QUARTERLY REPORT

FOR THE QUARTER ENDED 31 MARCH 2017

Exploration Highlights:

*During the Quarter, MRG Metals Ltd ('MRG') continued exploration at the **Yardilla Project (WA),** drilling 7 Reverse Circulation holes for 1,530 meters total. Completed in mid-April, samples have been dispatched to the laboratory and multi-element assay results are due to be returned in the coming weeks.*

*A detailed review **of MRG's Mt Isa (QLD)** district projects was completed in early 2017, incorporating the results of VTEM surveys flown over selected projects in late 2016. Target prioritisation following this technical work lead to a strategy of detailed ground geophysics, surface geochemical sampling and additional field work by geologists that is slated for May 2017. This work should then lead to drill-ready targets in the later part of the dry season.*

*Mapping and review of the **Xanadu Project (WA)** late in 2016 provided new insights into the geological and tectonic framework of this large alteration system and string of gold deposits located at the margin between the Ashburton Basin and the Pilbara Craton. This led to overhaul of the targeting strategy at Xanadu pending ongoing investigation of geophysical techniques that can penetrate the upper alteration and pyrite zones to see deeper potential targets that could represent the core of this gold-rich alteration system.*

*At the close of this last quarter MRG was working towards an agreement to farm into the **Norrliden VMS Project** located near Boliden in northeastern **Sweden** that was announced in April. This exciting development will diversify the Company's exploration portfolio into a VMS project containing zinc, lead, copper, silver and gold and test Sasak's geochemical analysis capabilities in colder northern hemisphere terrains.*

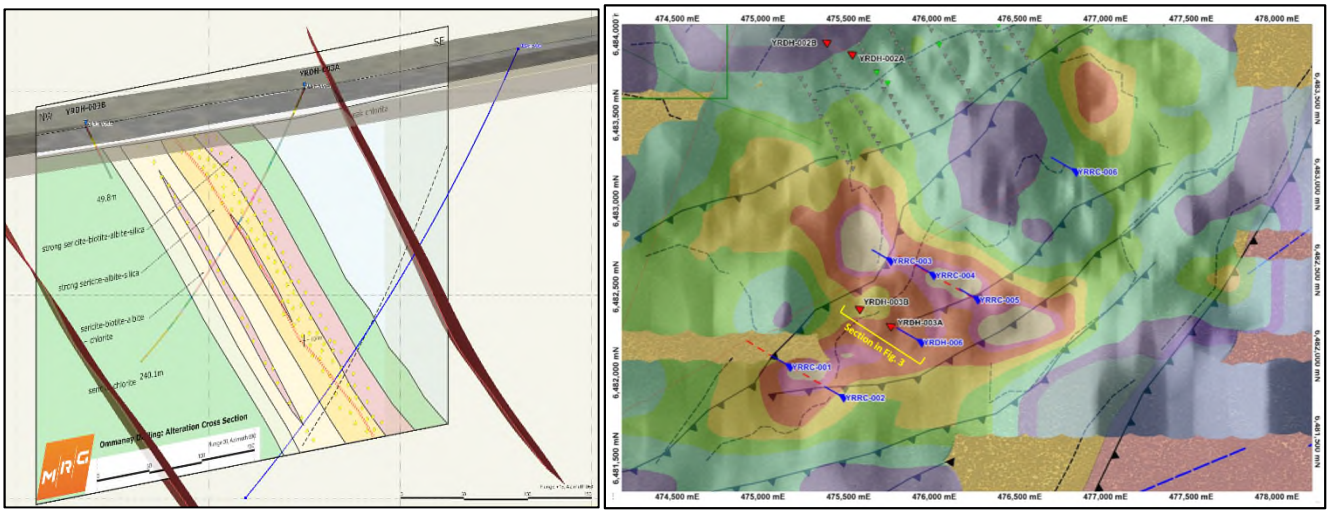
YARDILLA

Following up quickly on the identification of a favourable alteration system at the Ommaney Prospect in late 2016, MRG drilled 7 additional RC holes (1,530 metres total) at the prospect in March-April 2017.

