OPERATIONAL UPDATE AND UPCOMING DRILLING AT XANADU

- **New deposit style recognised, analogous to Carlin-type deposits in Nevada, USA**
- **Identified potential for a significant deposit**
- **1,500m drilling program to commence in November**

MRG Metals Limited ("MRG" or the "Company", ASX: MRQ) has completed a technical and commercial review of its Sasak-identified and enhanced exploration portfolio to determine near term drilling priorities. As a result of the review a target will be drill tested at Xanadu in November.

Xanadu is close to the northern margin of the Ashburton Basin, Western Australia, c. 4km west-south-west of Northern Star's Ashburton project (21.3mt @ 2.4g/t gold for 1.67moz). A near term focus on Xanadu has been deemed appropriate due to the strong macro fundamentals currently supporting the A$ gold price, its place as MRG's most advanced and currently most prospective mineral prospect, and the identification of clear high impact drilling targets that can be tested immediately.

Joint venture discussions continue in relation to our Mt Isa iron oxide copper gold ("**IOCG**") and zinc-silver targets.

TECHNICAL REVIEW OF XANADU

A technical review of the Xanadu project has identified the potential for a multi-million ounce deposit under a masking lithocap. This rock outcrops over a total strike length of 8.5km and has had little prior drilling. Most of the known prospects lie on the north-eastern side of the lithocap.

Based on an enhanced understanding of the structural regime and the geology, the review identified the following prospective features:

1. **Deep-seated faulting and complex near surface fault systems**
2. **Favourable carbonate host rocks**
3. **Presence of jasperoids (silicified carbonate rocks)**
4. **Gold pathfinder elements arsenic and antimony**

These features are strongly akin to certain Carlin-type deposits in Nevada, USA. Notably, the Gold Bar Deposit within the Battle Mountain-Eureka-Cortez gold trend. Major gold deposits of this type are likely to have remained undiscovered by previous prospecting or exploration due to invisible gold and inconspicuous appearance of ore.

The technical review identified in particular a 2km long zone of interest, from the Brutus prospect through to Amphitheatre and adjacent to outcropping jasperoids, lying under the lithocap and above a massive dolomite layer (Figure 1). A secondary target in the same area is in silty rocks below the massive dolomite. The dolomite acts as a cap to gold fluids, trapping them below this impermeable layer in geochemically favourable host rocks (Figure 2).

XANADU DRILLING PROGRAM

Litho-structural analysis has identified a high priority 2km long central zone between the Big Bend and Amphitheatre prospects, within the known 8km long line-of-lode that links historical workings. The existence of carbonate replacement-style mineralisation, together with an emerging 3D geological picture of the stratigraphy in this area, has led to a conceptual exploration target down-dip of historical workings. This target comprises two parts; ore formation associated siliceous replacement of calcareous rocks and ore trapped under an impermeable dolomitic unit, which is thought to be a potential cap to ore fluids which may have ponded underneath. This is a compelling, significant gold deposit that MRG will commence testing immediately. An initial 'proof of concept' 1,500m Reverse Circulation drilling program of at least 10 holes of up to 150m deep has been finalised and will be executed in November 2015.

The zone to be tested lies to the south and west of the previously operating Amphitheatre Mine (historic production of approximately 10koz Au). If the first pass drilling under the lithocap is successful, this will open up a new geological environment, which runs throughout our Xanadu tenements for some 8.5km. Refer Figure 1.

In addition, MRG has applied for drill co-funding of A$110,000 from Round 12 of the Western Australian Government's Co-funded Exploration Drilling program. Results from this application will be known during December 2015 and these funds will assist with ongoing exploration in a deeper drilling program during 2016.

