QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2014

- **COMPLETION OF EAST YILGARN DRILLING.**
- **DRILLING AT XANADU SET TO COMMENCE.**
- **TARGETS SELECTED FOR LOONGANA DRILLING.**
- **RESEARCH & DEVELOPMENT GRANT APPROVED. $613K DUE IN FEBRUARY**
- **DMP GRANT FOR YILGARN APPROVED. $90K RECEIVED IN JANUARY, $22.5K DUE IN FEBRUARY.**

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

A combined reverse circulation and diamond drilling program at East Yilgarn commenced late in the September quarter with drilling being completed on 22 October 2014, comprising three holes over two distinct targets. Geochemical results from this program were uniformly low and the project is being reviewed.

Subsequent to the discovery of a new anomalous gold in soil zone at Xanadu, further drilling is scheduled to commence in the first quarter of 2015 over the Pertinax, Cleopatra and Asterix Prospects.

MRG has completed the re-logging and sampling of previous drilling over the Loongana project area and based on this work has selected 2 locations to test for the presence of reef style PGE mineralisation.

Following the grant of MRG's exploration licence at Yardilla, which complements two adjoining granted Joint Venture licences, on ground exploration is planned to commence over the consolidated project after gaining Heritage clearance.

EAST YILGARN PROJECT

MRG's East Yilgarn Project, along with Gold Road Resources Ltd's 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 area 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. This terrain is historically underexplored due its remoteness and is covered by younger rocks and sand of the Great Victoria Desert.

MRG's first drill program commenced in late September, with the program being completed in late October 2014. Six vertical holes over two separate areas were originally planned, comprising Reverse Circulation pre collars (RC) followed by diamond tails. The final number of holes were determined by on-site results and depth of basement. The targets were all blind and the thickness of younger cover rocks precluded the use of traditional geochemical methods to refine their position.

The collar locations were selected by the predictive modelling of Sasak Technical Services Pty Ltd ('Sasak') and depth to Archean basement determined by an analysis of aeromagnetic data by Southern Geoscience Consultants. Enhancement of the depth to basement calculations just prior to drilling indicated that the targets located in E38/2773 were approximately 150 to 170 metres below surface, with the other basement targets within E38/2553 likely to be in the range from 360 to 450 metres under cover. The depth to Archean basement, particularly in E38/2553, precluded a traditional multiple hole program (Figure 1).

