XANADU DRILLING UPDATE

- **Shallow gold intercepts at Cleopatra - building the potential for an open pitable gold resource**
- **New mineralised zone discovered at Pertinax**

- **Early results from RC drilling at Cleopatra confirms potential for a series of shallow, open pit developments, including:**

  4m @ 3.44 g/t Au from 33m in X5009

  5m @ 1.70 g/t Au from 50m in X5012

- **Multi-element geochemical results from RC drilling at Pertinax confirm a new mineralised zone with geochemical signatures akin to the adjacent +1Moz Mt Olympus deposit (Northern Star)**

MRG Metals Ltd ('MRG') is pleased to announce preliminary results from recent RC drilling at Xanadu project in the Ashburton Basin, located approximately 4km west southwest of Northern Star's Mt Olympus deposit. Drilling was focused on two gold targets; Cleopatra and Pertinax.

Cleopatra drilling tested a north east extension of the prospect to build on previous shallow gold intersections, in order to identify open pitable Au resource potential. Whilst it was a small program, the drilling undertaken and the results received have supported this goal.

Initial assay results from Pertinax confirm the existence of a mineralised zone with multi-element geochemical signatures akin to the nearby +1Moz Mt Olympus deposit (Northern Star), revealing anomalous gold and associated pathfinder geochemistry.

Further sampling is underway at both prospects, based on anomalous composite samples. Significant results to date are tabulated in Appendix 1

Managing Director Keith Weston said: *"The preliminary results from drilling campaigns at Cleopatra and Pertinax gold targets confirm the prospectivity of the Xanadu project. This is an important initial step in MRG's strategic goal of developing economic open pitable gold deposits at Xanadu. Our priority is to complete further sampling at both prospects to develop our understanding of the gold endowment over the project area."*

XANADU DRILLING PROGRAM OVERVIEW

The second round of reverse circulation drilling has recently finished at MRG's Xanadu project, with initial assay results now received from the laboratory. These results are from the follow up holes completed at the Cleopatra prospect and the first drill holes over the eastern and western ends of the Pertinax prospect (Figure 1).

