



QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2014

- **KALGOORLIE EAST DRILLING REVEALS PROMISING GOLD & BASE METAL ANOMALISM**
- **XANADU PHASE 1 DRILLING TO COMMENCE APRIL 2014**

MRG Metals Ltd has a stated exploration strategy to drill high potential targets every quarter. To achieve this MRG adopts a dynamic, systematic approach to target generation with rigorous prioritisation of drill targets. Whilst it was planned to drill at Xanadu during the first Quarter, heavy rain in the area delayed that drilling and the Kalgoorlie East - Balagundi gold targets were drilled instead. Promising gold and base metal mineralisation was encountered and vectors to high grade mineralisation are being sought by continuing analysis of the results.

KALGOORLIE EAST PROJECT

A 1,115 metre Reverse Circulation drilling program (Figure 1) tested two new gold targets, one on the main Kalgoorlie East area (5 holes) and the other on the Balagundi satellite project (4 holes). The holes at Balagundi were drilled into a virgin area with no prior drilling. Of the four shallow holes completed, anomalous gold and strongly anomalous arsenic were found in two of the holes. We are greatly encouraged by these promising early results and further work on this area is planned.

Significant results from the program include:

KALGOORLIE EAST

3m @ 2.83g/t Ag, 0.08% Cu & 0.8% Zn from 143 to 146m in hole KERC015

2m @ 12g/t Ag & 0.06% Cu from 46 to 48m in hole KERC018

3m @ 2.67g/t Ag, 0.09% Cu & 0.6 % Zn from 153 to 156m in hole KERC019

BALAGUNDI

3m @ 0.33g/t Au & 479 ppm As from 35 to 38m in hole BRC001

5m @ 1,710 ppm As from 67 to 72m in hole BRC004

Full results are given in Appendix 1.

The geochemical associations highlight relationships common in Metalliferous Black Shales (possibly associated with Volcanogenic Massive Sulphide-related mineralisation) and Archean Gold Deposits (Balagundi).

At Kalgoorlie East the geochemistry of the Metalliferous Black Shales encountered during the drilling, show that they are very sulphidic, with highly anomalous concentrations of Au, As and elevated base metals. There are many types of mineral deposits that are enveloped by disseminated pyrite 'shells' with anomalous geochemistry. Accordingly, further work is underway on the black shale geochemistry to determine vectors to mineralisation and further drilling is warranted later in the year.

