QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2013

- Kalgoorlie East nickel - base metal drilling & new gold targets identified
- Xanadu drilling to commence first quarter 2014
- Exploration co-funding received for East Yilgarn Project

The technical review of MRG Metals Ltd's (MRG) exploration project portfolio, some of which was acquired through the acquisition of Sasak Resources Australia in June 2013, is now complete. This has resulted in the divestment of some projects and renewed focus on others. Our exploration strategy for the coming year is to apply a dynamic, systematic approach to each target within the project. Each target is now prioritised and budgets are being finalised, with our goal to be drill testing high potential targets every quarter during 2014.

KALGOORLIE EAST PROJECT

MRG's exploration work during the quarter primarily focussed on the Kalgoorlie East Project. A Moving Loop Transient Electro Magnetic survey and accompanying ground magnetic survey were completed late in the September quarter 2013. These geophysical surveys delineated a number of conductor targets, which were subsequently drilled during the quarter. The style of mineralisation sought is high grade Kambalda type nickel sulphide mineralisation, which occurs in channel like features at the basal contact between basaltic lavas and overlying ultramafic rocks (komatiites).

The 1,530 metre Reverse Circulation drilling program (Figure 1) completed over a number of these targets did not intersect any high grade nickel zones. However, a number of moderately anomalous 5 metre composite samples were found and follow-up single sampling was completed. A number of strongly anomalous pathfinder and trace elements results were returned.

As previously reported to the ASX on 21 January 2014 results from the drilling include:

2m @ 0.23ppm Platinum + Palladium from 113 to 115m in hole KERC008

3m @ 0.13%Cu & 0.51%Zn from 172 to 175m in hole KERC008

6m @ 0.4%Ni from 4 to 10m in hole KERC009

2m @ 0.8%Zn from 190 to 192m in hole KERC10

6m @ 0.35%Ni from 3 to 9m in hole KERC012

We are currently reassessing the assay results to determine if they can be utilised as vectors to ore grade mineralisation and be used to identify additional targets for follow up drilling later in 2014.