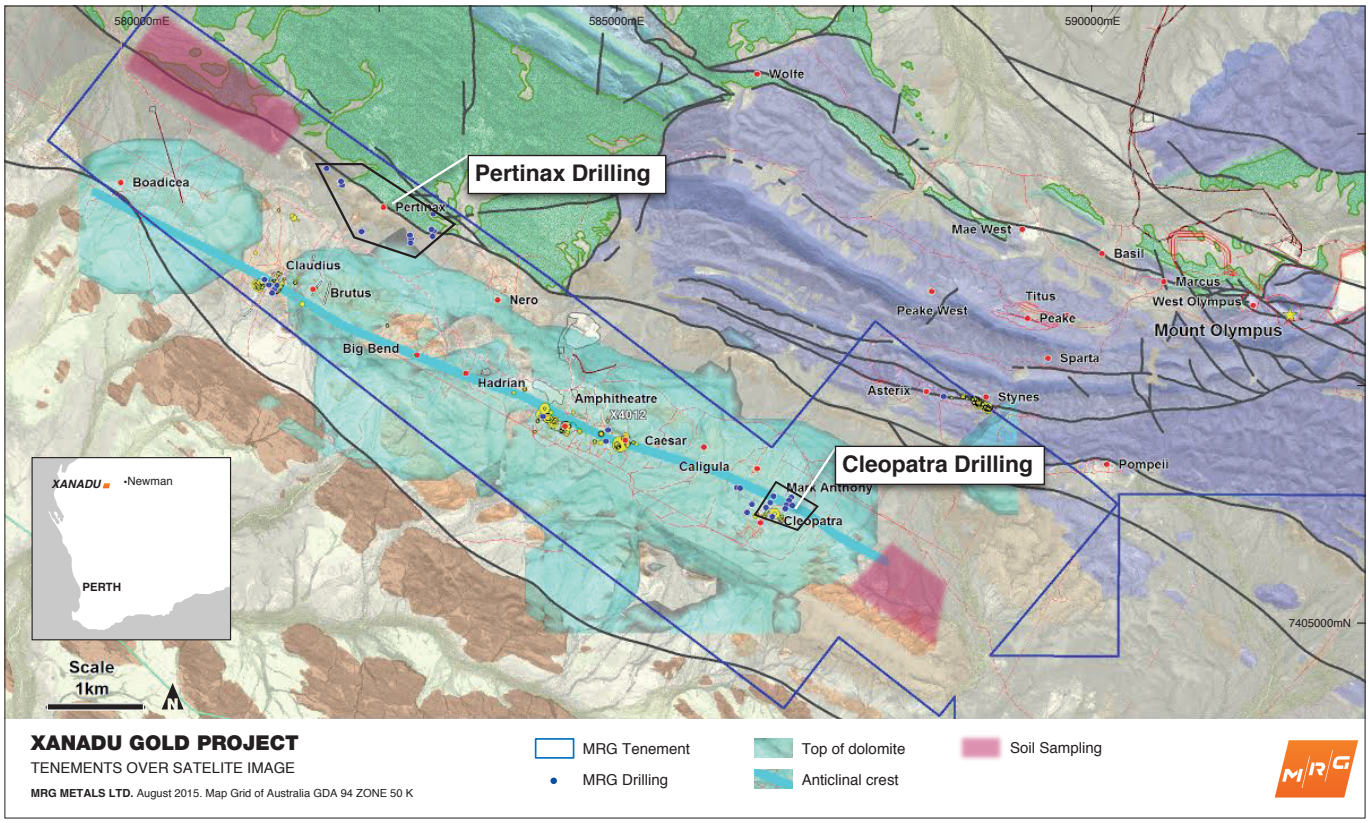

Figure 1. Xanadu tenement outline, recent drilling and soil sampling.

CLEOPATRA – PRELIMINARY RESULTS

The recently completed drill holes on the northern part of the Cleopatra prospect were designed to test the north western extent of the prospect area and uncover additional shallow gold mineralisation on the flank major anticlinal fold axis. Previous drilling at Cleopatra in mid-2014 returned wide mineralised intercepts including 23m @ 1.14 g/t Au from 21m down hole in X4017 & 41m @ 0.44g/t Au from 20m down hole in X4018 (see ASX announcement 22 July 2014).

The additional holes drilled in this campaign demonstrated the presence of similar structural and lithological traps for mineralising fluids, where a shallow dipping horizon of calcareous sediments hosts disseminated gold above a massive dolomite unit.

Drilling on 40m centres has confirmed this general model, with mineralisation gradually getting deeper towards the northeast and shallower to the south. The western line (holes X5010 through X5012) indicates that later north-south faulting has caused the massive dolomite floor to be downthrown, however mineralisation is still present at exploitable depths. The mineralisation is not yet bounded and follow-up extension and infill drilling is required in order to establish a JORC resource.

Figure 2 on the following page illustrates how mineralisation (yellow to blue) lies immediately above the massive dolomite unit (blue green).