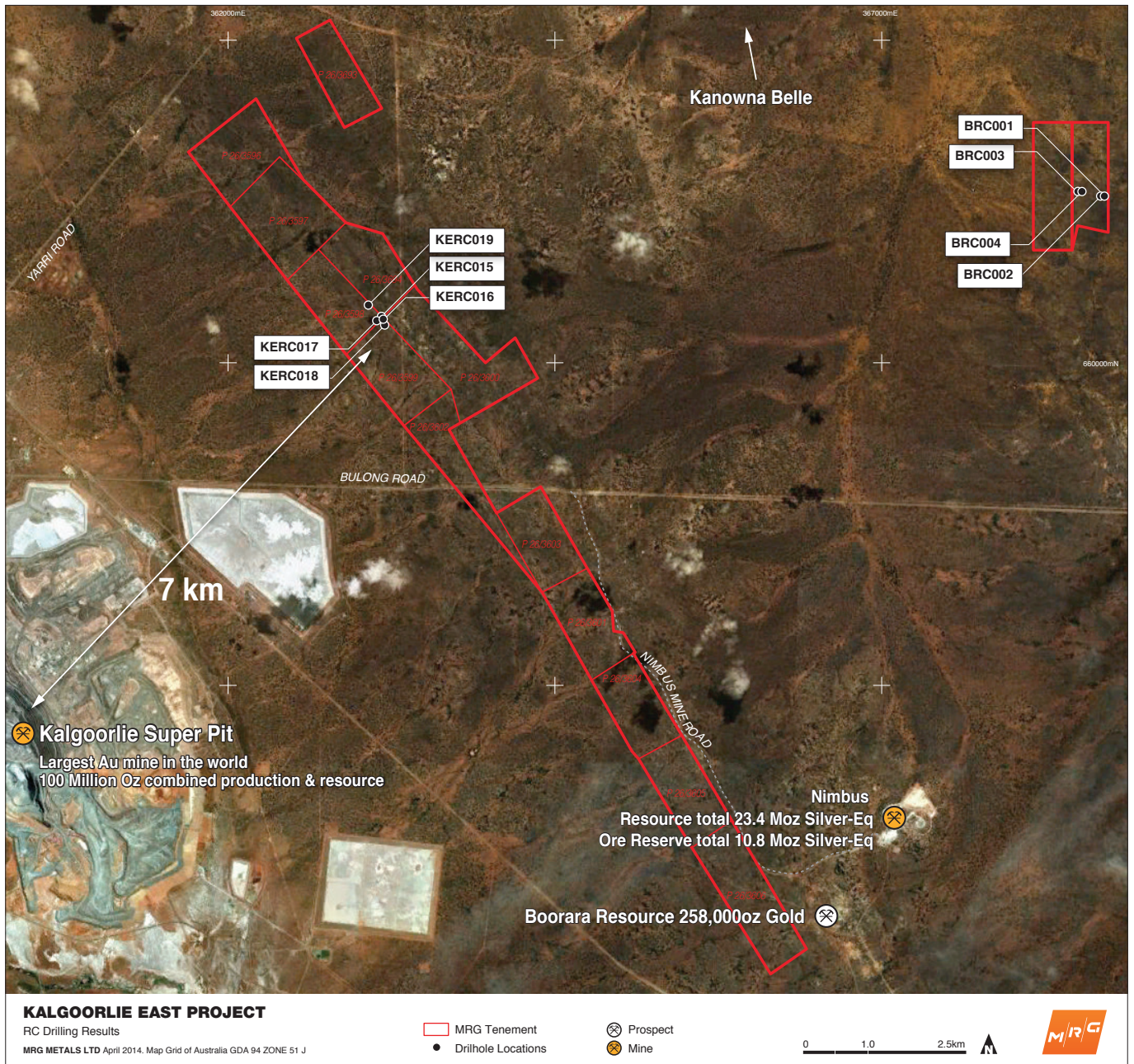


Figure 1: Kalgoorlie East Project & Balagundi RC drill hole locations.

XANADU PROJECT

Additional analysis by Sasak Technical Services Pty Ltd has revealed more detail about the underlying geology. Litho-geochemical and litho-structural reinterpretation of all existing data-sets, incorporating reprocessed aeromagnetic data, was undertaken during the quarter, to generate and prioritise a first phase drilling program. MRG will drill six targets at Xanadu for approximately 2500 metres of RC drilling, commencing in late April and preliminary results are expected to be available in the second half of May.

With the forthcoming program, MRG is targeting both near surface stratabound mineralisation, the focus of previous exploration and deeper sub vertical feeder structures which have received little attention. This second style of mineralisation sought is similar to that at Northern Star Resources Ltd’s adjacent Mt Olympus project.

