Annual Report

MRG Metals Ltd

ABN: 83 148 938 532

For the Year ended 30 June 2016

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Review of Operations

Highlights

The year ended 30 June 2016 saw MRG Metals Ltd ("MRG" or "Company") complete further drilling at Xanadu and progress knowledge on other tenements.

A Research and Development ("R & D") grant of $455K for the 2015 year was received from the Federal Government's R & D Tax Incentive Scheme in recognition of our technology driven exploration approach. Approval has been received for another R & D claim of approximately $552K for the 2016 year.

The Company raised $704K via an Options entitlement in August 2015. Further capital raising initiatives were commenced and completed after year end with a Placement for $520K and a Rights Issue of $1,511K.

The Company is now embarking on an aggressive drill testing program of its high potential targets.

Projects

WESTERN AUSTRALIAN PROJECTS:

YARDILLA
MRG's Yardilla Project comprises 3 exploration licences covering high impact gold and nickel sulphide targets, Located 95km east-northeast of Norseman on the boundary between the Archaean Yilgarn Craton and the Proterozoic Albany-Fraser Orogen.

The Albany-Fraser Orogen hosts a number of world class deposits, including:

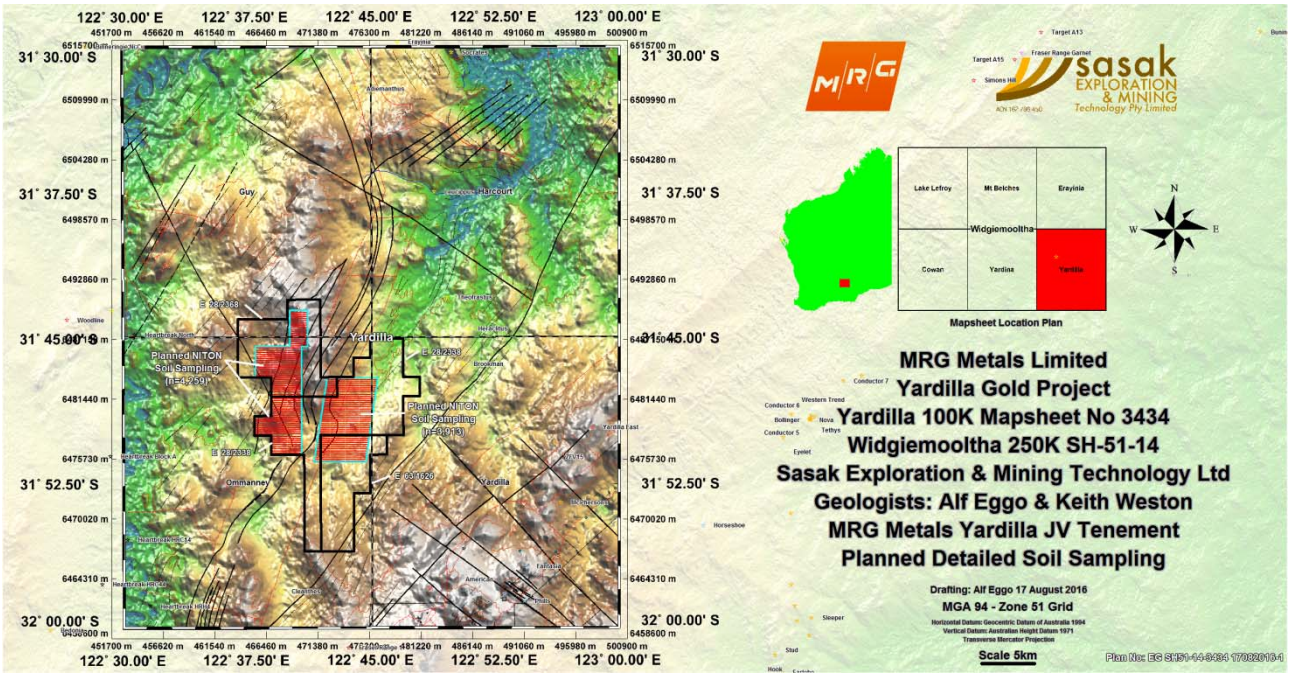
- Tropicana gold mine – Resource of 115.7Mt @ 1.89 g/t Au for 7.04Moz Au (30 June 2015)
- Nova-Bollinger nickel sulphide deposits – Resource of 14.3Mt @ 2.3% Ni & 0.9% Cu for 325kt Ni & 134kt Cu (30 June 2015)
- Trilogy base metal deposit – Resource of 6.2Mt @ 1% Cu, 0.9 g/t Au & 47 g/t Ag for 65kt Cu, 214koz Au & 9.3Moz Ag (30 June 2015)

The project is considered highly prospective and spans a portion of a the major tectonic suture between the Kurnalpi greenstone Terrain of the Yilgarn Craton and the Proterozoic Albany-Fraser Province, covering tectonically reworked Archaean rocks which form the eastern margin of the Yilgarn Craton. This is a Tectono-Structural position similar to the Tropicana deposit.

Previous explorers had found geochemical anomalism adjacent to the Cundeelee Fault. Subsequent analysis of this geochemical data by Sasak Technology identified several untested multi – element anomalies, unrecognised and hence untested. These geochemically anomalous zones extend further to the south west; close to the suture zone (Cundeelee Fault). MRG's infill and extensional sampling will firm up these anomalies.

Additionally, the project covers a greenstone belt containing anomalous Nickel geochemistry accompanied by the strongest magnetic anomaly in the southern part the Yilgarn Craton. Geochemical sampling over this greenstone belt aims to define gold and nickel drill targets within the belt.

The auger sampling commenced in September 2016 and will be followed by RC drilling of the best targets.



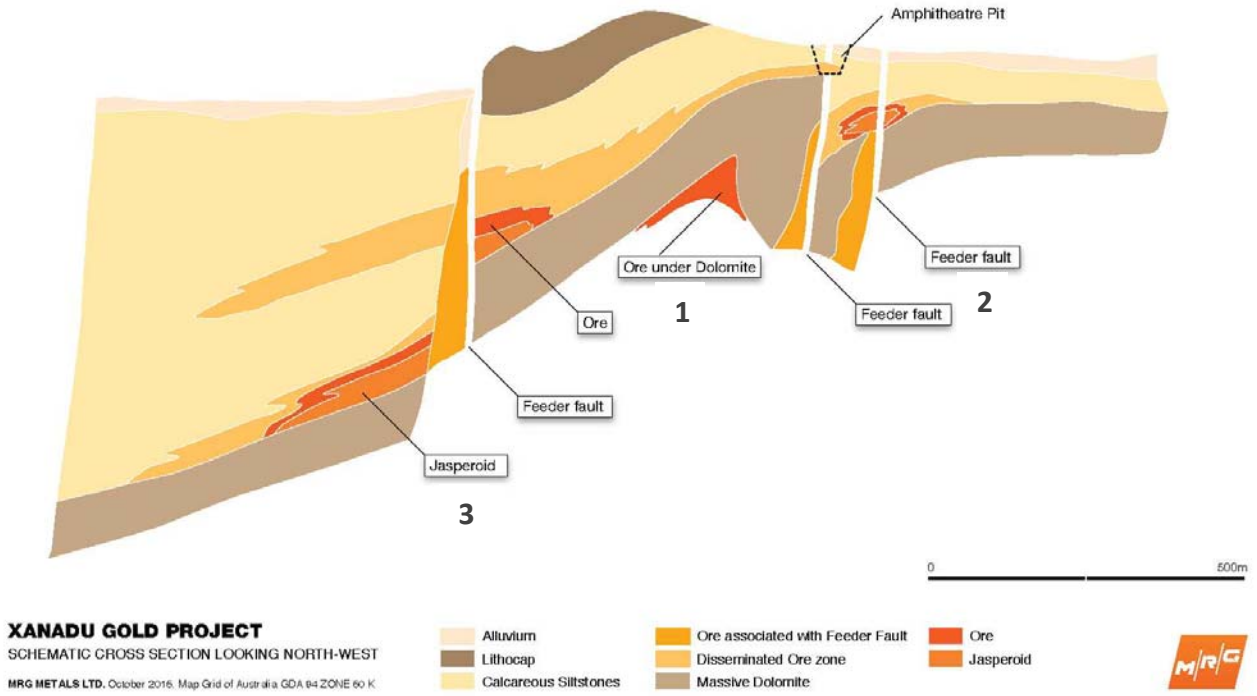
XANADU

The Xanadu Project is located close to the northern-central margin of the Ashburton Basin, flanking both the Pilbara Craton and Hamersley Basin and lies 4km west southwest of Northern Star's Ashburton project (1.67Moz at 2.4g/t). It covers a 12km strike length of prospective stratigraphy that includes several known occurrences of gold mineralisation and a number of prospects including the Amphitheatre Mine. Gold mineralisation has been detected by shallow drilling along the entire strike length of the tenements.