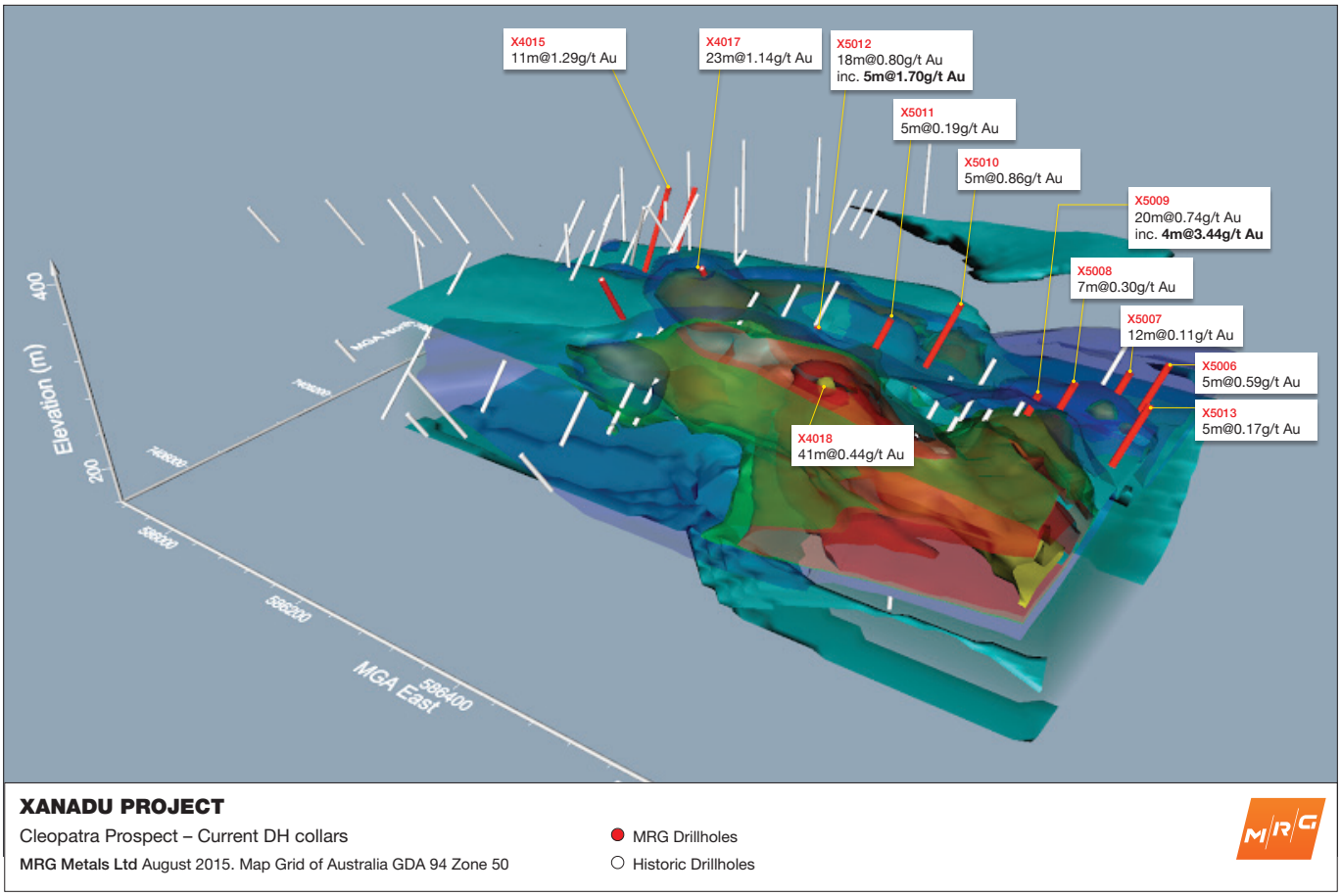

Figure 2. 3D Perspective view of Cleopatra Prospect, Xanadu Gold Project, looking to the northwest, clearly illustrates the massive dolomite unit (as blue volume) with intense arsenic alteration zone (dark blue - low, green - moderate & red - intense) extending southeast from the core of the prospect. This zone may represent where mineralising fluids have been transported from deeper parts of the system thus indicative of mineralisation at depth.

PERTINAX – PRELIMINARY RESULTS

Drilling at the Pertinax prospect was directed to testing multi-element soil anomalies outlined by sampling of an area with similar geological settings to the +1Moz Mt Olympus mine to the east. Four orientation lines were drilled at the eastern and western ends of this 1.2km long zone (Figure 3).

