ACTIVITIES UPDATE FROM NORRLIDEN

- **Diamond drilling totalling 364m completed during November 2017**
- **Drillcore processing and sampling underway**
- **Fixed-loop and downhole electromagnetic geophysical surveying underway**
- **Norra and Södra drillhole database compilation and validation underway**
- **JORC Mineral Resource Estimate update for Norra scheduled late January 2018**
- **Potential for economic development at Norra to be assessed during first half 2018**
- **MRG on track to earn initial 10% project equity milestone at US$500,000 spend, from existing funds available prior to recent capital raise**

MRG Metals Limited (ASX: MRQ) is pleased to provide an update on exploration activities from the Company's Norrliden Project located in northern Sweden. Over the first 6 months of the Joint Venture Agreement[1] with Mandalay Resources Ltd MRG completed a significant amount of exploration at Norrliden and is on track to meet the initial 10% project equity milestone at US$500,000 during the second quarter of 2018.

Diamond Drilling

- **Södra**

A single diamond drillhole (NOR17003) was successfully completed at the Norrliden Södra prospect during November. NOR17003 is located (refer Figure 2) 130m southeast of NOR17001 and was designed to test the modelled down-plunge position of the historic fixed-loop electromagnetic (EM) conductor. NOR17003 was drilled to a total depth of 201.5m and intercepted both basaltic and rhyolitic volcanoclastics. Pervasive chlorite-silica-sericite alteration within both units was coincident with visible sulphide mineralisation (refer Figure 1) including pyrite, pyrrhotite, arsenopyrite and sphalerite. Drillcore processing and sampling of NOR17003 is currently underway and assay results are expected to be returned in mid-late January 2018.



***Figure 1**: Picture showing semi-massive sulphide (pyrite) mineralisation in drillhole NOR17003; approximate depth 72m downhole. Assay results are pending.*

[1] Refer to ASX Announcement dated 19th of April 2017 *"MRG to Farm Into Norrliden VM Project in Sweden"*.

- **Norra**

A second attempt at drill testing the deeper mineralised zones within the existing Norra deposit was also made during November. NOR17009 was drilled to a depth of 158m before failure of the hydraulic system on the drill rig meant the hole had to be abandoned. It is planned to re-enter NOR17009 and continue drilling to the target depth of 275m when diamond drilling next recommences at the project. A replacement rig was investigated, but was not available before Christmas.

A second phase of diamond drilling following-up the assay and DHEM results returned from NOR17001 and NOR17003, the re-entry of NOR17009 and any targets identified as a result of the current surface geophysics (FLEM) surveys and the Mineral Resource Estimate (MRE) update is scheduled for late in the first quarter of 2018, subject to drill rig availability.



***Figure 2**: Project location map showing drillholes and intercepts from recently completed drilling at Norrliden.*

Geophysics

- **DHEM**

NOR17001 and NOR17003 were both cased with PVC to enable downhole electromagnetic (DHEM) surveying to be completed. The geophysics crew are currently onsite and have completed the DHEM and are now completing the first of two large fixed-loop electromagnetic (FLEM) surveys at the project.

DHEM surveying of NOR17001 was successful and has identified a late-time off-hole conductor (500 Siemens) at approximately 65m depth; the conductor is centred below the current hole in a down-dip position (refer Figure 3). Whilst the model is largely unconstrained given the single drillhole, the modelling suggests a depth extent of at least 150m. A single drillhole testing the off-hole EM conductor in a down-dip position has been recommended and will be completed when drilling recommences in early 2018.

The new DHEM data from NOR17001 did *not* identify a south-easterly plunge to the EM conductor identified in historic FLEM data. Nevertheless, NOR17003 has intercepted visible sulphide mineralisation in this position, yet to be assayed. A blockage at approximately 60m in NOR17003 meant that DHEM surveying in that hole was not possible.