Xanadu represents an intrusive-related hydrothermal exploration model comprising four components:

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

These targets are illustrated schematically below.



MRG drilling in December 2015 tested targets 1 & 2. The drilling found broad zones of elevated pathfinder elements such as arsenic, iron, lead and antimony, along with the silica replacement of carbonate, characteristic of the style of mineralization being sought. The arsenic anomalism was particularly strong in target 2 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.

MRG is confident that the technology driven exploration is the best method to target mineralisation on this Project and has revitalised our exploration endeavours. MRG will continue to apply the results from this modelling across the wider Project area to select and prioritise future drill targets. The next target to be tested is deep drilling over the Pertinax Prospect. MRG has a drilling co –funding grant of $110,000 to assist in this work.

LOONGANA PROJECT

MRG's Loongana Project is located on the Nullarbor Plain, 500kms east of Kalgoorlie and 60kms north of the Trans Australia railway line (Figure 4). MRG holds 2 granted licences that cover the majority of the Loongana Igneous Complex. This Complex is a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250m to 350m below the surface.

It includes one of the strongest gravity residuals in Australia, with accompanying diverse magnetic features. The geophysical data covering the Complex, particularly the aeromagnetics, clearly delineate the intrusive body and related bounding faults. Positive aspects of the Complex derived from limited prior exploration include:

- confirmation that part of the Complex represents a layered intrusion;
- highly anomalous platinum group elements and gold values recorded in earlier drilling;
- moderate thickness of cover rocks considering the potential value of any discovery;
- traces of sulphides (chalcopyrite, pyrrhotite, pentlandite) were noted in an ultramafic cumulate; and

- several features that indicate IOCG processes may potentially be operating in the granitic rocks, including hematite and chlorite alteration noted in drill core, thin section evidence for hydrothermal rather than metamorphic alteration, common trace chalcopyrite and blue quartz in the granites.

In June 2015 MRG completed a single drill hole, testing for the existence of an interpreted 11km long reef style Platinum Group Element ('PGE') mineralised horizon within the Loongana Layered Complex, based on the PGE anomalous results identified in historical drilling (Figure 2). These early results are consistent with the low grade "tail" of a Great Dyke ("Main Sulphide Zone") or Munni Munni ("Ferguson Reef") style PGE reef, with the ore-grade part of the reef being eroded away at the basement unconformity. MRG's drilling was targeted as a step-back on this horizon.

The hole LNDG003 intersected a package of cyclically layered gabbroic rocks, with thin pyroxenitic bases grading through melanogabbro to mesogabbro. While no olivine cumulates are identified, the geochemical data suggest a Cr bearing package is developed at the targeted horizon, and contains a 4.5m zone of anomalous PGE's.

No further on ground work was completed during the year, however, future exploration will target either the PGE reef indicated in previous drilling, or the top of a potential basal olivine rich package closer to the southern margin of the intrusion.

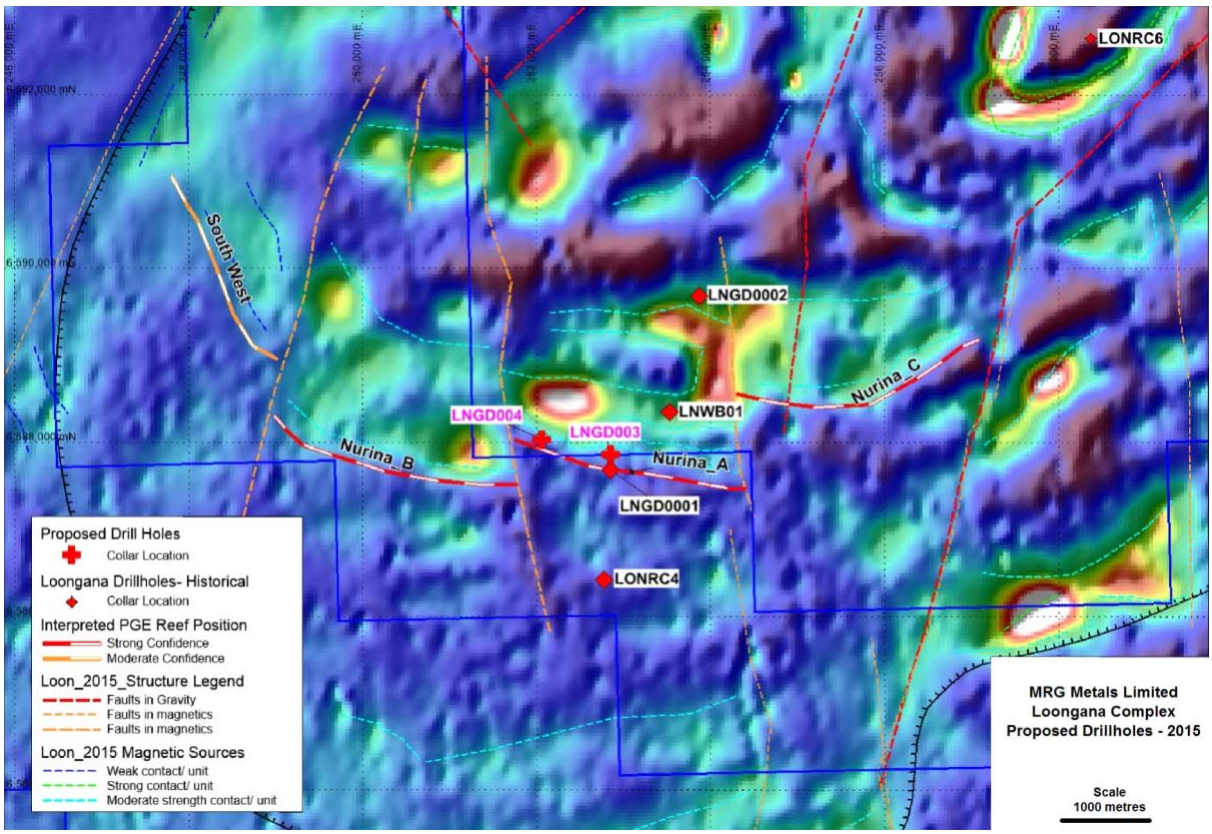


Figure 2

QUEENSLAND PROJECTS:

MRG has acquired a number of Mt. Isa Block projects, focussed on their potential to host Iron Oxide, Copper Gold ('IOCG') and base metal deposits. These projects were highlighted by the analysis completed by our technical partner Sasak Technology. They have similar geophysical characteristics to known deposits such as Glencore PLC's Ernest Henry Mine (166 Mt @ 1.1% Cu & 0.54 g/t Au - pre mining resource) and BHP's Cannington Mine (44 Mt @ 383 g/t Ag, 8.9% Pb, 4.2% Zn - 2007 resource). A majority of these Projects will be covered by a close spaced VTEM survey in the latter half of 2016 as an aid to defining buried conductive bodies for drill testing.

MRG's granted licences comprise:

DAVENPORT DOWNS - EPM19306
The Davenport Downs Project lies 120 kms south east of Boulia, close to the interpreted southern margin of the Mount Isa Block. The Project straddles portion of a prominent gravity ridge with accompanying favourable magnetic signatures. Exploration work undertaken on the tenement to date comprise historical data compilation, geophysical data review and prospectivity assessment. The Davenport Downs EPM is considered prospective due to its positive magnetic - gravity response which are characteristic of IOCG-Type deposits in the Mount Isa Block. The depth of cover is understood to be around 400m. Future exploration will comprise focussed drilling of geophysical (magnetic-gravity) anomalies. An exploration co funding grant of $75,000 has been granted by the Queensland government to assist with exploration.

SQUIRREL HILL - EPM19470
The Squirrel Hill Project is located approximately 125 kms SSE of Cloncurry and some 15 kms WNW of the Cannington mine, operated by South 32.

Despite the proximity of Squirrel Hill to Cannington, the Sasak technology suggests a geological setting favourable for IOCG deposits in addition to silver - lead - zinc mineralisation. Prior exploration has shown that the Project lies below a thin 10m to 40m of cover in the south eastern corner of the Mt Isa Inlier, to the east of the Cloncurry Overthrust, within the Eastern Fold Belt. The host rocks comprise strongly metamorphosed sandstones (psammite), which have been extensively intruded by granitites.