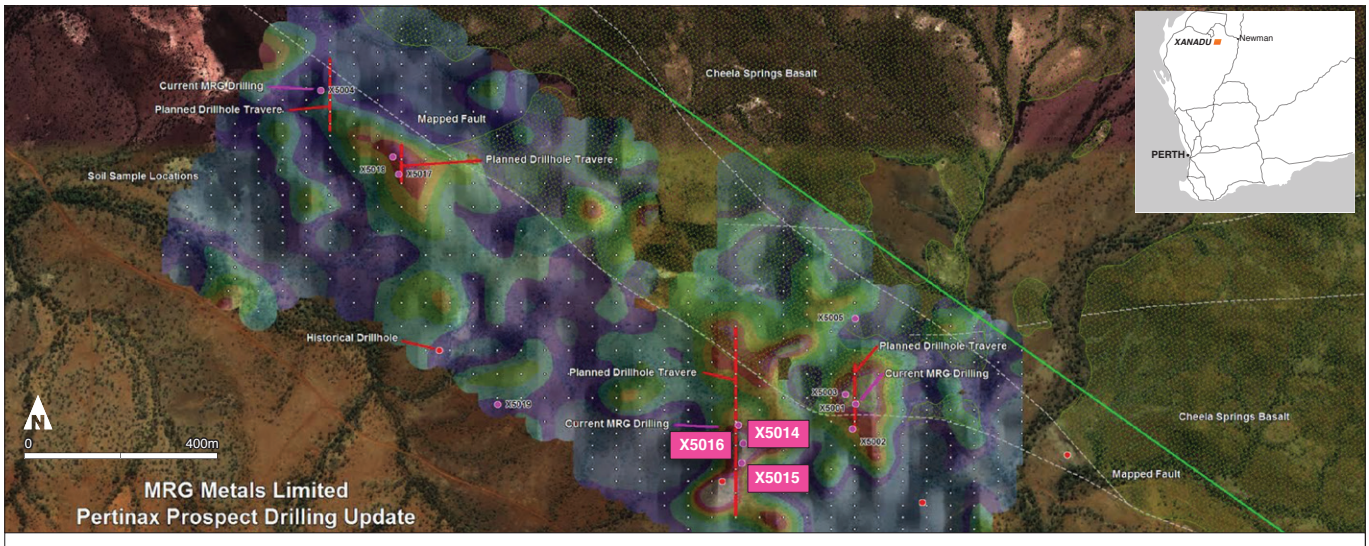

Figure 3.

Significantly, the drilling revealed an alteration halo, notably in arsenic, of a similar tenor to that found enveloping the Mt Olympus mine. A geochemical analysis of MRG's drill results provide an identifiable 'Alteration Index' showing the values returned fall within the range as those from the Mt Olympus mine (Figure 4). Note that the Mt Olympus samples are gold ore, the samples from MRG prospects are mineralised drill samples, hence are of a lower magnitude.

