# OFFER DOCUMENT
# ENTITLEMENT ISSUE

MRG Metals Limited
ACN 148 938 532

For a non-renounceable entitlement issue of 1 Share for each Share held by Eligible Shareholders registered at the Record Date at an issue price of $0.01 (1 cent) per Share to raise up to approximately $1,556,121.

**IMPORTANT INFORMATION**

This Offer Document is provided for information purposes only and is not a prospectus, product disclosure statement or other form of disclosure document. This Offer Document is dated 15 August 2016. This Offer Document does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, Shares offered under this Offer Document.

The Offer Document should be read in its entirety. If after reading this Offer Document, you have any questions about the Offer or this Offer Document or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

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## 1. Key details of Offer

### 1.1 Key terms of Offer

| Detail | Terms |
|---|---|
| Issue Price | $0.01 (1 cent) |
| Entitlement | 1 Share for each Share held at the Record Date |
| Maximum gross proceeds of issue | $1,556,121 |
| Record Date* | 18 August 2016 |
| Closing Dates* | 2 September 2016 |

### 1.2 Key indicative dates

| ACTION | Date* |
|---|---|
| Announcement of Offer | 15 August 2016 |
| Cleansing Notice and Lodgement of Offer Document and Appendix 3B with ASX | 15 August 2016 |
| Notice sent to Shareholders | 16 August 2016 |
| Ex Date | 17 August 2016 |
| Record Date for determining Entitlements | 18 August 2016 |
| Offer Document despatched to Eligible Shareholders and Company announces despatch has been completed | 19 August 2016 |
| Closing Date | 2 September 2016 |
| Securities quoted on a deferred settlement basis | 5 September 2016 |
| ASX notified of under subscriptions | 7 September 2016 |
| Issue date | 9 September 2016 |

*The above timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. The Directors may extend the period of the Offer or bring forward the Closing Date at their discretion. Any change to the Closing Date will have a consequential effect on other dates.

## 2. Chairman's Letter

Dear Shareholders,

On behalf of the Board, I am pleased to invite you to participate in this non-renounceable entitlement issue of 1 Share for every Share held in the Company at an issue price of $0.01 (1 cent) (**Offer**). Your Entitlement will provide you with the opportunity to increase your exposure to the upside of the Company moving forward.

The proceeds of the Offer, in conjunction with funds raised from the placement undertaken by the Company on 9 August 2016 (for the issue of 20,000,000 Shares to sophisticated investors and professional investors at an issue price of $0.026 (2.6 cents) to raise $520,000 before costs and expenses) (**2016 Placement**) will be used to progress the exploration program at the Company's Western Australia and Queensland projects. The Company will be well placed to test a number of projects over the coming 12-18 months, each of which have the potential to significantly impact the market value of the Company. I encourage all shareholders to review closely our Company Update presentation for more details on the Company's plans and activities.

I am pleased to advise that the Board will be taking up their full Entitlement.

Potential investors should be aware that subscribing for Shares involves a number of risks. The key risk factors of which investors should be aware are set out in section 6 of this Offer Document. Investors should carefully consider the risk factors that affect the Company specifically and the resources, mining and exploration industry in which it operates. Investors should note that mineral exploration is a high risk endeavour.

On behalf of the Board, I would like to thank you for your continued support and invite you to seriously consider this compelling investment opportunity.

Yours Sincerely,

Andrew Van Der Zwan
Non-Executive Chairman
MRG Metals Limited

## 3. Important Information

This Offer Document is dated 15 August 2016. This Offer Document is not a prospectus, product disclosure statement or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer Document is for information purposes only. The information in this Offer Document is not intended to be comprehensive and should be read in conjunction with the more detailed information released by the Company under its continuous disclosure obligations.

### 3.1 Investment decisions

The information contained in this Offer Document is not intended to be relied on as advice. Before deciding to invest in the Company, potential investors should read the entire Offer Document and in particular the technical information and risk factors that could affect the future operations and activities of the Company and consult their professional advisers. The Offer contained in this Offer Document does not take into account the investment objectives, financial situation and particular needs of any investor.

### 3.2 Disclaimer

No person is authorised to give any information or to make any representations in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by the Company in connection with the Offer.

### 3.3 Offer is only made in Australia and New Zealand

This Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer (and any Shortfall Offer) is only being made in Australia and New Zealand.