PULCHERA - EPM19471
The Pulchera Project area was selected due to the potential for IOCG style mineralisation in deformed Proterozoic rocks belonging to the ~1750 Ma Arunta Block. Exploration in the district has located Cu-breccia's in similar favourable structural and geological positions.

A number of targets identified by the Sasak Technology are interpreted to represent IOCG mineralisation adjacent to the contact with a younger NW elongated intrusive. These targets share characteristic geophysical signatures with other IOCG mineralisation in the Gawler Craton. The targets lie beneath less than150m of younger sediments.

In addition Pulchera lies within the newly recognised Diamantina Alkaline Province, outlined by an intrusive plume track. The Province has high potential for copper, platinum group metals, rare earths and scandium mineralization.

The Diamantina Alkaline Province was identified via characteristic elemental associations indicating that three styles of mineralisation may be present:

- Gold, copper and nickel within mafic/ultramafic rocks;
- Epithermal/mesothermal mineralisation in calc alkaline granites, with potential for gold, silver and Copper; and
- Phoscorite-carbonatite pipes, with potential for Copper, Platinum Group Metals, Rare Earths and Scandium mineralisation. This interpretation was subsequently confirmed by the geochemistry of drill core collected from two magnetic anomalies to the south of the Pulchera Project.

Biogeochemical and ground geophysical surveys are planned over the Project as an aid to drill targeting.

MT ANGELAY – EPM25884
This licence is c.44km southwest of FMR Investments' Eloise Mine at the junction of two major fault zones in the meta-sedimentary Soldiers Cap Group. Sasak's predictive modeling technology indicates that the Mt Angelay project sits in a favourable geological and structural setting with potential for IOCG mineralization at depth.

SELWYN – EPM25887
The Selwyn project lies 14kms north of South32's Cannington mine within the Stavely Formation and comprises brecciated granofels and meta sandstone. Sasak's predictive modeling technology indicates that this tenement has potential for IOCG discovery as well as mineralisation akin to that found at Cannington.

KAMILLEROI
The Kamilleroi application MRG's Kamileroi project is located 160 kms NNE of Mount Isa in the Kalkadoon-Leichhardt Belt and Eastern Succession of the Mount Isa Inlier Block. The target occurs in Proterozoic basement rocks that lie beneath approximately 100 metres of younger Mesozoic and Cainozoic cover rocks.

The project contains the Kamileroi magnetic anomaly, a strong deep-seated magnetic anomaly approximately 1km in length, which the Company believes is prospective for IOCG magnetite dominant mineralisation.

Previous exploration included two diamond drill holes with one of these holes intersecting minor copper mineralisation (best intersection of 40m at 0.14% Cu),hosted in a calcsilicate breccia.

OBAN
The Oban application is located approximately 30 kms SSW of Mount Isa near the Boulia - Mount Isa highway. The Project covers the southern extension of the Mount Isa Fault systems and analysis of the area using the Sasak Technology has distinguished a number of targets associated with these systems. The data from the forthcoming VTEM geophysical survey will be utilised to firm up these targets for subsequent drilling.

RELINQUISHED TENEMENTS:
The Company continues to apply the Sasak technology to rigorlously analyse and prioritise each of its tenements. As a result some tenements were relinquished during the year.

KALGOORLIE EAST
The majority of licences that comprise the Kalgoorlie East project expired on 8 July 2016, due to current Western Australian Mining Legislation not permitting extension of the term of Prospecting Licences beyond a total of 8 years. After this period they need to be converted to either a Retention Licence (if a resource is delineated) or a Mining Licence. The licences were originally granted in July 2008 and MRG acquired their interest in the Project in July 2011.

Despite extensive exploration, MRG have been unable to delineate a JORC resource over any of the licences concerned and the current state of our knowledge does not allow for the identification of any area suitable for a mining lease application. Consequently, the project is now reduced to four contiguous Prospecting Licences; P26/3693, P26/3694, P26/4015 & P26/4016 over a consolidated area of 586hectares, from an original project size of 2079hectares.

FRASER RANGE
The licence applications that comprised this Project were withdrawn in February 2016 due to ongoing delays in their granting, due to difficulties in undertaking low impact exploration in the in the Dundas Nature Reserve..

EAST YILGARN
The remaining East Yilgarn tenements were relinquished in August 2015. Exploration was extremely challenging on this Project due to the remoteness of the area and the depth of the targeted Archaean aged rocks.

ACTIVITIES AND HIGHLIGHTS SINCE 30 JUNE 2016

Completion of Placement of 20,000,000 fully paid ordinary shares to raise $520,000 before costs.

Completion of 1 for 1 Entitlement Offer of fully paid ordinary shares to raise $1,511,386 before costs.

Approval for 2016 Research and Development claim of approximately $552,000.

Commencement of VTEM geophysical Survey over Squirrel Hill and 4 of MRG's Queensland IOCG tenements.

Commencement of auger sampling at Yardilla.

TENEMENTS:

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Yardilla	**E28/2368**	**100**	
Xanadu	**P52/1366**	**100**	
Xanadu	**P52/1367**	**100**	
Xanadu	**P52/1368**	**100**	
Xanadu	**P52/1369**	**100**	
Xanadu	**P52/1372**	**100**	
Xanadu	**P52/1373**	**100**	
Xanadu	**P52/1374**	**100**	
Xanadu	**P52/1375**	**100**	
Xanadu	**P52/1376**	**100**	
Xanadu	**P52/1377**	**100**	
Xanadu	**P52/1378**	**100**	
Xanadu	**P52/1379**	**100**	
Xanadu	**P52/1380**	**100**	
Xanadu	**P52/1381**	**100**	
Xanadu	**E52/3065**	**100**	
Kalgoorlie East	**P26/4015**	**100**	
Kalgoorlie East	**P26/4016**	**100**	
Kalgoorlie East	**P26/3693**	**100**	
Kalgoorlie East	**P26/3694**	**100**	
Kalgoorlie East	***P26/3596***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3597***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3598***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3599***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3600***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3601***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3602***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3603***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3604***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3605***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3606***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P25/1984***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P25/1985***	***100***	***Expired 08/07/16***
Loongana	**E69/3104**	**100**	
Loongana	**E69/3288**	**100**	
Davenport Downs	**EPM19306**	**100**	
Squirrel Hill	**EPM19470**	**100**	
Pulchera	**EPM19471**	**100**	
Mt Angelay I	**EPM25884**	**100**	
Selwyn	**EPM25887**	**100**	

Directors' Report

The Directors of MRG Metals Ltd present their Report together with the financial statements of the consolidated entity, being MRG Metals Ltd ('MRG' or 'the Company') and its controlled entities, MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd ('the Group') for the year ended 30 June 2016 and the Independent Auditor's Report thereon.

Director details

The following persons were directors of MRG Metals Ltd during or since the end of the financial year.

Mr Keith Weston

BSc Geology (hons), MAusIMM

Managing Director & Chief Executive Officer since 07/01/2013
Director since 07/01/2013
Ceased 05/08/2016

Keith is a Geologist with over 29 years experience in the Minerals Industry throughout Australia and Latin America. In recent times, Mr Weston was the inaugural Managing Director and Chief Executive Officer of Metminco Ltd (ASX Code: MNC)("Metminco"). He held the position prior to ASX Listing on 1 October 2007 until 31 October 2009. During this time he was instrumental in the successful takeover of Hampton Mining Ltd and subsequent exploration by the merged entity in South America. Principally, from November 2009 to December 2011, he was Chief Geologist for Peru of Metminco, where he was involved in advancing the world class Los Calatos copper deposit. Since January 2012, Keith was engaged as a consulting Geologist for MRG. Keith continues in role as a consulting Geologist for MRG from 6 August 2016.

Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
100,000 shares
Interest in options:
88,668 August 2020 options

Mr Andrew Van Der Zwan

BE Chemical Engineering (hons)

Independent Non Executive Director since 07/01/2013
Chairman since 08/10/2013
Director since 14/02/2011

Andrew has 30 years engineering and commercial experience, both local and international. He was a Non Executive Director of Gulfx Ltd for 11 years and was employed in various senior positions within the worldwide operations of Exxon Mobil for 17 years.