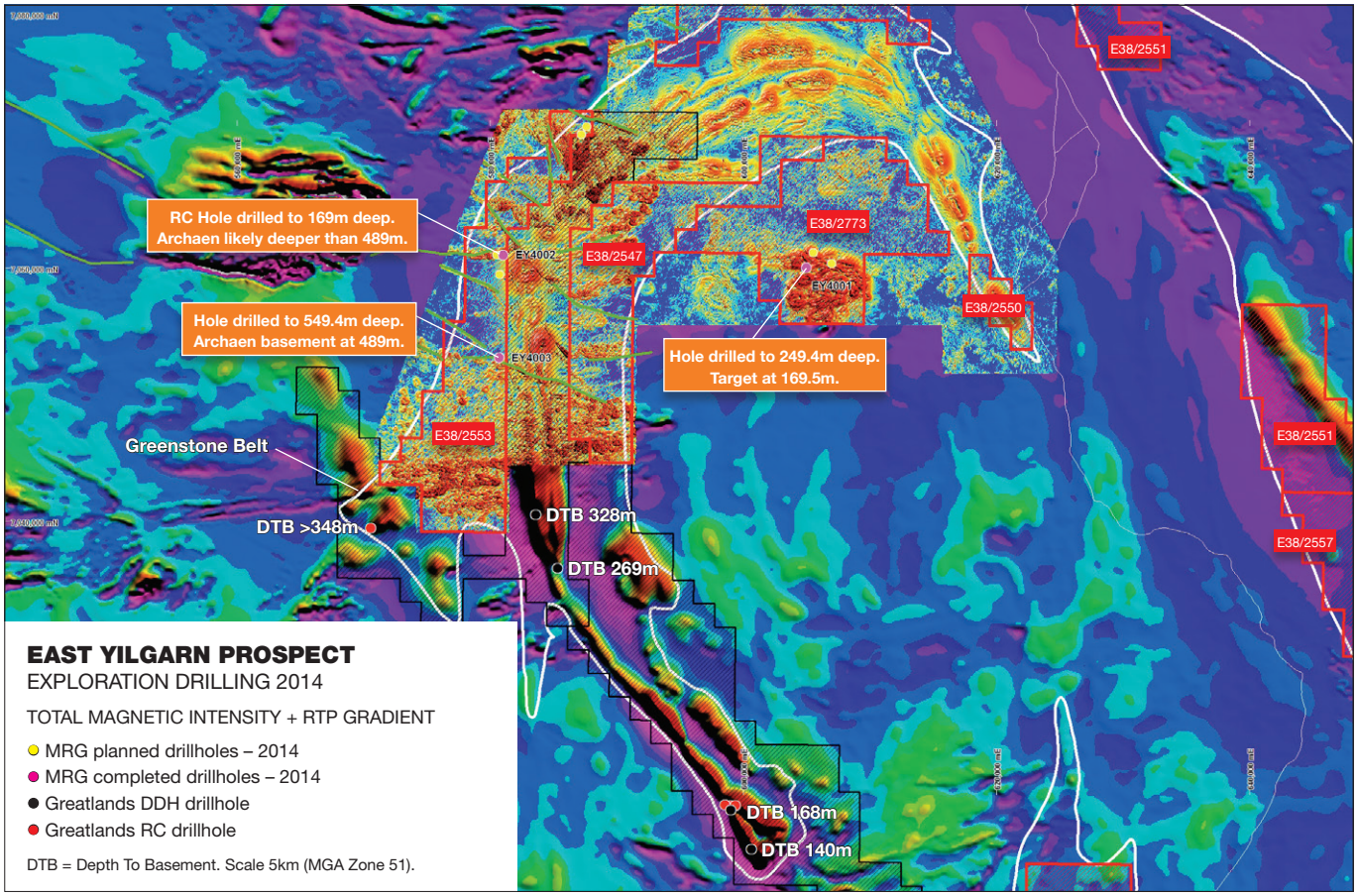


Figure 1. Drill hole locations over magnetics, showing depth to Archean basement.

The first hole (EY4001) in E38/2773 pierced the target at approximately 169 metres. The rocks comprised basalts and tuffs, believed to be analogues of the Table Hill Volcanics, Early Palaeozoic aged extrusive rocks that lie within the predominantly sedimentary rocks of the Officer Basin. They contained disseminated sulphides and were strongly hematite altered in part. However, the extrusive nature of these rocks precluded the chance of significant mineralisation. Consequently the other two holes planned for this target were not drilled. No geochemically anomalous assays were returned.

Two Reverse Circulation pre-collars were drilled into the second area within E38/2553. The northern hole (EY4002) was pre collared through Proterozoic shales to a depth of 169 metres. It was initially planned to return to this hole to drill after completing the other hole 10 kilometres to the south.

The southern hole encountered strong water inflows, so diamond drilling commenced at approximately 100 metres below surface. The covering rocks comprised Proterozoic aged shales and thin Banded Iron Formations to 444 metres, then dolomites and calcareous sediments. The Archean aged rocks were reached at 489 metres. From 489 metres to the end of hole at 550 metres, the rocks comprised basalts and dolerites with zones of abundant quartz stockwork veining containing disseminated pyrite and with early jasper veins cut by later generations of quartz veining (Figure 2).



Figure 2. Mineralised zone from hole EY4003

Selected intervals of core were selected for assaying, including both representative samples of the various rock types as well as mineralised zones. Despite the appearance of the core being indicative of mineralisation the assay results were uniformly low.

As the Archean rocks were deeper than expected in EY4003, it was determined not to complete the diamond tail below the RC pre-collar on EY4002. From geophysical evidence it is known that the Officer Basin thickens in a north easterly direction and the Archean rocks would be likely deeper than 489 metres below surface.

The greater thickness of cover rocks diminishes the prospectivity of the targets within E38/2553 and the lack of suitable host rocks precludes the likelihood of significant mineralisation being present in E38/2773. Consequently, this project is currently being reviewed.

MRG was granted $112,500 from the Department of Mines & Petroleum WA co-funded Government-Industry Exploration Incentive Scheme, which defrayed 50% of the cost of this drilling program. $90,000 was received in January 2015 and the balance of $22,500 is expected to be received in February.

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.

Concurrent with MRG's first drill program undertaken during May 2014 (15 holes for 1,677 metres, see June 2014 Quarterly Report), a soil sampling program outlined a new prospect area now called Pertinax. This prospect lies close to the north-eastern boundary of the tenement, where the Cheela Springs Basalt abuts the overlying sediments of the Mount McGrath Formation. This geological position is akin to those found on Northern Star Resources Ltd's adjacent Ashburton Project.

Drilling is planned to commence shortly over this prospect, along with additional holes at Cleopatra prospect and another new prospect to the west of Stynes. Pads and access tracks were established to these sites during late December 2014 and drilling is planned to commence during the first quarter of 2015.

LOONGANA PROJECT

The Loongana Project is located on the Nullarbor Plain, 500kms east of Kalgoorlie and 60kms 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.