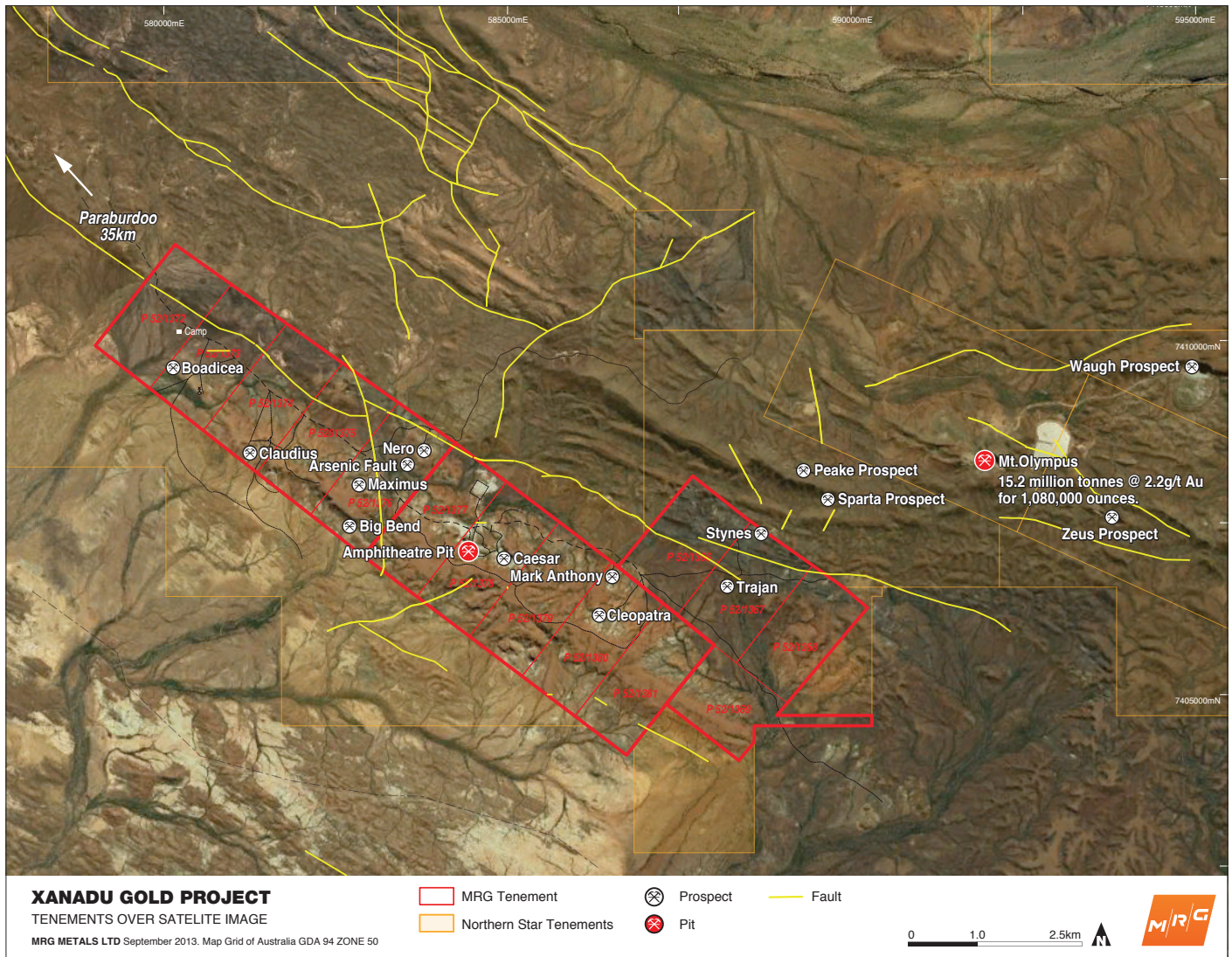


Figure 2: Xanadu Gold Project.

EAST YILGARN PROJECT

MRG’s East Yilgarn Project, along with Gold Road Resources Ltd’s adjacent Yamarna Project, are located at the eastern margin of the Yilgarn Craton and are prospective for greenstone hosted gold in a frontier terrain. The potential of this region is demonstrated by Gold Road’s exploration success.

The greenstone hosted gold deposits of the Yilgarn Craton account for a significant proportion of Australia’s gold production. MRG are seeking analogues of this deposit style. This terrain is historically underexplored due its remoteness and is covered by younger rocks and sand of the Great Victoria Desert.

Predictive modelling by Sasak Technical Services Pty Ltd focussed on a number of key areas with achievable exploration depths. Depth to basement has been calculated to be as little as 50 metres below surface over one target, with other basement targets calculated to be in the range from 100 to 400 metres below surface. One of these deeper targets will be tested by utilising the drilling co-funding received by MRG from the Western Australian Government.

Geochemical surveys are planned to commence in late May over the shallower areas, whilst the balance of the deeper targets will likely require additional geophysical analysis.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

The Environmental Management Plans for MRG's two outstanding licence applications were lodged during the quarter, thereby completing the grant requirements. An offer of grant for these applications was previously received from the Queensland Government in late 2013 and we expect the licences to issue in mid 2014. Compilation and analysis of current geochemical & geophysical data is continuing as a forerunner to the commencement of exploration.