Other current directorships:
Argo Exploration Ltd (ASX: AXT) since 19/03/2013
Previous directorships (last 3 years):
None
Interests in shares:
2,375,000 shares

Interest in options:
1,080,000 September 2016 options
3,590,000 August 2020 options

Mr Shane Turner
CA, Bachelor of Business
Independent Non-Executive Director
Director since incorporation 24/01/2011

Shane is a Chartered Accountant and has 30 years financial and accounting experience. He has been employed with KPMG, a large regional public accounting practice, operated his own public accounting practice and now is employed with RSM Australia. He has been Company Secretary and CFO of White Rock Minerals (ASX:WRM) since August 2015. He was a Non Executive Director and Company Secretary for Metminco (ASX:MNC) for 2 years.

Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
1,652,900 shares
Interest in options:
735,000 September 2016 options
1,520,000 August 2020 options

Mr Christopher Gregory
BSc Geology, MAusIMM, MAIG, FSEG, MAICD
Independent Non-Executive Director since 12/08/2013
Director since 12/08/2013

Chris has extensive global minerals industry experience over 36 years, at both technical and executive levels. Career foundation of 22 years in the Asia-Pacific region with Rio Tinto. Currently Vice President – Operational Geology at Mandalay Resources (TSX:MND) and MD at Sasak Minerals.

Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
12,499,900 shares
Interest in options:
8,300,000 August 2020 options

Company secretary
Shane Turner is a Chartered Accountant and the Group Chief Financial Officer. Shane has held senior positions with a number of professional accounting firms and has a degree in Business. Shane has held the role of company secretary at White Rock Minerals (ASX:WRM) since August 2015. Shane has previously held the role of company secretary for Metminco (ASX:MNC) for 2 years. He has been the company secretary of MRG since incorporation on 24/01/2011.

Principal activities

During the period, the principal activities of entities within the Group were exploration and development of gold, base metals and other commodities within Australia. There have been no significant changes in the nature of these activities during the period.

Review of operations and financial results

The operating result of the Group for the year ended was a loss of $1,686,385 (2015 loss $4,453,036). Refer detailed Review of Operations that follows this report.

Earnings per share (1.24) cents (2015 (3.28) cents).

Further information on the detailed operations of the Group during the year is included in the Review of Operations Report.

Significant changes in the state of affairs

During the year, tenement applications for Fraser Range, WA were withdrawn.

Dividends

There were no dividends declared or paid during the financial period.

Events arising since the end of the reporting period

Since the end of the year no further significant events have occurred other than those noted in the Review of Operations Report.

Likely developments

Funding from recent placement and rights issue and expected funds from Research and Development refund will enable the Company to drill test its high priority gold targets in Western Australia and IOCG targets in Queensland.

Directors' meetings

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

Name	Board meetings	
	A	B
Mr A Van Der Zwan	9	9
Mr K Weston	9	9
Mr S Turner	9	9
Mr C Gregory	9	9

Where:
A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

Remuneration Report (audited)

The Directors of MRG Metals Ltd ('the Group') present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration
e. Bonuses included in remuneration
f. Other information

(a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

MRG Metals Ltd has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board, in accordance with its charter as approved by the Board, is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Superannuation to meet statutory obligations.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Board annually as part of the review of executive. All bonuses, options and incentives must be linked to pre-determined performance criteria.

(b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of MRG Metals Ltd are shown in the table below.

Director and other Key Management Personnel Remuneration

	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments		% of remuneration that is performance based
Name	**Cash salary and fees ($)**	**Cash bonus ($)**	**Non-monetary benefits ($)**	**Superannuation ($)**	**Long-term bonus ($)**	**Termination payments ($)**	**Options ($)**	**Total ($)**	
Executive director									
Mr K Weston	102,243	-	-	7,600	-	-	-	109,843	Nil
Non-executive directors									
Mr A Van Der Zwan	60,000	-	-	5,700	-	-	-	65,700	Nil
Mr S Turner	100,000	-	-	9,500	-	-	-	109,500	Nil
Mr C Gregory	112,000	-	-	3,800	-	-	-	115,800	Nil
2015 Total	**374,243**	**-**	**-**	**26,600**	**-**	**-**	**-**	**400,843**	**Nil**
Executive directors									
Mr K Weston	94,500	-	-	7,600	-	-	-	102,100	Nil
Non-executive directors									
Mr C Gregory	112,000	-	-	4,275	-	-	-	116,275	Nil
Mr S Turner	100,000	-	-	9,500	-	-	-	109,500	Nil
Mr A Van Der Zwan	55,000	-	-	5,225	-	-	-	60,225	Nil
2016 Total	**361,500**	**-**	**-**	**26,600**	**-**	**-**	**-**	**388,100**	**Nil**

Note: At 30 June 2016, deferred remuneration to Directors was $106,732. This amount is included in the totals above.

(c) Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Mr K Weston	80,000	One Year	One Month
Mr K Weston – Consultant	40,000	No fixed term	Nil
Mr A Van Der Zwan	50,000	Rotation per Corporations Act 2001	Nil
Mr C Gregory	50,000	Rotation per Corporations Act 2001	Nil
Mr C Gregory - Consultant	62,000	No fixed term	Nil
Mr S Turner - Director	50,000	Rotation per Corporations Act 2001	Nil
Mr S Turner - Secretary	50,000	No fixed term	Nil

(d) Share based remuneration

During the year, there was no share based remuneration paid or outstanding.

(e) Bonuses included in remuneration

No short-term incentive cash bonuses were awarded as remuneration during the financial year.

(f) Other information

Loans to key management personnel(KMP) – there were no loans from the Company to KMP's during the financial year (2015: nil)
Other transactions with KMP's – there were no other transactions with KMP's noted during the financial year (2015: nil)

Shares held by key management personnel

The number of ordinary shares in the Company during the 2016 reporting period held by each of the Group's key management personnel, including their related parties, is set out below:

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Weston	100,000	-	-	-	100,000
Van Der Zwan	2,375,000	-	-	-	2,375,000
Turner	1,652,900	-	-	-	1,652,900
Gregory	12,449,900	-	-	-	12,449,900
	16,577,800	-	-	-	16,577,800

Options held by key management personnel

The number of options to acquire shares in the Company held during the 2016 reporting period by each of the key management personnel of the Group; including their related parties are set out below.

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Other changes	Held at the end of the reporting period
Weston	-	88,688	-	-	88,688
Van Der Zwan	1,080,000	3,590,000	-	-	4,670,000
Turner	735,000	1,520,000	-	-	2,255,000
Gregory	-	8,300,000	-	-	8,300,000
	1,815,000	13,498,688	-	-	15,313,688

End of audited remuneration report.

Environmental legislation

The Group's projects are subject to environmental regulation under laws of the Commonwealth and States and Territories in Australia, specifically the Group is required to comply with terms of the grant of the tenement and all directions given to it under those terms of the tenement which it holds. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the period ended 30 June 2016.

Indemnities given and insurance premiums paid to auditors and officers

During the year, MRG Metals Ltd negotiated a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

During the previous period, Grant Thornton Audit Pty Ltd, the Group's auditors, performed no other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Group, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in note 16 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 18 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the directors.



Andrew Van Der Zwan
Chairman

29 September 2016

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Auditor's Independence Declaration
To the Directors of MRG Metals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MRG Metals Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Simon Trivett
Partner - Audit & Assurance

Melbourne, 29 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Corporate Governance Statement

MRG Metals Ltd has adopted comprehensive systems of controls and accountability as the basis for the administration of corporate governance. To the extent that they are applicable, MRG has adopted the Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014. The Corporate Governance Statement is current at 30 June 2016 and has been approved by the Board of Directors.

ASX Corporate Governance Council Recommendation	MRG policy
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1: Companies should establish functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance framework includes a Board Charter, which details the specific responsibilities of the Board and identifies those areas of authority delegated to senior executives.
Recommendation 1.2: Companies should: - undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and - provide security holders with all material information it its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company's Board Charter provides that appropriate checks should be undertaken before the appointment of a director. If checks reveal any information that is relevant , then the Company will disclose that information to Shareholders.
Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company's Board Charter sets provides that all directors and senior executives, at the time of their appointment, should execute a written agreement that sets out the key terms of their appointment.
Recommendation 1.4: Company Secretaries should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	The Company's Board Charter sets out the role of the Company Secretary and ensures that the Company Secretary is accountable to the Board, through the Chairman.
Recommendation 1.5: Companies should: - have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to access annually both the objectives and the progress in achieving them; - disclose the diversity policy or a summary of the policy; - disclose, at the end of each reporting period, the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board, in accordance with the diversity policy, and its progress towards achieving them, and either: - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the company has defined "senior executive" for these purposes); or	The Company's Diversity Policy requires the Board to set out measurable objectives for achieving gender diversity. The Diversity Policy requires the Board to annually assess its diversity objectives and report on the Company's progress in achieving those objectives. At the end of each reporting period, the Diversity Policy requires the Company to report on its progress and set out the respective proportion of men and women across the whole of the Company (including their representation in key management positions)

ASX Corporate Governance Council Recommendation	MRG policy
- if the Company is a "relevant employer" under the Workplace Gender Equality Act, the Company's most recent "Gender Equality Indicators" as defined in and published under that Act.	
Recommendation 1.6: Companies should: - have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Company Secretary plays an integral role in monitoring the conduct and activities of Board, ensuring the Board has an appropriate mix of skills and experience and reviewing individual director's performance. The Chairman is responsible for reviewing the performance of the Company Secretary.
Recommendation 1.7: Companies should: - have and disclose a process for periodically evaluating the performance of its senior executives; and - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	The Chairman is responsible for reviewing the individual performance of senior executives.
Principle 2: Structure the board to add value	

Recommendation 2.1: Companies should:
- have a nominations committee which:
  - has at least three members, a majority of whom are independent directors; and
  - is chaired by an independent director.
 	
