Major Experienced Chinese Exploration Group to Partner MRG

BINDING HEADS OF AGREEMENT (HOA)

MRG Metals Limited ("MRG") and AU Resource Company Limited ("AU") enter into a Binding Heads of Agreement ("HOA") for AU to farm-in to MRG's Yardilla and Xanadu gold projects.

Under the Agreement AU will also review future projects, including existing projects Pulchera, Kalgoorlie East, Loongana plus 2 new gold projects currently under acquisition by MRG.

Key Terms of the Binding HOA:

Yardilla and Xanadu Projects:

Parties:

Party A: MRG Metals Limited

Party B: Au Resource Company Limited

120 Days Due Diligence period (including 90 days from date of site access) for Party B to review projects. Both parties have agreed to expedite site access (where approvals are in place) to ensure that first project review is completed by January 2018.

Should Party B decide to proceed with one or both projects then the transaction details, per project, are as follows:

- Farm-in Terms:
  - Party B, 10% earn-in after $300,000 sole expenditure within 12 months;
  - Party B, to 40% earn-in after cumulative $1,500,000 sole expenditure OR the total amount of measured, indicated and inferred gold resource calculated according to the JORC Code (2012) standards to 250,000 ounces in the Project Area within 24 months;
  - Party B, to 60% earn-in after cumulative $3,000,000 sole expenditure OR the total amount of measured, indicated and inferred gold resource calculated according to the JORC Code (2012) standards to 500,000 ounces in the Project Area within 36 months.
- JV formation at 60:40 (Standard industry terms for Joint Operating Committee, JV equity structure and associated dilution clauses to facilitate sole funding after JV is formed).
- Party B shall maintain the right but not the obligation to sole fund from 60% to 90%, via equity earn in at the rate of sole expenditure of $1.5 million per 5% equity.

Future JV Projects:

Party A has agreed to provide access for Party B to review Pulchera, Kalgoorlie East, Loongana and 2 new gold projects.

Upon presentation by Party A to Party B, Party B will have 90 Days to exclusively review each project. After this review period, Party B shall decide whether to proceed with the project.

Projects accepted by Party B for Greenfield exploration projects will move to a farm-in arrangement on terms yet to be agreed.

Chairman of MRG Metals Limited, Andrew Van Der Zwan commented,

"A substantial alteration system has been discovered by MRG at Yardilla, a project generated under cover by Sasak geochemistry-focussed predictive modelling technology. MRG has undertaken two small drilling programs to date, confirming the significant potential of the hydrothermal alteration system but not yet identifying a gold-rich zone.

Xanadu is an exploration project with significant potential to host a world class gold deposit. The existence of small historical open pits at surface has provided clues to the potential at depth. MRG drilled a single deep hole through a silicified cover unit to test for a fluid ponding, ore forming environment beneath, with some technical success. MRG has generated additional targets from a technical review undertaken during 2017.

MRG is pleased to be offering these two exciting investment opportunities to AU Resource Company Limited as an initial step.

In addition, AU is interested in other existing MRG projects, together with a future pipeline of projects. Initially, MRG has committed to presenting Pulchera, Kalgoorlie East, Loongana and two new Gold projects to Au Resource Company Limited with a view to further farm in agreements. The intent of both parties is to combine the use of their respective technologies to search for new targets in gold and the potential for other minerals in the future.

While recognising the shift from sole exploration to JV, this agreement enables MRG to refocus and prioritise its' own exploration, with an ongoing eye to further JV opportunities as they arise".

Andrew Van Der Zwan
Chairman

Background Information: AU Resource Company Limited

Au Resource Company Limited is a Gold Focused Venture Capital Group targeting Australian rare metals. Established in 2015, with a team consisting of senior executives with ASX listed experience and knowledge. Founding Partners – Xu Hangjing, Bai Bin, Feng Yulongand Li Fusheng.
The Executive team is augmented with financial support from significant Chinese Fund Managers.

Funds under Management
AU Venture Fund I Committed capital: AUD $40 Million
AU Venture Fund II Proposed capital: AUD $500 Million

Credential Highlights
Former ASX listed Sino Gold Mining Ltd led fund management team.
Top Fund Managers from China with 30+yrs mining expertise and strong financial backgrounds.
Extensive network with mining companies and financial institutions in China and beyond.