MRG's technical partner Sasak Technical Services ("Sasak") used the newly-developed, A.I. based, *Archean Gold Lode Alteration Detection System* (AGLADS) to compare multi-element geochemical data from 2016 drilling at Yardilla with the geochemistry of known Archean Gold Lode Gold Deposits across Western Australia. The results of this indicated that the wide sericite-biotite (+ pyrite, quartz) alteration zone intersected in hole YRDH-003A was characteristic of alteration PROXIMAL to ore, and that additional drilling was warranted to test both the down-dip and lateral extent of the zone at Ommaney.

RC drillholes designed to test the down-dip and down-plunge extent of the known intersection (YRDH-003A) were planned with additional fences of RC drilling to test wider surface multi-element anomaly at the prospect, following refinement of its extent by Sasak using the latest assay results.

Heavy rainfall in the early part of 2017 delayed drilling until March and complicated efforts to quickly complete the program, which successfully concluded in the second week of April. Samples have been dispatched to laboratories in Perth for detailed multi-element analysis, the results of which will be analysed by Sasak to better understand the 3D geochemical zonation across the prospect and vector towards the core of the alteration system and potential ore.



Section through YRRC-003A showing follow-up drilling (at planned stage) and map of Sasak generated multi-element surface anomaly with RC drill fences shown.



RC drilling chips from March-April 2017 Ommaney drilling program (YRRC-008) containing disseminated pyrite and vein quartz.

Yardilla Project Background

The Yardilla project is located 95km east-northeast of Norseman, WA and is prospective for gold mineralisation on the boundary between the Archaean Yilgarn Craton and the Proterozoic Albany-Fraser Orogen. MRG holds three exploration licences covering prospective lithology identified from structural and geochemical analysis by Sasak Technology. The Company has also applied for additional ground based on identification of further prospective positions using the same technology, increasing our land holdings in the area.

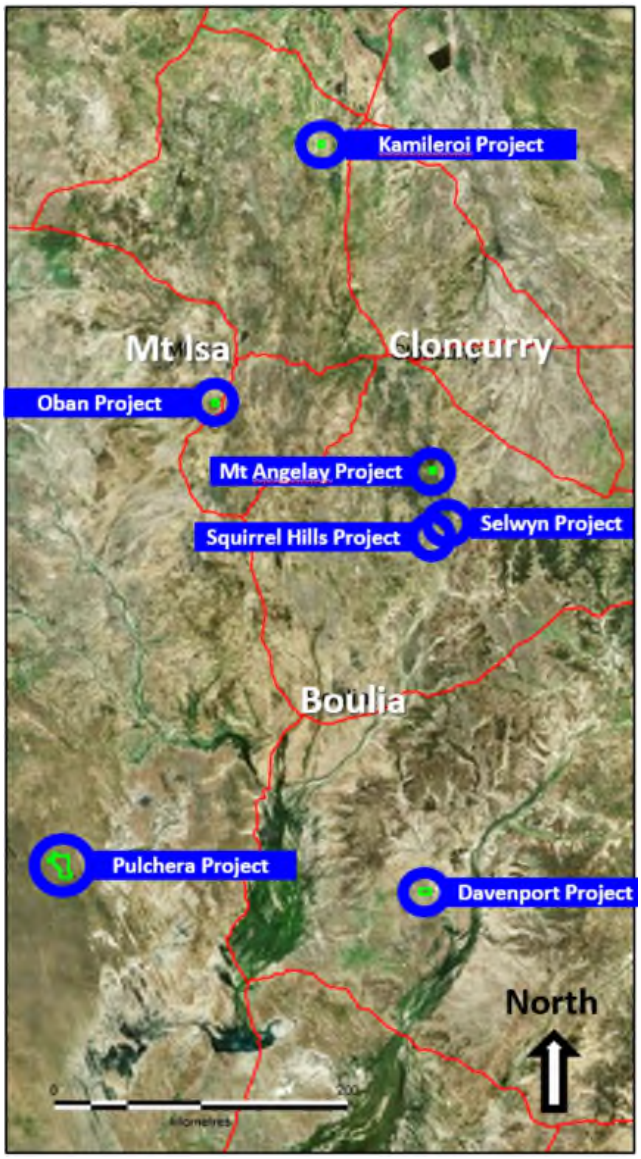
Grid based auger sampling program (Sept 2016), followed by initial diamond drilling (Dec 2016), identified wide zones of alteration, accompanied by quartz veining and disseminated pyrite. Strongly elevated pathfinders, (particularly Tungsten) and new analysis by technology partner Sasak, indicated a favourable association between this fluid alteration system and known Archean lode gold deposits in Western Australia.

