QUARTERLY REPORT

FOR THE PERIOD ENDING 30 JUNE 2014

- **XANADU PHASE 1 DRILLING COMPLETED**
- **DRILLING CO FUNDING FOR LOONGANA**
- **NEW TENEMENT ACQUISITIONS FRASER RANGE**
- **EXPANSION OF QUEENSLAND IOCG TENEMENT HOLDINGS**

MRG Metals Ltd has a stated exploration strategy to drill high potential targets every quarter. To achieve this, MRG adopts a dynamic, systematic approach to target generation with rigorous prioritisation of drilling.

During the June quarter, the first phase of drilling at Xanadu was completed. Numerous wide zones of gold mineralisation and gold pathfinders were encountered along with a greater understanding of the structural controls.

In addition, further work on defining drill targets under cover on both the East Yilgarn and Loongana Project was undertaken. The first drilling program on East Yilgarn is scheduled for the third quarter of 2014. A drill co-funding grant of $108,000 was awarded by the Department of Mines and Petroleum for our Loongana Project, which will assist with testing of new zones under cover of the Nullarbor Plain.

Also, MRG entered into an option and purchase agreement for two licences that cover the western edge of the Fraser Range Orogen. These two granted licences adjoin an adjacent MRG application. On ground exploration is planned to commence on the consolidated project, known as Yardilla, in the second half of 2014.

Subsequent to the end of the quarter, two additional exploration licences in western Queensland were granted. Along with the current Davenport Downs licence, this adds to MRG's holding in the Mount Isa block. These licences are prospective for Iron Oxide Copper Gold style mineralisation.

XANADU PROJECT

MRG's Xanadu project is located close to the northern margin of the Ashburton Basin, some 4 kilometres WSW of Northern Star Resources Ltd's Ashburton Project, (21.3 million tonnes @ 2.4g/t gold for 1.67 million ounces). The Xanadu mineralisation was discovered in the mid 1980's by BP Minerals and has been subject to various phases of exploration in the ensuing period until MRG's acquisition.

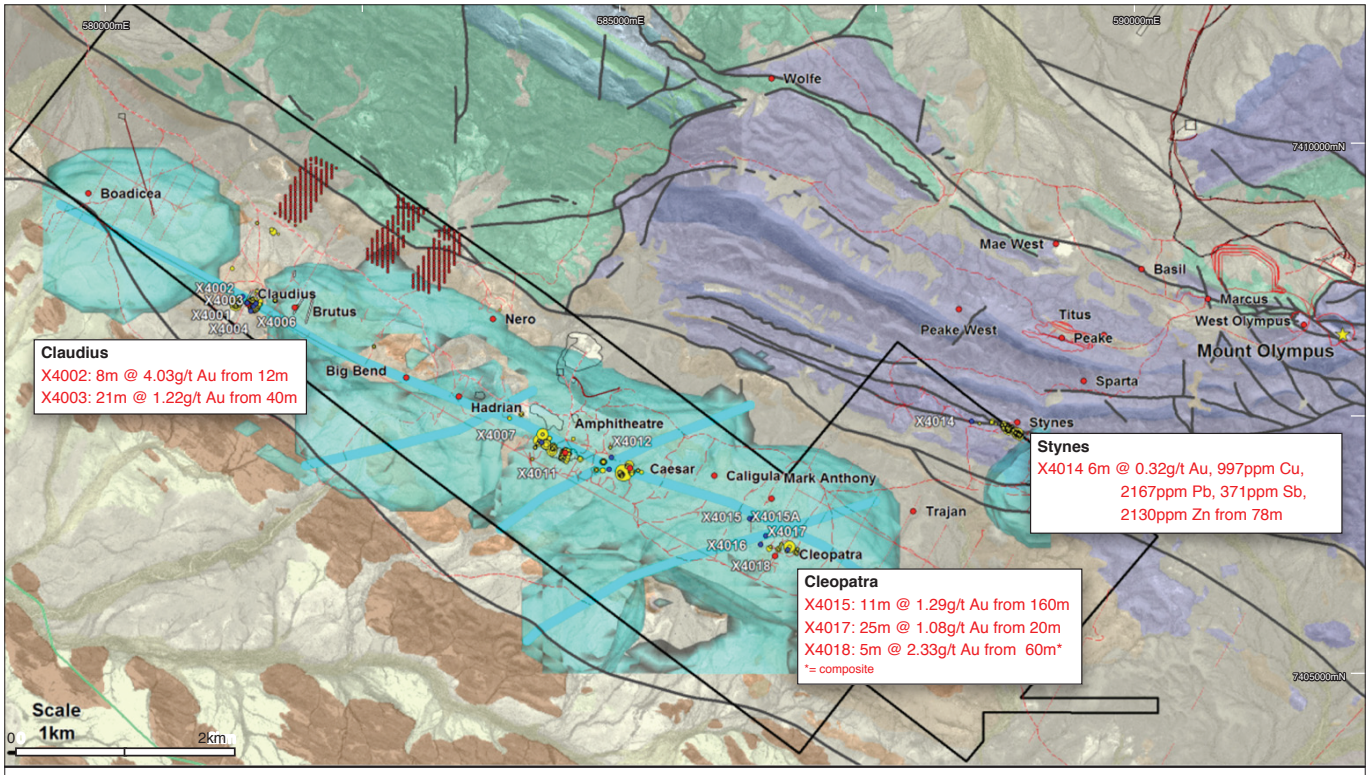
The first drill program undertaken during May 2014 comprised 15 holes for 1,677 metres (Figure 1). The primary targets were both near surface stratabound mineralisation, the focus of previous exploration and deeper sub vertical feeder structures, which have received little prior attention.