LOONGANA PLATINUM PALADIUM NICKEL PROJECT

Analysis of geophysical data covering the Loongana exploration licence has identified six target areas considered to have favourable rock types to host interpreted layered mafic / ultramafic intrusive complex. These layered complexes are considered prospective for platinum and nickel mineralisation. The mineralisation is likely to occur either as strataform or stratabound reefs within the complex, or associated with disseminated to massive nickel - copper sulphides in the margins.

Drill targets have now been identified based on an analysis of geophysical data and previous drilling. Three target areas are planned to be drill tested in the second half of 2014.

FRASER RANGE - YARDILLA

MRG holds seven exploration licence applications within the Birranup zone of the Albany Fraser Orogen. These applications are considered prospective for gold mineralisation analogous to that found at Tropicana. The applications are within the 'B' class Dundas Nature Conservation Reserve.

MRG's exploration licence applications are yet to be granted. This is due to ongoing negotiations between the Departments of Mines & Petroleum (DMP) and Environment & Conservation ('DEC') regarding the environmental conditions that should apply to licences within the Dundas Nature Reserve. This matter is still to be resolved to the satisfaction of MRG.

However, MRG does have another more recent application, known as Yardilla, that is outside the confines of the Dundas Nature Reserve and we expect that this will be granted in the third quarter of 2014. This application straddles the boundary of part of the south eastern boundary of the Yilgarn Craton and the Albany Fraser Orogen. The project area is considered to be prospective for gold, nickel and base metal deposits.

Keith Weston

Managing Director

The information in this report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr Keith Weston, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Weston is an employee to the Company and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Weston consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.

Appendix 1.