QUEENSLAND PROJECTS

A detailed review **of MRG's Mt Isa (QLD)** district projects was completed in early 2017. It incorporated the results of VTEM surveys flown over selected projects in late 2016, analysis of geochemical and geophysical data by MRG's technical partner Sasak, compilation of detailed geological and topographic information and detailed analysis of the geological framework of each project by MRG's Exploration Manager.

Across the 7 separate projects (Kamileroi, Oban, Mt Angelay, Selwyn, Squirrel Hills, Davenport, and Pulchera) exploration targets were prioritised based on prospectivity (including Sasak geophysical analysis), depth of cover and accessibility of the project for planned works. An exploration strategy was developed and set in motion that includes surface geochemical sampling where cover is shallow, more detailed ground geophysics where cover is deep and additional field work by geologists and field technicians to plan access and logistics and to further develop relationships with stakeholders in MRG's QLD projects.

This campaign of field work slated for May 2017 is designed to lead MRG towards the development of drill-ready targets in QLD that will be scheduled for the middle of dry-season in the second half of 2017. The additional geological, geochemical and geophysical data collected during this program will be used to further prioritise MRG projects and to generate discrete 3D targets for drill-testing.



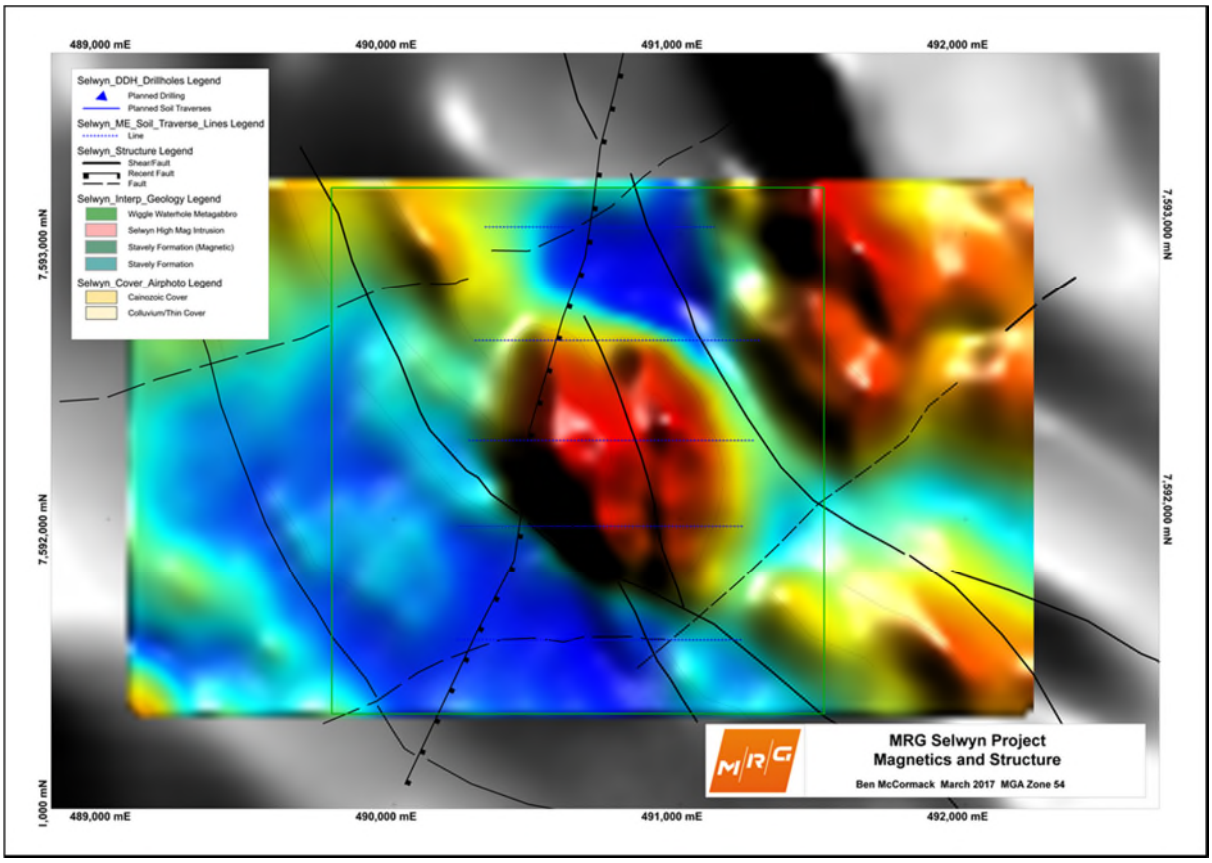
MRG Metals Mt Isa district projects in relation to main towns.