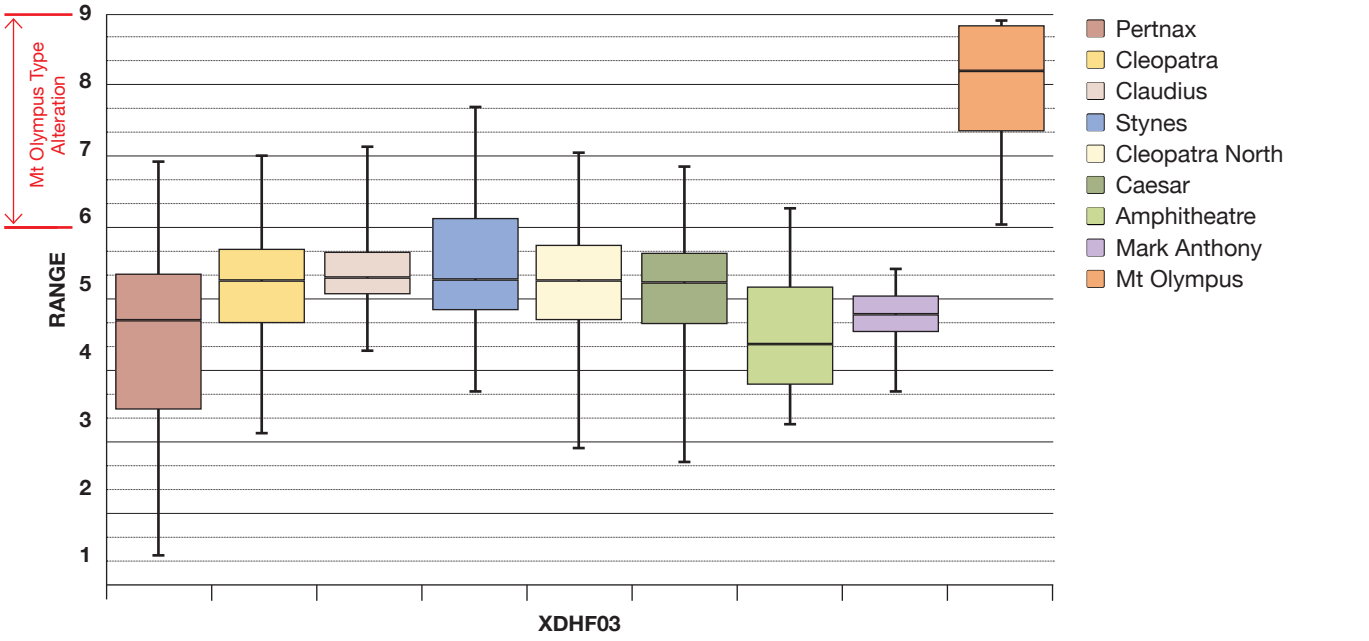

Figure 4. Box-and-whisker plot comparison of Alteration Index (As-Au-Pb-Cu-Sb-Ag-Mo-Cr) computed for MRG Metals Ltd RC drilling and values computed for Ore samples from Mt Olympus Deposit.

Preliminary results from the first holes at Pertinax are highly encouraging. They reveal a similar order of multi-element anomalies to the adjacent Mt Olympus mine, warranting acceleration of further holes in this prospect.

FURTHER SOIL SAMPLING

An extended soil sampling program also commenced over the north east extension of the Pertinax prospect and easterly extension of Cleopatra (see Figure 1). Both of these areas have been largely ignored by previous explorers. Initial results have revealed anomalism in both these areas and further infill soil sampling is planned in order to define drill targets.

XANADU PROJECT BACKGROUND

MRG's Xanadu project is located close to the northern margin of the Ashburton Basin, some 4km west northwest of Northern Star's Ashburton project, (21.3Mt @ 2.4g/t Au for 1.67Moz). The Xanadu mineralisation was discovered in the mid-1980s by BP Minerals and subject to various phases of exploration in the ensuing period until acquired by MRG in 2011. Three dimensional structural modelling and a detailed analysis of the exploration database compiled for MRG by our technical consultants Sasak Technical Services ('Sasak'), provided an enhanced understanding of geological controls on mineralisation, to better target prospect scale drilling.

Results from the recent drilling has confirmed the methodical approach of utilising Sasak's technology. MRG will continue to apply its technological advantage across the Xanadu project area to optimise future exploration.

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 SIGNIFICANT DRILL RESULTS

Hole_ID	From	To	Interval m	Au g/t	As ppm	Cu ppm	Pb ppm	Sb ppm
PERTINAX								
X5015	78	85	7	0.40	192	95	242	10.8
Inc.	*79*	*80*	***1***	***1.33***	*833*	*334*	*779*	*14.0*
X5017	34	47	13	0.19	594	292	1025	39.7
CLEOPATRA								
X5006	20	25	5	0.59	139	362	72	11.3
X5007	31	43	12	0.11	703	45	142	12.1
X5008	29	36	7	0.30	1519	58	122	7.7
X5009	20	40	20	0.74	607	57	146	17.5
Inc.	*33*	*37*	***4***	***3.44***	*1094*	*88*	*166*	*23.6*
X5010	75	80	5	0.86	395	18	172	10.0
X5011	65	70	5	0.19	920	126	104	9.9
X5012	45	63	18	0.80	738	47	100	7.1
Inc.	*50*	*55*	*5*	***1.70***	*883*	*48*	*175*	*6.7*
X5013	35	40	5	0.17	83	88	43	6.2
MRG 2014 HOLES								
X4017	21	44	23	1.14	623	59	84	10.7
X4018	20	61	41	0.44	789	40	90	9.3