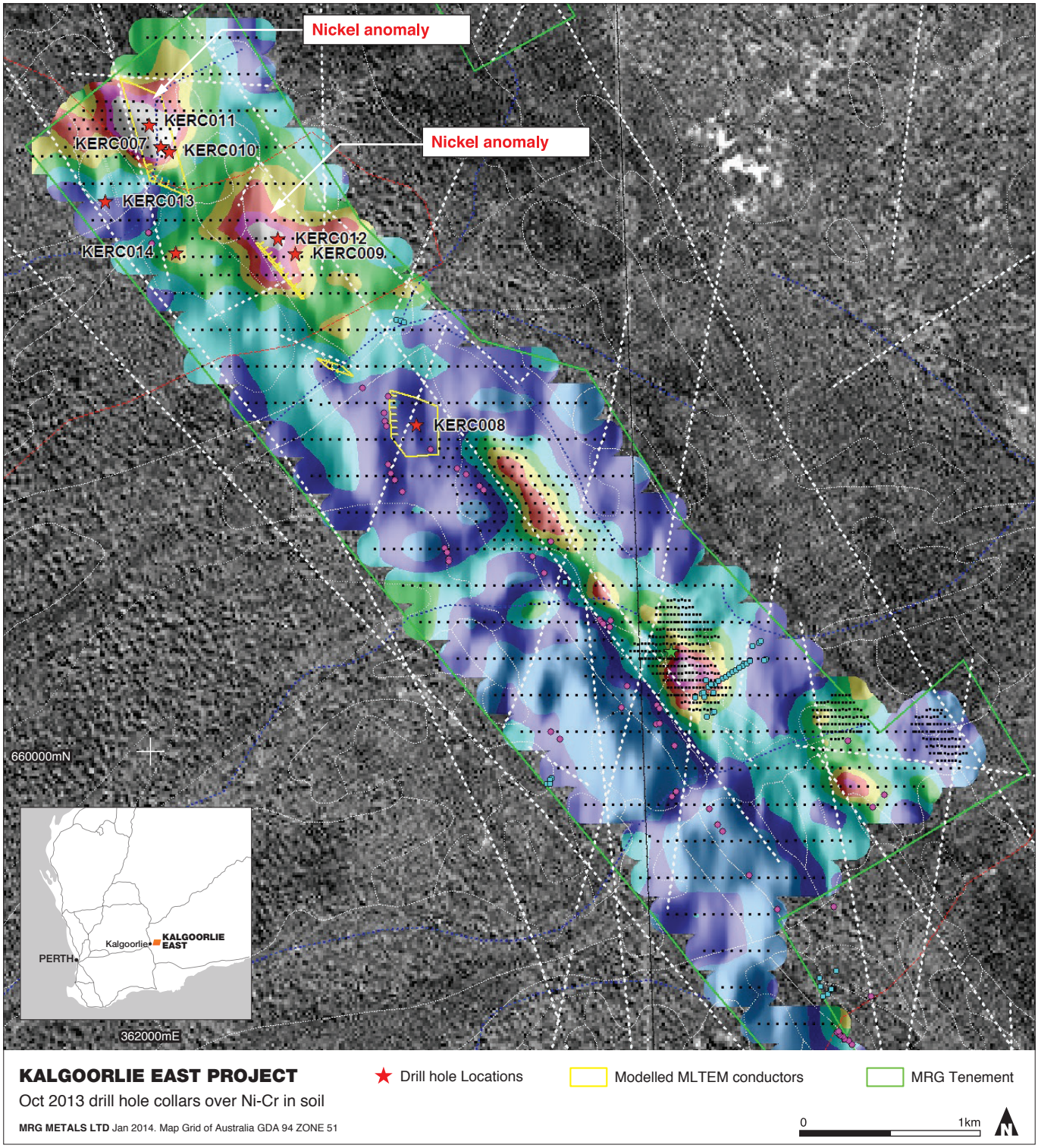


Figure 1.

XANADU

Planning is underway for drilling at MRG Metals Ltd's ('MRG') Xanadu project. Access to the proposed drill sites is being checked following the recent passage of Cyclone Christine through the Pilbara Region late 2013 and drilling is expected to commence late in this quarter.

Detailed analysis by Sasak Technical Services, aided by a recently completed digitisation of earlier geological mapping, has placed the surface geochemical data into a better geological context, to better focus future exploration.

Exploration work by previous explorers concentrated on those areas with good geological exposure (Figure 2). MRG proposes to test predicted geochemical and structural targets in an area covered by a benign silica cap, approximately 7 kilometres long and up to 1 kilometre wide. This silicified zone has received little attention from earlier explorers.

