where information is presented on the same basis as the internal reports provided to chief operating decision makers, being the Board of Directors. The Board of Directors are responsible for the allocation of resource to operating segments and assessing their performance.

### 4.5 Revenue

Interest income is recognised when received.

### 4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### 4.7 Exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### 4.8 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

### 4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 4.10 Other Receivables

Other receivables are recognised at amortised cost, less any impairment.

### 4.11 Trade Payables

These amounts represent liabilities for goods and services provided the Group prior to the end of the financial period and which are unpaid. Due to their short term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### 4.12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MRG Metals Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### 4.13 Equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

### 4.14 Post employment benefits and short-term employee benefits

The Group provides post employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received. Short-term employee benefits, including annual leave entitlement, are current liabilities included in 'employee benefits', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

### 4.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

## 4.16 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

## 4.17 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

### Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Estimation uncertainty
When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

### Exploration and evaluation assets

At each reporting date, the directors review the carrying amount of each area of interest, with reference to the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources. No indicators of impairment were noted in the current period.

### Tax Losses

The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised in the foreseeable future.

### Share based payments

The Group measures the cost of share based payments at fair value at the issue date.

## 5 Revenue

| | Consolidated 2012 | Consolidated 24/1/11 - 30/6/11 |
|---|---|---|
| | $ | $ |
| Interest received | 298,117 | 28,840 |
| | 298,117 | 28,840 |

## 6 Segment reporting

The Group is organised into one operating segment, which is the exploration and development of Gold, base metals and other commodities within Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

## 7 Other receivables

| | Consolidated 2012 | Consolidated 2011 |
|---|---|---|
| | $ | $ |
| GST receivables | 44,436 | 49,704 |
| Prepayments | - | 42,666 |
| Other receivables | 44,436 | 92,370 |

The receivables noted above are not impaired nor past due.

## 8 Cash and cash equivalents

Cash and cash equivalents include the following components:

| | Consolidated 2012 | Consolidated 2011 |
|---|---|---|
| | $ | $ |
| Cash at bank and in hand: | | |
| AUD | 3,552,737 | 1,085,091 |
| Short term deposits (AUD) | 810,000 | 4,060,000 |
| Cash and cash equivalents | 4,362,737 | 5,145,091 |

The effective interest rate on short-term bank deposits is 5.55%; these deposits have an average maturity of 90 days but can be redeemed prior to maturity without penalty on interest earned.

## 9 Equity

### 9.1 Share capital

The share capital of MRG Metals Ltd consists of fully paid ordinary shares and options, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of MRG Metals Ltd.

| Date Issued | Details | | Consolidated 24/1/11 - 30/6/11 |
|---|---|---|---|
| | | Quantity | $ |
| | Shares issued and fully paid: | | |
| 24 Jan 2011 | Issued to Directors at $0.005 | 2,800,000 | 14,000 |
| 24 Jan 2011 | Issued to Consultants at $0.005 | 12,000,000 | 60,000 |
| 8 March 2011 | Issued to Seed Capitalists at $0.0625 | 50,000,000 | 3,125,000 |
| 11 March 2011 | Issued to Promoters at $0.0625[1] | 3,600,000 | 225,000 |
| 8 June 2011 | Issued to Tenement Vendors at $0.20 | 5,250,000 | 1,050,000 |
| 8 June 2011 | Issued to Public on IPO at $0.20 | 12,466,000 | 2,493,200 |
| | Total issued shares at 30 June 2011 | 86,116,000 | 6,967,200 |
| | Less costs of capital raising for above items[2] | | (421,206) |
| | Total share capital at 30 June 2011 | | 6,545,994 |

[1]These shares were awarded to promoters, whom assisted with the seed capital raising, at an issue price of $0.001 per share (totalling $3,600). These shares have been recognised at the fair value of the shares as denoted by the issue price of the seed capital raising.
[2] Included in the costs of capital raising is $221,400 of share based payments to promoters.

