QUARTERLY REPORT

FOR THE QUARTER ENDED 31 MARCH 2018

Highlights:

- **Successfully completed Rights Issue and Shortfall Placement**
  - **Commenced review of potential Company enhancing projects,**
  - **Resulting Cash balance at 31 March 2018 of $1.6 million (prior to April capital raise).**
- **Diamond drilling assay results returned from Södra including:**
  - **NOR17003: 26.6m @ 2110ppm Zn from 101.4m.**
- **Fixed-loop and downhole electromagnetic geophysical surveys completed; multiple conductors identified.**
- **JORC Mineral Resource Estimate and Mining Optimisation study for Norrliden underway.**
- **Project-wide, bottom-till geochemistry drill sampling commenced subsequent to the end of the quarter.**

SWEDEN

NORRLIDEN

During the quarter, MRG has continued to advance the Norrliden Project located in the Skellefte Field of Northern Sweden through the completion of a surface geophysics program and through the commencement of the mineral resource update and optimisation.

Diamond Drilling

- **Södra**

A single diamond drillhole (NOR17003) was successfully completed at the Norrliden Södra prospect during November. NOR17003 is located (refer Figure 1) 130m southeast of NOR17001 (8m @ 2.3g/t Au, 130 g/t Ag, 0.46% Zn, 0.21% Pb (from 45m)) 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 including pyrite, pyrrhotite, arsenopyrite and sphalerite.

Assay results for NOR17003 have now been returned which include a broad, significant intercept of:

o 26.6m @ 2110ppm Zn, 299ppm Pb, 1.62g/t Ag and 0.03g/t Au from 101.4m.

Whilst the tenor of the mineralisation in NOR17003 was less than that intercepted in NOR7001, MRG is encouraged that the mineralisation at Södra has now been identified over a strike distance of approximately 150m and is open at depth and along strike in both directions.

Geophysics

- **DHEM**

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 2). 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 at the project.

- **FLEM**

Two separate FLEM surveys at Norrliden were completed in January. The first survey was 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. No significant results were identified from this survey although the proximity of both a high-powered powerline and the historic cable-car line did impact the quality of the results in this area. This area will be further tested with the bottom-till geochemical survey.

The second FLEM survey was designed to test a coincident deep-IP and airborne GeoTEM anomaly located to the northeast of Norra at the Jungfrutjärnen prospect (refer Figure 1). 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 FLEM survey at Jungfrutjärnen has identified multiple conductors, three of which have been successfully modelled and range in conductance from ~100-500Siemens. Two of the three conductors are located at a shallow depth of 50m below surface and the third is deeper at an approximate depth of 200m below surface. Three drillholes have been planned to test these conductors when diamond drilling recommences at the project.

MRG Chairman Mr. Andrew Van Der Zwan commented: “We are very pleased with the results of the recent FLEM surveys at Norrliden which have identified multiple conductors in an area not previously explored. In fact, no work has been completed at this part of the project area previously despite more than 100 years of exploration having been carried out in the immediate area. We are looking forward to following up these results with a reconnaissance bottom-till geochemistry survey in the coming months”.