Drilling was undertaken during May 2014 and every hole from the program returned either wide gold mineralised intercepts or strongly elevated pathfinders, suggesting that the holes were drilled within the halo of mineralised system. Significant intercepts from the program are summarised in the following table.

Hole No.	Prospect	From	To	Interval	Au	As	Cu	Pb	Sb	Zn
				m	g/t	ppm	ppm	ppm	ppm	ppm
X4001	Claudius	34	35	1	1.47	178	44	151	13.3	68
X4002	Claudius	12	20	8	4.03	376	73	138	18	137
X4002	Claudius	55	60	5	0.29	87	45	84	7.5	46
X4003	Claudius	20	24	4	0.51	184	61	583	16	23
X4003	Claudius	40	61	21	1.22	93	45	111	8.3	45
X4004	Claudius	8	12	4	0.23	196	90	460	19	46
X4006	Claudius	14	23	9	0.25	153	46	361	9	32
X4006A	Claudius	40	45	5	0.72	19	39	142	3.2	15
X4007	Amphitheatre	40	45	5	0.1	672	156	67	12.5	470
X4011	Caesar	102	105	3	0.25	1930	37	142	10.6	31
X4012	Caesar	79	82	3	1.88	270	31	151	3.6	27
X4014	Stynes	78	84	6	0.32	268	997	2167	371	2130
X4015	Cleopatra	160	171	11	1.29	35	16	35	4.5	45
X4015A	Cleopatra	98	111	13	0.02	267	12	78	17	140
X4016	Cleopatra	90	92	2	0.24	442	333	87	10	82
X4017	Cleopatra	20	45	25	1.08	602	55	83	10.4	90
X4018	*Cleopatra*	*60*	*65*	*5*	*2.33*	*3430*	*60*	*176*	*7.3*	*410*[1]

[1] *Result from composite sample.*
Hole collar locations are given in Appendix 1. Also note holes X4005, X4008, X4009 & X4010 were not drilled.

This first round of drilling tested and validated many of MRG's concepts on the location of mineralisation. The results are being analysed using the proprietary techniques of Sasak to refine future drilling.



XANADU GOLD PROJECT

MRG Drill hole locations over Geology with selected drilling

MRG METALS LTD. JULY 2014. Map Grid of Australia GDA 94 ZONE 50

MRG Tenement Boundary
Existing MRG Soil Sampling
MRG RC Drilling 2014
Gold >1g/t in Drilling

LOONGANA PROJECT

MRG's Loongana Project is located on the Nullarbor Plain, 500kms east of Kalgoorlie and 60km north of the Trans Australia railway line. MRG holds a tenement that covers the majority of the Loongana Igneous Complex. This Complex is a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250 metres to 350 metres below the surface. It includes one of the strongest gravity residuals in Australia, with accompanying multifarious magnetic features (Figure 2). The geophysical data covering the Complex, particularly the aeromagnetics, clearly delineate the intrusive body and related bounding faults.

