Annual Report

MRG Metals Ltd

ABN: 83 148 938 532

For the Year ended 30 June 2017

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Review of Operations

Highlights

The year ended 30 June 2017 saw MRG Metals Ltd ("MRG" or "Company") complete a successful capital raising, explore on its Western Australia Yardilla project, explore its Queensland projects and enter into a Farm-in Agreement on a Sweden VMS project.

A Research and Development ("R & D") grant of $552K for the 2016 year was received from the Federal Government's R & D Tax Incentive Scheme in recognition of our technology driven exploration approach. Approval has been received for another R & D claim of approximately $669K for the 2017 year.

The Company is now embarking on drill testing program on its Swedish project. Also, the Company is considering opportunities of Joint Ventures on its Australian projects.

Projects

SWEDEN

On 29 May 2017 MRG Metals entered into a Farm-in Agreement with Mandalay Resources Corporation (Mandalay) over the Norrliden VMS project in Sweden. Mandalay acquired the Norrliden project as part of the Elgin acquisition in 2014. Due to the focus on Brownfields extensions to their mining operation they have chosen not to develop the exploration Project further themselves. The current size of the Norrliden Norre resource and the different metallurgical character of Norrliden mineralisation discovered make it unsuitable as mill feed for Mandalay's existing Bjorkdal processing facility. However, Mandalay will retain the right to claw-back the project should a significantly larger stand-alone discovery be made once a 50/50 earn-in is a achieved and the project progresses to a Joint Venture.

Norrliden Norra deposit: JORC Resource (Indicated and Inferred):

- 1.5 million tonnes @ 4.4%Zn, 0.4%Pb; 0.8%Cu; 0.8 g/t Au and 59.9 g/t Ag, of which approximately 40% of the tonnes Indicated and 60% Inferred.
- Preliminary economic study was undertaken in 2004.
- Located within an approved Mining Concession.

Fundamentals of the deal for MRG:

- 10% Earn-in after $500,000 USD sole expenditure within 15 months,
- 25% Earn-in after cumulative $1,000,000 USD sole expenditure within 27 months,
- 50% Earn-in after cumulative $3,000,000 USD sole expenditure within 39 months,
- Joint Venture structure to progress the project from here.
- At any time after establishing the Joint Venture and with an independent completed NI-43101 and compliant Feasibility Study, up till decision financing is raised to construct a mine, Mandalay can buy out MRG's interest for MRG's share of the unlevered NPV of the project as estimated in a NI-43-101 Feasibility Study report prepared by a third party consultant. All parties must unanimously agree to the independent consultant and the assumptions used in the Feasibility study.