TABLE 2 XANADU PROJECT COLLAR LOCATIONS

Hole_ID	Easting m	Northing m	Elevation m	Azimuth	Dip	Hole Depth
PERTINAX						
X5001	583053	7409138	377	004	-60	65
X5002	583046	7409085	377	005	-60	120
X5003	583031	7409158	373	004	-60	84
X5004	581932	7409795	369	360	-60	90
X5005	583052	7409317	372	180	-60	101
X5014	582817	7409055	381	360	-60	84
X5015	582814	7409014	374	360	-60	96
X5016	582807	7409093	386	360	-60	114
X5017	582095	7409620	397	360	-60	84
X5018	582083	7409656	381	180	-60	96
X5019	582302	7409136	372	180	-60	60
CLEOPATRA						
X5006	586798	7406351	390	210	-60	90
X5007	586778	7406317	396	210	-60	66
X5008	586750	7406274	398	210	-60	66
X5009	586735	7406238	400	210	-60	60
X5010	586611	7406365	397	210	-60	96
X5011	586577	7406298	398	210	-60	76
X5012	586535	7406246	403	210	-60	66
X5013	586809	7406271	400	210	-60	54
X4017	586388	7406281	406	360	-60	93
X4018	586600	7406150	407	360	-60	86

Appendix 2.