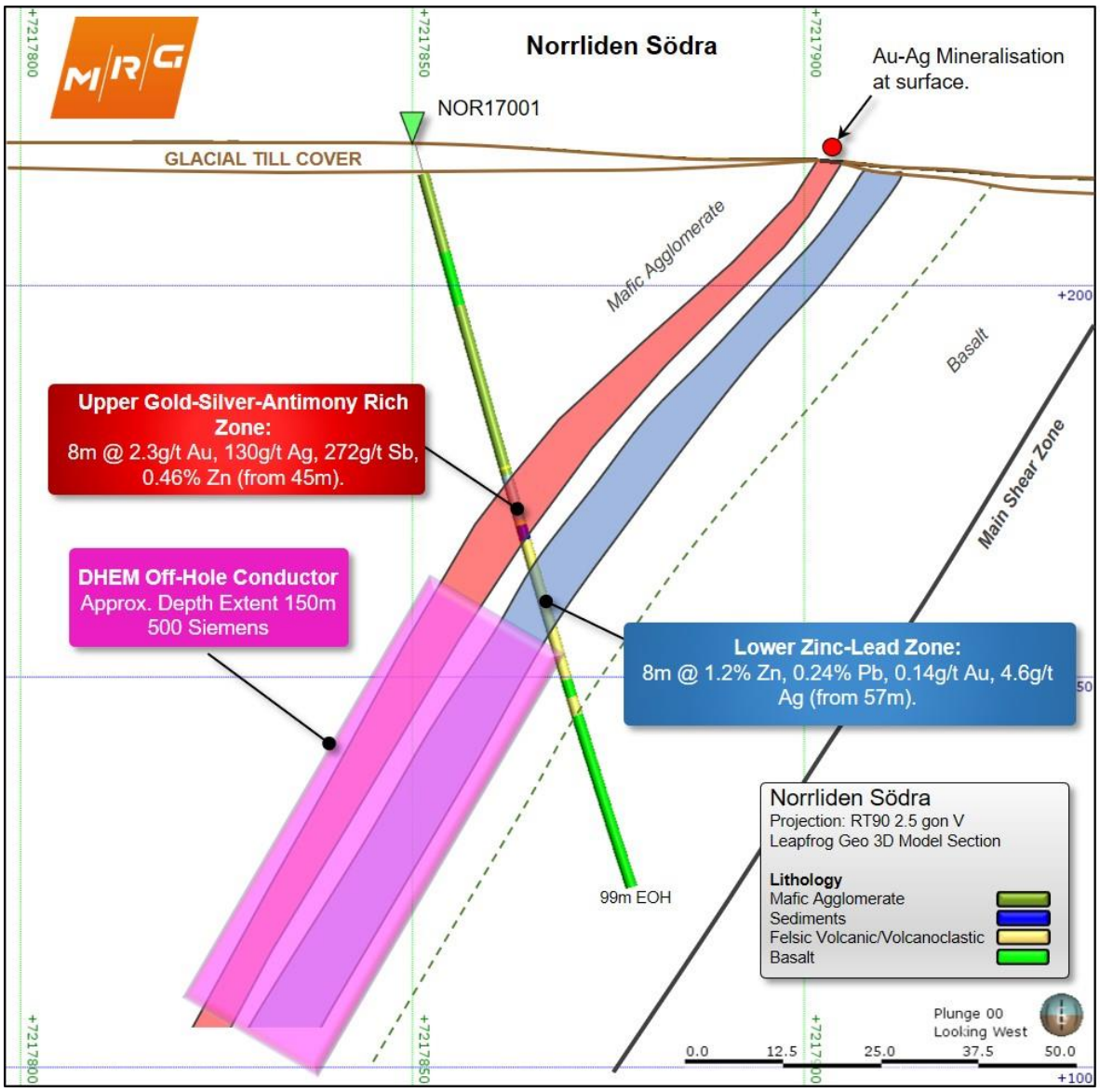

***Figure 2**: Drillhole cross-section showing mineralised intercepts and DHEM conductor for NOR17001 at Norrliden Södra.*

- **FLEM**

  Two separate FLEM surveys have been designed at the project and surveying is currently underway. The first survey has been designed to test a zone of structural interest located to the west of the existing mineralisation at both Norra and Södra. The zone (Norrliden Västra) is where the main east-west shear zone intersects a cross-cutting structure that is orientated NNE/SSW.

  The second survey has been designed to test a coincident deep-IP and airborne GeoTEM anomaly located to the northeast of Norra at the Jungfrutjärnen prospect (refer Figure 2). The deep-IP profile was completed by local university (LTU) researchers in 2009 and the airborne GeoTEM was completed by previous explorer North Atlantic Resources (NAN) in 1997; the identified anomalies at Jungfrutjärnen have not previously been followed-up.

  The geophysics crew will pause operations over the Christmas break and will return to site in the new year to complete the FLEM surveys at Norrliden. The results of the surveying are expected by mid-late January 2018.

Database Compilation & Validation

Exploration in the Norrliden area has been carried out over a period of approximately 100 years and as such there exists a substantial amount of historic exploration data in various formats and qualities. MRG is currently in the process of digitising, compiling and validating the historic data across all prospects within the Norrliden project area and will load into a centralised geological database. No major issues have been identified to date and the final database is expected to be delivered to MRG in early January 2018.

Mineral Resource Estimate (MRE)

Once the database compilation and validation has been completed, an update to the existing (2012) mineral resource estimate (MRE) for the Norra deposit will be initiated. Metal prices, in particular zinc, have increased significantly (refer Figure 3) since the last MRE and high-level optimisation was completed in 2012 by previous explorers, who used a MRE for Norra of 1.497Mt @ 4.4% Zn, 0.8% Cu, 0.4% Pb, 0.8 g/t Au, 59.9 g/t Ag.

MRG recently completed a new structural interpretation across the project including the mineralisation at Norra. The new structural interpretation will be incorporated into the new MRE. Once the MRE has been completed a decision will be made as to whether a high-level mining study will be warranted. The Norrliden deposit is located within a ***granted mining concession*** which would likely shorten the pathway to future production at Norrliden if positive MRE and optimisation results are received in due course and similarly if the Company can build on the existing resource base through expansion of the current Norra resource and/or through an economic discovery at Södra or elsewhere within the project area in the short to medium term.