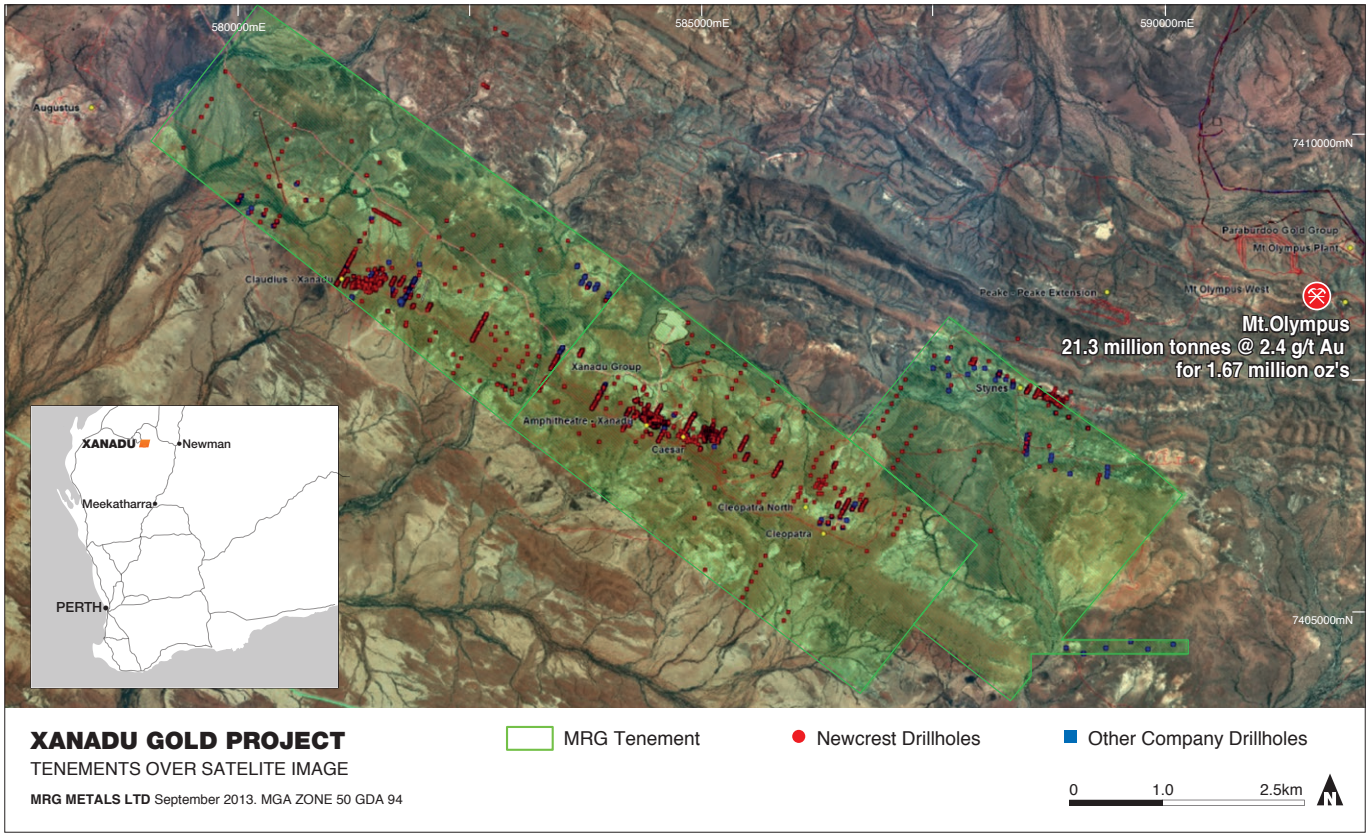


Figure 2 Map showing location and density of previous drilling at Xanadu. Red squares are Newcrest Holes and blue squares other companies. Note that drilling is concentrated in 4 locations.

Some targets are strike extensions of known prospects that are under this zone, whilst others are new targets, identified by wide-ranging analysis of MRG's geochemical and drilling database.

Xanadu is immediately adjacent to Northern Star Resources Ltd's Ashburton Project - a planned 100,000 ounce gold per annum operation with current JORC Resource of 1.67 Million ounces Au.

EAST YILGARN PROJECT

MRG's East Yilgarn project is located at the eastern edge of the Yilgarn Craton - it represents a high risk exploration initiative in frontier terrain. MRG has generated a significant amount of new data through the flying of an airborne geophysical survey over the main part of the project area, which has provided an enhanced understanding of the geology in this part of the Craton. This is a major exploration commitment, both in the generation of new, high quality data and in the search for mineral deposits in a frontier environment.

In recognition of the exploration proposed in this under explored area, MRG has recently received co-funding for drilling from the Western Australian Government under the co-funded Government — Industry Drilling Program Exploration Incentive Scheme ('EIS'). Under the EIS, funds committed by MRG towards the approved drill program will be matched by funds from the Western Australian Government, up to a maximum of $112,500.

Following the processing and interpretation of the geophysical data covering the East Yilgarn project those parts that were either devoid of compelling geophysical targets or under substantial depth of cover were surrendered.

Predictive modelling by Sasak Technical Services focussed on a number of key areas with achievable exploration depths. Depth to basement has been calculated to be as little as 50 metres below surface over one target, with other basement targets calculated to be in the range from 100 to 400 metres below surface. One of these deeper targets will be tested by utilising the drilling co-funding received by MRG from the Western Australian Government.

Geochemical surveys are planned to commence in Q2 2014 over the shallower areas, whilst the balance of the deeper targets will likely require additional geophysical analysis and while of interest, are of lower priority at this stage.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

An offer of grant for MRG's two other IOCG exploration licences was received from the Queensland Government in late 2013. The licences, numbered EPM 19470 & EPM 19471 will be granted following the completion of Native Title notification requirements and submission of Environmental Management Plans. Compilation and analysis of current geochemical & geophysical data has commenced as a precursor to on ground exploration upon grant of the licences.

LOONGANA

Analysis of geophysical data covering the Loongana exploration licence has identified six target areas considered to have favourable rock types to host interpreted layered mafic / ultramafic intrusive complex. These layered complexes are considered prospective for platinum and nickel mineralisation. The mineralisation is likely to occur either as strataform or stratabound reefs within the complex, or associated with disseminated to massive nickel - copper sulphides in the margins.

Further analysis will be completed to refine drill targets that are planned to be tested in second half of 2014.