TABLE 1: KALGOORLE EAST & BALAGUNDI PROJECT FEBRUARY 2014 DRILLING SIGNIFICANT INTERCEPTS

Hole No.	From	To	Gold	Silver	Arsenic	Antimony	Copper	Iron	Lead	Tellurium	Thallium	Tin	Zinc
	m	m	ppb	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm
BRC001	35	36	167	<0.5	70	0.4	340	17.2	10	<0.2	0.5	2	614
BRC001	36	37	280	<0.5	138	0.4	218	17.7	5	0.2	0.8	1	604
BRC001	37	38	532	0.5	1230	1.2	278	17.7	4	0.4	0.8	2	874
BRC001	38	39	39	<0.5	1710	1.5	336	19.6	6	0.4	0.8	2	910
BRC001	39	40	21	<0.5	832	0.6	358	20	4	0.4	1	1	818
BRC001	40	41	267	<0.5	237	0.3	318	19.3	3	0.4	0.4	<1	690
BRC001	41	42	97	<0.5	93	0.4	150	14.6	3	0.4	0.8	1	598
BRC001	42	43	300	<0.5	88	0.8	176	12.3	4	0.4	0.3	1	460
BRC002	No significant assays												
BRC003	95	96	2	<0.5	54	0.8	2	7.92	2	0.4	<0.1	2	44
BRC003	96	97	48	<0.5	2190	2	6	11.5	4	0.2	<0.1	<1	86
BRC003	97	98	6	<0.5	212	0.8	10	12.6	2	0.2	<0.1	<1	102
BRC003	98	99	14	<0.5	839	1.1	4	9.79	2	0.4	<0.1	1	52
BRC003	99	100	4	<0.5	146	1	2	10.8	2	<0.2	<0.1	<1	74
BRC004	63	64	2	<0.5	71	0.8	4	11.4	2	0.4	<0.1	1	82
BRC004	64	65	<1	0.5	27	0.8	8	10.5	3	0.4	<0.1	1	90
BRC004	65	66	43	<0.5	4930	2.3	6	11.1	3	<0.2	<0.1	<1	92
BRC004	66	67	11	0.5	66	0.4	2	11.9	3	0.4	<0.1	1	94
BRC004	67	68	15	<0.5	2130	1.6	4	10.8	2	0.4	<0.1	1	88
BRC004	68	69	6	<0.5	243	1	2	10.9	4	0.4	<0.1	1	80
BRC004	69	70	30	<0.5	1460	1.2	2	11	2	0.2	<0.1	2	82
BRC004	70	71	49	<0.5	3240	1.8	2	10.9	2	0.4	<0.1	<1	96
BRC004	71	72	35	<0.5	1480	1.7	4	11.2	2	0.2	<0.1	1	90
BRC004	72	73	75	<0.5	66	0.8	2	11.2	2	0.2	<0.1	<1	88
BRC004	73	74	21	<0.5	765	1.1	8	11.3	2	0.4	<0.1	<1	96
BRC004	74	75	23	<0.5	1440	1.1	2	11.4	3	0.4	<0.1	<1	92
KERC015	140	141	10	1	84	4.2	374	8.58	58	1.8	7.3	8	1920
KERC015	141	142	42	2.5	197	12.4	996	12.5	147	2.4	7.9	19	5980
KERC015	142	143	5	<0.5	20	1.6	270	7.72	18	0.4	0.7	1	292
KERC015	143	144	40	2.5	215	13.2	740	19	193	1.8	8.5	29	8380
KERC015	144	145	47	3.5	248	15.5	1110	18.9	194	2	10	33	10300
KERC015	145	146	43	2.5	224	14.1	620	18.5	185	2.2	8.4	20	6180
KERC015	146	147	9	0.5	57	5	174	8.49	49	0.8	2.2	5	1260
KERC015	147	148	8	0.5	45	3.4	968	17	36	0.8	1.4	3	1410
KERC015	148	149	1	<0.5	105	1	130	6.96	10	0.4	2.8	1	386
KERC016	No significant assays												
KERC017	No significant assays												
KERC018	45	46	7	<0.5	22	3.5	460	4.19	32	0.4	4.7	4	194
KERC018	46	47	56	13	61	5.6	536	6.3	61	0.8	4.3	5	466
KERC018	47	48	53	11	50	4.1	590	4.6	105	0.8	3.7	7	564
KERC018	48	49	7	3.5	51	4.5	440	7.16	129	0.8	4.4	10	316
KERC018	49	50	12	2.5	86	5	298	8.19	113	1	4.2	10	262
KERC019	150	151	8	<0.5	9	0.9	214	9.26	20	0.4	0.9	1	462
KERC019	151	152	8	1	28	3.2	798	18	58	0.6	1.2	2	1230
KERC019	152	153	13	1.5	117	6.1	732	20.5	126	1.2	3.8	8	2950
KERC019	153	154	28	2	184	8	732	20.1	176	2	6.8	16	5920
KERC019	154	155	34	2.5	168	10.1	980	16.4	202	2	6.8	22	6010
KERC019	155	156	32	3.5	204	9.6	1100	15.5	197	2	8.3	29	6480
KERC019	156	157	24	2	191	8.5	674	12.7	138	1.8	8.1	24	3360
KERC019	157	158	27	2	220	9.9	700	13.5	156	2.2	7.8	20	3650
KERC019	158	159	22	1	104	5.7	482	12.3	95	1	3.9	11	2470

TABLE 2: KALGOORLE EAST & BALAGUNDI PROJECT COLLAR LOCATION TABLE

Hole Number	Easting	Northing	Elevation	Azimuth	Dip	Total Depth
	GDA94	GDA94	m	Magnetic	Degrees	m
KERC015	362509	6600695	390	225	-60	149
KERC016	362573	6600663	391	224	-60	140
KERC017	362520	6600628	395	225	-60	150
KERC018	362586	6600585	403	226	-60	144
KERC019	362363	6600886	402	225	-60	162
BRC001	373801	6602643	394	270	-60	104
BRC002	373746	6602648	395	270	-60	86
BRC003	373370	6602728	384	90	-60	102
BRC004	373417	6602712	385	90	-60	78