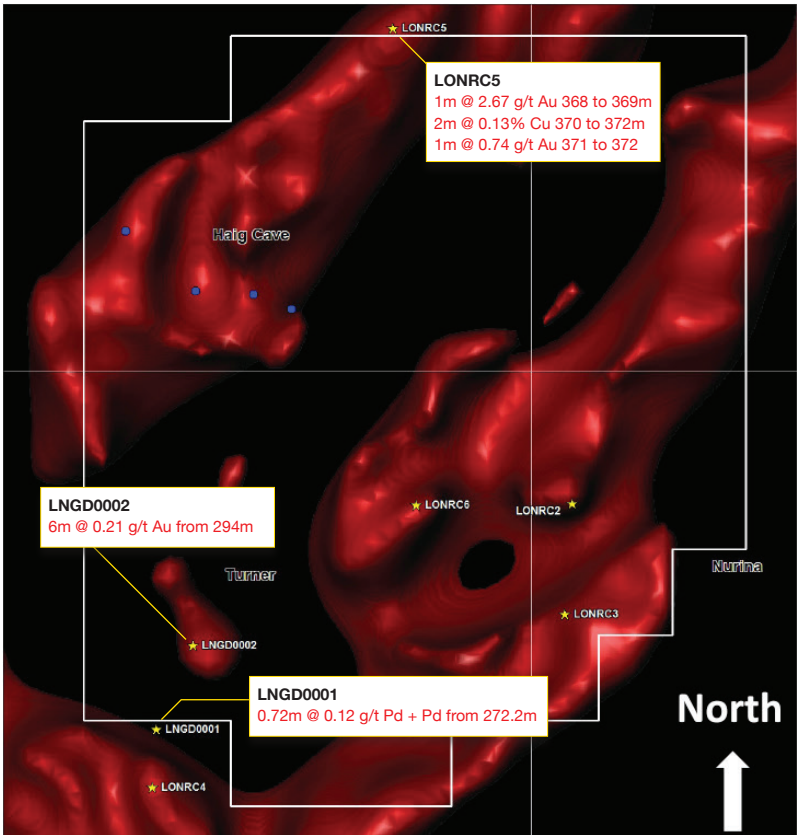


Figure 2: Loongana Tenement over enhanced 3D Inversion of Gravity Data with historic drill results.

Positive aspects of the Complex derived from limited prior exploration include:

- confirmation that part of the Complex represents a layered intrusion;
- highly anomalous platinum group elements and gold values recorded in earlier drilling;
- moderate thickness of cover rocks considering the potential value of any discovery;
- traces of sulphides (chalcopyrite, pyrrhotite, pentlandite) were noted in an ultramafic cumulate; and
- several features that indicate IOCG processes may potentially be operating in the granitic rocks, including hematite and chlorite alteration noted in drill core; thin section evidence for hydrothermal rather than metamorphic alteration; common trace chalcopyrite and blue quartz in the granites.

MRG will test for platinum mineralisation, either as strataform or stratabound reef within the Complex, or associated with disseminated to massive nickel - copper sulphides on the margins and Olympic Dam style iron-oxide copper-gold (IOCG) mineralisation.

A review of geophysical data has identified a number of targets for drill testing. MRG believe that previous drilling was not sited in the optimum location for discovery. In particular, we have computed coincident magnetic/gravity targets using innovative data mining and analysis techniques developed by Sasak.

To support the drilling, MRG was successful in its recent funding application from the Department of Mines and Petroleum WA Co-funded Government - Industry Drilling Program of the Exploration Incentive Scheme ('EIS'). Under the EIS, funds committed by MRG towards the approved drill programs will be matched by funds from the Western Australian Government, up to a maximum of $108,000. Drilling is planned to commence in Q4 2014.