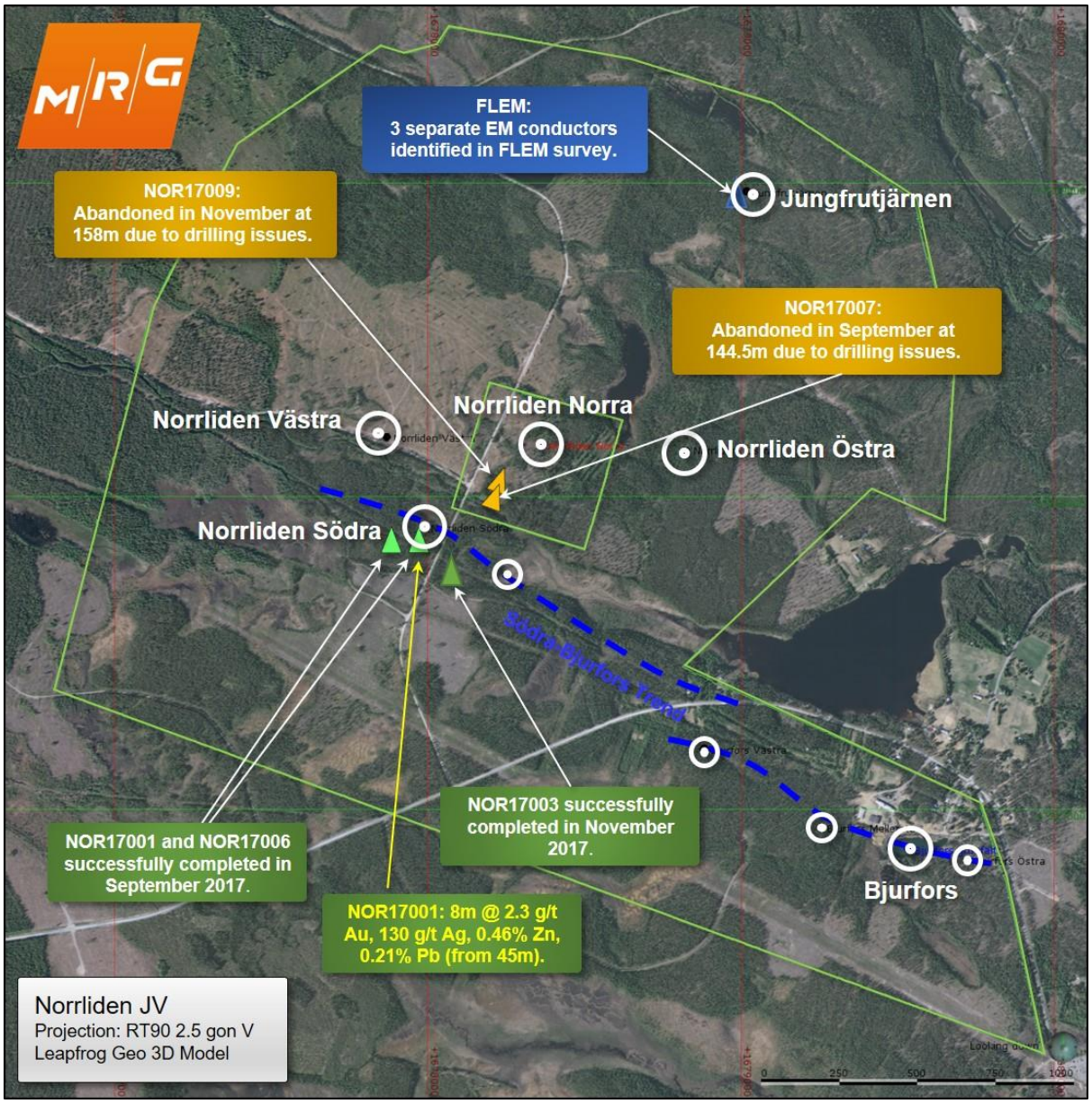


Figure 1: *Project location map showing drillholes and intercepts and FLEM anomalies at Norrliden.*

Mineral Resource Estimate (MRE) & Mining Optimisation Study

During the Quarter MRG completed a review of the existing wireframes and MRE data (previous explorers) and completed a variography analysis for the Norra and Bjurfors deposits. New mineral resource estimates (MRE) for both Norra and Bjurfors deposits has now also been completed and a new mining optimisation study is now underway with all results expected at the end of April.

AUSTRALIA

KALGOORLIE EAST

The due diligence currently being undertaken by Au Resource Company Ltd ('Au Resource') over MRG's projects continued during the quarter. On 1 November 2017, MRG entered to a binding Heads of Agreement with Au Resource Company Ltd to farm into MRG's Yardilla and Xanadu Gold Projects and this agreement has been extended to include the Kalgoorlie East Project, comprising two Prospecting Licences, located approximately 10 kilometres east of Kalgoorlie.

Representatives of Au Resource undertook a ground EM geophysical survey in late March and discovered two anomalies within the Project in an area that has only been lightly explored previously. The significance of these anomalies is presently being assessed to ascertain whether more intensive exploration is warranted.

Project Background

At Kalgoorlie East MRG holds 2 prospecting licences, remnants of a larger project area covering portion of the Golden Ridge Belt, located to the east of Kalgoorlie. Although MRG conducted extensive exploration over the wider area, no economic mineralisation could be delineated. Due to the age of the majority of the licences, they were unable to be renewed and they expired under the terms of the *Mining Act.* The remaining licences are presently being actively explored following the discovery of these new geophysical anomalies.

XANADU

The Xanadu project also is part of the Farm in Agreement with Au Resource Company. The initial ground EM geophysical survey planned over the project has been delayed due to the cyclone season and subsequent adverse weather. The survey and accompanying on ground geological review will now take place later in 2018. A combined drilling and geophysical program is proposed for later in the year following completion of the ground EM survey by Au Venture.

