20 August 2015

Dear Shareholder,

NON-RENOUNCEABLE ENTITLEMENT ISSUE OF OPTIONS

On 17 August 2015, MRG Metals Limited (ASX: MRQ, the "**Company**") announced a pro rata non-renounceable entitlement issue of options and on 20 August 2015 announced a revised offer (the "**Offer**") to holders of shares in the Company as at 5.00pm AEST on Tuesday, 25 August 2015 ("**Record Date**").

Terms of the Offer

Pursuant to the Offer, the Company will offer Eligible Shareholders a total of 90,408,077 fully paid ordinary options ("**Options**"), at an issue price of A$0.01 per Option ("**Issue Price**"), to raise approximately A$904,081 before transaction costs. The Options will be offered on the basis of two (2) Options for every three (3) fully paid ordinary shares held at the Record Date ("**Entitlement**"). Each Option is exercisable at A$0.15 per share and will have a 5 year term expiring on 31 August 2020.

The Company will apply to the ASX for official quotation of the Options. All fully paid ordinary shares issued upon the future exercise of the Options will rank equally with the fully paid ordinary shares in the Company currently on issue.

Entitlements are non-renounceable and will not be tradable on the ASX.

Fractional Entitlements will be rounded up to the nearest whole number.

The Offer is partially underwritten by Tempo Capital Pty Ltd up to $704,080.77 less the value of Options subscribed for under the Offer by the directors and key shareholder, Ottawa Resources Pty Ltd. Tempo Capital Pty Ltd is a specialised private investment fund which focuses primarily on investing in small and mid cap companies on the ASX. The Board is delighted with the strong support for the Company and its future operations that this underwriting represents.

Eligibility

The Offer is only being extended to shareholders with registered addresses in Australia and New Zealand ("**Eligible Shareholders**"). All other shareholders ("**Non-Resident Shareholders**") will not be offered Entitlements under this Offer. The Directors have determined, in accordance with the Corporations Act 2001 (Cth) and ASX Listing Rules, that it would be unreasonable to make the offer to Non-Resident Shareholders having regard to the number of shareholders in the places where the offer would be made, the number and value of the entitlements that would be offered, and the cost of complying with the legal requirements in those places.

Additional Options

Eligible Shareholders, who accept their Entitlement in full will also be provided with the opportunity to apply for additional options in excess of their pro rata Entitlement ("**Additional Options**") on the same terms as the Options subscribed for under the Offer. Applications for Additional Options will be satisfied in the event of, and to the extent that, there is any shortfall in acceptances of the Offer. The allocation of Additional Options will be at the discretion of the Board and subject to scale back. Long term holders of shares and other options on issue may be given some preference in the allocation of Additional Options. The Offer has been structured to reward the Company's existing Shareholders for their ongoing support as the exploration of Sasak-powered targets accelerates.

The Directors also reserve the right, subject to the requirements of the Corporations Act 2001 (Cth) and ASX Listing Rules, to place any Options remaining after the close of the Offer (and the offer of Additional Options), including the Entitlements of Non-Resident Shareholders which were unable to be taken up under the Offer, within 3 months after the closing date of the Offer to either existing or new investors in their absolute discretion at the Issue Price (or higher).

Use of proceeds

The Company undertakes rigorous prioritisation within its portfolio in deciding where to invest exploration funding. Based on current exploration results, the funds raised from the Offer will be applied to further drilling at Xanadu, and Mt Isa IOCG geophysics and drilling. A detailed breakdown of the use of funds is as follows:

- **Xanadu follow-up drilling – $A200k**
- **Mt Isa IOCG geophysics – A$150k**
  Detailed geophysical and/or geochemical surveying over one or more of Davenport Downs, Pulchera and Squirrel Hill
- **Mt Isa IOCG drilling – A$250k**
  Initial drill testing of one or more of Davenport Downs, Pulchera and Squirrel Hill
- **Working capital and expenses of the offer – A$304k**

Indicative timetable

The anticipated timetable for the Offer is as follows:

Event	Date*
Lodgement of Prospectus with the ASIC	17 August 2015
Lodgement of Prospectus and Appendix 3B with ASX	17 August 2015
Lodgement of Replacement Prospectus with the ASIC	20 August 2015
Notice sent to Shareholders	20 August 2015
Ex Date	21 August 2015
Record Date for determining Entitlements	25 August 2015
Prospectus despatched to Shareholders and Company announces despatch has been completed	28 August 2015
Closing Date*	10 September 2015
Securities quoted on a deferred settlement basis	11 September 2015
ASX notified of under subscriptions	15 September 2015
Issue date	17 September 2015

** The above timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. The Directors may extend the period of the Offer or bring forward the Closing Date at their discretion. Any change to the Closing Date will have a consequential effect on other dates.*

The Directors also reserve the right to not proceed with the whole or part of the offer at any time prior to allotment. In that event, application monies will be returned without interest.

A copy of the Replacement Prospectus, lodged with ASIC and ASX on 20 August 2015, is available on the Company's website at http://www.mrgmetals.com.au/ or on the ASX website at www.asx.com.au.

All Directors of the Company who own shares have indicated that they will be taking up their full Entitlement. The Company has also received an indication from major shareholder, Ottawa Resources Pty Ltd, that it intends to take up its full Entitlement.

Capital structure

Subject to the rounding down of fractional Entitlements and assuming that no current optionholders exercise their options before the Record Date, the capital structure of the Company is expected to be as follows:

Total ordinary shares on issue	135,612,115
Total listed options on issue – $0.25 options expiring on 21 September 2016	44,007,993
Total listed options on issue – $0.15 options expiring on 31 August 2020	90,408,077

Your Entitlement

This letter is advance notice of some of the key terms and conditions of the Offer. Full details of the Offer, together with a personalised Entitlement and Acceptance Form, are contained in the Offer prospectus ("**Prospectus**") which will be separately mailed to Eligible Shareholders on Friday, 28 August 2015. Only Eligible Shareholders registered at 5.00pm AEST on Tuesday, 25 August 2015 will be entitled to participate in the Offer.

Shareholders should consider the Prospectus carefully in deciding whether to participate in the Offer and will need to follow the instructions contained in the Entitlement and Acceptance Form to take up their Entitlement. Shareholders may also elect to apply for Additional Options.

On behalf of the Board, I would like to thank shareholders for their continued support and invite you to consider this opportunity to participate in the Offer.

Yours sincerely,

Andrew Van Der Zwan
Non-Executive Chairman
MRG Metals Limited

Keith Weston
Managing Director
MRG Metals Limited