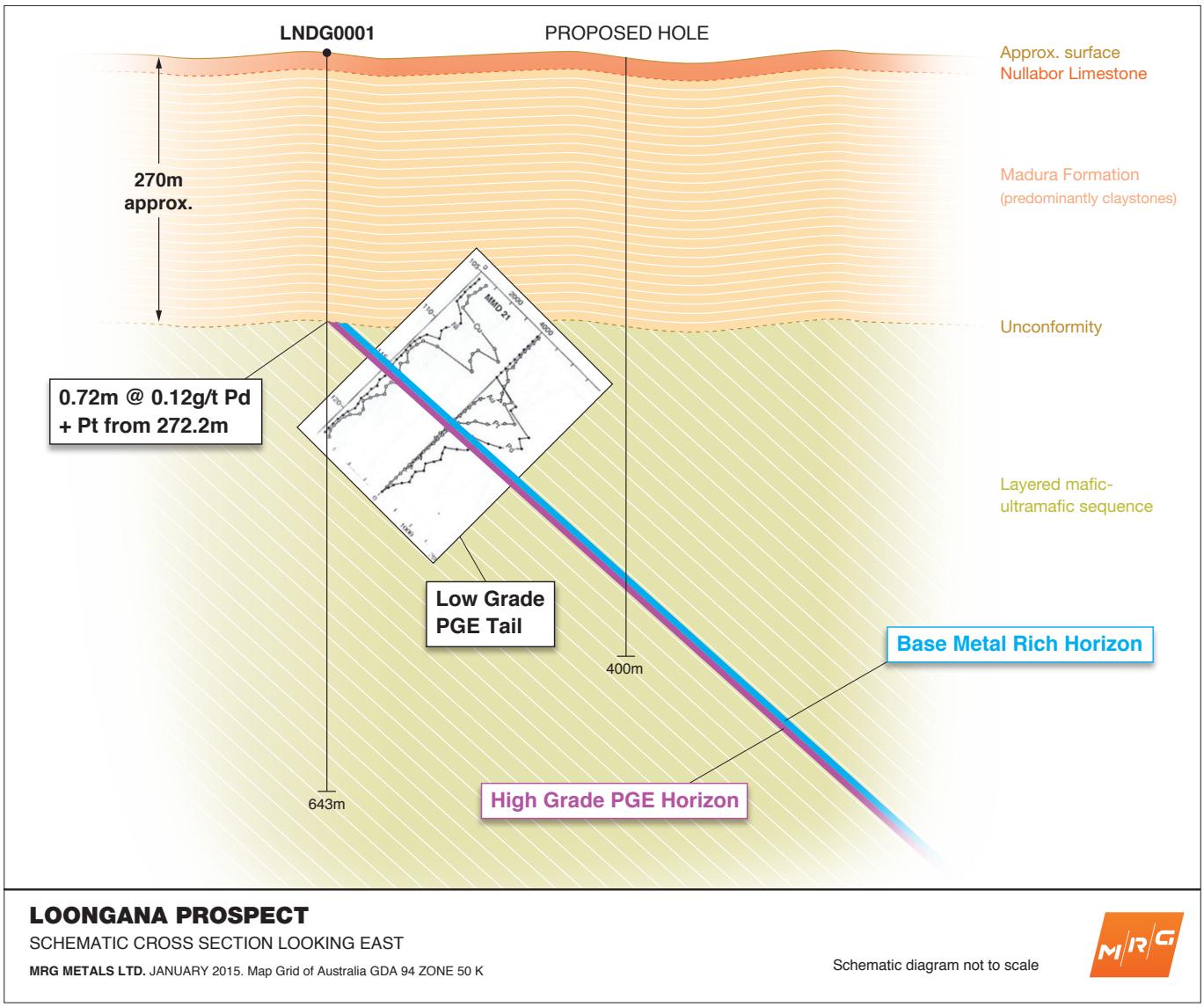


Figure 3. Loongana schematic cross section looking east. Inset shows grade distribution across a typical stratiform PGE reef.

Activity during the quarter focussed on improving geological understanding of the Complex as an aid to drill targeting. The original drill core and RC chips were re-logged and the anomalous interval in hole LNDG001 was re assayed. This worked largely confirmed the original deposit model promulgated by Helix Resources, of a stratiform reef-style Platinum Group Element (PGE) deposit (Bushveld/Stillwater model).

Re-assaying of the anomalous PGE interval confirmed the original result of 0.72 metres 0.12g/t Paladium+Platinum from 272 metres down hole. These factors have technically de-risked the forthcoming drill program by confirming a valid geological target.

By analogy with other PGE deposits, it appears that the Helix Resources hole drilled into the low grade halo that usually lies under the PGE reef. These reefs typically have a sharp upper contact and tapering 'tail', where the PGE values gradually decrease to background levels. (Figure 3)

MRG proposes to collar a new drill hole approximately 200 metres north of LNDG001 to pierce the reef from above. A second step out hole to test strike extensions to the west is also planned.

Drilling is planned for second quarter of 2015 with the support of funding 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.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

MRG commenced the planning of geophysical surveys over our three Queensland licences, which will be the major focus of MRG's exploration in 2015. These recently granted licences cover prospective ground within the Mount Isa Block. In these areas, the basement lies mostly under cover and analysis utilising the Sasak Technology has revealed their potential to host 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).

MRG is currently considering the most cost effective method to undertake these surveys as an aid to future drill targeting

YARDILLA

MRG's combined Yardilla project area straddles part of the Cundeelee Fault, which separates the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen 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.

MRG has an option and purchase agreement over two granted exploration licences that adjoin an existing MRG 100% owned licence at Yardilla. Together, they cover a contiguous area of approximately 220 square kilometres.

Following a review of existing exploration data, a program of calcrete sampling is proposed and will commence upon the completion Native Title Heritage Clearance.

