PROMISING RESULTS FROM INITIAL XANADU DRILLING CAMPAIGN

MRG Metals Ltd ('MRG') is pleased to announce promising near surface gold intersections from initial drilling at the Xanadu Project. Also, drilling at Stynes has opened up a strike length of over one kilometre of potential mineralisation, in a similar geological setting to nearby Northern Star Resources Ashburton Project.

Drilling was undertaken on five prospects and initial results from Claudius, Cleopatra and Stynes have been received. Assay reports are still coming back from the laboratory, but highlights of the results obtained to date from 5 metre composite samples, and 1 metre samples include:

CLAUDIUS

8m @ 4.03 grams per tonne gold from 12m down hole in X4002 (1m samples)
20m @ 1.14 grams per tonne gold from 40m down hole in X4003 (5m composites)

STYNES

6m @ 0.32 grams per tonne gold, 268ppm arsenic & 371ppm antimony from 74m downhole in X4014 (1m samples)

CLEOPATRA

25m @ 1.51 grams per tonne gold from 20m down hole in X40017 (5m composites)

Based on these results a follow up drill program will be undertaken soon to test for extensions and drill other targets.

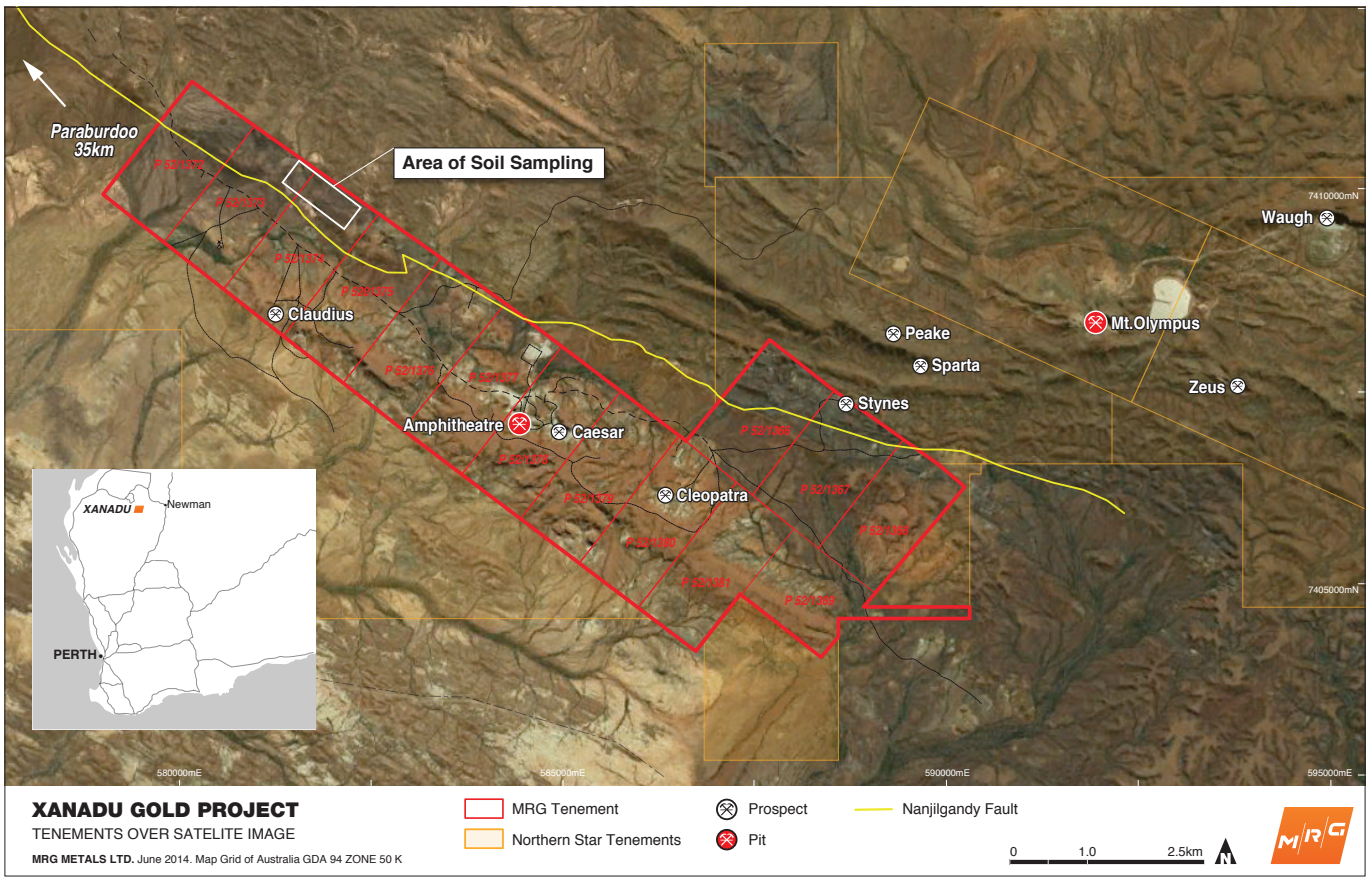

Figure 1 Xanadu tenement outline, prospect locations and area of soil sampling.

REVERSE CIRCULATION DRILLING

First round drilling of fifteen holes has recently finished at MRG's Xanadu project, with some early single metre and 5 metre composite assay results now received from the laboratory. These results cover nine holes completed at the Claudius, Stynes and Cleopatra Prospects (Figure 1). Additional single metre samples from the zones with elevated composite results are currently being analysed. The composite results are preliminary and subject to confirmation upon receipt of the single metre sample results, which are expected in the next few weeks. Significant gold results from the first set of holes from the program are tabulated in Appendix 1.



Figure 2 Claudius prospect showing drill collar locations.

CLAUDIUS

Drilling at Claudius (Figures 2 & 3) was aimed at testing the model of shallow dipping strata bound mineralisation and this was successful. The results indicate that mineralisation lies close to the boundary between the siltstone and chert lithologies and within the matrix of brecciated chert itself. Additional holes to test this concept are planned for the second round of drilling.