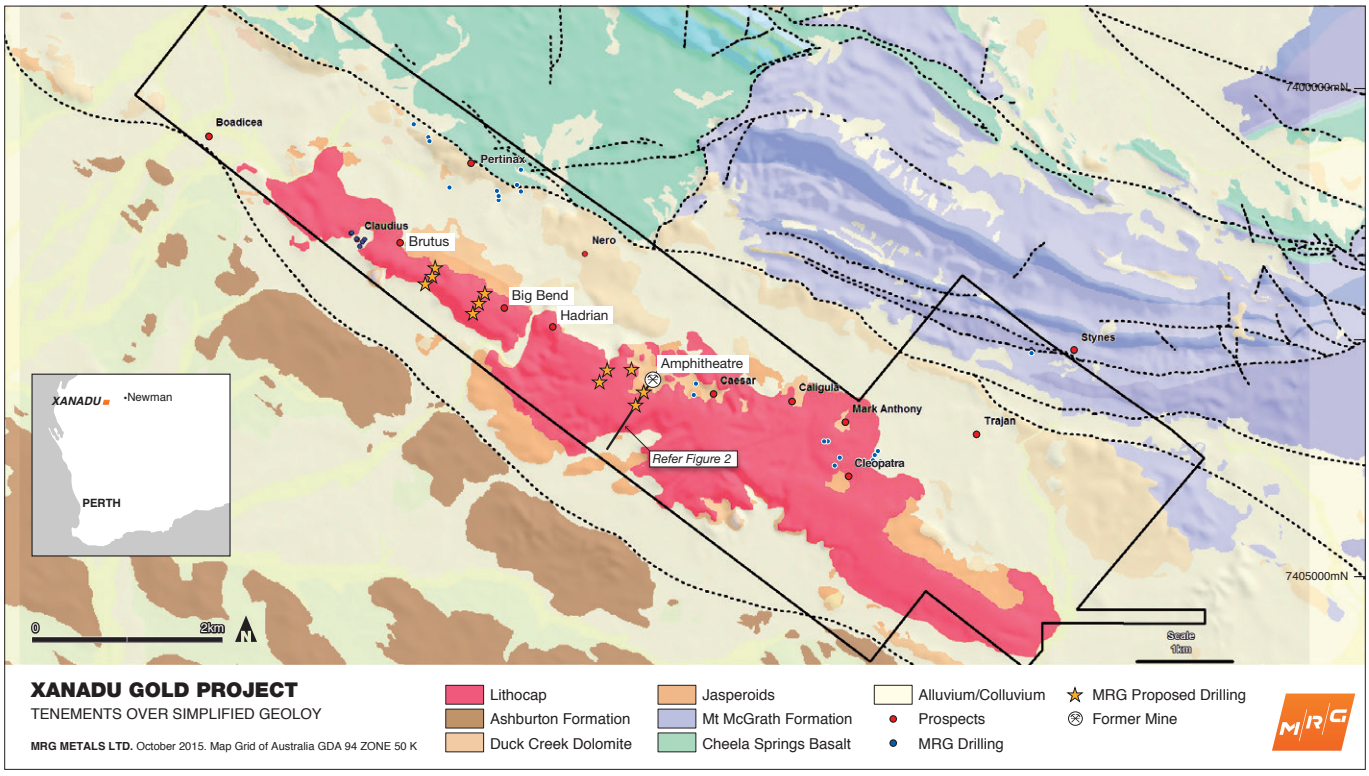


Figure 1: Xanadu tenements and proposed November drilling.