APPROVAL RECEIVED FOR R&D CLAIM

As announced on 1 December 2014 MRG, has received approval for its registration of research and development activities ("R&D") for the year ended 30 June 2014. The approval was received from Innovation Australia, Department of Industry, Australian Government.

The application included a notional claim for R&D of approximately $1.363 million. Upon lodgement of the Company's 2013/2014 income tax return ("ITR"), this equates to a refundable tax offset of approximately $613,350. The Company expects to lodge its ITR shortly.

The Company appreciates the Government's continued support for the R&D Tax Incentive, which provides valuable financial assistance to junior exploration companies like ourselves, that undertake innovative and technically challenging research

Upon receipt of the cash rebate, it will assist to further fund the Company's 2015 programs.

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.

Appendix 1.

EAST YILGARN ASSAY DECEMBER QUARTER

			AU1	Pt	Pd	Ag	Al2O3	As	B	Ba	CaO	Cd	Co	Cr	Cu	Fe2O3	K2O	Lu	MgO	MnO	Mo	Na2O	Ni	Pb	Pr	Rb	S	Sb	SiO2	Sn	Ta	Te	TiO2	Tl	U	W	Zn
Hole id	From	To	ppb	ppb	ppb	ppm	%	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	%	%	ppm	%	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm
EY4001	170.50	171.00	1	2	1	-0.5	13.5	-1	20	992	8.44	-0.5	49	50	75	13.7	1.48	0.4	5.47	1790	1	2.56	110	16	6	52	400	0.5	52	2	1	-0.2	1.87	0.2	0.6	-0.5	110
EY4001	178.50	179.00	-1	2	-1	-0.5	14.6	7	60	1110	3.15	-0.5	39	50	65	11	3.21	0.42	5.49	1010	0.5	1.74	82	21	8.2	109	600	0.6	54.1	2	1	-0.2	1.47	0.4	1.7	1	90
EY4001	185.20	186.00	1	-1	-1	-0.5	0.94	18	-20	720	11.4	-0.5	7	-50	50	6.49	0.02	0.04	8.69	2570	0.5	0.05	16	3	1.1	2.8	1400	0.8	54.3	-1	-0.5	-0.2	0.03	-0.1	0.8	-0.5	15
EY4001	186.30	186.70	-1	-1	-1	-0.5	2.21	15	20	27	4.62	-0.5	7	-50	10	26.6	-0.01	0.06	5.57	2750	1	0.06	10	5	1.55	1.4	800	0.9	52.4	-1	-0.5	-0.2	0.07	-0.1	0.5	1	25
EY4001	187.10	188.00	-1	-1	-1	-0.5	1.17	9	40	11	5.61	-0.5	4	-50	-5	19.9	0.01	0.04	5.02	2760	1.5	0.05	16	5	0.9	1.2	400	0.6	61	-1	-0.5	-0.2	0.05	-0.1	0.3	-0.5	15
EY4001	189.40	189.70	2	-1	1	-0.5	0.25	5	80	10	15.1	-0.5	3	-50	20	6.99	-0.01	0.04	9.96	5180	1	0.03	10	2	1	0.6	400	0.4	44.1	-1	-0.5	-0.2	-0.01	-0.1	0.2	-0.5	5
EY4001	190.75	191.15	-1	-1	-1	-0.5	0.57	5	60	61	15.8	-0.5	5	-50	30	23.3	-0.01	0.02	10.9	4890	1	0.03	8	4	0.75	0.6	400	0.4	25	-1	-0.5	-0.2	0.02	-0.1	0.1	1	10
EY4001	191.60	192.10	-1	-1	-1	-0.5	0.38	4	20	11	18.3	-0.5	4	-50	40	13.5	-0.01	0.02	12.7	5060	1	0.03	6	4	0.65	0.6	400	0.3	27.6	-1	-0.5	-0.2	-0.01	-0.1	-0.1	-0.5	10
EY4001	195.30	195.75	-1	-1	-1	-0.5	1.62	10	20	11	1.47	-0.5	7	-50	20	34.3	-0.01	0.04	2.87	1450	0.5	0.03	10	2	0.65	1.2	-200	0.7	56.3	-1	-0.5	-0.2	0.07	-0.1	0.3	-0.5	15
