RECEIPT OF XANADU DRILL PROGRAM RESULTS

- **Deep drilling completed at Xanadu and results received**
- **Multiple follow-up targets identified**

MRG Metals Limited ("**MRG**" or the "**Company**", MRQ.ASX) is pleased to announce the receipt of drilling results from the program completed at the Xanadu Gold Project ("**Xanadu**") in December 2015. MRG has received all the multi-element data from the late 2015 drilling program which comprised two deep holes that tested components of an intrusive centred magmatic exploration model, within an 8km prospective zone masked by a lithocap.

The multi-element assay data, summarised in Appendix 1, supported the visual indications of sulphide mineralisation observed in the core, with broad zones of elevated pathfinder elements such as arsenic, iron, lead and antimony, along with the silica replacement of carbonate, which is also a characteristic of Carlin mineralisation. The arsenic anomalism was particularly strong in the Big Bend hole, which assayed up to 0.98% arsenic, however, there were no ore grade gold intercepts, with only trace levels of gold found in both holes.

Analysis of the data and additional 3D modeling is now being undertaken to vector into areas of higher gold grades. There are four styles of mineralisation at Xanadu that all warrant further drill testing.

1. Mineralisation that is hydrothermally associated with and underlying the lithocap, This target forms an 8km long prospective zone
2. Mt Olympus style mineralisation at Pertinax, associated with steeply dipping fault zones
3. Open pittable disseminated mineralisation occurring in a sedimentary the package directly overlying a flat lying dolomite unit at Cleopatra.
4. Analogues of Mt Olympus style mineralisation to the southeast of the current project within the newly granted exploration licence E52/3065

Drilling of deeper holes at Pertinax is the current focus of the next drilling program at Xanadu.

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Appendix 1

Table 1 Xanadu program drill intersections

Hole ID	From	To	Interval	Au	As	Fe	Pb	Sb	Notes
	m	m	m	ppb	ppm	%	ppm	ppm	
X5020	397.5	384.0	4.50	54	167	3.36	132	6.0	
X5020	414.0	429.0	15.0	32	300	2.59	17	2.2	
Inc.	*425.0*	*426.0*	*1.0*	*129*	*158*	*8.96*	*119*	*10.9*	
Inc.	*428.0*	*429.0*	*1.0*	*68*	*3150*	*5.86*	*7*	*4.6*	
X5020	519.0	527.0	8.0	27	231	2.53	11	2.7	
X5020	542.0	553.0	11.0	58	1730	4.31	5	5.4	
Inc.	*547.0*	*550.0*	*3.0*	*155*	*2464*	*5.40*	*8*	*6.4*	
X5021	245.0	254.0	9.0	51	3289	4.72	11	9.8	
Inc.	*249.0*	*250.0*	*1.0*	*150*	*9860*	*6.53*	*13*	*15.6*	
X5020				*15*	*205*	*2.27*	*14*	*2.0*	*Average per X5020*
X5021				*13*	*574*	*2.71*	*11*	*5.1*	*Average per X5021*

Table 2 Xanadu Project Collar Locations

Hole ID	Easting	Northing	Elevation	Azimuth	Dip	Hole
	m	m	m			Depth
AMPHITHEATRE						
X5020	584421	7407092	352	088	-84	601.3
BIG BEND						
X5021	582835	7408028	376	178	-49	359.2



Drilling Rig on Hole X5020 - base of Amphitheatre pit

Appendix 2.