| Date Issued | Details | | Consolidated 2012 |
|---|---|---|---|
| | | Quantity | $ |
| | SHARES | | |
| | Total at 30 June 2011 | 86,116,000 | 6,545,994 |
| | Shares issued and fully paid: | | |
| 4 July 2011 | Issued to Tenement Vendors at $0.20 | 1,000,000 | 200,000 |
| 26 July 2011 | Issued to Tenement Vendors at $0.20 | 1,000,000 | 200,000 |
| 9 November 2011 | Issued from options conversion at $0.25 | 50,000 | 12,500 |
| | Total issued shares at 30 June 2012 | 88,166,000 | 6,958,494 |
| | | | |
| | OPTIONS | | |
| | Total at 30 June 2011 | - | - |
| | Options issued: | | |
| 28 September 2011 | Issued to public at $0.01 | 44,057,993 | 440,580 |
| 9 November 2011 | Options conversion | (50,000) | - |
| | Total issued options at 30 June 2012 | 44,007,993 | 440,580 |
| | Less costs of capital raising for above items | | (14,538) |
| | Total issued options at 30 June 2012 | 44,007,993 | 426,042 |
| | | | |
| | SHARE CAPITAL | | |
| | Total share capital at 30 June 2012 | | 7,384,536 |

### 9.2 Dividends

No dividends were declared or paid during the year. There are no franking credits outstanding at period end.

### 10 Employee remuneration

### 10.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

| | Consolidated 2012 | Consolidated 24/1/11 - 30/6/11 |
|---|---|---|
| | $ | $ |
| Salaries and fees | 291,346 | 117,632 |
| Defined Contribution Superannuation | 25,740 | 10,163 |
| Employee benefits expense | 317,086 | 127,795 |

### 10.2 Employee benefits

The liabilities recognised for employee benefits in the statement of financial position consist of the following amounts:

| | Consolidated 2012 | Consolidated 2011 |
|---|---|---|
| | $ | $ |
| Current: | | |
| - Other short term employee obligations | 10,062 | 4,716 |
| | 10,062 | 4,716 |

The current portion of these liabilities represents the Group's obligations to its current employees that are expected to be settled during 2012. Other short-term employee obligations arise from accrued annual leave entitlement at the reporting date.

### 11 Trade and other payables

Trade and other payables recognised in the statement of financial position can be analysed as follows:

| | Consolidated 2012 | Consolidated 2011 |
|---|---|---|
| | $ | $ |
| Current | | |
| - Trade payables | 139,941 | 96,782 |
| - Other payables and accrued expenses | 43,626 | 53,252 |
| | 183,567 | 150,034 |

## 12 Plant and equipment

| | Consolidated 2012 $ | Consolidated 2011 $ |
|---|---|---|
| Plant & Equipment | 1,104 | - |
| Accumulated Depreciation | (368) | - |
| | 736 | - |

## 13 Exploration and evaluation assets

| | Consolidated 2011 $ |
|---|---|
| **Cost as at 24 Jan 2011** | |
| Additions: | |
| Xanadu - tenement acquisition costs | 825,100 |
| Mulgul - tenement acquisition costs | 12,254 |
| Braemore Battery - tenement acquisition costs | 220,000 |
| Diorite/Bellchambers - tenement acquisition costs | 55,000 |
| Other acquisition and exploration costs | 34,269 |
| **Cost as at 30 June 2011** | 1,146,623 |

| | Consolidated 2012 $ |
|---|---|
| **Cost as at 30 June 2011** | 1,146,623 |
| Additions: | |
| Kalgoorlie East - tenement acquisition costs | 220,000 |
| Collie South - tenement acquisition costs | 250,000 |
| Fraser Range - tenement acquisition costs | 13,700 |
| Other acquisition and exploration costs | 791,140 |
| Disposals: | |
| Mulgul | (22,435) |
| Diorite/Bellchambers | (65,513) |
| Braemore Battery | (243,975) |
| **Cost as at 30 June 2012** | 2,089,540 |

The shares issued as consideration for tenement purchases are equivalent to the fair value of those tenements at the issue price of the Initial Public Offering.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## 14 Income tax expense

The relationship between the expected tax expense based on the tax rate of MRG Metals Ltd and the reported tax expense in profit or loss can be reconciled as follows, also showing major components of tax expenses:

| | Consolidated 2012 $ | Consolidated 24/1/11 - 30/6/11 $ |
|---|---|---|
| Profit/(loss) before tax | (764,056) | (316,660) |
| Expected tax expense/(benefit) @ 30% | (229,217) | (94,998) |
| Adjustment for non-deductible expenses: | | |
| - Movement in accruals | - | 10,800 |
| - Movement in provisions | 1,603 | 1,415 |
| - Incorporation expenses | (338) | 457 |
| - Exploration and evaluation expenses | (210,473) | (7,497) |
| | (438,425) | (89,823) |
| Current period tax loss not recognised | 438,425 | 89,823 |
| Current tax expense | - | - |
| Deferred tax expense: | | |
| - Temporary differences | (209,208) | 5,175 |
| - Unused tax losses | 438,425 | 89,823 |
| Deferred tax assets not recognised | 229,217 | 94,998 |

The above potential tax benefit has not be recognised as the recovery is uncertain.
The taxation benefit of tax losses and temporary differences not brought to account will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the Group in realising the benefits from deducting the tax losses.