EAST YILGARN PROJECT

MRG's East Yilgarn Project, along with Gold Road Resources Ltd's adjacent Yamarna Project, are located at the eastern margin of the Yilgarn Craton and are prospective for greenstone hosted gold in a frontier terrain. The potential of this region is demonstrated by Gold Road's exploration success on their Gruyere Prospect.

The greenstone hosted gold deposits of the Yilgarn Craton account for a significant proportion of Australia's gold production. MRG are seeking analogues of this deposit style. This terrain is historically underexplored due its remoteness and is covered by younger rocks and sand of the Great Victoria Desert.

Preparation for drilling is currently underway following predictive modelling by Sasak Technical Services Pty Ltd ('Sasak'). This analysis is focussed on a number of areas with practicable drilling depths. The depth to basement calculations are being refined and one target is approximately 50 metres below surface, with other basement targets likely to be in the range from 100 to 400 metres under cover. Like the Loongana project, the targets will be tested during the coming quarter by utilising the drilling co-funding received by MRG from the Western Australian Government EIS.

YARDILLA

During the quarter, the Board of MRG successfully negotiated an option and purchase agreement over two granted exploration licences that adjoin an existing MRG 100% owned licence application. Together, they cover a contiguous area of approximately 220 square kilometres.

The combined project area straddles part of the Cundeelee Fault, which separates the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen (Figure 3) and comprises three adjoining exploration licences. It is considered to be prospective for gold, nickel and base metals that may be present in both geological terrains.

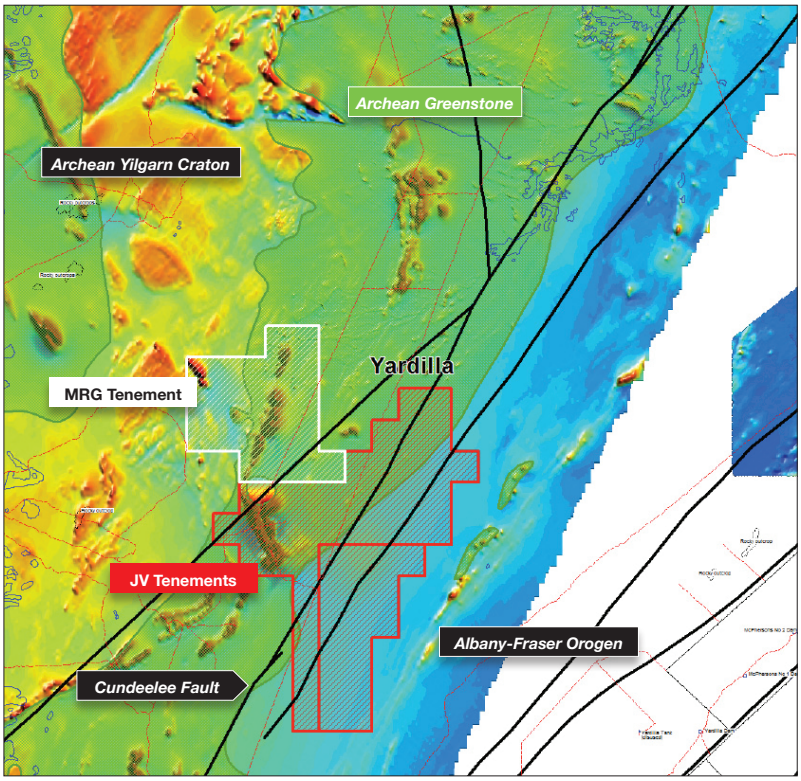


Figure 3: Yardilla MRG Project Tenements overTMI.

The area has been held by several companies, but only Sipa Resources (2006 – 2013 JV with Newmont) and AngloGold Ashanti (2008 – 2013) have completed widespread systematic exploration. Past exploration targeted gold, with little evidence of nickel and base metal exploration in ultramafics of the Yilgarn Craton or metamorphosed units of the Albany-Fraser Orogen.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

As outlined in the release to the Australian Stock Exchange dated 28 July 2014, two additional licences were granted over prospective ground within the Mount Isa Block. Prior analysis utilising the technology of Sasak has revealed potential for these three areas to host Iron Oxide Copper Gold style mineralisation.