The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. In particular, this Offer Document may not be distributed in the United States or any other country except Australia and New Zealand.

The Offer to New Zealand investors is made pursuant to the New Zealand *Securities Act (Overseas Companies) Exemption Notice 2013*. Pursuant to this Act, the only members of the public to whom the Share are offered in New Zealand under the Offer are those who, at the time of the Offer, are holders of Shares in the Company.

As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

### 3.4 Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' 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 Offer Document, 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, the Directors and management of the Company.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

### 3.5 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 6 of this Offer Document. Investors should carefully consider the risk factors that affect the Company specifically and the resources, mining and exploration industry in which it operates.

### 3.6 Defined terms and abbreviations

Terms and abbreviations used in this Offer Document are defined in section 8 of this Offer Document. All financial amounts shown in this Offer Document are expressed in Australian dollars unless otherwise stated.

## 4. Details of the Offer

### 4.1 Purpose of the Offer

The purpose of this Offer is to:

(a) raise funds to carry out exploration at Western Australian and Queensland targets including drilling; and

(b) recognise Shareholders' ongoing support of the Company and provide the opportunity for Eligible Shareholders to participate in a discounted rights issue.

### 4.2 Entitlement and amount to be raised

The Company is making a pro-rata non-renounceable entitlement issue of 1 Share for every Share held by Eligible Shareholders registered as at the Record Date at an issue price of $0.01 (1 cent) per Share.

Based on the capital structure of the Company as at the date of this Offer Document, a maximum of 155,612,115 Shares will be issued pursuant to this Offer to raise up to approximately $1,556,121.

All Shares issued under this Offer Document will have the rights attaching to those securities as set out in section 4.5.

The intended use of funds raised is set out in section 5.1 of this Offer Document.

### 4.3 Minimum subscription

There is no minimum subscription in respect of the Offer.

### 4.4 Issue price

The issue price is $0.01 (1 cent) for each Share payable in full in Australian currency on the acceptance of the Offer by cheque, money order or via BPAY® on the individual entitlement form.

Your completed Entitlement and Acceptance Form must reach the Share Registry and your payment must be received by the Company by no later than 5.00 pm AEST on the Closing Date.

### 4.5 Rights attaching to Shares

Shares issued pursuant to the Offer will be fully paid and rank equally with all other issued Shares, including in respect of dividends.

The rights attaching to Shares are set out in the Constitution and are regulated by the Corporations Act, the ASX Listing Rules and general law.

### 4.6 Non- renounceable offer

The rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading rights on the ASX (or any other exchange) and you may not dispose of your rights to subscribe for Shares under the Offer to any other party. If you do not take up your Entitlement to Shares under the Offer by the Closing Date, the Offer to you will lapse, you will receive no benefit and your interest in the Company may be diluted.

### 4.7 Acceptance

Acceptance of the Offer must be made by submitting the Entitlement and Acceptance Form accompanying this Offer Document.

You may participate in the Offer as follows:

(a) take up your Entitlement in full and, if you do so, you may also apply for Additional Shares (refer to section 4.8 of this Offer Document);

Complete the Entitlement and Acceptance Form which accompanies this Offer Document by inserting the number of Shares for which you wish to accept the Offer under this Offer Document plus the number of Additional Shares (being more than your Entitlement as specified on the Entitlement and Acceptance Form).

(b) take up your Entitlement in full without applying for Additional Shares;

Complete the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out on that form.

(c) take up part, but not all of your Entitlement;

Complete the Entitlement and Acceptance Form which accompanies this Offer Document by inserting the number of Shares for which you wish to accept in the Offer under this Offer Document (being less than your Entitlement as specified on the Entitlement and Acceptance Form).

To participate in the Offer, the Entitlement and Acceptance Form must be completed in accordance with the instructions on its reverse side.

If you do not wish to accept your Entitlement, you are not obligated to do anything in response to the Offer.

All Entitlement and Acceptance Forms and Application Monies must be received by the Closing Date, at the Share Registry at the following address:

**Link Market Services Limited**
MRG Metals Ltd C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235

or delivered to:

**Link Market Services Limited**
MRG Metals Ltd C/- Link Market Services Limited, 1A Homebush Bay Drive, Rhodes, NSW 2138

An Eligible Shareholder may pay the Application Monies by cheque, money order or via BPAY®. All cheques must be in Australian currency and made payable to "MRG Metals Limited – Share Account" and crossed "Not Negotiable".