## 15 Auditor remuneration

| | Consolidated 2012 $ | Consolidated 24/1/11 - 30/6/11 $ |
|---|---|---|
| **Audit services** | | |
| Auditors of MRG Metals Ltd – Grant Thornton | | |
| - Audit of the financial report | 34,000 | 20,000 |
| **Audit services remuneration** | 34,000 | 20,000 |
| | | |
| **Other services** | | |
| Auditors of MRG Metals Ltd – Grant Thornton | | |
| - Preparation of an Investigating Accountants Report | - | 9,800 |
| **Total other service remuneration** | - | 9,800 |
| **Total Auditor's remuneration** | 34,000 | 29,800 |

## 16 Earnings per share

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

| | Consolidated 2012 $ | Consolidated 2011 $ |
|---|---|---|
| Loss after income tax | (764,056) | (316,660) |
| Weighted average number of shares used in basic earnings per share | 88,071,601 | 23,807,858 |
| Weighted average number of shares used in diluted earnings per share | 88,071,601 | 23,807,858 |
| | | |
| Earnings Per Share | (0.87) cents | (1.33) cents |
| Diluted Earnings Per Share | (0.87) cents | (1.33) cents |

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for the inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the Group is loss generating.

## 17 Reconciliation of cash flows from operating activities

| | Consolidated 2012 $ | Consolidated 24/1/11 - 30/6/11 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss after income tax expense for the year | (764,056) | (316,660) |
| | | |
| Cash flows excluded from loss attributable to operating activities | | |
| | | |
| Non cash flows in loss: | | |
| Depreciation | 368 | - |
| Write off deferred exploration and evaluation expenditure | 331,923 | - |
| Change in other employee obligations | 5,345 | 4,716 |
| | | |
| Change in other assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | 5,268 | (49,704) |
| (Increase)/decrease in other assets and prepayments | 42,666 | (42,666) |
| (Increase)/decrease trade and other payables | 33,534 | 103,210 |
| Net cash from operating activities | (344,952) | (301,104) |

**Non cash investing and financing activities**

The Group purchased tenements via share based payments (refer to Note 13) and also awarded shares to promoters of seed capital (refer to Note 9.1).

## 18 Related party transactions

The Parent entity is MRG Metals Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Australia) Pty Ltd.

MRG Metals (Australia) Pty Ltd owns the mining tenements and has no other Assets or Liabilities.

The Group's related parties include its key management and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

### 18.1 Transactions with related parties

The following transactions occurred with related parties:

**Payment for goods and services:**
The Company has entered into an agreement with Calatos Pty Ltd in relation to consulting fees for services relating to marketing, dealing with shareholders and capital raising. The fees payable are $120,000 per annum. At the time of entering into the agreement, Mr Bruce McFarlane, a shareholder of Calatos Pty Ltd, held a controlling interest in MRG Metals Ltd.

The Group used the accounting services of RSM Bird Cameron, an entity associated with Mr. Turner. The amounts billed were based on normal market rates and amounted to $31,500 (2011 $68,000).

**Receivable from and payable to related parties**
There were no trade receivable from or trade payables to related parties.

**Loans to/from related parties**
There were no loans to or from related parties at the reporting date.

**Terms and conditions**
All transactions are made on normal commercial terms and conditions and at market rates.

### 18.2 Transactions with key management personnel

Key management of the Group are the Board of Directors. Key management personnel remuneration is set out in the Remuneration Report in the Director's Report.

### 18.3 Equity instruments held by KMP

The number of shares in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2011

| | Balance at start of year | Additions | Received on exercise | Other changes | Held at the end of the reporting period |
|---|---|---|---|---|---|
| Van Der Zwan | - | 2,160,000 | - | - | 2,160,000 |
| Pietrzak | - | 2,130,000 | - | - | 2,130,000 |
| Turner | - | 1,470,000 | - | - | 1,470,000 |
| Fammartino | - | 1,860,000 | - | (1,860,000) | - |
| | - | 7,620,000 | - | (1,860,000) | 5,760,000 |

Year ended 30 June 2012

| | Balance at start of year | Additions | Received on exercise | Other changes | Held at the end of the reporting period |
|---|---|---|---|---|---|
| Van Der Zwan | 2,160,000 | - | - | - | 2,160,000 |
| Pietrzak | 2,130,000 | - | - | - | 2,130,000 |
| Turner | 1,470,000 | - | - | - | 1,470,000 |
| | 5,760,000 | - | - | - | 5,760,000 |

These shares were acquired in initial capital raising of Company, via issue to Seed Capitalists and via Initial Public Offering. Mr. Fammartino resigned on 14 February 2011.