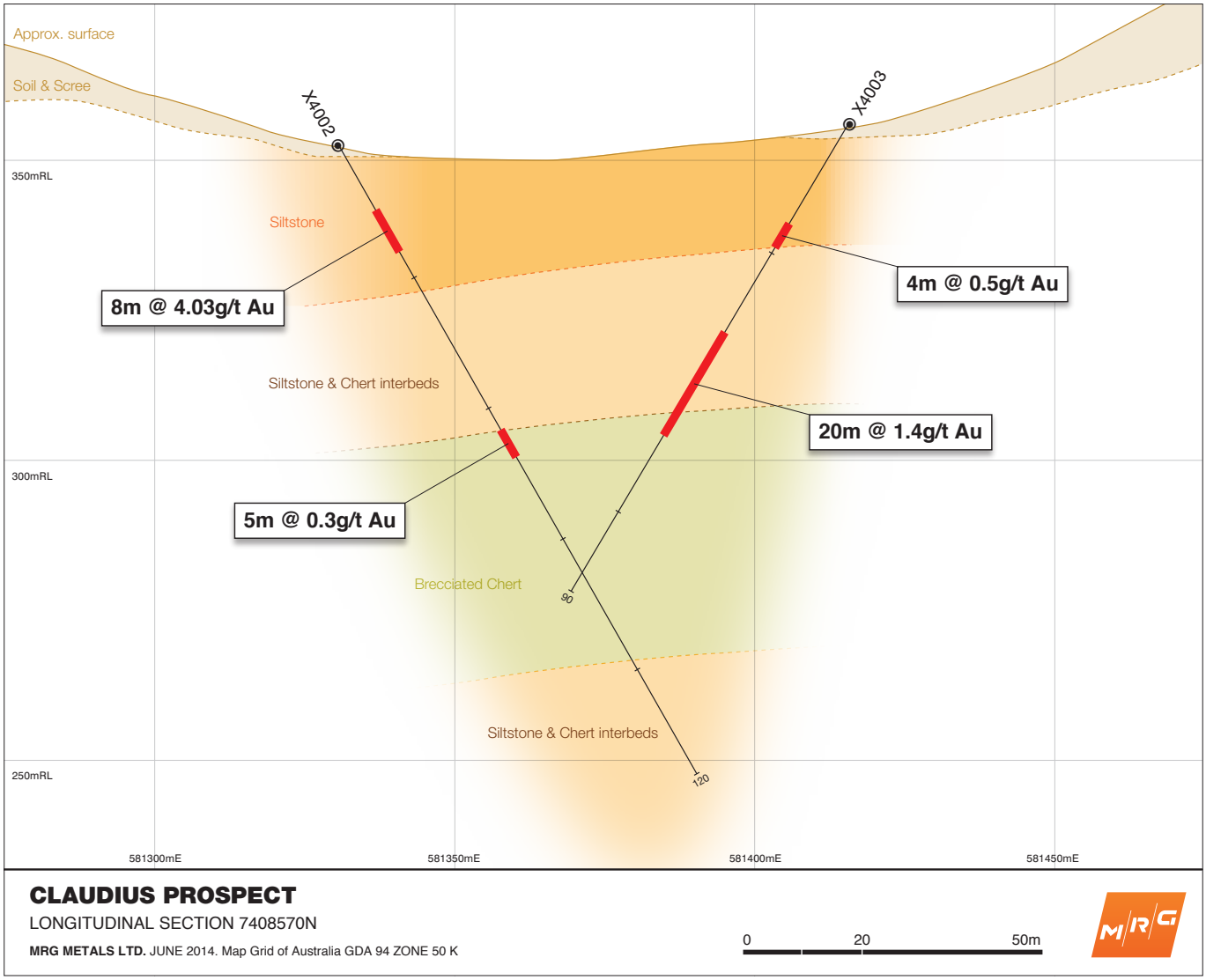

Figure 3 Claudius prospect longitudinal section through holes X4002 & X4003

STYNES

The single hole west of the Stynes prospect (Figure 4) tested the concept of a deeper feeder structure, responsible for shallower strata bound mineralisation already discovered. It was located 250 metres to the west of drilling completed by previous explorers. This hole successfully intersected a 6 metre wide zone of pyritic quartz with elevated gold, arsenic and antimony (6m @ 0.32 g/t Au, 268ppm As & 371ppm Sb), which is indicative of the Stynes prospect feeder zone. This now opens up over one kilometre strike length of potential mineralisation in an area of limited previous exploration. Significantly, this area is in a similar geological setting as the nearby Mt Olympus, Peake and Waugh deposits to the north east of Nanjilgardy fault.

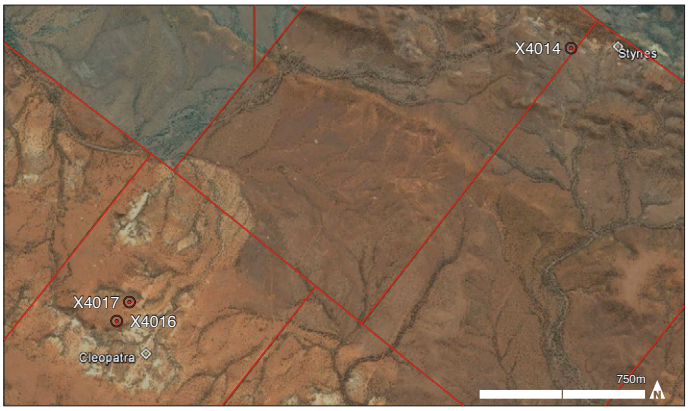

Figure 4 Stynes & Cleopatra prospects showing drill collar locations.

CLEOPATRA

The first two holes on the northern part of the Cleopatra prospect (Figure 4) were designed to test the premise that additional mineralisation is present, associated with faulting, beyond that previously discovered. Composite results from hole X4017 (Figure 5) show a broad mineralised zone at shallow depths. Results are awaited from the other holes in this area and any additional mineralisation discovered will substantially increase the size of this prospect.