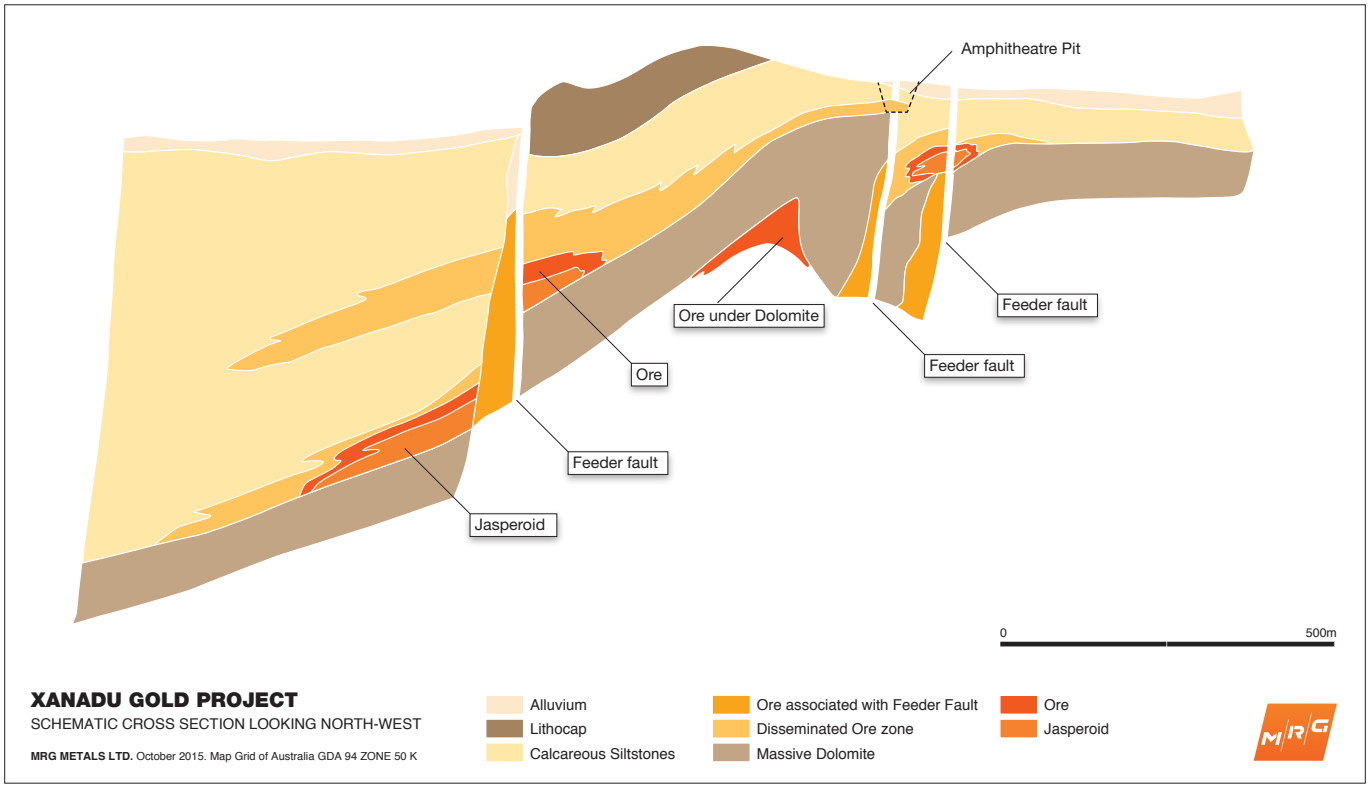


Figure 2: Schematic cross section showing ore associated with siliceous replacement of siltstones adjacent to feeder faults and ore development under dolomite.

FOLLOW-UP TARGETS AT XANADU

Two other targets, at Cleopatra and Pertinax, also warrant drill testing at a later date. The target at Cleopatra will test potential for putting together a shallow oxide resource by extension drilling to the south-east of recent drill holes. The target at Pertinax requires deeper drill holes to test below the anomalous multi-element geochemistry discovered in drilling in May 2015.

MT ISA IOCG AND ZINC-SILVER TARGETS

MRG's portfolio of tenements in Queensland, comprises five granted licences and two applications, concentrated on IOCG style mineralisation along with a zinc-silver prospect close to South32's Cannington mine. MRG is currently in joint venture discussions on a project by project basis.

For information on specific Mt Isa tenements see the Appendix.

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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 – MT ISA IOCG AND ZINC-SILVER TENEMENTS

PULCHERA

Situated in the Simpson Desert near the Northern Territory border in western Queensland, the Pulchera project lies 135km north-west of Bedourie. The Project is near the major Toomba Fault, which lies on the south western edge of the Mt Isa Block, a Proterozoic geological terrain that hosts a diverse range of world class ore bodies.

Previous broad spaced drilling revealed that the depth of cover ranges from a manageable 40m to 100m. Recent exploration on an adjacent licence returned strongly anomalous results of up to 27m @ 0.4% Cu from 9m (including 3m @ 2.4% Cu).

Based on spinifex biogeochemical sampling (a method for collecting geochemical data in areas covered by cover rocks) on an adjacent area to Pulchera, a new mineral province in western Queensland, the Diamantina Alkaline Province, has recently been identified. The Diamantina Alkaline Province comprises highly differentiated intrusions that are prospective for platinum group elements and copper.

Mineralisation associated with alkaline intrusives may be present on the Pulchera licence and MRG aims to pursue this concept in the future. Follow up work can also be carried out on previously carried out research, which suggests that Olympic Dam style IOCG deposits may occur within a granitic breccia host.

DAVENPORT DOWNS

Davenport Downs lies 120km south-east of Boulia, Queensland. Like Pulchera, it is close to the interpreted southern margin of the Mount Isa Block. Davenport Downs straddles portion of a prominent gravity ridge with accompanying favourable magnetic signatures. Exploration work undertaken on the tenement to date has comprised historical data compilation, geophysical data review and prospectivity assessment. This work has identified two distinct targets on the north-eastern side of the licence.

The Davenport Downs EPM is considered prospective due to its positive magnetic gravity responses, which are characteristic of IOCG-type deposits in the Mount Isa Block. An exploration co-funding grant of A$75,000 was obtained from the Queensland government to assist with exploration on the project.

SQUIRREL HILL

Squirrel Hill is located approximately 15km west north-west of South32's Cannington mine (71Mt @170g/t Ag, 4.86% Pb & 3.26% Zn). It lies in a structurally favourable trend between Cannington and the Squirrel Hills granite. The tenement is covered by a relatively thin, 10m to 40m thick, cover of younger sedimentary rocks, masking the underlying prospective lithologies.

A program of shallow air-core holes over previously identified geophysical anomalies to identify zones for subsequent RC drilling would be the logical first step.

SELWYN

Selwyn, recently granted, lies 14km north of South32's Cannington mine within the Stavely Formation and comprises brecciated granofels and meta sandstone. The Sasak predictive modelling technology indicates that this tenement has potential for IOCG discovery at depth.

MT ANGELAY

The EPM application is c. 44km south-west of FMR Investments' Eloise Mine at the junction of two major fault zones in the meta-sedimentary Soldiers Cap Group. Like Selwyn, the Sasak predictive modelling technology has identified Mt Angelay as an IOCG target at depth.

OBAN AND KAMILEROI

The two licence applications for Oban and Kamileroi are currently undergoing Cultural Heritage clearance.