EY4001	198.80	199.30	-1	-1	-1	-0.5	1.19	32	40	16	17.1	-0.5	33	-50	20	20.7	-0.01	0.1	12.4	8640	-0.5	0.04	10	5	3.45	0.8	200	0.8	21.6	-1	-0.5	0.4	0.05	-0.1	0.2	2	15
EY4001	223.30	223.70	-1	-1	-1	-0.5	2.21	2	-20	321	25	-0.5	4	-50	15	1.57	0.92	0.08	17.2	5490	-0.5	0.03	16	1	1.65	37.4	200	0.2	11.8	-1	-0.5	-0.2	0.12	0.2	0.6	-0.5	20
EY4001	229.30	229.80	-1	-1	-1	-0.5	2.19	3	60	73	24.2	-0.5	7	-50	25	1.7	0.86	0.06	16.7	4080	-0.5	0.03	18	3	1.7	39.6	1200	0.3	15	-1	-0.5	-0.2	0.1	0.2	1.4	-0.5	5
EY4001	240.30	240.70	-1	-1	-1	-0.5	1.64	1	60	68	27	-0.5	3	-50	10	0.86	0.65	0.04	18.4	1320	-0.5	0.04	16	5	1.1	28.4	600	0.3	9.3	-1	-0.5	-0.2	0.07	0.1	0.8	-0.5	10
EY4001	243.50	244.00	-1	-1	-1	-0.5	1.61	1	80	55	24.6	-0.5	3	-50	-5	1.29	0.62	0.06	16.7	2030	-0.5	0.03	10	3	1.35	28	1400	0.2	15.1	-1	-0.5	-0.2	0.08	0.2	1.4	-0.5	10
EY4001	248.80	249.30	-1	-1	-1	-0.5	3.4	19	100	110	23.8	-0.5	10	-50	40	1.5	1.33	0.12	16.1	1260	-0.5	0.05	18	5	2.75	55.2	1000	0.6	16.4	-1	0.5	-0.2	0.17	0.3	4.4	-0.5	10
EY4003	487.05	488.05	1	-1	-1	-0.5	2.63	24	80	43	33.7	-0.5	14	-50	50	2.57	0.49	0.1	7.18	4650	1.5	0.18	10	6	2.15	23.2	400	7.3	18.1	-1	-0.5	-0.2	0.2	0.1	0.7	-0.5	20
EY4003	491.00	491.70	-1	-1	-1	-0.5	15.4	2	140	208	0.38	-0.5	24	300	15	18.4	1.89	0.26	3.35	464	-0.5	0.07	92	-1	1.15	67.8	-200	0.5	54.8	-1	-0.5	-0.2	1.2	0.6	0.1	-0.5	120
EY4003	492.30	493.30	-1	-1	-1	-0.5	14.9	2	140	126	0.43	-0.5	25	250	210	14.6	2.57	0.22	2.98	392	-0.5	0.09	122	-1	1.25	98.2	400	0.9	60.7	-1	-0.5	-0.2	1.18	0.5	-0.1	-0.5	110
EY4003	496.30	496.90	-1	1	-1	-0.5	15.3	3	260	145	0.29	-0.5	30	200	50	13.1	3.54	0.26	3.23	382	-0.5	0.12	96	-1	1	161	200	0.9	58	-1	-0.5	-0.2	1.18	0.6	-0.1	-0.5	110
EY4003	500.60	501.10	-1	-1	-1	-0.5	13.4	2	120	149	1.02	-0.5	70	200	40	18.4	1.3	0.32	6.02	898	-0.5	0.08	120	1	1.45	48.6	200	0.8	52.4	-1	-0.5	-0.2	1	0.4	-0.1	-0.5	165
EY4003	507.50	508.00	-1	-1	-1	-0.5	14.9	4	20	52	0.49	-0.5	96	200	35	19.2	0.7	0.26	7.36	880	-0.5	0.16	158	-1	1.55	27	200	0.9	50.5	-1	-0.5	-0.2	1.17	0.1	0.1	1	210
EY4003	514.90	515.60	-1	-1	-1	-0.5	12.6	15	-20	192	7.85	-0.5	57	150	150	13.7	0.24	0.28	6.85	2130	-0.5	1.7	106	-1	1.25	11	4000	2.8	45.8	-1	-0.5	-0.2	1.02	-0.1	-0.1	-0.5	110
EY4003	526.40	527.35	-1	-1	-1	-0.5	13.8	35	20	118	8.07	-0.5	55	200	100	14.1	0.22	0.3	5.21	2070	-0.5	2.04	108	-1	1.1	9.2	1800	0.3	47.7	-1	-0.5	-0.2	1.07	0.2	-0.1	-0.5	95
EY4003	527.35	527.75	-1	-1	-1	-0.5	1.1	12	-20	17	17.9	0.5	8	50	50	7.68	-0.01	0.22	1.94	3550	-0.5	0.01	22	-1	0.75	1.2	1200	0.2	54.8	-1	-0.5	-0.2	0.08	-0.1	-0.1	-0.5	35
EY4003	527.75	528.15	-1	-1	-1	-0.5	14.2	31	20	48	3.76	-0.5	59	200	85	19.3	0.05	0.28	6.32	2170	-0.5	1.97	128	-1	0.8	3.4	1000	0.1	45.1	-1	-0.5	-0.2	1.07	0.1	-0.1	-0.5	105
EY4003	528.15	528.65	-1	-1	1	-0.5	0.45	24	60	18	25	-0.5	4	-50	15	13	-0.01	0.36	3.47	7990	-0.5	0.03	16	-1	0.85	0.4	400	1	31.7	-1	-0.5	-0.2	0.03	-0.1	-0.1	-0.5	15