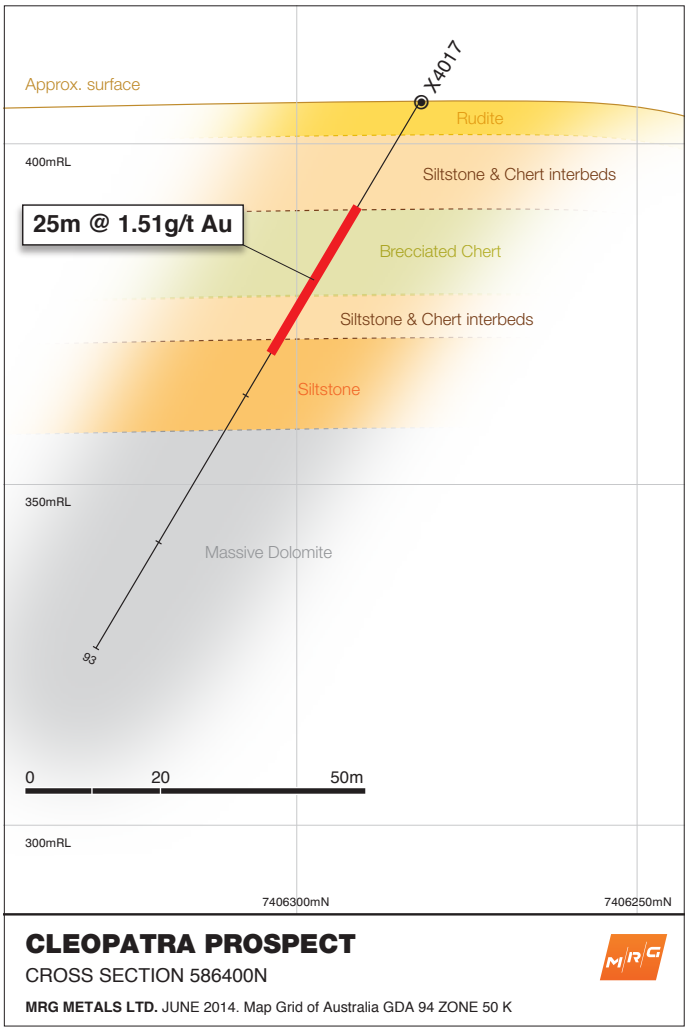

Figure 5 Cleopatra prospect cross section through holes X4017

XANADU SOIL SAMPLING

A soil sampling program was completed concurrently with the drilling, testing an area of limited exploration to the northeast of the Nanjilgardy fault. Previous explorers ignored this area as it is covered by a thin veneer of colluvial wash and regolith. Results from the first 9 lines have been received and the multi element geochemistry has identified the likely contact of the Cheela Springs Basalt and overlying sediments.

XANADU PROJECT BACKGROUND

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 subject to various phases of exploration in the ensuing period until MRG's acquisition in 2011. Three dimensional structural modelling and a detailed analysis of our exploration database complied by our technical consultants Sasak Technical Services ('Sasak'), provided an enhanced understanding of geological controls on mineralisation, to better target prospect scale drilling.

In this first drill program MRG primarily targeted both near surface stratabound mineralisation, the focus of previous exploration and deeper sub vertical feeder structures which have received little attention.

MRG's initial program has multiple aims:

- To drill confirm the potential where suggested by previous explorers
- Test extensions and repetitions of known mineralised areas based on a better understanding of lithogeochemical and structural controls
- Determine the location and timing of feeder structures responsible for the mineralising fluids

The first results have provided confirmation of the methodical approach used by MRG and Sasak Technical Services.

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.