JORC CODE, 2012 EDITION – TABLE 1 REPORT - XANADU RC DRILLING JUNE 2015

SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.*	The sampling has been carried out using Reversed Circulation drilling (RC). A total of 19 holes were drilled in the program, at depths ranging from of 54 to 120m. The holes were all drilled at - 60 degrees at various azimuths. Sample quality was generally good with only minimal (estimated up to 15%) sample loss around the annulus in the top 6m of each hole. A few holes intersected the water table, causing reduced sample recovery in a few instances as noted below.
	Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.	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.
	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.*	RC holes were drilled with a 4.5inch face-sampling bit, 1m samples collected through a cyclone and splitter, to form a 2 to 3kg sub sample. At assay laboratory the whole sample was crushed, then a 200 gram sub sample was pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Al, Ca, Co, Cr, Cu, Fe, K, Mg, Mn, Na, Ni, Ti, Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Bi, Mo, Pb, Sb, Sn & Zr 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.
Drilling techniques	*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).*	An Hydco 350 Reverse Circulation drilling rig, operated by Orbit Drilling Pty Ltd was used to collect the samples.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The majority of samples were dry. Groundwater was encountered in lower part of some holes and 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 from the annulus of the hole.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	RC face-sample bits, PVC casing in at least the top 6 metres and dust suppression were used to minimise sample loss. RC samples were collected through a cyclone and cone splitter, with one or two sub samples up to 3kg each collected from each metre of drilling. The sub sample was dispatched to the assay laboratory for analysis.
	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.	Occasional ground water egress into the hole resulted in some damp and occasional wet samples, notably at the change of drill rods. Except for a few exceptions no significant loss of sample volume was noted when water was encountered. Any low volume samples were noted in the drill logs. Apart from the wet samples 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	*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.*	All chips were geologically logged by MRG geologists, using the MRG logging scheme.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	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 for future reference.
	The total length and percentage of the relevant intersections logged.	All holes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No core was collected.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	One-metre drill samples are channeled through a cone-splitter installed directly below a rig mounted cyclone. One or two 2-3 kg sub-samples were collected in a calico bags with the balance stored on site. Most samples were dry, except in deeper parts of the hole where some samples were damp and occasionally wet as previously noted.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	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.
	Quality control procedures adopted for all sub-sampling stages to maximise representation of samples.	A duplicate field sample is taken from the cone splitter at a rate of approximately 1 in 90 samples. At the laboratory, regular Repeats and Lab Check samples are assayed.
	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.	One-metre samples are split on the rig using a cone splitter, mounted directly under the cyclone. This standard Industry practice. The samples weigh approximately 3kg prior to pulverisation.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	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	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The samples were sorted and dried by the assay laboratory. The whole sample was pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Al, Ca, Co, Cr, Cu, Fe, K, Mg, Mn, Na, Ni, Ti, Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Bi, Mo, Pb, Sb, Sn & Zr 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.
	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.	No geophysical tools were used in this program.
	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.	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 90. For this document the relevant single metre assays were part of a total batch of 369 samples submitted including QC samples. This batch included 15 Blanks, 15 Standards, and 3 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	*The verification of significant intersections by either independent or alternative company personnel.*	Significant results were checked by the Exploration Manager and a consultant Geochemist.
	The use of twinned holes.	Twin holes were not employed during this part of the program.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	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.
	Discuss any adjustment to assay data.	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	*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.*	RC collars locations were determined by hand-held GPS, with an accuracy of 5m in Northing and Easting. No downhole surveys were completed on this exploratory program. The drill rig mast is set up using a clinometer. Currently, no follow-up down hole directional surveying is planned for these holes.
	Specification of the grid system used.	Grid projection is GDA94, Zone 50.
	Quality and adequacy of topographic control.	Relative Levels are allocated to the drill hole collars using current Digital Terrain Model's for the area . The accuracy of the DTM is estimated to be better than 10m.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	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.
	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.	This drilling was exploratory in nature and there are no current plans to utilise the results for Mineral Resource estimation purposes.
	Whether sample compositing has been applied.	Where sample compositing has been employed it is noted in the reported results.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The orientation of the drill hole (azimuth) is either 210°, 180° or 360°, to allow for intersection of interpreted controlling fault structures or lithological trends. At this stage of the program exploration information suggests that the orientation of the geochemical anomalies is not accurately known but likely oriented along the regional strike direction of 290° to 300°.
	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.	The detailed orientation of any mineralisation is not accurately known at this stage and the holes were drilled to check for the influence of interpreted structures. Based on the current results no unexpected bias is apparent.
Sample security	*The measures taken to ensure sample security.*	Individual 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 Centurion Transport depot located in Tom Price WA. The plastic sample bags were then consolidated into Bulka Bags for ease of transport and forwarded by Centurion Transport to the Bureau Veritas Laboratory in Perth for assaying. Duplicate samples are stored on site.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	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	*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.*	The RC drilling occurred within tenements P52/1374, P52/1375 & P52/1380 held by MRG Metals (Australia) Pty Ltd, a wholly owned subsidiary of MRG Metals Ltd. The licences are on Vacant Crown Land and are located within the Yinhawangka Part B, WC2010/011 Native Title Claim registered on 12 August 2010.
	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.	The tenements subject to this report are in good standing with the Western Australian Department of Mines & Petroleum.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Previous exploration on this Project area has been completed by BP Minerals, Nugold Hill Mines and Newcrest Ltd. Where relevant, data from this earlier exploration has been incorporated into MRG databases.
Geology	*Deposit type, geological setting and style of mineralisation.*	This drilling program at Xanadu was targeted towards Epithermal style gold mineralisation. Based on exploration to date, gold occurs within disseminated pyrite (oxidised near surface) in favourable clastic sedimentary host rocks
Drill hole Information	*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:* *• 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.* *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.*	Refer to table in the body of text.
Data aggregation methods	*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.*	Grades are reported as down-hole length-weighted averages of grades. No top cuts have been applied to the reporting of the assay results.
	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.	All higher grade intervals are included in the reported grade intervals.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *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').*	The geometry of the mineralisation at depth is not known at this stage. As determined by surface mapping and previous drilling the mineralisation predominantly occurs around anticlinal crests, where local dip is varies from shallow to moderate steeply south west dipping to shallow to moderate steeply north east dipping. (15 to 45 degrees). All assay results are based on down-hole lengths, and true width of mineralisation is currently not known.
Diagrams	*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.*	Refer to Figures in the body of text.
Balanced reporting	*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.*	All significant results are reported in the report..

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	*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.*	Refer to body of text and this appendix.
Further work	*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.*	Further exploration is planned over these tenements.