EY4003	528.65	529.00	-1	-1	-1	-0.5	1.51	21	40	77	25.5	-0.5	12	-50	120	9.85	-0.01	0.38	2.74	6090	-0.5	0.02	16	-1	1.2	0.8	1200	0.3	34.2	-1	-0.5	-0.2	0.1	-0.1	-0.1	-0.5	25
EY4003	529.00	529.50	-1	-1	-1	-0.5	2.06	24	-20	24	26.6	-0.5	13	-50	55	16.2	-0.01	0.38	3.1	4960	1	0.02	30	3	1	5.8	800	0.5	28.2	-1	-0.5	-0.2	0.15	-0.1	-0.1	-0.5	35
EY4003	529.50	530.05	-1	-1	-1	-0.5	12.2	45	-20	69	10.4	-0.5	50	150	70	16.2	0.09	0.26	4.29	2320	-0.5	2.43	104	2	1.1	5.8	1600	0.1	42.6	-1	-0.5	-0.2	0.92	0.1	-0.1	-0.5	75
EY4003	530.05	530.50	-1	-1	-1	-0.5	5.44	17	-20	26	24.3	-0.5	23	100	55	12.5	0.01	0.28	6.35	5590	-0.5	0.77	54	-1	1.25	1.8	400	0.2	25.9	-1	-0.5	-0.2	0.4	-0.1	-0.1	-0.5	50
EY4003	530.50	531.00	1	-1	-1	-0.5	13.1	50	20	56	12.1	-0.5	54	200	110	12.7	0.1	0.26	3.91	2350	-0.5	3.59	108	-1	1.05	4.4	1400	0.1	42.1	-1	-0.5	-0.2	1.02	0.1	-0.1	-0.5	80
EY4003	531.00	531.90	2	-1	-1	-0.5	13.5	37	60	68	5.95	-0.5	58	200	110	14.6	0.2	0.3	5.64	2170	-0.5	2.74	112	2	1.25	7	1800	0.2	49.2	-1	-0.5	-0.2	1.05	-0.1	-0.1	1	125
EY4003	531.90	532.85	1	-1	-1	-0.5	12.9	31	40	83	8.66	-0.5	53	200	120	13.5	0.13	0.28	5.44	2290	-0.5	2.41	110	6	1.25	5.2	1800	0.3	47.1	-1	-0.5	-0.2	0.98	-0.1	-0.1	-0.5	130
EY4003	532.85	533.65	-1	-1	-1	-0.5	12.2	27	60	87	10.6	-0.5	48	200	80	14.7	0.18	0.26	5.52	2100	-0.5	1.67	104	-1	1	9.4	1000	0.1	43	-1	-0.5	-0.2	0.95	0.2	-0.1	-0.5	75
EY4003	533.65	534.40	-1	-1	-1	-0.5	12.8	19	-20	69	9.61	-0.5	53	200	100	13.5	0.07	0.3	5.65	2310	-0.5	2.37	120	1	1.2	3	1600	0.3	46.4	-1	-0.5	-0.2	0.98	-0.1	-0.1	-0.5	115
EY4003	534.40	535.30	1	-1	-1	-0.5	13.6	26	-20	106	9.12	-0.5	57	200	115	13.2	0.12	0.28	5.31	2250	-0.5	2.13	112	-1	1.2	4.2	1600	0.2	47.5	-1	-0.5	-0.2	1.03	-0.1	-0.1	-0.5	100
EY4003	535.30	536.40	1	-1	-1	-0.5	13.8	27	-20	115	9.32	-0.5	58	200	130	13.2	0.17	0.3	4.86	2430	-0.5	2.39	114	-1	1.25	5.2	1800	0.2	47.3	-1	-0.5	-0.2	1.05	-0.1	-0.1	-0.5	95
EY4003	536.40	537.30	2	-1	-1	-0.5	5.84	14	-20	49	15.4	-0.5	24	100	70	11.5	0.05	0.26	2.65	2720	-0.5	0.67	60	-1	1.05	2.6	1400	0.1	49.2	-1	-0.5	-0.2	0.47	-0.1	-0.1	-0.5	45
EY4003	537.30	537.95	2	-1	-1	-0.5	14.8	31	-20	41	3.51	-0.5	64	200	90	16.7	0.07	0.24	5.24	1870	-0.5	3.18	124	1	0.65	3.8	1600	0.2	49.6	-1	-0.5	-0.2	1.12	-0.1	-0.1	1	85
EY4003	537.95	538.80	1	-1	-1	-0.5	7.52	22	-20	63	11	-0.5	35	150	65	9.04	0.03	0.22	2.59	2010	-0.5	1.69	70	-1	0.9	1.6	1200	0.2	57.3	1	-0.5	-0.2	0.58	-0.1	-0.1	-0.5	50
EY4003	538.80	539.25	1	-1	-1	-0.5	13.9	47	60	91	8.06	-0.5	56	200	110	13.7	0.17	0.28	4.63	2050	-0.5	2.87	124	-1	1.1	5.8	2000	-0.1	51.3	-1	-0.5	-0.2	1.07	-0.1	-0.1	-0.5	90
EY4003	549.00	549.40	2	-1	-1	-0.5	13.6	20	20	46	10.3	-0.5	55	200	105	14.1	0.05	0.32	6.3	2010	-0.5	1.63	116	-1	1.2	2.2	1400	0.2	47.5	-1	-0.5	-0.2	1.02	-0.1	-0.1	-0.5	90