Access to a copy of the Offer Document and the Entitlement and Acceptance Form is available on the Company's website: www.mrgmetals.com.au

### 4.8 Additional Shares

Eligible Shareholders who have subscribed for their Entitlement in full may apply for Additional Shares in addition to their Entitlement. Please refer to section 4.7(a) of this Offer Document for further information as to how to apply for Additional Shares above your Entitlement.

It is possible that there will be few or no Additional Shares available, depending on the level of acceptance of Entitlements by Eligible Shareholders. There is therefore no guarantee that in the event that Additional Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

In the event all Entitlements are not taken up, the Directors reserve the right, subject to the Corporations Act and the ASX Listing Rules, to allocate any Additional Shares at their absolute discretion. The Company may issue to an Applicant a lesser number of Additional

Shares or not proceed with the issuing of all or part of the Additional Shares. If the number of Additional Shares is less that the number applied for, surplus Application Monies will be refunded without interest.

Additional Shares allotted to Eligible Shareholders will be issued at the same price as the Offer (being $0.01 (1 cent) per Additional Share) and will be allotted by the Directors in their absolute discretion, but giving priority as follows:

(a) to Eligible Shareholders who maintained or increased their Entitlement from the announcement of the Offer until the closing date of the Offer; and

(b) provided Eligible Shareholders satisfy paragraph (a), then further priority will be given to Eligible Shareholders who participated in the 2016 Placement.

### 4.9 Shortfall

Any Entitlement and Additional Shares not taken under the Offer will form part of the Shortfall. The Shortfall Offer is a separate offer under this Offer Document and will remain open for 3 months after the Closing Date.

The Directors reserve the right, within 3 months of the Closing Date, subject to the Corporations Act and the ASX Listing Rules, to place the Shortfall at their absolute discretion. Shortfall Shares issued pursuant to the Shortfall Offer will be issued at the Issue Price or higher.

A person who wishes to subscribe for Shortfall Shares under the Shortfall Offer may complete the Shortfall Application Form.

The Company has entered into an agreement with CPS Capital Group Pty Ltd (**CPS Capital**) under which CPS Capital has agreed to assist the Company in placing any Shortfall on a best endeavours basis.

In addition to the above allocation policy, the Board is proposing to offer Shortfall Shares to the Directors to satisfy the payment of due but unpaid Directors' fees. The Directors have agreed to defer the payment of Directors' fees to preserve the cash position of the Company. However, any proposed allotment of Shortfall Shares to the Directors in lieu of the cash payment of the deferred Directors' fees will be subject to Shareholder approval at the next annual general meeting of the Company. The notice of meeting for the annual general meeting will contain detailed disclosure of any such proposal.

### 4.10 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Offer Document will be made in accordance with the timetable set out at the commencement of this Offer Document.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Offer or an interest in the Company.

### 4.11 Allotment

Shares issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out in section 1.2 of this Offer Document.

Additional Shares issued will be allotted on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded (without interest) as soon as practicable after the closing date of the Offer.

Pending the allotment and issue of the Shares or payment of refunds under this Offer Document, all Application Monies will be held by the Company in trust for the Investor in a separate bank account as required by the Corporations Act. The Company, however, will be

entitled to retain all interest that accrues on the bank account and each Investor waives the right to claim interest.

Holding statements for Shares issued under the Offer and the Additional Shares will be mailed in accordance with the ASX Listing Rules and the timetable set out in section 1.2 of this Offer Document.

### 4.12 Offer Document and the Corporations Act

This Offer Document is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act.

Accordingly, neither this Offer Document nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC and no prospectus for the offer will be prepared. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would ordinarily expect in, a prospectus.

In accordance with the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 15 August 2016. The notice was required to:

(a) set out information that had been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and that Investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:

  (i) assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

  (ii) the rights and liabilities attaching to the Shares offer under this Offer Document; and

(b) state the potential effect of the issue of the Shares offer under this Offer Document on the control of the Company and the consequences of that effect.