The Company should disclosed:
- The charter of the nomination committee;
- The members of the nomination committee; and
- as at the end of each reporting period, the number of times the nomination committee met through the period and the individual attendances of the members at those meetings; or
 	
if the Company does not have a nomination committee disclose, that fact, and the process it employs to address Board successions issues and to ensure that the Board has appropriate balance of skills knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively
	The Company does not currently have a nomination committee. The Board does not consider it necessary given the size of the Company's current operations. Board appointments will be decided by the Board as a whole, taking into consideration the needs of the Company at the relevant time. Where the Company considers there is a need to review the skills and competencies of the existing Directors and to supplement that experience, the Company would consider engaging appropriately qualified third parties to assist with the review. The Company's Board Charter requires the Board to develop succession plans for the future management of the Company.

Recommendation 2.2: Companies should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	The Company's Board Charter sets out the directors' obligations to prepare and disclose a Board skills matrix.
Recommendation 2.3: Companies should disclose:	The Company's Board Charter sets out the

ASX Corporate Governance Council Recommendation	MRG policy
- the names of directors considered by the Board to be independent directors; - If a director has an interest, position, association or relationship of a type set out in Box 2.3 of the Third Edition of the Recommendations, but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and - the length of service of each director.	directors' obligations in relation to conflicts of interests and the disclosure requirements of the Board.
Recommendation 2.4: The majority of the Board of a Company should be independent directors.	All of the Company's current directors, being Chris Gregory, Andrew Van Der Zwan and Shane Turner, are independent directors.
Recommendation 2.5: The Chairman of the Board should be an independent director and, in particular, should not be the same person as the CEO of the Company.	Andrew Van Der Zwan, an independent director, is the Chairman of the Board.
Recommendation 2.6: Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company's Board Charter requires the Board to implement an induction procedure to assist newly appointed directors to gain an understanding of the Company's polices and procedures. In addition, the Board Charter requires the Board to develop continuing education opportunities in order to provide the directors with the ability to enhance their skills.
Principle 3: Promote ethical and responsible decision making	
Recommendation 3.1: Companies should: - have a code of conduct for its directors, senior executives and employees; and - disclose that code or a summary of it.	The Board has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account the Company's legal obligations and the reasonable expectations of shareholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct will be available on the Company's website.
Principle 4: Safeguard integrity in financial reporting	
Recommendation 4.1: The Board should establish an audit committee. If the Company does not have an audit committee, disclose that fact, and the process it employs to independently verify and safeguard the integrity of its corporate reporting, including the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company does not currently have an audit committee. The Board does not consider it necessary given the size of the Company's current operations. The functions of this committee will be carried out by the whole Board. The Company Secretary has significant experience in financial and accounting matters and will be primarily responsible for monitoring and preparing the financial reports. External resources will be commissioned where necessary.
Recommendation 4.2: The Board should, before it approves the company's financial statements for a financial period, receive from its CEO and CFO a	The Company's process and practices comply with the Recommendation. In particular, the CFO of the Company provides a declaration in relation to the

ASX Corporate Governance Council Recommendation	MRG policy
declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Company's financial statements that, in his opinion, the financial records of the Company have been maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3: Companies that have AGMs should ensure that their external auditors attend their AGMs and are available to answer questions from security holders relevant to the audit	As a matter of practice, the Company invites the external auditors of the Company to attend the AGM of the Company. The security holders are provided with an opportunity to ask questions of the external auditors at the AGM.
Principle 5: Make timely and balanced disclosure	
Recommendation 5.1: Companies should: - have a written policy for compliance with its continuous disclosure obligations under the ASX Listing Rules; and - disclose that policy or a summary of it.	The Company has established a Continuous Disclosure Policy which applies to all directors and senior management. A copy of the Continuous Disclosure Policy has been made available on the Company's website.
Principle 6: Respect the rights of shareholders	
Recommendation 6.1: Companies should provide information about itself and its governance to investors via its website.	The Company's Continuous Disclosure Policy requires the Company to include all of its corporate governance policies on its websites.
Recommendation 6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company's Board Charter sets out the manner in which the Board should endeavor to communicate with its shareholders and the manner in which shareholders can make enquiries to the Company.
Recommendation 6.3: Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	The Company's Board Charter sets out the Company's goal to encourage participation at general meetings.
Recommendation 6.4: Companies should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	The Company's Board Charter addresses the means to effectively communicate with shareholders.
Principle 7: Recognise and manage risk	
Recommendation 7.1: Companies should have a committee to oversee risk. If a Company does not have a risk committee, it must disclose that fact, and the processes it employs for overseeing the Company's risk management framework.	Given the size of the Company's current operations, the Board has formed the view that a separate risk committee is not necessary. The Board itself monitors all areas of operational and financial risk and considers strategies for appropriate risk management arrangements on an ongoing basis. If considered necessary, external input will be sought to assess and counteract identified risks.
Recommendation 7.2: Companies should: - review their risk management framework at least annual to satisfy that the continue to be sound; and	The Board will require that Andrew Van Der Zwan, as Chairman undertakes a review of the Company's risk management framework annually to ensure that the framework continues to be sound, and disclose, in relation to each reporting period, whether such a

ASX Corporate Governance Council Recommendation	MRG policy
- disclose in relation to each reporting period, whether such a review has taken place.	review has taken place.
Recommendation 7.3: Companies should: - if they have an internal audit function, how the function is structured and what role it performs; or - if they do not have an internal audit function, that fact and the process they employ for evaluating and continually improving effectiveness of their risk management and internal control process.	Given the size of the Company's current operations, the Board has formed the view that the appointment of an internal auditor is not necessary. The Board will oversee the risk management and internal control process. If considered necessary, external input will be sought to assess and review the effectiveness of the Company's risk management and internal control process.
Recommendation 7.4: Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risk.	The Board will be responsible for disclosing whether the Company has any material exposure to economic, environmental and social responsibility risks and, if it does, how it intends to manage those risks.
Principle 8: Remunerate fairly and responsibly	
Recommendation 8.1: The Board should establish a remuneration committee. If the Company does not have a remuneration committee, disclose that fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensure that such remuneration is appropriate and not excessive.	The Company does not currently have a remuneration committee. The Board does not consider it necessary given the size of the Company's current operations. The Board is responsible for making recommendations regarding director and management remuneration packages. The Company's Board Charter sets out the principles that should be considered by the Board in making recommendations in relation to management remuneration packages.
Recommendation 8.2: Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Board is aware of the need to ensure remuneration remains competitive and consistent with competitor companies and that remuneration reflects the performance of the Company over time. The directors performing an executive role are remunerated based on the scope of their responsibilities and the performance of the Company. Non-executive directors are paid fees as determined by shareholders. The Company will provide the requisite disclosure regarding executive remuneration policies in its annual report.
Recommendation 8.3: Companies which have equity based remuneration schemes should: - have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and - disclose the policy or a summary of it.	The Share Trading Policy of the Company prohibits employees of the Company from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in the Company.

The Board actively monitors the Company's governance framework, related practices and overall culture.