EAST YILGARN COLLAR TABLE

Hole_ID	East	North	RL	Azimuth_mag	Dip	Total_Depth
EY4001	604975	7060028	411	360	-90	249.4
EY4002	581049	7061047	438	360	-90	169.0
EY4003	580712	7052929	444	360	-90	549.4

Appendix 2.

JORC CODE, 2012 EDITION – TABLE 1 REPORT - XANADU RC DRILLING

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 down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	The sampling has been carried out using a combination of Reverse Circulation drilling (RC) with diamond drilling (DD) tails, using a multipurpose drilling rig. Selected samples for assay were derived from diamond drill core that was geologically logged and marked up by the geologist. A total of 3 vertical holes were drilled in the program, at depths ranging from of 169 (RC only) to 550m below surface.
	Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.	The drill hole collars were located by handheld GPS. Sampling was carried out under MRG Metals Ltd protocols and QAQC procedures as per current industry practice. See further details below.
	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 30 g 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.*	Selected intervals of drill core were cut in half for sampling and these half core samples submitted for assay. Sample lengths are up to one metre and usually cut to lithological contacts, generating a sample weighing approximately 1 to 3 kg. The sample intervals are always recorded. At the assay laboratory the samples are crushed to a finer fraction (-2mm) and then pulverised to produce a 40 gram sub sample for assaying.
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).*	A Sandvik UDR 1200 Multipurpose drilling rig, operated by DDH1 Drilling Pty Ltd was used to collect the samples. Hole EY4001 was drilled RC to 149.6m, HQ to 176.5m and NQ2 to 249.3m (EOH). Hole EY4002 was drilled RC only to 169m (EOH) & Hole EY4003 was drilled RC to 95.7m RC and NQ2 to 549.4m (EOH). No geochemical sampling was undertaken from the those portions of the holes drilled using the Reverse Circulation drilling method.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The operators of the drill rig measure core recoveries for every drill 'run' completed using a 3 metre core barrel. The core recovered is physically measured by tape measure and the length recovered is recorded for every 3 metre run. Core recovery can be calculated as a percentage recovery. Almost 100% recoveries were achieved, with only minor losses in friable and broken zones, amounting to less than 5% per run. RC chip recoveries were not considered critical to interpretation of the results and ranged from 100% in hole EY4003 to less than 10% in parts of EY4003, where strong groundwater inflows effected recovery of sample.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond drilling collects uncontaminated core samples which are cleaned at the drill site to remove drilling fluids and mud, generating clean core for logging and sampling. Typically, one half core samples were dispatched to the assay laboratory and the second halves stored as reference sample. Reference samples from the RC drilling were collected and geologically logged but geochemical samples were not collected.
	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.	As the core recovery was 100% from the sample intervals that were assayed, the results are considered to be representative of the interval from which they derived.
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.*	All drill core & RC chips were geologically logged by MRG geologists, using the MRG logging scheme.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of RC chips and drill core records lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. All samples are cleaned and stored in either core trays & chip trays as appropriate. These trays were photographed and then stored for future reference.
	The total length and percentage of the relevant intersections logged.	All holes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Selected intervals of core were longitudinally cut into two halves using a diamond core saw, with one half of selected intervals being sent for assay.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	The upper sections of the holes were drilled using the RC method. The samples were collected via a cyclone into suitable sized receptacle. None of the RC samples were assayed as part of this program.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples were prepared at the Bureau Veritas Laboratory in Perth. Samples were dried, and the whole sample pulverised to 90% passing 75um, and a reference sub-sample of approximately. 200g retained. A nominal 40g was used for the analysis. The procedure is industry standard for this type of sample.
	Quality control procedures adopted for all sub-sampling stages to maximise representation of samples.	A duplicate field sample was taken by cutting selected intervals from the core at a rate of approximately 1 in 20 samples. At the laboratory, regular Repeats and Lab Check samples are assayed.
	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.	Core samples are collected at nominal intervals up to one metre to create 1-3kg samples for assay. Duplicate samples were collected at a frequency of 1 in 20 samples. At the Laboratory the entire samples were individually crushed to minus 2mm, split to 200g and then pulverised to 90% passing 75um. The pulverised portion is used for assay.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate to give an indication of mineralisation given the particle sizes present in the rock and the practical requirement to maintain manageable sample weights.
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.*	The samples were sorted and dried by the assay laboratory. The whole sample was pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Al2O3, B, CaO, Cr, Cu, Fe2O3, K2O, MgO, MnO, Na2O, Ni, S, SiO2, TiO2, Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Ba, Cd, Co, Lu, Mo, Pb, Pr, Rb, Sb, Sn, Te, Tl, U, & W were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry.
	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.	No geophysical tools were used in this program.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	MRG QA/QC protocol for drilling is for Field Standards (Certified Reference Materials) and Blanks inserted at a rate of 4 Standards and 3 Blanks per 100 single metre samples. Field duplicates were inserted at a rate of approximately 1 in 20. For this program the relevant samples were part of a total batch of 48 samples submitted including QC samples. This batch included 2 Blanks, 2 Standards, and 2 field duplicates. At the Assay Laboratory additional Repeats, Lab Standards, Checks and Blanks are analysed concurrently with the field samples. Results of the field and Lab QAQC samples were checked on receipt of the assays. All assays met QAQC protocols, showing no levels of contamination or sample bias.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant results were checked by the Exploration Manager and a consultant Geochemist.
	The use of twinned holes.	Twin holes were not employed during this part of the program.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All field logging was carried out on a Panasonic CF-19 Toughbook computer. Logging data is submitted electronically to the Database Geologist in the MRG Metals Ltd Victorian office. Assay files are received electronically from the Laboratory. All data is stored in a Company database system, and maintained by the Database Manager.
	Discuss any adjustment to assay data.	No assay data was adjusted. The lab's primary Au field is the one used for analysis purposes. No averaging is employed.

