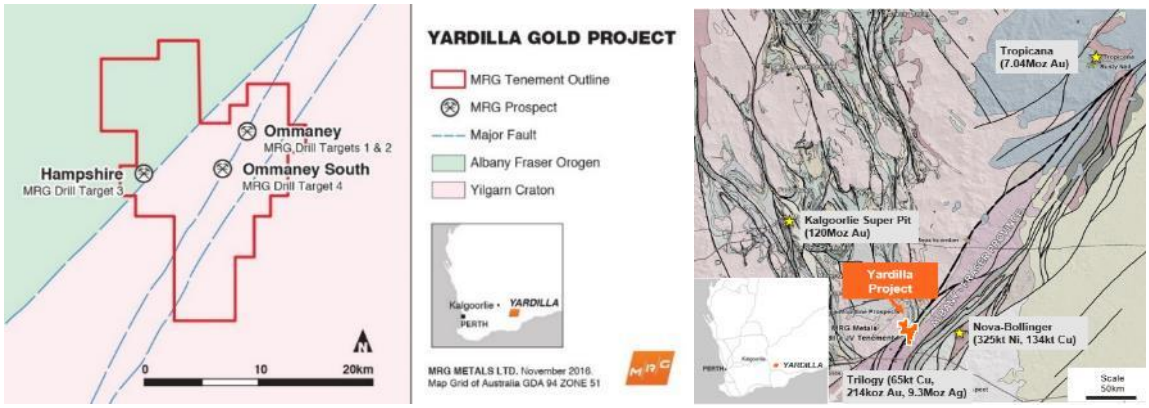
MRG DRILLS ENCOURAGING ALTERATION ZONES AT YARDILLA

- **Holes YRDH002B and YRDH003A at Ommaney intersect strong alteration (silica, sericite, biotite, chlorite) and zones of disseminated pyrite.**
- **Sasak Minerals technology successfully predicts the location of this alteration zone.**
- **Geological assessment of the drillcore indicates that historical drilling at Ommaney was ineffective at testing the target.**
- **Assay results anticipated early Jan 2017.**
- **MRG now has 100% ownership of Yardilla.**

MRG's initial diamond drilling program at Yardilla was completed on Tuesday 13th December 2016. A total of 5 Diamond Drill Holes for 788 metres was produced over the course of an 18 day program.

The program was successful in achieving geological answers for both of the two targets tested at Ommaney and Hampshire. The South Ommaney target was not drill tested and will be included in the next Yardilla drill program





Diamond Drilling at the Yardilla project in December 2016.

Ommaney Target

YRDH-002A was drilled into the Ommaney target in the vicinity of historical RC drillholes, but was ended at 54.2m once it was geologically understood that the drilling was oriented down the layering and foliation of the rock.

As a result, the rig was turned around and YRDH-002B was drilled at the same target but in a more favourable direction, to a depth of 240.2m downhole. It intersected a wide zone of metamorphosed basalt in the top of the hole into gneissic meta-sedimentary rocks in the bottom of the hole. A zone of hard silica-albite-biotite alteration with quartz veining at the boundary between these rock types will be multi-element assayed to determine its significance.



YRDH002B: Foliated meta-basalt at 60m (Top), altered metasediments at 153m (Centre), and example of quartz-veining at 165m (Bottom).

Structural analysis of the oriented core indicated that layering and foliation of the rock in this location (YRDH-002A and YRDH002B) is steeply north-west dipping. The implication is that many of the historical vertical RC drillholes are now understood to have been relatively ineffective at testing the Ommaney target. Gaining this type of crucial geometric information justifies MRG's bold approach to use a Diamond Drill Rig in the early stages of testing its targets at Yardilla.



Core from YRDH003A and YRDH002A oriented in correct position, showing steep layering and foliation in the rock. Historical vertical RC drillholes into this rock will have only tested a few thin layers.

YRDH-003B was drilled into a part of the Ommaney target identified by Sasak Minerals multi-element analysis of surface samples. It was ended at 49.8m once it was established that drilling was oriented down the layering and foliation of the rock.

YRDH-003A was drilled towards the same target as YRDH-003B, but in a more favourable direction, to a depth of 240.1m downhole. It intersected a sequence of steeply south-east dipping felsic gneisses (and possibly metasediments) with wide intervals (>30m downhole) of encouraging alteration (silica, sericite, biotite, chlorite) and zones of disseminated pyrite. One prominent alteration interval extends from 85 to 115 metres downhole. Sampling and multi-element assay of core, and analysis of the geochemistry is now required to determine the significance of this alteration and the target as a whole. An optimised follow-up RC drilling program will be considered at Ommaney once assay results are received and interpreted.



Altered felsic gneiss with disseminated pyrite from YRDH-003A (95m).

Hampshire Target

YRDH-001C (204.2m total depth) targeted a highly-magnetic feature in western part of tenements (Hampshire Prospect). Drilling intersected steeply dipping magnetite-rich metasediments from around 70-170m downhole, consistent with the depth and position of the magnetic anomaly modelled from geophysics. This result will lead to a change in geological maps of the area that currently interpret this unit to be a mafic-ultramafic greenstone. Sampling and multi-element assay of core will need to be completed before the implications for exploration of this target are understood.

A decision was made to not test the additional targets at **Ommaney South** during this initial drilling program as bad weather conditions closed in on the region at the start of the week. Ommaney South remains a viable, untested target for future drilling programs at Yardilla.

Sasak exploration technology - further validation from Yardilla

The metamorphosed rocks at Ommaney are consistent with MRG's exploration model and the evidence for overprinting alteration zones in YRDH-002B and YRDH-003A is further proof of the effectiveness of Sasak Minerals technology in identifying the geochemical and geophysical signatures of potentially large mineral systems. Core from the 2016 Yardilla program is en-route to the laboratory and sampling and multi-element assay of the core will be completed as soon as possible, notwithstanding the approach of Christmas holidays.

MRG considers the initial drilling program at Yardilla to be successful in delivering crucial geological and geometric information to reflect and justify its increasingly technical approach towards mineral exploration. A detailed analysis of the drilling and its significance to future exploration at Yardilla project will be made once the multi-element assay results are returned.

Reference is also made to MRG's recent decision, announced on 12th December 2016, to exercise its option with TasEx to acquire 100% ownership of Yardilla.

Andrew Van der Zwan
Chairman

The information in this report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr. Benjamin McCormack, who is a member of the Australian Institute of Geoscientists (AIG).

Mr. McCormack is a consultant to the Company and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined in the 2012 Edition of the " Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ". Mr. McCormack consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.