Statement of Financial Position

As of 30 June 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current			
Cash and cash equivalents	8	72,206	410,139
Other receivables	7	580,719	625,637
Total current assets		652,925	1,035,776
Non-current			
Plant & Equipment	11	1,613	-
Exploration & Evaluation	12	3,073,702	3,960,509
Option	13	75,000	75,000
Intangibles	14	-	-
Total non-current assets		3,150,315	4,035,509
Total assets		3,803,240	5,071,285
Liabilities			
Current			
Trade and other payables	10	289,374	548,436
Total current liabilities		289,374	548,436
Total liabilities		289,374	548,436
Net assets		3,513,866	4,522,849
Equity			
Share capital	9	15,938,494	15,938,494
Options reserve	9	1,103,444	426,042
Retained earnings		(13,528,072)	(11,841,687)
Total equity		3,513,866	4,522,849

This statement should be read in conjunction with the notes to the financial statements.

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
Revenue	5	3,714	24,039
Research & Development Incentive		551,680	1,068,730
Government Drilling Grants		21,600	198,900
Employee benefits expense		(388,100)	(400,843)
Administrative expenses		(466,882)	(599,520)
Amortisation/Depreciation expenses		(532)	(1,021,750)
Exploration/Tenements write off expenses	12	(1,407,865)	(3,722,592)
(Loss) before tax		(1,686,385)	(4,453,036)
Tax expense	15	-	-
(Loss) after tax		(1,686,385)	(4,453,036)
Other comprehensive income, net of tax		-	-
Total comprehensive (losses)		(1,686,385)	(4,453,036)

		Cents	Cents
Earnings per share	17		
Basic earnings per share			
Earnings from continuing operations		(1.24)	(3.28)
Diluted earnings per share			
Earnings from continuing operations		(1.24)	(3.28)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2016

	Share Capital $	Retained earnings $	Total equity $
Balance at 1 July 2015	16,364,536	(11,841,687)	4,522,849
Total Comprehensive Income			
Loss after income tax expense for the period	-	(1,686,385)	(1,686,385)
Transactions with owners			
Issue of share capital	677,402	-	677,402
Balance at 30 June 2016	17,041,938	(13,528,072)	3,513,866
Balance at 1 July 2014	16,364,536	(7,388,651)	8,975,885
Total Comprehensive Income			
Loss after income tax expense for the period	-	(4,453,036)	(4,453,036)
Balance at 30 June 2015	16,364,536	(11,841,687)	4,522,849

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

for the year ended 30 June 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
Operating activities			
Interest received		6,295	24,433
Research & Development Incentive		455,357	613,373
Government Drilling Grants		116,640	112,500
Payments to suppliers and employees		(1,410,718)	(1,079,338)
Net cash from continuing operations		(832,426)	(329,032)
Net cash used in operating activities	18	(832,426)	(329,032)
Investing activities			
Payment for exploration & evaluation		(178,427)	(499,746)
Payment for plant & equipment		(2,145)	-
Net cash used in investing activities		(180,572)	(499,746)
Financing activities			
Proceeds from issue of capital (1)		704,081	-
Payment of transaction costs		(29,016)	-
Net cash from (used in) financing activities		675,065	-
Net change in cash and cash equivalents		(337,933)	(828,778)
Cash and cash equivalents, beginning of year		410,139	1,238,917
Cash and cash equivalents, end of year	8	72,206	410,139

(1) The Group also had non-cash activities in the form of issuance of shares to the value of $25,703 as consideration for underwriting fees.

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements

1 Nature of operations

The activities of MRG Metals Ltd and its subsidiaries, MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd are exploration and development of gold, base metals and other commodities within Australia.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MRG Metals Ltd is the Group's ultimate parent company. MRG Metals Ltd is a public company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2016 were approved and authorised for issue by the board of directors on 29 September 2016 (see note 26).

3 New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 9 Financial instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue related Interpretations and:

- Establishes a new revenue recognition model
- Changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- Provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- Expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations and:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leasesprovides new guidance on the application of the definition of lease and on sale and lease back accounting largely retains the existing lessor accounting requirements in AASB 117requires new and different disclosures about leases

When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements.

4 Summary of accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Presentation of financial statements

AASB 101 requires two comparative periods to be presented for the statement of financial position in certain circumstances.

4.3 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to 30 June 2016. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.4 Segment reporting

Operating segments are presented using the 'management approach', where information is presented on the same basis as the internal reports provided to chief operating decision makers, being the Board of Directors. The Board of Directors are responsible for the allocation of resource to operating segments and assessing their performance.

4.5 Revenue

Interest income is recognised on an accrual basis using the effective interest method.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.7 Exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A review of the fair value of the option to acquire the Yardilla tenements for impairment indicators is undertaken on an annual basis as well as if indicators are present during the year.

4.8 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Other Receivables

Other receivables are recognised at amortised cost, less any impairment.

4.11 Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

4.12 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MRG Metals Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4.13 Equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

4.14 Post employment benefits

The Group provides post employment benefits through various accumulation funds.

An accumulation fund is a superannuation fund under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to the funds are recognised as an expense in the period that relevant employee services are received.

4.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.16 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.17 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred tax assets/Tax losses

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the

numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised in the foreseeable future.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Exploration and evaluation assets

At each reporting date, the directors review the carrying amount of each area of interest, with reference to the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources. No indicators of impairment were noted in the current period.

4.18 Other intangible assets

Recognition of other intangible assets

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.19 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.20 Government incentives and grants

Government incentives and grants comprise assistance by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the activities of the Group. Government incentives and grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government incentives and grants are recognised in profit or loss on a systematic basis over the periods in which expenses are recognised for the related costs for which grants are intended to compensate.

5 Revenue

	Consolidated 2016 $	Consolidated 2015 $
Interest	3,714	24,039
	3,714	24,039

6 Segment reporting

The Group is organised into one operating segment, which is the exploration and development of Gold, base metals and other commodities within Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

7 Other receivables

	Consolidated 2016 $	Consolidated 2015 $
GST receivables	18,277	57,598
Interest	-	2,581
Prepayments	8,262	7,739
Government Drilling Grant receivable	-	95,040
Research & Development Incentive receivable	551,680	455,357
Other	2,500	7,322
Other receivables	580,719	625,637

The receivables noted above are not impaired nor past due.

8 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank and in hand:		
AUD	52,097	325,722
Short term deposits (AUD)	20,109	84,417
Cash and cash equivalents	72,206	410,139

The effective interest rate on short-term bank deposits is 2.90%; these deposits have an average maturity of 365 days.

9 Equity

9.1 Share capital

The share capital of MRG Metals Ltd consists of fully paid ordinary shares and options, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of MRG Metals Ltd.

Date Issued	Details	Quantity	Consolidated 2015 $
	SHARES		
	Total at 1 July 2014	135,612,115	15,938,494
	Shares issued and fully paid:		
	Total share capital at 30 June 2015	135,612,115	15,938,494
	OPTIONS		
	Total at 1 July 2014	44,007,993	426,042
	Total issued options at 30 June 2015	44,007,993	426,042
	SHARE CAPITAL		16,364,536

Date Issued	Details	Quantity	Consolidated 2016 $
	SHARES		
	Total at 1 July 2015	135,612,115	15,938,494
	Total share capital at 30 June 2016	135,612,115	15,938,494

	OPTIONS		
	Total at 1 July 2015	44,007,993	426,042
15 September 2015	Issued to Shareholders	72,978,404	677,402
	Total issued options at 30 June 2016	116,986,397	1,103,444
	SHARE CAPITAL		17,041,938

9.2 Dividends

No dividends were declared or paid during the year. There are no franking credits outstanding at period end.

10 Trade and other payables

Trade and other payables recognised in the Statement of Financial Position can be analysed as follows:

	Consolidated 2016	Consolidated 2015
Current	$	$
- Trade payables	41,474	448,084
- Other payables and accrued expenses	85,168	100,352
- Accrued Directors fees	106,732	-
- Accrued Consultant fees	56,000	-
	289,374	548,436

11 Plant and equipment

	Consolidated 2016	Consolidated 2015
	$	$
Plant & Equipment	3,248	1,104
Accumulated Depreciation	(1,635)	(1,104)
	1,613	-

12 Exploration and evaluation assets

	Consolidated 2015
	$
Cost as at 1 July 2014	6,634,422
Additions	10,422
Other exploration costs	577,819
Relinquishments	(3,262,154)
Cost as at 30 June 2015	3,960,509

	Consolidated 2016 $
Cost as at 1 July 2015	3,960,509
Additions	13,956
Other exploration costs	509,474
Relinquishments	(1,410,237)
Cost as at 30 June 2016	3,073,702

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The relinquishments represents the capitalised amounts written off during the period when ownership of the tenements is abandoned.