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

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 a combination of Reverse Circulation drilling (RC) with diamond drilling tails, using a multipurpose drilling rig. Selected samples for assay were derived from diamond drill core that was geologically logged and marked up by the geologist. A total of 2 holes were drilled in the program, at depths ranging from of 359.3m to 601.3m below surface.
	Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.	The drill hole collars 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.*	Selected intervals of drill core were cut in half for sampling and these half core samples then assayed. Sample lengths are up to one metre, generating a sample weighing approximately 1 to 3 kg. The sample intervals are always recorded. At the assay laboratory the samples are crushed to a finer fraction (-2mm) and then pulverised to produce a 40 gram sub sample for assaying.
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).*	A Sandvik UDR 1200 Multipurpose drilling rig, operated by DDH1 Drilling Pty Ltd was used to collect the samples. Hole X5020 was drilled RC to 119.2m, HQ to 202.0m and NQ2 to 601.3m (EOH). Hole X5021 was drilled RC only to 137.3m and HQ to 359.2m (EOH). No significant assay results were returned from the those portions of the holes drilled using the Reverse Circulation drilling method.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The operators of the drill rig measure core recoveries for every drill 'run' completed using either a 3 or 6 metre core barrel. The core recovered is physically measured by tape measure and the length recovered is recorded for every metre run. Core recovery can be calculated as a percentage recovery. Almost 100% recoveries were achieved, with only minor losses in friable and broken zones, amounting to less than 5% per run. RC chip recoveries were not considered critical to interpretation of the results and ranged from 100% down to 50% where strong groundwater inflows effected recovery of sample.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond drilling collects uncontaminated core samples which are cleaned at the drill site, generating clean core for logging and sampling. The total core samples were dispatched to the assay laboratory where half core was cut for assay from selected intervals and the second halves stored as reference sample. Reference samples from the RC drilling were collected and geologically logged and dispatched to the assay laboratory for storage.
	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.	As the core recovery was 100% from the sample intervals that were assayed, the results are considered to be representative of the interval from which they derived.
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 drill core & RC 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 and drill core records lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. All samples are cleaned and stored in either core trays & chip trays as appropriate. 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.*	Selected intervals of core were longitudinally cut into two halves using a diamond core saw, with one half of selected intervals being used for assay.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	The upper sections of the holes were drilled using the RC method. The samples were collected via a cyclone into suitable sized receptacle. Composite samples of the RC samples were assayed as part of this program but did not return any significant assays.
	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 sample was taken by cutting selected intervals from the core 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.	Core samples are collected at nominal intervals up to one metre to create 1-3kg samples for assay. Duplicate samples were collected at a frequency of 1 in 90 samples. At the Laboratory the entire samples were individually crushed to minus 2mm, split to 200g and then pulverised to 90% passing 75um. The pulverised portion is used for assay.
	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 present in the rock 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 crushed then pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Al, Cr, Cu, Fe, K, Mg, Mn, Na, Ni, Ti & Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Bi, Co, Mo, Pb, Sb, Sn & Zr were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry.
	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 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 program the relevant samples were part of a total batch of 277 samples submitted including QC samples. This batch included 12 Blanks, 11 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 receipt of the assays. 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.*	Drill hole collars locations were determined by hand-held GPS, with an accuracy of 5m in Northing and Easting. Down hole surveys were completed every 50m where practicable during the diamond drilling. 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.*	The drilling was designed to pierce geophysical targets. No grid based drilling was undertaken. Sample were collected only over intervals of interest and then 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.	No sample compositing has been employed.
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 targets were selected by interpretation of previous drilling geochemical & limited geophysical data that has delineated anomalies in the Proterozoic aged sedimentary rocks. However, the structural framework is complex and is not well understood due to paucity of prior deep drilling and masking lithocap. The holes were sited to intersect the targets based on the current geological information and indications are that they were drilled orthogonal to the zone of interest.
	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 orientation of any mineralisation is not known at this stage of exploration and the holes were drilled to check for the presence of potentially mineralised structures. Based on this drilling the effect of drill hole orientation on sampling bias cannot be determined.
Sample security	*The measures taken to ensure sample security.*	Representative RC samples & all drill core were sealed in appropriate containers and transported by company vehicle to the Centurion Transport Depot in Tom Price WA. They were then forwarded by Bureau Veritas to their Laboratory in Perth for assaying.
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 drilling occurred within tenements P52/1376 & E52/1378 held by MRG Metals (Australia) Pty Ltd, a wholly owned subsidiary of MRG Metals Ltd. The licences are on Vacant Crown Land and are subject to the Yinhawangka Part B Native Title Claim.
	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 tenement 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 over the Project area has been undertaken by BP Minerals, Nugold Hill Mines NL / Pelican Resources & Newcrest. Where relevant, data from these earlier surveys has been incorporated into MRG databases.
Geology	*Deposit type, geological setting and style of mineralisation.*	This drilling program at Xanadu was targeted towards two different targets. Firstly, an interpreted ore ponding environment under a massive dolomite unit in the Duck Creek Formation and secondly, a feeder zone for shallow mineralisation at the Big Bend Prospect.
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 tables included in the body of report.
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 any mineralisation at depth is not known at this stage. All assay results are based on down-hole lengths.
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.*	No significant discovery is being reported.
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.*	Refer to results reported in Appendix.

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.*	No further exploration is planned over these tenements.