



MRG and Au Resource Company Limited enter new Farm-in Agreement

BINDING HEADS OF AGREEMENT (HOA)

MRG Metals Limited (“MRG”) and Au Resource Company Limited (“Au”) enter into a Binding Heads of Agreement (“HOA”) for Au to commence Due Diligence on MRG’s remaining Queensland projects.

(Note: Xanadu project remains subject to deferred Due Diligence under the original HOA (refer 1 November 2017 announcement) pending AU being able to coordinate DD in early 2019).

Under the new Agreement, Au will commence an internal Due Diligence process on Oban, Mt Angelay, Selwyn and Kamileroi projects on terms defined below.

Key Terms of the Binding HOA:

Oban, Mt Angelay, Selwyn and Kamileroi Projects:

Parties:

Party A: MRG Metals Limited

Party B: Au Resource Company Limited

60 Days Due Diligence period for Party B to review projects. Both parties have agreed to expedite site access (where approvals are in place) to ensure that first project review is completed in 2018.

Should Party B decide to proceed with one or both projects then the transaction details, per project, are as follows:

- **Farm-In Terms:**
 - Party B, 15% earn-in after \$250,000 sole expenditure within 12 months;
 - Party B, to 40% earn-in after cumulative \$1,000,000 sole expenditure OR the total amount of measured, indicated and inferred gold resource calculated according to the JORC standards to 100,000 ounces in the Project Area within 24 months;
 - Party B, to 60% earn-in after cumulative \$2,000,000 sole expenditure OR the total amount of measured, indicated and inferred gold resource calculated according to the JORC standards to 200,000 ounces in the Project Area within 36 months.
- JV formation at 60:40 (Standard industry terms for Joint Operating Committee, JV equity structure and associated dilution clauses to facilitate sole funding after JV is formed).
- Party B shall maintain the right but not the obligation to sole fund from 60% to 90%, via equity earn in at the rate of sole expenditure of \$1.5 million per 5% equity.

Chairman of MRG Metals Limited, Andrew Van Der Zwan commented,

“We continue to look to streamline our portfolio and where possible look to find a suitable partner to our greenfield prospective projects. We are pleased to have AU Resource Company Limited continue to consider our projects worthy of review for potential Farm in.

Outside of the Loongana (WA) and Norrliden (Sweden) projects, we have our entire portfolio under potential Farm-In review. We have reached our 10% equity hurdle with Norrliden and nearing agreement on an acceptable sale process with our JV Partner. Upon finalising the potential sale process for Norrliden, we will be well placed to conserve cash and continue the review of new projects (currently 15 under review) to re position the Company while keeping our portfolio value via potential JV activity”.

Andrew Van Der Zwan
Chairman

Background Information: AU Resource Company Limited

AU Resource Company Limited is a Gold Focused Venture Capital Group targeting Australian rare metals. Established in 2015, with a team consisting of senior executives with ASX listed experience and knowledge.

The Executive team is augmented with financial support from significant Chinese Fund Managers.