COMMENCEMENT OF DRILLING AT XANADU

- **1,500m combined RC and diamond drilling program at Xanadu has commenced**
- **Drilling is testing a high potential gold exploration target under historical workings**
- **Program expected to complete in mid-December**

MRG Metals Limited ("**MRG**" or the "**Company**", MRQ.ASX) is pleased to announce that drilling has commenced at its Xanadu gold project. Xanadu is located close to the northern margin of the Ashburton Basin, approximately 4km west south-west of Northern Star's Ashburton project (Mt Olympus – 21.3mt @ 2.4g/t gold for 1.67Moz).

The 1,500m drilling program will test the zone to the south-west of the previously operating Amphitheatre Mine (historic production of approximately 10koz Au). Refer to Figure 1 for the location of the current drilling campaign.

An emerging 3D geological picture of the stratigraphy in this area, completed by MRG, has led to the generation of a new intrusive-related magmatic exploration model which MRG is now testing. The three mineralising components of the model include a large fluid ponding target under a structurally prepared impermeable dolomite unit, a fault-controlled feeder system and a stratabound target.

Of highest drilling priority is a conceptual exploration target structurally beneath a line-of-lode of historical workings. This target is associated with an impermeable dolomitic unit, which is thought to be a potential cap to ore fluids which may have ponded underneath. If the first pass drilling is successful, this will open up a new gold mineralised geological environment that extends for 8km through our Xanadu tenements.

The program will also test an interpreted fault controlled feeder zone at Big Bend, which shares strong analogies with the mineralised Zoe Fault at the nearby Mount Olympus deposit. A third, carbonate replacement-style, target will be tested at the Brutus Prospect.

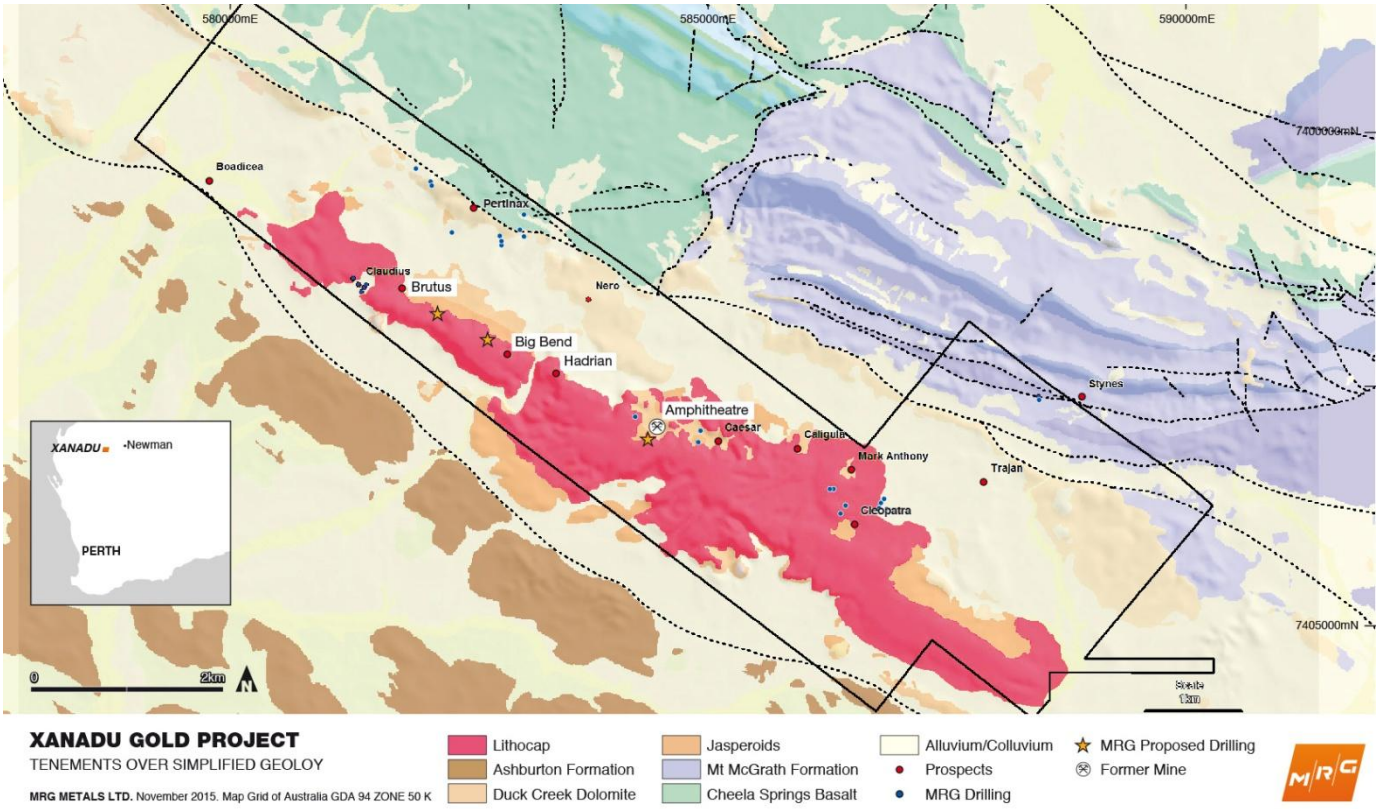
MRG has also applied for drill co-funding of A$110,000 from the Western Australian Government's Co-funded Exploration Drilling program to assist in a further drilling program at Xanadu.

Managing Director Keith Weston said: "*The drilling program underway at Xanadu will test an exciting gold prospect. We believe the gold target has the potential for a multi-million ounce deposit. This drilling campaign follows the results of the June quarter 2015 drilling at Xanadu which gave positive results at our Cleopatra and Pertinax targets. We expect to complete this 1,500m drilling program over the next two weeks with results ready for release in late December.*"

For further information please contact:

Keith Weston
Managing Director
MRG Metals Limited
+61 428 312 767
keith@mrgmetals.com.au

Figure 1: Xanadu Gold Project and proposed November-December 2015 drilling program



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.