These projects have similar geophysical characteristics to known deposits such as Glencore PLC's Ernest Henry Mine (166 Mt @ 1.1% Cu & 0.54 g/t Au - pre mining resource) and BHP's Cannington Mine (44 Mt @ 383 g/t Ag, 8.9% Pb, 4.2% Zn - 2007 resource). The licences will be one of the prime focus of MRG's exploration efforts in the coming year.

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.

After a review of previous exploration data relevant to the project, MRG determined that any mineralisation present would not be of sufficient tenor to justify additional exploration, given the number of other of highly prospective targets in MRG's portfolio. Accordingly the licences were surrendered in May 2014.

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 1.

TABLE 1 XANADU PROJECT COLLAR LOCATIONS

Hole Number	Prospect area	Easting	Northing	Elevation	dip	azimuth	Depth
		GDA94	GDA94	m	degrees	magnetic	m
X4001	Claudius	581392	7408537	368	-90	360	**59**
X4002	Claudius	581330	7408575	360	-60	90	**120**
X4003	Claudius	581415	7408568	364	-60	270	**90**
X4004	Claudius	581365	7408491	368	-60	360	**102**
X4006	Claudius	581275	7408630	370	-90	360	**60**
X4006A	Claudius	581282	7408634	370	-90	360	**50**
X4007	Amphitheatre	584199	7407200	406	-60	360	**137**
X4011	Caesar	584861	7409939	411	-60	360	**233**
X4012	Caesar	584880	7407056	385	-60	180	**95**
X4014	Stynes	588397	7407410	399	-60	360	**102**
X4015	Cleopatra	586230	7406453	411	-60	180	**174**
X4015A	Cleopatra	586265	7406452	414	-60	180	**168**
X4016	Cleopatra	586337	7406197	411	-60	360	**108**
X4016	Cleopatra	586337	7406197	411	-60	360	**108**
X4017	Cleopatra	586388	7406281	406	-60	360	**93**
X4017	Cleopatra	586388	7406281	406	-60	360	**93**
X4018	Cleopatra	586600	7406150	407	-60	360	**86**

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	30 JUNE 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 Months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(395)	(1,159)
	(b) development		
	(c) production		
	(d) administration	(170)	(797)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	15	139
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (sale of data)	-	55
	Net Operating Cash Flows	(550)	(1,762)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(29)	(110)
	(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	(29)	(110)
1.13	Total operating and investing cash flows (carried forward)	(579)	(1,872)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(579)	(1,872)
	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	(579)	(1,872)
1.20	Cash at beginning of quarter/year to date	1,818	3,111
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,239	1,239

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	$112
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, Consulting Fees, & Accounting Fees

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	250
4.2	Development	NIL
4.3	Production	NIL
4.4	Administration	200
	Total	**450**

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	14	6
5.2	Deposits at call	1,225	1,812
5.3	Bank overdraft	NIL	NIL
5.4	Other (provide details)	NIL	NIL
	Total: cash at end of quarter (item 1.22)	1,239	1,818

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	Braemore P37/7765 P37/7766 P37/7767 P37/7768 P37/7769 P37/7770 P37/7771	Prospecting	 100% 100% 100% 100% 100% 100% 100%	 0% 0% 0% 0% 0% 0% 0%
6.2	Interests in mining tenements acquired or increased	Xanadu E52/3065 Yardilla E63/1626 E28/2338	Exploration Option to acquire Option to acquire	0% 0% 0%	100% 0% 0%

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**	135,612,115	135,612,115	20 cents	20 cents
7.4	Changes during quarter (a) Increases through issue (b) Decreases	446,115	446,115		

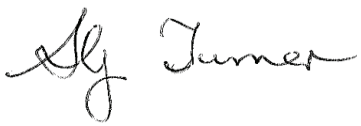
Appendix 5B
Mining exploration entity quarterly report

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		
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 July 2014

(Director/Company secretary)

Print name: SHANE TURNER

Appendix 5B
Mining exploration entity quarterly report

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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