The number of options in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2012

| | Balance at start of year | Additions | Deleted on exercise | Other changes | Held at the end of the reporting period |
|---|---|---|---|---|---|
| Van Der Zwan | - | 1,080,000 | - | - | 1,080,000 |
| Pietrzak | - | 1,065,000 | - | - | 1,065,000 |
| Turner | - | 735,000 | - | - | 735,000 |
| | - | 2,880,000 | - | - | 2,880,000 |

## 19 Contingent assets and contingent liabilities

The Group has no contingent assets as 30 June 2012.
The Group has no contingent liabilities at 30 June 2012.

## 20 Commitments for expenditure

| | 2012 | 2011 |
|---|---|---|
| | $ | $ |
| Exploration and evaluation:<br>Within 12 months | 344,000 | 310,760 |
| | 344,000 | 310,760 |

Exploration and evaluation:
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements of the State Mine Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

## 21 Financial instrument risk

### Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk (including interest rate risk), credit risk and liquidity risk.

The Group's risk management is carried out by the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

## 21.1 Foreign currency sensitivity

To date, all of the Group's transactions have been carried out in Australian Dollars.

## 21.2 Interest rate sensitivity

The Group's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

At 30 June 2012, there was $750,000 on deposit at 5.55% and $60,000 on deposit at 5.80% (Note 8).

On 2 July 2012, $3,000,000.00 was invested for six months at 5.50%.

An increase/decrease by 30% or 1.65 basis points would have a favourable/adverse effect on profit for the year of $62,865. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

### 21.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to minimal credit risk as its only exposure is to interest receivable and GST refunds.

### 21.4 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring actual and forecast cash inflows and outflows due in day-to-day business.

The Group's working capital, being current assets less current liabilities, at 30 June 2012 was $4,213,544. Based on this, the directors are satisfied the Group will have sufficient funds to pay its debts as and when they fall due.

As at 30 June, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

| | Current | | Non current | |
|---|---|---|---|---|
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **Later than 5 years** |
| **30 June 2011** | **$** | **$** | **$** | **$** |
| Trade and other payables | 150,034 | - | - | - |
| Total | 150,034 | - | - | - |

| | Current | | Non current | |
|---|---|---|---|---|
| | **Within 6 months** | **6 to 12 months** | **1 to 5 years** | **Later than 5 years** |
| **30 June 2012** | **$** | **$** | **$** | **$** |
| Trade and other payables | 183,567 | - | - | - |
| Total | 183,567 | - | - | - |

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values due to their short term nature.

## 22 Capital risk management

The Group's objectives when managing capital is to ensure the Group's ability to continue as a going concern so that it can provide an adequate return to shareholders.

The Group would look to raise capital when an opportunity to invest in a business, company or tenement is seen as value adding.

## 23 Post-reporting date events

Since the end of the year the following significant events have occurred:

- There are no other events occurring since the end of the year that have, or may, significantly affect the Group's operations, results of those operations or the state of affairs of the Group.

## 24 Parent entity information

Information relating to MRG Metals Ltd ('the parent entity')

| | 2012<br>$ | 2011<br>$ |
|---|---|---|
| **Statement of financial position** | | |
| Current assets | 4,407,173 | 5,237,461 |
| Total assets | 6,497,449 | 6,384,084 |
| Current liabilities | 193,629 | 154,750 |
| Total liabilities | 193,629 | 154,750 |
| | | |
| Issued capital | 7,384,536 | 6,545,994 |
| Retained earnings | (1,080,716) | (316,660) |
| | 6,303,820 | 6,229,334 |
| | | |
| **Statement of comprehensive income** | | |
| Profit/(loss) for the period | (764,056) | (316,660) |
| Total comprehensive income | (764,056) | (316,660) |

## 25 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2012 were approved by the board of directors on 27 September 2012.