### 4.13 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013*.

The Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. It is not a product disclosure statement or disclosure document under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement or disclosure document under New Zealand law is required to contain.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly

completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### 4.14 Enquiries

Any questions concerning the Offer should be directed to Shane Turner, Non-Executive Director and Company Secretary on (03) 5330 5800.

## 5. Use and effect of the Offer

### 5.1 Use of funds raised

The Offer will raise up to approximately $1,556,121.

The 2016 Placement undertaken by the Company raised $520,000 before costs and expenses.

The combined funds raised from the Offer and the 2016 Placement before costs and expenses will be approximately $2,076,121, which is planned to be used in accordance with the table set out below (assuming the Offer is fully subscribed):

| **Proceeds of the Offer and the 2016 Placement** | **$2,076,121** |
|---|---|
| **Use of funds** | |
| Western Australia projects: | |
| a) Drilling at Yardilla. | $300,000 |
| b) Drilling at Xanadu | $215,000 |
| Queensland projects | |
| c) Geophysics (detailed geophysical and/or geochemical surveying over Selwyn, Mt Angelay, Oban, Kamileroi and Squirrel Hill). | $150,000 |
| d) Drilling (initial drill testing of one or more of Selwyn, Mt Angelay, Oban, Kamileroi, Davenport Downs, Pulchera and Squirrel Hill). | $1,100,000 |
| Working capital and expenses of the Offer and the 2016 Placement | $311,121 |
| **Total** | **$2,076,121** |

The above table is a statement of current intentions as at the date of this Offer Document. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.

### 5.2 Effect of the Offer

The principal effect of the Offer will be to:

(a) increase the cash reserves and issued capital by up to approximately $1,556,121 immediately after completion of the Offer prior to deducting the estimated expenses of the Offer; and

(b) increase the total number of Shares on issue from 155,612,115 to up to 311,224,230 following completion of the Offer, subject to the exercise by Shareholders of the 116,986,397 listed options currently issued by the Company.

Please see section 5.3 of this Offer Document for further details.

### 5.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Shares offered under the Offer Document are issued, is set out below.

| **Shares** | **Number** |
|---|---|
| Shares on issue as at date of Offer Document | 155,612,115 |
| Shares offered pursuant to the Offer | 155,612,115 |
| **Total Shares on issue after completion of the Offer** | **311,224,230** |

| **Options** | **Number** |
|---|---|
| Options on issue as at date of the Offer Document: | |
| • $0.25 options expiring on 21 September 2016 | 44,007,993 |
| • $0.15 options expiring on 31 August 2020 | 72,978,404 |
| **Total options on issue after completion of the Offer** | **116,986,397** |

### 5.4 Effect on control of the Company

The issue of the Shares under the Offer will have no immediate effect on the control of the Company. However, Shareholders should note that if they do not participate in the Offer, and the Offer and any Shortfall is fully subscribed, their holdings could be diluted by approximately 50%. Examples of how the dilution may impact Shareholders are set out in the table below:

| Holder | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken up | % post Offer |
|---|---|---|---|---|---|
| Shareholder 1 | 12,000,000 | 7.71% | 12,000,000 | 12,000,000 | 3.86% |
| Shareholder 2 | 4,000,000 | 2.57% | 4,000,000 | 4,000,000 | 1.29% |
| Shareholder 3 | 1,000,000 | 0.64% | 1,000,000 | 1,000,000 | 0.32% |

**Notes:**

1. The table assumes that the Offer, and any Shortfall, is fully subscribed.

2. The table assumes that the Company's existing 44,007,993 listed options which are exercisable at $0.25 on or before 21 September 2016 and 72,978,404 listed options which are exercisable at $0.15 are not exercised.

3. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed as Additional Shares or through the issue of Shortfall Shares. In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilutionary impact for each Shareholder not accepting their Entitlement would be a lesser percentage.

### 5.5 Details of substantial holders

Based on publicly available information as at the close of trading on 12 August 2016, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder | Shares as at the date of this Offer Document | % Shares as at the date of this Offer Document | Shares if all Entitlements are accepted | % Shares if all Entitlements are accepted |
|---|---|---|---|---|
| Jolanza Pty Ltd | 12,449,900 | 8.00 | 24,899,800 | 8.00 |
| El Gaia Holdings Pty Ltd | 12,249,900 | 7.87 | 24,499,800 | 7.87 |
| Lograr Investments Pty Ltd | 11,629,260 | 7.47 | 23,258,520 | 7.47 |
| Julian Bavin Holdings Pty Ltd | 7,809,550 | 5.02 | 15,619,100 | 5.02 |

If a substantial holder of the Company does not participate in the Offer, and the Offer and any Shortfall is fully subscribed, their holding will be diluted.