Figure 3*: Graph showing zinc price increase (USD/t) from February 2012 to December 2017. Source: InfoMine.com*

Andrew Van Der Zwan

Chairman

Competent Persons Statement

The information in this document that relates to exploration results is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No.990895). Amanda Scott is a full-time employee of Scott Geological AB. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken 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 (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Appendix 1

Hole ID	Northing (RT90)	Easting (RT90)	Total Depth	Azimuth (RT90)	Dip	Type	Diam.
NOR17001	7217850	1677975	99m	000	-75	DDH	NQ
NOR17006	7217850	1677900	85m	000	-60	DDH	NQ
NOR17007	7217982	1678222	144.5m	008	-82	DDH	NQ
NOR17003	7217750	1678050	201.5m	000	-75	DDH	NQ
NOR17009	7218023	1678242	158m	017	-75	DDH	NQ

***Table 1**: Diamond drillhole collar summary for drilling completed at Norrliden. All Coordinates are in Swedish Grid RT90 and have been located with a hand-held GPS. Drill dimension for all holes is NQ2. All drillholes have been downhole surveyed.*

JORC Code 2012 Edition

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• DHEM surveying completed using a EMIT DigiAtlantis probe, EMIT SMARTem24 receiver with SMART Fluxgate sensor.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• NA
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• NA
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged.	• The entire length of NOR17001 was surveyed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• NA
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory*	• NA

Criteria	JORC Code explanation	Commentary
	checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• NA
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• NA
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• NA
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• NA
Sample security	• *The measures taken to ensure sample security.*	• NA
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data has been reviewed daily by the onsite geophysicist Mr Toumas Moberg (Geovisor, Finland) and by the Company's consultant geophysicist Mr Ben Jones (Precision Geoscience, Perth)

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Norrliden Project is located within exploration licences Norrliden K nr 1 and Malånäset nr 100 owned 100% by MRG's Joint Venture Partner's (Mandalay Resources Ltd) Swedish subsidiary, Björkdal Exploration AB. Details of the Joint Venture Agreement were released to the ASX by MRG on the 29th of May 2017. • The licences are wholly owned by Björkdal Exploration AB and are predominantly located in an area of pine and birch forest. The area is used for seasonal grazing by local indigenous Sami reindeer herders. • The licence is in good standing with no known impediments.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The mineralisation at Norrliden Södra was discovered by the Swedish Geological Survey (SGU) during the 1930's where they completed trenching and slingram geophysical measurements. SGU drilled three diamond drillholes close to the trenches in 1968 and reportedly intercepted sulphide-bearing volcanic rocks but only one sample interval across the three holes was submitted for assay which returned economic polymetallic mineralisation. • More recent exploration was completed by North Atlantic Resources Ltd (NAN) during the

Criteria	JORC Code explanation	Commentary
		1990's and 2000's but work was limited to a ground magnetic survey and an airborne GeoTEM survey.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Norrliden Project is located within the central part of the Skellefte Mining District in Northern Sweden. The district is centred in the Paleoproterozoic Skellefte Greenstone Belt which is comprised of felsic to mafic arc-volcanic rocks. The district is host to more than 85 known poly-metallic massive sulphide deposits which have largely been classified as VMS-type deposits. • At Norrliden Norra the mineralisation is hosted by rhyolite, quartz-feldspar porphyry, felsite and greenstones. The mineralisation is often surrounded by a well-developed alteration halo characterised by chlorite-sericite-silica. The mineralisation is present as massive-banded pyrite-sphalerite ore, stringer-type pyrite-pyrrhotite-chalcopyrite ore, massive pyrite-chalcopyrite ore and silica-sericite altered pyrite-sphalerite-galena ore. • At Norrliden Södra the observed mineralisation is hosted by a silica-sericite altered felsic-intermediate volcanic unit that contains predominantly semi-massive to disseminated pyrite ore. The hangingwall unit appears to be a fine-grained mafic volcanic and the footwall unit appears to be a distinctive blue quartz porphyry. • Geological evaluation by MRG is ongoing.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Drill hole locations and appropriate information are shown in the figures and tables in the text of this announcement. Appropriate maps and plans also accompany this announcement.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• NA
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• NA
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any*	• The appropriate figures, plans, maps and drillhole cross-sections have been included in

Criteria	JORC Code explanation	Commentary
	significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	this announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All DHEM results have been reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All meaningful and material information has been reported in this announcement.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Drillcore logging, sampling and assaying of NOR17003 is ongoing with assay results expected to be returned in late January 2018. • FLEM geophysical surveying is ongoing with results expected at in late January 2018. • Database compilation and validation is ongoing and is expected to be completed in early January 2018. • A MRE update is scheduled to commence in late January 2018. • Follow-up diamond drilling is scheduled to commence in February-April 2018.