13 Option

The company entered into an Option Agreement on 23 June 2014 for the right to acquire tenements adjacent to its Yardilla tenement in the South Fraser Range area of Western Australia. The cost of the Option was $75,000 ($25,000 cash and $50,000 shares). The Option gives the company the right to acquire the tenements within 2 years for $100,000 of shares in the Company. This Option was extended for an additional 6 months. Upon decision to mine, another $500,000 of shares in the Company are payable. As of 30 June 2016 this Option has not yet been exercised. This has been assessed for impairment at 30 June 2016 and no impairment indicators were noted in line with policy.

14 Intangibles

The acquisition of Sasak Resources required the issue of 45,000,000 ordinary shares. The market value of the shares at 26 June 2013, being date transaction was approved at a General Meeting, was $0.19. Hence, total consideration was $8,550,000. The value per the Independent Geologist Report for the tenements acquired was $6,506,500. The balance of consideration of $2,043,500 was attributed to the access to the data mining software of Sasak Technical. The initial access is for two years, which expired in June 2015. The agreement was extended during the financial year until 30 September 2017.

	Consolidated 2016 $	Consolidated 2015 $
Intangibles	2,043,500	2,043,500
Accumulated Amortisation	(2,043,500)	(2,043,500)
	-	-

15 Income tax expense

The relationship between the expected tax expense based on the tax rate of MRG Metals Ltd and the reported tax expense in profit or loss can be reconciled as follows, also showing major components of tax expenses:

	Consolidated 2016 $	Consolidated 2015 $
Profit/(loss) before tax	(1,686,385)	(4,453,036)
Expected tax expense/(benefit) @ 30%	(505,915)	(1,335,911)
Adjustment for non-deductible expenses:		
- Movement in accruals	(4,555)	17,733
- Exploration and evaluation expenses	(152,842)	(173,346)
Adjustment for non-assessable income:		
- Movement in other receivables	13,860	(1,387)
	(649,452)	(1,492,911))
Current period tax (loss) not recognised	(649,452)	(1,492,911)
Deferred tax expense:		
- Temporary differences	(143,537)	(157,000)
- Unused tax losses	649,452	1,492,911
Deferred tax assets not recognised	505,915	1,335,911

The above potential tax benefit has not be recognised as the recovery is uncertain.

The carry forward tax losses at 30 June 2016 were $11,618,587.

The taxation benefit of tax losses and temporary differences not brought to account will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the Group in realising the benefits from deducting the tax losses.

16 Auditor remuneration

	Consolidated 2016 $	Consolidated 2015 $
Audit services		
Auditors of MRG Metals Ltd – Grant Thornton		
- Audit and review of the financial reports	30,000	42,913
Audit services remuneration	30,000	42,913
Other services	-	-
Total Auditor's remuneration	30,000	42,913

17 Earnings per share

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax	(1,686,385)	(4,453,036)
Weighted average number of shares used in basic earnings per share	135,612,115	135,612,115
Weighted average number of shares used in diluted earnings per share	135,612,115	135,612,115
Earnings Per Share	(1.24) cents	(3.28) cents
Diluted Earnings Per Share	(1.24) cents	(3.28) cents

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for the inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the Group is loss generating.

18 Reconciliation of cash flows from operating activities

	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities		
(Loss) after income tax expense for the year	(1,686,385)	(4,453,036)
Cash flows excluded from loss attributable to operating activities		
Non cash flows in loss:		
Amortisation/Depreciation	532	1,021,750
Write off deferred exploration and evaluation expenditure	1,067,571	3,173,659
Change in other assets and liabilities:		
(Increase)/decrease in trade and other receivables	41,273	(557,160)
(Increase)/decrease in other assets and prepayments	3,645	2,141
Increase/(decrease) trade and other payables	(259,062)	483,614
Net cash from operating activities	(832,426)	(329,032)

19 Related party transactions

The Parent entity is MRG Metals Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Australia) Pty Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Exploration) Pty Ltd.

MRG Metals (Australia) Pty Ltd and MRG (Exploration) Pty Ltd own the mining tenements and have no other Assets or Liabilities.

The Group's related parties include its key management and others as described in Note 19.2.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

19.1 Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:
The Group used the accounting and taxation services of RSM Australia, an entity associated with Mr. Turner and Mr. Turner. The amounts billed were based on normal market rates and amounted to $44,601 (2015 $58,000).

Receivable from and payable to related parties
There were no trade receivable from or trade payables to related parties.

Loans to/from related parties
There were no loans to or from related parties at the reporting date.

Terms and conditions
All transactions are made on normal commercial terms and conditions and at market rates.

19.2 Transactions with key management personnel

Key management of the Group are the Board of Directors. Key management personnel remuneration is set out in the Remuneration Report in the Director's Report.

19.3 Equity instruments held by KMP

The number of shares in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2015

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Weston	100,000	-	-	-	100,000
Van Der Zwan	2,375,000	-	-	-	2,375,000
Turner	1,594,100	58,800	-	-	1,652,900
Gregory	12,449,900	-	-	-	12,449,900
	16,519,000	58,800	-	-	16,577,800

Year ended 30 June 2016

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Weston	100,000	-	-	-	100,000
Van Der Zwan	2,375,000	-	-	-	2,375,000
Turner	1,652,900	-	-	-	1,652,900
Gregory	12,449,900	-	-	-	12,449,900
	16,577,800	-	-	-	16,577,800

The number of options in the Company by each of the key management personnel of the Group, including their related parties are set out below:
Year ended 30 June 2015

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Other changes	Held at the end of the reporting period
Weston	-	-	-	-	-
Van Der Zwan	1,080,000	-	-	-	1,080,000
Turner	735,000	-	-	-	735,000
Gregory	-	-	-	-	-
	1,815,000	-	-	-	1,815,000

Year ended 30 June 2016

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Other changes	Held at the end of the reporting period
Weston	-	88,688	-	-	88,688
Van Der Zwan	1,080,000	3,590,000	-	-	4,670,000
Turner	735,000	1,520,000	-	-	2,255,000
Gregory	-	8,300,000	-	-	8,300,000
	1,815,000	13,498,688	-	-	15,313,688

20 Contingent assets and contingent liabilities

There were no contingent assets or liabilities.

21 Commitments for expenditure

	2016 $	2015 $
Exploration and evaluation: Within 12 months	406,140	417,540
	406,140	417,540

Exploration and evaluation:
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements of the State Mine Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

22 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk (including interest rate risk), credit risk and liquidity risk.

The Group's risk management is carried out by the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

22.1 Foreign currency sensitivity

To date, all of the Group's transactions have been carried out in Australian Dollars.

22.2 Interest rate sensitivity

The Group's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

At 30 June 2016, there was $20,109 on deposit at 2.90% (Note 8).

An increase/decrease by 30% or 0.09 basis points would have a favourable/adverse effect on profit for the year of $175. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

22.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to minimal credit risk as its only exposure is to interest receivable and GST refunds.

22.4 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring actual and forecast cash inflows and outflows due in day-to-day business.

The Group's working capital, being current assets less current liabilities, at 30 June 2016 was $363,551. In addition, $2,031,386 was raised before costs after year end. Based on this, the directors are satisfied the Group will have sufficient funds to pay its debts as and when they fall due.

As at 30 June, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2015	**$**	**$**	**$**	**$**
Trade and other payables	548,436	-	-	-
Total	548,436	-	-	-

	Current		Non current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2016	**$**	**$**	**$**	**$**
Trade and other payables	289,374	-	-	-
Total	289,374	-	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values due to their short term nature.

23 Capital risk management

The Group's objectives when managing capital is to ensure the Group's ability to continue as a going concern so that it can provide an adequate return to shareholders.

The Group would look to raise capital when an opportunity to invest in a business, company or tenement is seen as value adding.

24 Post-reporting date events

Since the end of the year the following significant events have occurred:

The majority of Kalgoorlie East tenements were relinquished.

Successful completion of placement and rights issue of shares raising $2,031,386 before costs.

Approval received for claiming a Research and Development Tax Refund for the 2016 year of approximately $552,000.

There are no other events occurring since the end of the year that have, or may, significantly affect the Group's operations, results of those operations or the state of affairs of the Group.

25 Parent entity information

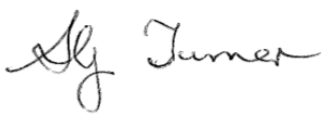
Information relating to MRG Metals Ltd ('the parent entity')

	2016	2015
	$	$
Statement of financial position		
Current assets	652,925	1,035,776
Total assets	3,803,240	5,071,285
Current liabilities	289,374	548,436
Total liabilities	289,374	548,436
Issued capital	17,041,938	16,364,536
Retained earnings	(13,528,072)	(11,841,687)
	3,513,866	4,522,849
Statement of comprehensive income		
Profit/(loss) for the period	(1,686,385)	(4,453,036)
Total comprehensive income	(1,686,385)	(4,453,036)

26 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2016 were approved by the board of directors on 29 September 2016.