# 6. Risk factors

## 6.1 Introduction

An investment in the Company is not risk free and should be regarded as speculative.

There are specific risks which relate directly to the Company's activities. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares and the underlying Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and do not take into account the individual circumstances of Shareholders.

The Directors strongly recommend potential Investors to consider the risk factors described below, together with information contained elsewhere in this Offer Document and consult with their professional advisers before deciding whether to apply for Shares under this Offer Document.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

## 6.2 Specific risks

### (a) Exploration risks

Exploration is a process subject to a number of risks. It has an inherently high risk stage, with no guarantee of exploration success.

Success in exploration is dependent upon a number of factors including, but not limited to, prospective projects, systematic target generation and follow up, use of the latest technology, strong management and availability of exploration capital.

Exploration involves numerous specific risks including, failure to delineate commercial ore reserves, delays in the availability and delivery of equipment and the expense associated with that equipment, unexpected drilling conditions and the requirement to obtain and maintain permits and licences.

### (b) Operational and technical risks

The current and future operations of the Company, including exploration, appraisal and possible production activities, may be affected by a range of factors that are beyond the Company's control, these include geological, geotechnical and seismic factors, environmental factors (such as water shortages and adverse weather conditions), native title rights and industrial accidents and hazards.

### (c) Geological risks

The estimation of mineral resources and ore resources is a complex process requiring input from many areas of specialisation and a high degree of interpretation of results obtained from exploration programs. Even by employing best industry practice to develop mineral resource estimate, the risks remains that when mining commences the actual geology and ore reserve estimates could vary from that which has previously been interpreted.

There is no certainty that the mineral resources, or any ore reserve, will be realised. Until a deposit is actually mined and processed, the quantity of mineral resources and ore reserves and grades must be considered estimates only. In addition, the value of mineral resources and any ore reserves will depend upon, among other things, commodity prices and currency exchange rates. Any material change in the quantity of mineral resources, or any ore reserves, or grade, may affect the economic

viability of any future mines. Any material reductions in the estimates or mineral resources or ore reserves, or our ability to extract any ore, could have a material adverse effect on the Company's operational results and financial condition.

(d) **Commodity price volatility and foreign exchange risk**

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for minerals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

**6.3 General risks**

(a) **Economic risks and market conditions**

Factors, such as, but not limited to, world economic conditions, political instability, stock market trends, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes may all have an adverse impact on our revenues, operating costs, profit margins and Share price. These factors are beyond the control of the Company and the Company cannot predict how they will impact its business.

(b) **Additional requirements for capital**

Further funds will be required for the Company to complete is current programs and achieve its current objectives. Until the Company develops or acquires an income producing asset, it will be dependent on its cash resources and the ability of the Company to obtain future equity or debt funding to support exploration.

Additional equity financing may be dilutive to Shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to us, or at all.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs.

(c) **Implications of Chapter 6 of the Corporations Act**

Shareholders may be prevented from acquiring Shares under this Offer Document where to do so would contravene the takeovers prohibition in section 606 of the Corporations Act. Section 606 prohibits a person from acquiring a "relevant interest" (as defined in the Corporations Act) in issued voting shares in a listed company if, because of the transaction, that person's or someone else's voting power in the listed company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%, unless an exception applies. There are various exceptions to the general prohibition. However, there is no guarantee that an

exception would be available in the relevant circumstances and, even if an exception was potentially available, there is a risk that the exception could not be relied upon without significant cost or delay.

## 7. Additional information

### 7.1 Continuous disclosure obligations

The Company is listed on the ASX and its Shares are quoted on the ASX under the code: MRQ.