Albert Pietrzak
Chairman

Shane Turner
Director/Secretary)

# Directors' declaration

1. In the opinion of the directors of MRG Metals Ltd:

a the consolidated financial statements and notes of MRG Metals Ltd are in accordance with the Corporations Act 2001, including

i. giving a true and fair view of its financial position as at 30 June 2012 and of its performance for the financial period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b there are reasonable grounds to believe that MRG Metals Ltd will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial period ended 30 June 2012.

3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne, the 27th day of September 2012

Albert Pietrzak
Director

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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## Independent Auditor's Report
## To the Members of MRG Metals Ltd

### Report on the financial report

We have audited the accompanying financial report of MRG Metals Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company .

### Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the 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 determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Electronic presentation of audited financial report**

This auditor's report relates to the financial report of MRG Metals Ltd and controlled entities for the year ended 30 June 2012 included on MRG Metals Ltd's web site. The Company's Directors are responsible for the integrity of MRG Metals Ltd's web site. We have not been engaged to report on the integrity of MRG Metals Ltd's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Auditor's opinion**

In our opinion:

a the financial report of MRG Metals Ltd is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

GrantThornton

**Report on the remuneration report**

We have audited the remuneration report included in pages 15 to 17 of the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of MRG Metals Ltd for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.L. Taylor
Partner - Audit & Assurance

Melbourne, 27 September 2012

# ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 19 September 2012.

### Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

| Shareholder | Number of Shares |
|---|---|
| Ottawa Resources P/L | 11,524,000 |

**Voting Rights**

| | |
|---|---|
| Ordinary shares | On show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote |
| Options | No voting rights |

| Holding | Shareholders |
|---|---|
| 1 – 1,000 | 4 |
| 1,001 – 5,000 | 29 |
| 5,001 – 10,000 | 122 |
| 10,001 – 100,000 | 166 |
| 1,000,000 and over | 112 |
| | 433 |

There were no holders of less than a marketable parcel of ordinary shares.

| | Ordinary Shares | |
|---|---|---|
| **Twenty largest quoted shareholders** | **Number Held** | **%of quoted shares** |
| G & C Hedt P/L | 2,560,000 | 4.02 |
| Bigson P/L | 2,560,000 | 4.02 |
| J Powell | 2,560,000 | 4.02 |
| Gulf Country Investments P/L | 2,400,000 | 3.77 |
| L Knight | 1,920,000 | 3.01 |
| Tigerland Investments P/L | 1,400,000 | 2.20 |
| TRR Investments P/L | 1,380,000 | 2.17 |
| Aznanob P/L | 1,380,000 | 2.17 |
| RL Staggard & DL Berry | 1,280,000 | 2.01 |
| A & J Turner P/L | 1,280,000 | 2.01 |
| 33rd Infinity P/L | 1,280,000 | 2.01 |
| S Popovic | 1,280,000 | 2.01 |
| Notemarl P/L | 1,280,000 | 2.01 |
| UBS Wealth Management Australia Nominees P/L | 1,250,892 | 1.96 |
| Malanti P/L | 1,000,000 | 1.57 |
| Bruce McFarlane & J Charlwood | 882,500 | 1.38 |
| Marloss Fifteen P/L | 880,000 | 1.38 |
| PW Askins & HM Ansell | 810,000 | 1.27 |
| Stage Constructions P/L | 800,000 | 1.26 |
| Brian McFarlane | 768,000 | 1.21 |
| | 28,951,392 | 45.46 |

## Restricted equity securities

The following securities are subject to escrow:

- 24,439,000 Escrowed until 8 June 2013

## Securities exchange

The Company is listed on the Australian Securities Exchange and shares are quoted under the code MRQ.

| | Options | |
|---|---|---|
| **Twenty largest quoted optionholders** | **Number Held** | **%of quoted options** |
| Ottawa Resources P/L | 5,942,000 | 13.50 |
| G & C Hedt P/L | 1,280,000 | 2.91 |
| J Powell | 1,280,000 | 2.91 |
| Gulf Country Investments P/L | 1,200,000 | 2.73 |
| HSBC Custody Nominees (Australia) Ltd | 1,154,750 | 2.62 |
| Life-Style Connections P/L | 1,050,000 | 2.39 |
| Minico P/L | 1,000,000 | 2.27 |
| Kathryn Van Der Zwan | 965,000 | 2.19 |
| L Knight | 960,000 | 2.18 |
| Rylet P/L | 890,000 | 2.02 |
| N Fammartino | 880,000 | 2.00 |
| Bigson P/L | 880,000 | 2.00 |
| Tigerland Investments P/L | 700,000 | 1.59 |
| Sage Administration P/L | 695,000 | 1.58 |
| TRR Investments P/L | 690,000 | 1.57 |
| RL Staggard & DL Berry | 687,500 | 1.56 |
| A & J Turner P/L | 640,000 | 1.45 |
| 33rd Infinity P/L | 640,000 | 1.45 |
| S Popovic | 640,000 | 1.45 |
| Notemarl P/L | 640,000 | 1.45 |
| | 22,814,250 | 51.82 |

## Securities exchange

The Company is listed on the Australian Securities Exchange and options are quoted under the code MRQO.