The target rocks at Kamileroi (*EPM25885*) and Davenport Downs (*EPM19306*) Projects lie under deep sedimentary cover and the development of a discreet drill-target will rely on addition geophysical methods. A ground gravity survey is in planning at **Kamileroi (*EPM25885*)** in Q2 that will extend the existing surveys at the prospect to a wider coverage. Previous drilling by Paradigm Metals intersected 40m @ 0.14% Cu from 397.5 metres in magnetic ironstone surrounded by meta sedimentary and calc silicate rocks in the central part of the licence. Analysis of VTEM and magnetic data from MRG's 2016 survey has changed the focus of the Company's exploration strategy onto a gravity anomaly to the south.

Enhanced modeling of cover depth over the **Davenport Downs Project (*EPM19306*)** during January 2016 indicates that the depth of Palaeozoic Eromanga Basin sediments to be in the order 600 to 800m. Effective exploration of a target this deep would be very expensive despite the prospectivity of the geological setting. MRG is currently reviewing options for using deeper targeting technology before making a decision to continue with the Davenport Downs Project.

The projects at **Oban (*EPM25883*), Mount Angelay (*EPM25884 & EPM26167*)** and **Selwyn (*EPM25887*)** will be the focus of multi-element geochemical sampling, geological mapping and reconnaissance for drilling access in May 2017. Soil cover at these projects is thin and sampling combined with the expert analysis of outcropping rock will provide crucial information for planning and drillhole design as well as final validation of these prospects as genuine drill targets.

Anomalous and unexplained magnetic highs at both Selwyn and Mt Angelay identified in data during the preceding Quarter require investigation in the field to determine their validity as IOCG drill targets and to help plan the location and orientation of proposed drilling.



Magnetic anomaly identified at Selwyn Project during Q1 2017 review of 2016 airborne geophysical program (VTEM) remains unexplained by local geological features, represents a potential IOCG exploration target that will be tested by drilling once confirmed by field work.

A review of geology at the **Squirrel Hills Project (*EPM19470*)** indicates that sediments cover 90% of the project. Field work during May aims to confirm if this is true before a planned Aircore-RAB drilling program is finalised.