Criteria	JORC Code explanation	Commentary
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.*	Drill hole collars locations were determined by hand-held GPS, with an accuracy of 5m in Northing and Easting. Down hole surveys were completed every 50m where practicable during the diamond drilling. No follow-up down hole directional surveying is planned for these holes.
	Specification of the grid system used.	Grid projection is GDA94, Zone 51.
	Quality and adequacy of topographic control.	Relative Levels are allocated to the drill hole collars using current Digital Terrain Model's for the area . The accuracy of the DTM is estimated to be better than 10m.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The drilling was designed to pierce geophysical targets. No grid based drilling was undertaken. Sample were collected only over intervals of interest and then submitted for assay.
	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.	This drilling was exploratory in nature and there are no current plans to utilise the results for Mineral Resource estimation purposes.
	Whether sample compositing has been applied.	No sample compositing has been employed.
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.*	The drill holes were all vertical. The targets were selected by interpretation of geophysical data that delineated anomalies in Archean rocks under cover of younger Permian & Proterozoic aged sedimentary rocks. Apart from the geophysical signatures of the targets, little is known of the structural framework, as these are the first drill holes testing this area. Hence no determination can be made on whether the sampling orientation is the most appropriate.
	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.	The orientation of any mineralisation is not known at this stage of exploration and the holes were drilled to check for the presence of potentially mineralised structures interpreted from geophysics. Based on this limited drilling the effect of drill hole orientation on sampling bias cannot be determined.
Sample security	*The measures taken to ensure sample security.*	The half core samples were collected in pre -numbered calico bags sealed and transported by company vehicle to the Bureau Veritas depot in Kalgoorlie WA. The samples were then forwarded by Bureau Veritas to their Laboratory in Perth for assaying.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling and assaying techniques are industry-standard. No specific audits or reviews have been undertaken at this stage in the program.

SECTION 2: REPORTING OF EXPLORATION RESULTS (CRITERIA LISTED IN THE PRECEDING SECTION ALSO APPLY TO THIS SECTION.)

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 drilling occurred within tenements E38/2553 & E38/2773 held by MRG Metals (Exploration) Pty Ltd, a wholly owned subsidiary of MRG Metals Ltd. The licences are on Vacant Crown Land and are not subject to any registered Native Title Claim as of October 2014, when the drilling occurred.
	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 tenement subject to this report are in good standing with the Western Australian Department of Mines & Petroleum.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Previous exploration over the Project area has mostly comprised geophysical surveys commissioned by BMR, CRA Exploration and Western Mining Corporation & GSWA. Where relevant, data from these earlier surveys has been incorporated into MRG databases.
Geology	*Deposit type, geological setting and style of mineralisation.*	This drilling program at East Yilgarn was targeted towards Archean lode gold style mineralisation, analogous to similar mineralisation found in other greenstone belts within the Yilgarn Craton.
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.*	Refer to table in Appendix 1.
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.*	Grades are reported as down-hole length-weighted averages of grades. No top cuts have been applied to the reporting of the assay results.
	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.	All higher grade intervals are included in the reported grade intervals.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used.
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').*	The geometry of any mineralisation at depth is not known at this stage. All assay results are based on down-hole lengths.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in the body of text.
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.*	Refer to results reported in Appendix.

Criteria	JORC Code explanation	Commentary
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.*	Refer to body of text and this appendix.
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.*	No further exploration is planned over these tenements.

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 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 Months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(350)	(508)
	(b) development		
	(c) production		
	(d) administration	(229)	(449)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	12
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	(575)	(945)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	(9)
	(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	-	(9)
1.13	Total operating and investing cash flows (carried forward)	(575)	(954)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(575)	(954)
	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	(575)	(954)
1.20	Cash at beginning of quarter/year to date	860	1,239
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	285	285

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	$103
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	100
4.2	Development	NIL
4.3	Production	NIL
4.4	Administration	100
	Total	**200**

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	13	32
5.2	Deposits at call	272	828
5.3	Bank overdraft	NIL	NIL
5.4	Other (provide details)	NIL	NIL
	Total: cash at end of quarter (item 1.22)	285	860

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				
6.2	Interests in mining tenements acquired or increased				

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	NIL	NIL		
7.5	**+Convertible debt securities** (*description*)	NIL	NIL		

Appendix 5B
Mining exploration entity quarterly report

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: S Turner Date: 30 January 2015
(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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