YARDILLA

Representatives of Au Resource undertook a ground EM geophysical survey proximal to the prospects previously drilled by MRG on the Project during December 2017. Several geophysical anomalies were detected near to our previous drilling, along with a new anomaly in recently granted licence E28/2678. MRG is reviewing the significance of these geophysical responses in light of our previous exploration and future drill testing during the latter half of 2018 is currently being considered.

LOONGANA

MRG finalised a major technical review of its Loongana Project in September 2017 and the results of this study have generated a revised exploration program for the project. The review has led MRG to re-focus exploration using a combined drilling and EM-geophysics approach to discover intrusion-related Ni-Cu-PGE and intrusion-related Cu-Au targets beneath the thick limestone and shale cover of the Nullarbor Plain. A Program of Works has been approved for drilling of these new targets during 2018 subject to other drilling priorities.

QUEENSLAND PROJECTS

No further exploration was conducted over the Queensland Projects during the March quarter. A technical review undertaken in late 2017 has generated future exploration strategy that will be reviewed and prioritized against the current and potential new projects later in 2018.

EVENTS SUBSEQUENT TO THE QUARTER ENDING:

SWEDEN

NORRLIDEN

Bottom-Till Geochemistry Drilling

MRG has recently commenced bottom-till geochemistry drilling at the Norrliden Project. The reconnaissance program will target both the Södra and Norra mineralised trends towards the west where neighbouring explorer S2 Resources identified a significant gold-in-soil anomaly along the same mineralised trend as Södra. This drilling method utilises a small rig that samples the interface between the bottom of the overlying till (glacial moraine) layer and the fresh bedrock beneath; samples are being collected from the upper-till horizon, the bottom-till horizon and two samples from the bedrock. Current permit conditions allow for drilling on snow-covered ground only so the program will be completed over several phases as permitting allows.



Figure 2: *Project location map showing planned BOT drillholes at Norrliden.*

CORPORATE

- On 23 January 2018, MRG announced completion of an entitlement offer, raising $654,191 and issuing 130,838,298 shares and 130,838,298 20 December 2020 $0.01 options.
- On 25 January 2018, MRG announced placement of the shortfall under the entitlement offer, raising $347,758 and issuing 69,551,582 shares and 69,551,582 20 December 2020 $0.01 options.
- On 12 February 2018, after approval by Shareholders at a General Meeting held on 9 February 2018, MRG announced issuance of 6,000,000 shares and 6,000,000 20 December 2020 $0.01 options raising $30,000; issuance of 80,000,000 20 December 2020 $0.01 options to 15 December 2017 Placement Shareholders and issuance of 5,000,000 20 December 2020 $0.01 options for corporate advisory services.
- On 11 April 2018, MRG announced that it had entered into a Binding Heads of Agreement to acquire Heavy Mineral Sands Projects in Mozambique. A 30 day due diligence is currently in progress.
- On 17 April 2018, MRG announced a placement raising $600,000 and issuing 60,000,000 shares and 30,000,000 20 December 2020 $0.01 options.

Andrew Van Der Zwan

Chairman and Non-Executive Director

Competent Persons Statements

The information in this summary report, as it relates to Australian-based Exploration Results is based on information compiled and/or reviewed by Mr. Keith Weston, who is a member of the Australasian Institute of Mining & Metallurgy. Mr. Weston is an employee of 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. Weston consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.

The information in this document that relates to Swedish-based 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.

+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 2018

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	(127)	(626)
	(b) development		
	(c) production		
	(d) staff costs	(42)	(208)
	(e) administration and corporate costs	(98)	(275)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	5
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds	-	669
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(264)**	**(435)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(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**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	1032	1464
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	(18)	(44)
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**	**1014**	**1420**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	823	588
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(264)	(435)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1014	1420
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**1573**	**1573**

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	6	9
5.2	Call deposits	1567	814
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)**	**1573**	**823**

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	50
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.

Note – Placement completed in April for $600,000

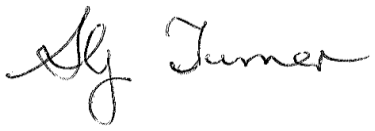
9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	100
9.2	Development	
9.3	Production	
9.4	Staff costs	80
9.5	Administration and corporate costs	50
9.6	Other (capital raising costs)	
9.7	**Total estimated cash outflows**	**230**

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: 30 April 2018

(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.