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This Offer Document is issue pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus or other disclosure document that is required to satisfy the Corporations Act. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Offer Document which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

### 7.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date this Offer Document and the respective dates of those sales were:

| | | |
|---|---|---|
| Highest | $0.048 | 10/05/2016 |
| Lowest | $0.024 | 09/08/2016 |
| Last | $0.024 | 12/08/2016 |

### 7.3 Interests of Directors

The interests of the Directors hold either directly or through their controlled entities in the securities of the Company as at the date of this Offer Document are as follows:

| Director | Shares | Options | Entitlement (Shares) |
|---|---|---|---|
| Andrew Van Der Zwan | 2,375,000 | 4,670,000 | 2,375,000 |
| Christopher Jordan Gregory | 12,449,900 | 8,300,000 | 12,449,900 |
| Shane Gordon Turner | 1,652,900 | 2,255,000 | 1,652,900 |

The Board recommends all Eligible Shareholders take up their Entitlements and advises that all Directors intend to take up their respective Entitlements in full.

### 7.4 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

### 7.5 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company currently operates an electronic issuer-sponsored register and an electronic CHESS sub-register. The two sub-registers together will comprise the Company's register of Shares.

The Company will not issue certificates. Investors who are allotted Shares under this Offer Document will be provided with a transaction confirmation statement which sets out the number of Shares allotted to the Investor. Investors who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted to the Shareholder under this Offer Document. For Investors who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of the Shares allotted to the Investor under this Offer Document. At the end of the month of allotment, CHESS, acting on behalf of the Company, will provide those Shareholders with a holding statement that confirms the number of Shares held and any transactions during that month.

A holding statement (whether issued by CHESS or the Company) will also provide details of the applicable Holder Identification Number in case of a holding on the CHESS sub-register or Reference Number in case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of securities in the Company changes.

An Shareholder may request a holding statement at any other time. However, a charge may be imposed by the Share Registry for additional statements.

### 7.6 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process the application.

## 7.7 Corporate directory

**Directors**

Andrew Van Der Zwan
Chairman and Non-Executive Director

Christopher Jordan Gregory
Non-Executive Director

Shane Gordon Turner
Non-Executive Director

**Registered Office**

C/- RSM Australia
12 Anderson Street West
BALLARAT VIC 3350

Telephone: +61 3 5330 5800
Facsimile: +61 3 5333 1667
Website: www.mrgmetals.com.au

**Company Secretary**

Shane Gordon Turner

**Legal adviser**

Gadens
Level 25, Bourke Place
600 Bourke Street
MELBOURNE VIC 3000

**Share Registry**

Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

Telephone: 1300 554 474

## 8. Definitions

**2016 Placement** means the placement undertaken by the Company on 9 August 2016 under which 20,000,000 Shares were issued to sophisticated investors and professional investors to raise $520,000 (before costs and expenses) in accordance with sections 708(8) and 708(11) of the Corporations Act.

**AEST** means Australian Eastern Standard Time.

**Additional Shares** means Shares in addition to an Eligible Shareholder's Entitlement for which an Applicant applies for pursuant to an Entitlement and Acceptance Form.

**Applicant** means an Eligible Shareholder who applies for Shares pursuant to the Offer or who applies for Additional Shares.

**Application Monies** means monies received by the Company from Applicants with respect to the Entitlement and Acceptance Form.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day that is not a Saturday, Sunday or a public holiday in Melbourne, Victoria.

**Closing Date** means the date specified in the timetable set out at the commencement of this Offer Document (unless extended).

**Company** means MRG Metals Limited ACN 148 938 532.

**Constitution** means the constitution of the Company as at the date of this Offer Document.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Offer Document.

**Eligible Shareholder** means a Shareholder who has a registered address in Australia or New Zealand.

**Entitlement** means the entitlement of an Eligible Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Offer Document.

**Issue Price** means $0.01 per Share.

**Investor** means an investor participating in the Offer.

**Offer** means the non-renounceable entitlement issue of 1 Share for each Share held by those Eligible Shareholders registered at the Record Date at the Issue Price.

**Offer Document** means this document under which the offer is made.

**Official Quotation** means official quotation on ASX.

**Record Date** means the date specified in the timetable set out at the commencement of this Offer Document.

**Related Entity** has the meaning given to that term in the Corporations Act.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Link Market Services Limited.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares for which valid Entitlement and Acceptance Forms have not been received by the Closing Date.

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Offer Document.

**Shortfall Offer** means the offer of Shortfall Shares on the terms set out in section 4.9 of this Offer Document.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.