BRAEMORE

The Braemore project is 8 kilometres north east of Leonora in the Eastern Goldfields of Western Australia, within the regionally significant north north-westerly trending Keith-Kilkenny Tectonic Zone.

The review by Sasak Technical Services of exploration data held on the project focussed on the gold and base metal potential of the project. The significance of the geochemical anomalies found will be further assessed and a decision made on further exploration will be made in the coming quarter.

FRASER RANGE

MRG holds seven exploration licence applications within the Birranup zone of the Albany Fraser Orogen. These applications are considered prospective for gold mineralisation analogous to that found at the Tropicana deposit to the northeast. The applications are within the 'B' class Dundas Nature Conservation Reserve.

MRG's exploration licence applications are yet to be granted. We currently hold priority to the mineral exploration rights, but grant has been delayed due to environmental matters. We have received advice that high level inter Departmental negotiations between the Departments of Mines & Petroleum ('DMP') and Environment & Conservation ('DEC') are still ongoing regarding the environmental conditions that should apply to licences within the Dundas Nature Reserve. Although some companies are actively exploring within the Reserve, no new licences have been granted access to the Reserve since February 2012. MRG's first application was made on 27 March 2012 and initially referred to DEC on 13 June 2012. MRG is monitoring the ongoing negotiations between DMP & DEC and is seeking a meeting with the Department's on a timely resolution of the issue so that grant of the licences may proceed.

Keith Weston
Managing Director

The information in this report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr Keith Weston, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Weston is an employee 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 Weston consents to the inclusion in the report of the matters based on the information in the form and context in which they appear. This is a summary report and technical data contained within has been previously released to the Australian Stock Exchange.

Forward Looking Statement
All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of MRG Metals Ltd ('MRG' or 'Company') are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as ''anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management of MRG that could cause MRG's actual results to differ materially from the results expressed or anticipated in these statements. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. MRG does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Appendix 5B
Mining exploration entity quarterly report

Rule 5.3

Appendix 5B

Mining 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

Name of entity

MRG METALS LIMITED

ABN	Quarter ended ("current quarter")
83 148 938 532	31 DECEMBER 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 Months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(262)	(587)
	(b) development		
	(c) production		
	(d) administration	(162)	(467)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	13	97
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (IPO & Capital Raising)		
	Net Operating Cash Flows	(411)	(957)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(31)	(81)
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(31)	(81)
1.13	Total operating and investing cash flows (carried forward)	(442)	(1,038)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(442)	(1,038)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	0	0
	Net increase (decrease) in cash held	(442)	(1,038)
1.20	Cash at beginning of quarter/year to date	2,515	3,111
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,073	2,073

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	$98
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Director Fees, Secretarial Fees, Accounting Fees & Rent

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	NIL	
3.2	Credit standby arrangements	NIL	

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	NIL
4.3	Production	NIL
4.4	Administration	150
	Total	**350**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	8	23
5.2	Deposits at call	2,065	2,492
5.3	Bank overdraft	NIL	NIL
5.4	Other (provide details)	NIL	NIL
	Total: cash at end of quarter (item 1.22)	2,073	2,515

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Hope Campbell Hill E39/1616	Exploration	100%	0%
		Yelina E38/2541		100%	0%
		Burtville E38/2543		100%	0%
		Yamarna E38/2544		100%	0%
		Prenti Downs E38/2561		100%	0%
		Mount Smith E38/2549		100%	0%
		Ernest Giles Range E38/2555		100%	0%
6.2	Interests in mining tenements acquired or increased	Yalina E28/2368	Exploration	0%	100%
		Harms E69/3248		0%	100%

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	NIL	NIL		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	133,166,000	133,166,000	20 cents	20 cents
7.4	Changes during quarter (a) Increases via release from escrow (b) Increases via consideration for Subsidiary				
7.5	**+Convertible debt securities** *(description)*	NIL	NIL		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	44,007,993	44,007,993	*Exercise price* 25 cents	*Expiry date* 21/09/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*	NIL	NIL		

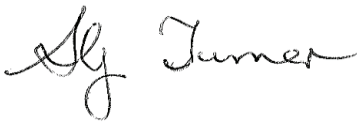
Appendix 5B
Mining exploration entity quarterly report

7.12	**Unsecured notes** *(totals only)*	NIL	NIL

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

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

Sign here:  Date: 31 JANUARY 2014

(Director/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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 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.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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