**Tenements**

The Tenements held by the Company at reporting date are as follows:

| Project | Tenement | % Owned |
|---|---|---|
| Xanadu | P52/1366 | 100 |
| Xanadu | P52/1367 | 100 |
| Xanadu | P52/1368 | 100 |
| Xanadu | P52/1369 | 100 |
| Xanadu | P52/1372 | 100 |
| Xanadu | P52/1373 | 100 |
| Xanadu | P52/1374 | 100 |
| Xanadu | P52/1375 | 100 |
| Xanadu | P52/1376 | 100 |
| Xanadu | P52/1377 | 100 |
| Xanadu | P52/1378 | 100 |
| Xanadu | P52/1379 | 100 |
| Xanadu | P52/1380 | 100 |
| Xanadu | P52/1381 | 100 |
| Kalgoorlie East | P26/3693 | 100 |
| Kalgoorlie East | P26/3694 | 100 |
| Kalgoorlie East | P26/3596 | 100 |
| Kalgoorlie East | P26/3597 | 100 |
| Kalgoorlie East | P26/3598 | 100 |
| Kalgoorlie East | P26/3599 | 100 |
| Kalgoorlie East | P26/3600 | 100 |
| Kalgoorlie East | P26/3601 | 100 |
| Kalgoorlie East | P26/3602 | 100 |
| Kalgoorlie East | P26/3603 | 100 |
| Kalgoorlie East | P26/3604 | 100 |
| Kalgoorlie East | P26/3605 | 100 |
| Kalgoorlie East | P26/3606 | 100 |
| Kalgoorlie East | P25/1984 | 100 |
| Kalgoorlie East | P25/1985 | 100 |
| Collie South | E70/3331 | 30 |
| Braemore Battery | P37/7008 | 100 |
| Braemore Battery | P37/7009 | 100 |
| Braemore Battery | P37/7765 | 100 |
| Braemore Battery | P37/7766 | 100 |
| Braemore Battery | P37/7767 | 100 |
| Braemore Battery | P37/7768 | 100 |
| Braemore Battery | P37/7769 | 100 |
| Braemore Battery | P37/7070 | 100 |
| Braemore Battery | P37/7771 | 100 |
| Fraser Range | EL63/1552 | 100 |
| Fraser Range | EL63/1553 | 100 |

# Corporate Directory

## Directors & Secretary

Albert Pietrzak
Non Executive Chairman

Andrew Van Der Zwan
Managing Director and Chief Executive Officer

Shane Turner
Non Executive Director and Company Secretary

## Principal place of business

Level 8, 350 Collins Street, Melbourne VIC 3000
Telephone: +61 3 9642 8575 Fax: +61 3 96425662
Email: info@mrgmetals.com.au
www.mrgmetals.com.au

## Registered office

Level 1, 1-3 Bath Lane, Ballarat Victoria 3350
PO Box 237, Ballarat VIC 3353
Telephone: +61 3 5330 5800 Fax: +61 3 5333 1667

## Corporate accountant and Registered ASIC Agent

RSM Bird Cameron
Level 1, 1-3 Bath Lane, Ballarat VIC 3350
PO Box 685, Ballarat VIC 3353
Telephone: +61 3 5330 5800 Fax: +61 3 5333 1667
www.rsmi.com.au

## Solicitors

Middletons
Level 25, 525 Collins Street, Melbourne VIC 3000
Telephone: +61 3 9205 2000 Fax: +61 3 9205 2055
www.middletons.com

## Share Registry

Link Market Services Limited
Ground Floor, 178 St Georges Terrace, Perth WA 6000
Telephone: 1300 554 474

## Auditor

Grant Thornton Audit Pty Ltd
Level 2, 215 Spring Street, Melbourne Vic 3000
Telephone (office): +61 3 8663 6000 Fax: +61 3 8663 6333
Email: brad.taylor@au.gt.com
Website: www.grantthornton.com.au

## Stock Exchange Listing

ASX Codes: MRQ , MRQO