TABLE 1 SIGNIFICANT DRILL RESULTS

Hole_ID	From	To	Interval	Au	As	Cu	Pb	Sb	Zn	
			m	g/t	ppm	ppm	ppm	ppm	ppm	
X4001	**34**	**35**	**1**	**1.47**	**178**	**44**	**151**	**13.3**	**68**	
X4002	**12**	**20**	**8**	**4.03**	**376**	**73**	**138**	**18**	**137**	
X4002	*50*	*55*	*5*	*0.28*	*54*	*24*	*82*	*5.4*	*28*	*Composite*
X4003	*40*	*60*	*20*	*1.13*	*94*	*45*	*107*	*7.8*	*45*	*Composite*
X4003	**20**	**24**	**4**	**0.51**	**184**	**61**	**583**	**16**	**23**	
X4004	**8**	**12**	**4**	**0.23**	**196**	**90**	**460**	**19**	**46**	
X4006	**14**	**23**	**9**	**0.25**	**153**	**46**	**361**	**9**	**32**	
X4006A	*40*	*45*	*5*	*0.52*	*21*	*36*	*143*	*3.4*	*10*	*Composite*
X4014	**78**	**84**	**6**	**0.32**	**268**	**997**	**2167**	**371**	**2130**	
X4016	**90**	**92**	**2**	**0.24**	**442**	**333**	**87**	**10**	**82**	
X4017	*20*	*45*	*25*	*1.51*	*635*	*48*	*81*	*11.2*	*94*	*Composite*

TABLE 2 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
X4014	Stynes	588397	7407410	399	-60	360	102
X4016	Cleopatra	586337	7406197	411	-60	360	108
X4017	Cleopatra	586388	7406281	406	-60	360	93

TABLE 3 XANADU PROJECT GEOCHEMICAL ASSAY STATISTICS

	Au	As	Cu	Pb	Sb	Zn
	ppb	ppm	ppm	ppm	ppm	ppm
1m samples						
No of samples	295	295	295	295	295	295
Minimum	2	10	6	9	2.2	1
Maximum	10400	1700	3630	5360	906	7350
Mean	197.9	150.8	71.8	237.9	17.9	127.3
Std Deviation	882.3	181.5	235.4	453.4	65.5	483.9
5m samples						
No of samples	130	130	130	130	130	130
Minimum	<1	2	4	5	<2	2
Maximum	3410	1190	458	582	80.8	774
Mean	133.6	85.4	45.1	68.4	8.4	50.0
Std Deviation	425.4	170.8	72.8	74.9	11.8	98.2

Appendix 2.