TABLE 3: BALAGUNDI PROJECT GEOCHEMICAL ASSAY STATISTICS

No	Gold	Silver	Arsenic	Antimony	Copper	Iron	Lead	Tellurium	Thallium	Tin	Zinc
30	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Minimum	<1	<0.5	10	0.3	2	79200	2	<0.2	<0.1	<1	44
Maximum	532	0.5	4930	2.3	358	200000	10	0.4	1	2	910
Mean	71.8	0.29	797.6	1.08	86.6	128870	3.3	0.31	0.2	1.15	272.4
Std Deviation	121.1	0.09	1146.4	0.5	127.1	31391.7	1.8	0.1	0.3	0.6	283.9

TABLE 4: KALGOORLE EAST GEOCHEMICAL ASSAY STATISTICS

No	Gold	Silver	Arsenic	Antimony	Copper	Iron	Lead	Tellurium	Thallium	Tin	Zinc
31	ppb	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Minimum	1	<0.5	9	0.9	130	41900	10	<0.2	<0.1	1	194
Maximum	56	13	248	15.5	1110	205000	202	2.4	10	33	10300
Mean	19.77	2.1	100.7	5.9	612.1	133500	96.8	1.2	4.5	11.2	2600
Std Deviation	15.9	2.8	75.5	4	261.5	51110	60.4	0.7	2.8	9.2	2702

Appendix 2.

JORC CODE, 2012 EDITION – TABLE 1 REPORT - KALGOORLIE EAST & BALAGUNDI RC DRILLING

SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sapling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	The sampling has been carried out using Reversed Circulation drilling (RC). A total of nine holes were drilled in the reported program for a total of 1115m, at depths ranging from of 78 to 162m. The holes were drilled at - 60 degrees at various azimuths. Sample quality was high with only minimal (estimated up to 30%) sample loss around the annulus in the top 5m of each hole. Six holes have assays reported in this document.
	<i>Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.</i>	The drill holes were located by handheld GPS. Sampling was carried out under MRG Metals Ltd protocols and QAQC procedures as per current industry practice. See further details below.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	RC holes were drilled with a 5.25inch face-sampling bit, 1m samples collected through a cyclone and cone splitter, to form a 2 to 3kg sub sample. These samples were sorted and dried by the assay laboratory. The whole sample was pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Co, Cr, Cu, Fe, Mg, Mn, Ni, P, V, Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Ba, Bi, Mo, Pb, Sb, Sn, Te, Tl were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry. The samples were analysed by firing an approximately 40 gram portion of the sample following digestion with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	An Reverse Circulation drilling rig, operated by Redmond Drilling Pty Ltd was used to collect the samples.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	The majority of samples were dry. Ground water was only encountered in hole KERC019, the inflow was controlled by increasing the air volume. Sample recoveries were visually estimated and any low recoveries recorded in the drill logs. Recovery of the samples was good, generally estimated to be full, except for some sample loss at the top of the hole.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	RC face-sample bits, PVC casing in the top 5 metres and dust suppression were used to minimise sample loss. RC samples are collected through a cyclone and cone splitter, with the bulk of the sample deposited in a plastic bag and a sub sample up to 3kg collected for dispatch to the assay laboratory.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	All RC samples were dry except for to 143 to 162m (EOH) in hole KERC019. Ground water egress into the hole resulted in some damp & wet samples. No significant loss of sample volume was noted when water was encountered. Except for the top of the hole, there is no evidence for excessive loss of material and the assay results do not indicate bias due to sample loss or cross contamination.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	All chips were geologically logged by MRG geologists, using the MRG logging scheme.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of RC chips records lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. All samples are wet-sieved and stored in chip trays. These trays were photographed and then stored off site for future reference.
	<i>The total length and percentage of the relevant intersections logged.</i>	All holes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	No core was collected.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	One-metre drill samples are channeled through a rotary cone-splitter installed directly below a rig mounted cyclone. A 2-3 kg sub-sample is collected in a calico bag and the balance in a plastic bag. The calico bag is positioned on top of the corresponding plastic bag. Most samples were dry except as noted above.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Samples were prepared at the Bureau Veritas Laboratory in Perth. Samples were dried, and the whole sample pulverised to 90% passing 75um, and a reference sub-sample of approximately 200g retained. A nominal 40g was used for the analysis. The procedure is industry standard for this type of sample.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representation of samples.</i>	A duplicate field sample is taken from the cone splitter at a rate of approximately 1 in 40 samples. At the laboratory, regular Repeats and Lab Check samples are assayed.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling.</i>	One-metre samples are split on the rig using a cone-splitter, mounted directly under the cyclone. This standard Industry practice. The samples weigh less than 3kg prior to pulverisation.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate to give an indication of mineralisation given the particle sizes and the practical requirement to maintain manageable sample weights.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The samples were sorted and dried by the assay laboratory. The whole sample was pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Co, Cr, Cu, Fe, Mg, Mn, Ni, P, V and Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Ba, Bi, Mo, Pb, Sb, Sn, Te, Tl were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry. The samples were analysed by Firing a 40 gm (approx) portion of the sample following digestion with a mixture of Acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. This extended digest approaches a total digest for many elements however some refractory minerals are not completely attacked. Bi, Ba, Fe, Mg, Mn, Mo, P, Sn and V results are not included in this report as they are not considered material to the understanding of the overall assay results.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools were used in this program.
	<i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i>	MRG QA/QC protocol for RC drilling is for Field Standards (Certified Reference Materials) and Blanks inserted at a rate of 4 Standards and 3 Blanks per 100 single metre samples. Field duplicates were inserted at a rate of approximately 1 in 40. For the program reported the relevant assays were part of a total batch of 61 samples submitted including QC samples. This batch included 3 Blanks, 3 Standards, and 0 field duplicates. At the Assay Laboratory additional Repeats, Lab Standards, Checks and Blanks are analysed concurrently with the field samples. Results of the field and Lab QAQC samples were checked on assay receipt. All assays met QAQC protocols, showing no levels of contamination or sample bias.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Significant results were checked by the Exploration Manager and a consultant Geochemist.
	<i>The use of twinned holes.</i>	Twin holes were not employed during this part of the program.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All field logging was carried out on a Panasonic CF-19 Toughbook computer. Logging data is submitted electronically to the Database Geologist in the MRG Metals Ltd Victorian office. Assay files are received electronically from the Laboratory. All data is stored in a Company database system, and maintained by the Database Manager.
	<i>Discuss any adjustment to assay data.</i>	No assay data was adjusted. The lab's primary Au field is the one used for analysis purposes. No averaging is employed.