Andrew Van Der Zwan
Chairman

Shane Turner
Director/Secretary

Directors' declaration

1. In the opinion of the directors of MRG Metals Ltd:

a the consolidated financial statements and notes of MRG Metals Ltd are in accordance with the Corporations Act 2001, including

i. giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b there are reasonable grounds to believe that MRG Metals Ltd will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial period ended 30 June 2016.

3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne, the 29th day of September 2016



Andrew Van Der Zwan
Director

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Independent Auditor's Report
To the Members of MRG Metals Ltd

Report on the financial report

We have audited the accompanying financial report of MRG Metals Ltd (the "Company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of MRG Metals Ltd is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

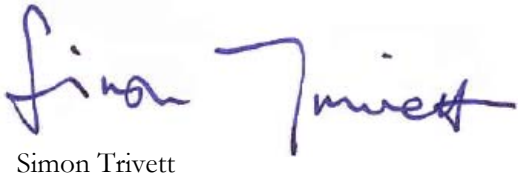
We have audited the remuneration report included in pages 14 to 17 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of MRG Metals Ltd for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Simon Trivett
Partner - Audit & Assurance

Melbourne, 29 September 2016

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 9 September 2016.

Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	**Number of Shares**
Jolanza P/L	24,899,800
Lograr Investments P/L	23,258,520

Voting Rights

Ordinary shares	On show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote
Options	No voting rights

Holding	**Shareholders**
1 – 1,000	13
1,001 – 5,000	20
5,001 – 10,000	73
10,001 – 100,000	203
100,000 and over	292
	601

There were 161 holders of less than a marketable parcel of ordinary shares.

	Ordinary Shares	
Twenty largest quoted shareholders	**Number Held**	**%of quoted shares**
Jolanza P/L	24,899,800	8.12
Lograr Investments P/L	23,258,520	7.58
Bond Street Custodians Ltd	12,869,000	4.20
El Gaia Holdings P/L	12,249,900	3.99
P Cozzi	9,000,000	2.93
Rojul Nominees P/L	5,500,000	1.79
A Van Der Zwan	4,750,000	1.55
Gecko Resources P/L	4,125,000	1.34
M Bolton	4,000,000	1.30
Minico P/L	4,000,000	1.30
J & K Stergiou	3,600,000	1.17
J Hondris	3,600,000	1.17
Hedt Super P/L	3,580,000	1.17
S Turner	3,305,800	1.08
MDC Funds P/L	3,250,000	1.06
Australian Executors Trustees Ltd	3,037,000	0.99
General Magic P/L	3,000,000	0.98
Konkera P/L	3,000,000	0.98
Rising Fast Holdings P/L	3,000,000	0.98
	134,025,020	43.68

Restricted equity securities

Nil

Securities exchange

The Company is listed on the Australian Securities Exchange and shares are quoted under the code MRQ.

	Options	
Twenty largest quoted optionholders	**Number Held**	**%of quoted options**
Ottawa Resources P/L	3,025,825	6.88
RL Staggard & DL Berry	2,000,000	4.54
J Powell	1,404,500	3.19
Hedt Super P/L	1,280,000	2.91
Gulf Country Investments P/L	1,200,000	2.73
HSBC Custody Nominees (Australia) Ltd	1,122,250	2.55
Life-Style Connections P/L	1,050,000	2.39
L, H & T Knight	1,035,000	2.35
Minico P/L	1,000,000	2.27
W Damm	1,000,000	2.27
Fundamental Cents P/L	1,000,000	2.27
A & K Van Der Zwan	965,000	2.19
Rylet P/L	940,000	2.14
N Fammartino	880,000	2.00
Bigson P/L	880,000	2.00
Tigerland Investments P/L	700,000	1.59
Sage Administration P/L	695,000	1.58
TRR Investments P/L	690,000	1.57
Notemarl P/L	677,500	1.54
A & J Turner P/L	645,000	1.47
	22,190,075	50.43

Securities exchange

The Company is listed on the Australian Securities Exchange and options are quoted under the code MRQO.

	Options	
Twenty largest quoted optionholders	**Number Held**	**%of quoted options**
Tempo Capital P/L	11,304,015	15.49
CJ & M Gregory	8,300,000	11.37
A & K Van Der Zwan	3,500,000	4.80
N & S Shaw P/L	3,000,000	4.11
K Grogan	2,579,334	3.53
Maplestone P/L	2,975,000	2.84
A Varela	2,000,000	2.74
Pot of Gold Enterprises P/L	1,995,700	2.73
M Music	1,988,800	2.73
BG Jean	1,900,000	2.60
SG & EJ Turner	1,500,000	2.06
SH Carter	1,250,000	1.71
Toro De Plata P/L	1,245,700	1.71
Calatos P/L	1,025,666	1.41
R & R Racz	1,000,000	1.37
S Muffet	1,000,000	1.37
Y & JW Bruinsma	1,000,000	1.37
TS Staermose	1,000,000	1.37
Notemarl P/L	1,000,000	1.37
GO Anayurt	1,000,000	1.37
	49,664,215	68.05

Securities exchange

The Company is listed on the Australian Securities Exchange and options are quoted under the code MRQOA.

Tenements

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Yardilla	**E28/2368**	**100**	
Xanadu	**P52/1366**	**100**	
Xanadu	**P52/1367**	**100**	
Xanadu	**P52/1368**	**100**	
Xanadu	**P52/1369**	**100**	
Xanadu	**P52/1372**	**100**	
Xanadu	**P52/1373**	**100**	
Xanadu	**P52/1374**	**100**	
Xanadu	**P52/1375**	**100**	
Xanadu	**P52/1376**	**100**	
Xanadu	**P52/1377**	**100**	
Xanadu	**P52/1378**	**100**	
Xanadu	**P52/1379**	**100**	
Xanadu	**P52/1380**	**100**	
Xanadu	**P52/1381**	**100**	
Xanadu	**E52/3065**	**100**	
Kalgoorlie East	**P26/4015**	**100**	
Kalgoorlie East	**P26/4016**	**100**	
Kalgoorlie East	**P26/3693**	**100**	
Kalgoorlie East	**P26/3694**	**100**	
Kalgoorlie East	***P26/3596***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3597***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3598***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3599***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3600***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3601***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3602***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3603***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3604***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3605***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P26/3606***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P25/1984***	***100***	***Expired 08/07/16***
Kalgoorlie East	***P25/1985***	***100***	***Expired 08/07/16***
Loongana	**E69/3104**	**100**	
Loongana	**E69/3288**	**100**	
Davenport Downs	**EPM19306**	**100**	
Squirrel Hill	**EPM19470**	**100**	
Pulchera	**EPM19471**	**100**	
Mt Angelay I	**EPM25884**	**100**	
Selwyn	**EPM25887**	**100**	

Corporate Directory

Directors & Secretary

Andrew Van Der Zwan
Non Executive Chairman

Christopher Gregory
Non Executive Director

Shane Turner
Non Executive Director and Company Secretary

Principal place of business

12 Anderson Street West, Ballarat VIC 3350
Telephone: +61 3 5330 5800 Fax: +61 3 5333 1667
Email: info@mrgmetals.com.au, www.mrgmetals.com.au

Registered office

12 Anderson Street West, Ballarat Victoria 3350
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Telephone: +61 3 5330 5800 Fax: +61 3 5333 1667

Corporate accountant and Registered ASIC Agent

RSM Australia
12 Anderson Street West, Ballarat VIC 3350
PO Box 685, Ballarat VIC 3353
Telephone: +61 3 5330 5800 Fax: +61 3 5333 1667
www.rsmi.com.au

Solicitors

Gadens
Level 25, 600 Bourke Street, Melbourne VIC 3000
Telephone: +61 3 9252 2555 Fax: +61 3 9252 2500
www.gadens.com

Share Registry

Link Market Services Limited
Central Park, Level 4, 152 St Georges Terrace, Perth WA 6000
Telephone: 1300 554 474

Auditor

Grant Thornton Audit Pty Ltd
Level 30, 525 Collins Street, Melbourne Vic 3000
Telephone (office): +61 3 8663 6000 Fax: +61 3 8663 6333
Website: www.grantthornton.com.au

Stock Exchange Listing

ASX Codes: MRQ , MRQO, MRQOA