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

SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sapling 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 Reversed Circulation drilling (RC). A total of 15 holes were drilled in the program, at depths ranging from of 50 to 233m. The holes were either vertical or drilled at - 60 degrees at various azimuths. Sample quality was generally good with only minimal (estimated up to 15%) sample loss around the annulus in the top 6m of each hole. 9 holes have assays reported in this document. Some samples were lost due to the presence of dolomite dissolution cavities as noted below.
	Include reference to measures taken to ensure sample representation and the appropriate calibration of any measurement tools or systems used.	The drill holes 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.*	RC holes were drilled with a 5.25inch face-sampling bit, 1m samples collected through a cyclone and Sandvik VM rotating cone splitter, to form a 2 to 3kg sub sample. At assay laboratory the whole sample was crushed, then a 200 gram sub sample was pulverised in a vibrating disc pulveriser. Au, Pt, Pd, Al, Ca, Co, Cr, Cu, Fe, K, Mg, Mn, Na, Ni, Ti, Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Bi, Mo, Pb, Sb, Sn & Zr were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry. The samples were analysed by Firing a 40 gm (approx) portion of the sample following digestion with a mixture of Acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. This extended digest approaches a total digest for many elements however some refractory minerals are not completely attacked.
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).*	An Atlas Copco Reverse Circulation drilling rig, operated by SBD Drilling Pty Ltd was used to collect the samples.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The majority of samples were dry. Groundwater was encountered in lower part of most holes and the inflow was controlled by increasing the air volume. Sample recoveries were visually estimated and any low recoveries recorded in the drill logs. Recovery of the samples was good, generally estimated to be full, except for some sample loss at the top of the hole and losses due cavities in the dolomitic rocks.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	RC face-sample bits, PVC casing in at least the top 6 metres and dust suppression were used to minimise sample loss. RC samples were collected through a cyclone and cone splitter, with two sub samples up to 3kg each collected. One sub sample was dispatched to the assay laboratory and the second stored on site as reference sample.
	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.	Occasional ground water egress into the hole resulted in some damp and occasional wet samples, notably at the change of drill rods. Except for a few exceptions no significant loss of sample volume was noted when water was encountered. Any low volume samples were noted in the drill logs. Apart from the wet samples there is no evidence for excessive loss of material and the assay results do not indicate bias due to sample loss or cross contamination.
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 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 records lithology, mineralogy, mineralisation, weathering, colour and other features of the samples. All samples are wet-sieved and stored in chip trays. 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.*	No core was collected.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	One-metre drill samples are channeled through a rotary cone-splitter installed directly below a rig mounted cyclone. Two 2-3 kg sub-samples are collected in a calico bags with the balance deposited on site. Most samples were dry, except in deeper parts of the hole where some samples were damp and occasionally wet as previously noted. None of these wet samples had any significant assay results.
	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 is taken from the cone splitter at a rate of approximately 1 in 90 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.	One-metre samples are split on the rig using a rotating cone splitter, mounted directly under the cyclone. This standard Industry practice. The samples weigh approximately 3kg prior to pulverisation.