Criteria	JORC Code explanation	Commentary
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	RC locations were determined by hand-held GPS, with an accuracy of 5m in Northing and Easting. The drill rig mast is set up using a clinometer. No follow-up down hole directional surveying is planned for these holes.
	<i>Specification of the grid system used.</i>	Grid projection is GDA94, Zone 51.
	<i>Quality and adequacy of topographic control.</i>	Relative Levels are allocated to the drill hole collars using current Digital Terrain Model's for the Kalgoorlie area . The accuracy of the DTM is estimated to be better than 5m.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	RC drilling was designed to pierce geochemical targets. No grid based drilling was undertaken. One sample was collected for every metre drilled and selected samples submitted for assay.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	This drilling was exploratory in nature and will not be utilised for Mineral Resource estimation purposes.
	<i>Whether sample compositing has been applied.</i>	No compositing has been employed in the reported results.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The orientation of the drill hole (azimuth) is approximately perpendicular to the strike of the targeted geochemical anomalies. At this stage of the program insufficient information is known about the relationship of the geochemical anomalies to the orientation of any mineralisation.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	The detailed orientation of any mineralisation is not accurately known at this stage and holes are drilled approximately perpendicular to regional strike.
Sample security	<i>The measures taken to ensure sample security.</i>	Calico sample bags were collected in pre -numbered plastic bags (five calico bags per single plastic bag), sealed and transported by company vehicle to the Bureau Veritas Laboratory in Kalgoorlie. These samples were then forwarded by Bureau Veritas to their laboratory in Perth for assaying.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	Sampling and assaying techniques are industry-standard. No specific audits or reviews have been undertaken at this stage in the program.