The **Pulchera Project (*EPM19471*)** is located in a remote part of western Queensland and the review undertaken in Q1 indicates that prospective rocks are overlain by 50 to 80m of Eromanga Basin Sediments and sand dunes. MRG is working through Q2 on further defining the geological and structural framework of the prospect while developing a combined geophysical and geochemical sampling program that will be best suited to the terrain at this remote project. Further development of close working relationships with local stations and leaseholders in the area will be a crucial part of planning and activities over the coming months.

XANADU

The **Xanadu Project** is located at the margin between the Ashburton Basin and the Pilbara Craton; an area where geological understanding and prospectivity is under active review by both the government and private sector.



Mapping and review of the Xanadu Project late in 2016 provided new insights into the geological and tectonic framework of the large, outcropping alteration system that hosts a string of smaller known gold deposits and resources (Amphitheatre, etc.).

Recognition of the regional importance of this >10km long silica and pyrite-rich alteration system led to overhaul of the targeting strategy at Xanadu and an ongoing investigation into suitable geophysical techniques that can penetrate the upper alteration zones to see deeper potential targets that could represent the core of this gold-rich alteration system. Slower progress on this project in the last Quarter is the result of prioritisation of planning at the Yardilla and Mt Isa projects, this will change in the coming Quarter as MRG's other projects gain momentum.

Strongly-altered shallow-marine sediments with quartz veining and sulphides. Amphitheatre Pit at MRG's Xanadu Project, Nov 2016.

EVENTS AFTER THE CLOSE OF THE QUARTER

CORPORATE:

On 19 April 2017, MRG and Mandalay Resources Corporation (TSX:MND) announced to the market their entry into a Heads of Agreement for MRG to farm-in to the Norrliden VMS Project located near Boliden in northeastern Sweden.

Subject to the finalisation of documents, MRG will farm-in to the brownfields Norrliden polymetallic project with Mandalay by leading a renewed exploration strategy that will utilise Sasak Technical Services predictive modeling capabilities to identify mineralisation beneath the loose glacial till. MRG is looking to quickly advance the Norrliden project towards drilling of resources in 2017.

Further details of the Project and the terms of the farm in are outlined in the Announcement of 19 April 2017.

During the Quarter, MRG Metals Ltd received a Research and Development refund of $551,679.

Andrew Van Der Zwan

Chairman and Non-Executive Director

The information in this summary report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr. Ben McCormack, who is a member of the Australasian 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.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MRG METALS LIMITED

ABN	**Quarter ended ("current quarter")**
83 148 938 532	31 March 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(190)	(849)
	(b) development		
	(c) production		
	(d) staff costs	(83)	(284)
	(e) administration and corporate costs	(139)	(496)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	7
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds	552	552
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**143**	**(1,070)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(1)
	(b) tenements (see item 10)	-	(20)
	(c) investments/government bond		
	(d) other non-current assets		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**-**	**(21)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	2,076
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**-**	**2,076**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	914	72
4.2	Net cash from / (used in) operating activities (item 1.9 above)	143	(1,070)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(21)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,076
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**1,057**	**1,057**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	19	3
5.2	Call deposits	1,038	911
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,057**	**914**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	88
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director Fees, Secretarial Fees, Consulting Fees, & Accounting Fees.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	Nil
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	Nil	Nil
8.2	Credit standby arrangements	Nil	Nil
8.3	Other (please specify)	Nil	Nil

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

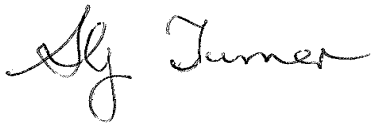
9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	240
9.2	Development	
9.3	Production	
9.4	Staff costs	80
9.5	Administration and corporate costs	30
9.6	Other (capital raising costs)	
9.7	**Total estimated cash outflows**	**350**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 28 April 2017

(Company secretary)

Print name: SHANE TURNER

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.