	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 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, Al, Ca, Co, Cr, Cu, Fe, K, Mg, Mn, Na, Ni, Ti, Zn were determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. Ag, As, Bi, Mo, Pb, Sb, Sn & Zr were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry. The samples were analysed by Firing a 40 gm (approx) portion of the sample following digestion with a mixture of Acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. This extended digest approaches a total digest for many elements however some refractory minerals are not completely attacked.
	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 RC 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 90. For this document the relevant single metre assays were part of a total batch of 327 samples submitted including QC samples. This batch included 13 Blanks, 12 Standards, and 3 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 assay receipt. 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.*	RC collars locations were determined by hand-held GPS, with an accuracy of 5m in Northing and Easting. Downhole surveys were completed every 50 where practicable. The drill rig mast is set up using a clinometer. No follow-up down hole directional surveying is planned for these holes.
	Specification of the grid system used.	Grid projection is GDA94, Zone 50.
	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.*	RC drilling was designed to pierce geochemical targets. No grid based drilling was undertaken. One sample was collected for every metre drilled and selected samples 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.	Where sample compositing has been employed it is noted in the reported results.
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 orientation of the drill hole (azimuth) is typically 70° to the regional strike of the targeted anomalies, to allow for intersection of interpreted controlling fault structures. At this stage of the program exploration information suggests that the orientation of the geochemical anomalies is not accurately known but likely oriented along the regional strike direction of 290°.
	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 detailed orientation of any mineralisation is not accurately known at this stage and the holes were drilled to check for the influence of interpreted structures. Based on the current results no unexpected bias is apparent.
Sample security	*The measures taken to ensure sample security.*	Calico sample bags were collected in pre -numbered plastic bags (five calico bags per single plastic bag), sealed and transported by company vehicle to the Centurion Transport depot located in Tom Price WA. The plastic sample bags were then consolidated into Bulka Bags for ease of transport and forwarded by Centurion Transport to the Bureau Veritas 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 RC drilling occurred within tenements P52/1366, P52/1374 & P52/1380 held by MRG Metals (Australia) Pty Ltd, a wholly owned subsidiary of MRG Metals Ltd. The licences are on Vacant Crown Land are located within the Yinhawangka Part B, WC2010/011 Native Title Claim registered on 12 August 2010.
	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 on this Project area has been completed by BP Minerals, Nugold Hill Mines and Newcrest Ltd. Where relevant, data from this earlier exploration has been incorporated into MRG databases.
Geology	*Deposit type, geological setting and style of mineralisation.*	This drilling program at Xanadu was targeted towards Epithermal style gold mineralisation. Based on exploration to date, gold occurs within disseminated pyrite (oxidised near surface) in favourable clastic sedimentary host rocks
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 the body of text.
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 the mineralisation at depth is not known at this stage. As determined by surface mapping and previous drilling the mineralisation predominantly occurs around anticlinal crests, where local dip is varies from shallow to moderate steeply south west dipping to shallow to moderate steeply north east dipping. (15 to 45 degrees). All assay results are based on down-hole lengths, and true width of mineralisation is not known.
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 body of text and summary statistics for the elements reported.

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.*	Further drill testing of the anomalous results with angled RC holes is planned based on additional geological analysis. The location of the collars of these holes is still to be determined. Currently there is insufficient geological information to determine the extent of mineralisation.