SECTION 2: REPORTING OF EXPLORATION RESULTS (CRITERIA LISTED IN THE PRECEDING SECTION ALSO APPLY TO THIS SECTION.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<p>The RC drilling occurred within tenements P26/3598, P26/3599 & P25/1984 which are now held by MRG Metals (Australia) Pty Ltd. MRG had a Tenement Acquisition Agreement with Malanti Pty Ltd and under the terms of the agreement MRG now has full beneficial interest in the licences, which are in the process of being transferred to MRG. P26/3598 & P26/3599 are on Public land covered by Crown Reserve 8767 (Common). P25/1984 is on Public land covered by lease K270179.</p> <p>The Tenements are located within the Widji Native Title Claim WC98/27, registered on 12 June 1998. Exploration is conducted under a Regional Standard Heritage Agreement with the Native Title Parties.</p>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenement subject to this report are in good standing with the Western Australian Department of Mines & Petroleum.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Previous exploration on this Project area has been completed by Malanti Pty Ltd in association with St Barbara Mines Ltd & MRG Metals Ltd. Where relevant, assay data from this earlier exploration has been incorporated into MRG databases.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>This drilling program at Kalgoorlie East was targeted towards Boorara style mineralisation, where gold occurs as a complex array of tensional shears and quartz veins hosted in dolerite and minor felsic volcanic rocks. At Balagundi, gold occurs within quartz - carbonate veins within dolerites. the holes were primarily targeted by surface geochemical sampling.</p> <p>A secondary target is VMS mineralisation within black shales, as previous drilling by MRG has found elevated levels of base metals within these rocks.</p>
Drill hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	Refer to Tables 1 & 2 in the body of text.
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Grades are reported as down-hole length-weighted averages of grades. No top cuts have been applied to the reporting of the assay results.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	All higher grade intervals are included in the reported grade intervals.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i></p>	The geometry of the mineralisation at depth is not known at this stage. As determined by surface mapping the local dip varies from steeply west dipping to steeply east dipping. (75 to 90 degrees). All assay results are based on down-hole lengths, and true width of mineralisation is not known.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Refer to Figure in the body of text.
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Refer to results reported in body of text and summary statistics for the elements reported.



Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Refer to body of text and this appendix.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Further drill testing of the anomalous results with angled RC holes is planned based on additional geological analysis. The location of the collars of these holes is still to be determined. Currently there is insufficient geological information to determine the extent of mineralisation.

Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

MRG METALS LIMITED

ABN

83 148 938 532

Quarter ended ("current quarter")

31 MARCH 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 Months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(177)	(764)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	27	124
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (sale of data)	55	55
Net Operating Cash Flows	(255)	(1,212)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(81)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(81)
1.13 Total operating and investing cash flows (carried forward)	(255)	(1,293)

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(255)	(1,293)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	(255)	(1,293)
1.20	Cash at beginning of quarter/year to date	2,073	3,111
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,818	1,818

Payments to directors of the entity and associates of the directors

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

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	\$107
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

NIL

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

NIL

Appendix 5B

Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	NIL
4.3 Production	NIL
4.4 Administration	150
Total	500

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6	8
5.2 Deposits at call	1,812	2,065
5.3 Bank overdraft	NIL	NIL
5.4 Other (provide details)	NIL	NIL
Total: cash at end of quarter (item 1.22)	1,818	2,073

Appendix 5B

Mining exploration entity quarterly report

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.2	Interests in mining tenements acquired or increased		

Issued and quoted securities at end of current quarter

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

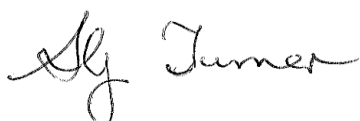
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	135,166,000	135,166,000	20 cents	20 cents
7.4 Changes during quarter (a) Increases through issue (b) Decreases	2,000,000	2,000,000		
7.5 +Convertible debt securities (description)	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	44,007,993	44,007,993	<i>Exercise price</i> 25 cents	<i>Expiry date</i> 21/09/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	NIL	NIL		
7.12	Unsecured notes <i>(totals only)</i>	NIL	NIL		

Compliance statement

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



Sign here:

(Director/Company secretary)

Date: 30 April 2014

Print name: SHANE TURNER

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.



Appendix 5B
Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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