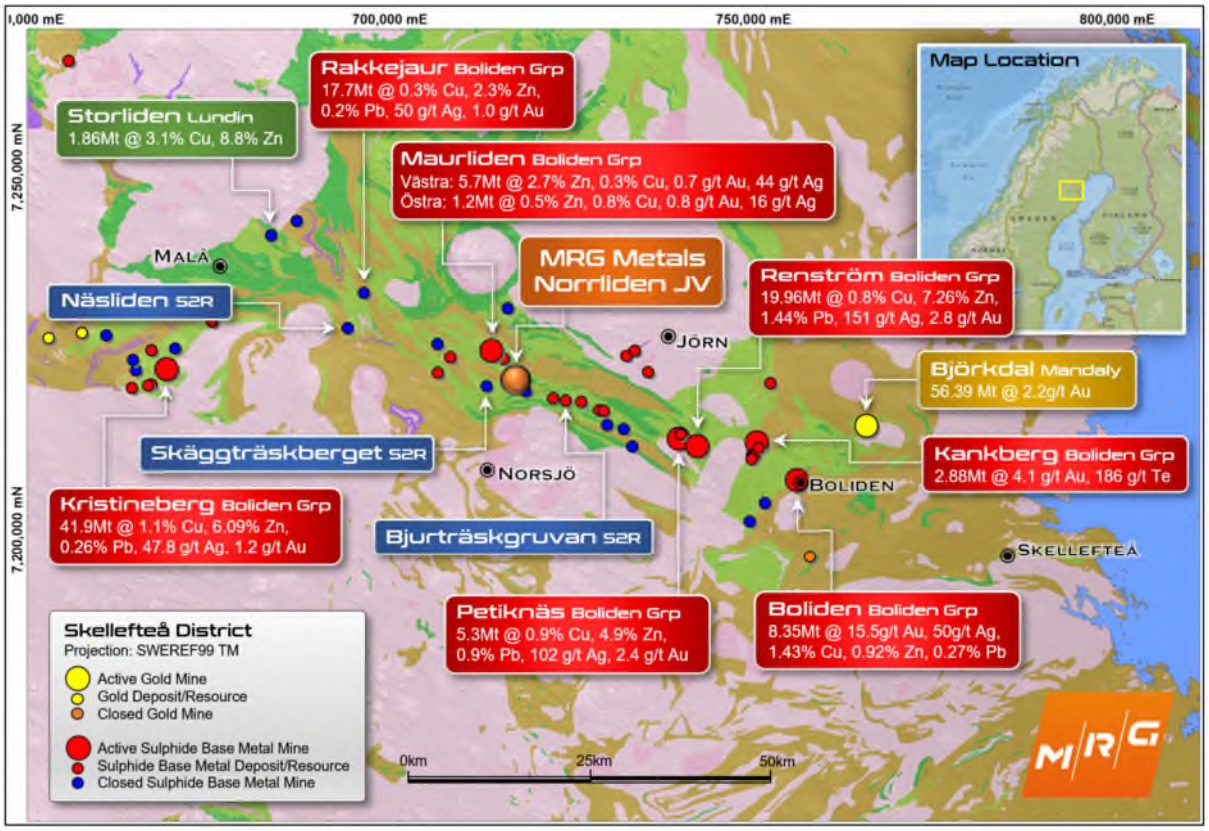
The Norrliden JV is located in a key position within the central part of the Paleoproterozoic (c. 1890-1870 Ma) Skellefte Belt in Northern Sweden, 5km to the southeast of the Boliden Group's Maurliden mines along the main structural corridor and mineralised trend between Boliden and Malå.

The Swedish Boliden Group has dominated production in the district for decades and has established processing facilities at Boliden and smelting facilities in Skellefteå. In more recent years TSX and ASX listed companies such as Mandalay Resources (MRG's JV partner) and S2 Resources have recognised the untapped potential of the belt,

establishing concession holdings in the district and beginning active exploration using the latest available technology. Much of the Skellefte Belt and the majority of the Norrliden JV area is covered by a veil of recent glacial till deposits (up to 50m thick) and MRG's expertise in integrating electrical and potential field geophysics with geochemical analysis from drill holes and surface sampling will be key to taking exploration at Norrliden to the next stage.

There are approximately 20 sulphide deposits, resources and mines within 10km of the Norrliden JV and huge potential for further new discoveries. This list includes Boliden Group's Maurliden Västra and Maurliden Östra operations 5km to the northwest which have reported pre-mining resources of 5.7Mt (@ 2.7% Zn, 0.3% Cu, 0.7 g/t Au, 44 g/t Ag) and 1.2Mt (@ 0.5% Zn, 0.8% Cu, 0.8 g/t Au, 16 g/t Ag) respectively.

5km along-strike to the southeast is the Boliden-owned Bjurliden deposit and S2 Resources Bjurträskgruvan project where recent drilling down-dip of known mineralisation returned intercepts of 14.71m @ 2.2% Zn, 1.0% Cu, 5g/t Ag (SBJK17003), 6.28m @ 1.4% Cu, 5.7 g/t Ag (SBJK17004) and 24.4m @ 1.11% Cu, 5.1 g/t Ag (SBJK17006) (*From S2R ASX Announcements March-May 2017*).
5km west of Norrliden is the decommissioned sulphide mine at Högkulla (Boliden Group) and S2 Resources Skäggträskberget project.
Within the Norrliden JV concessions are three main areas of historical exploration that will be the initial targets of review and exploration by MRG.



QUEENSLAND PROJECTS:

MRG holds a number of Projects in Western Queensland with potential to host Iron Oxide, Copper Gold ('IOCG') and base metal mineralisation. These projects were highlighted by preliminary analysis completed by our technical partner Sasak Technology. They have similar geophysical characteristics to known deposits such as Glencore PLC's Ernest Henry Mine (166 Mt @ 1.1% Cu & 0.54 g/t Au - pre mining resource) and BHP's Cannington Mine (44 Mt @ 383 g/t Ag, 8.9% Pb, 4.2% Zn - 2007 resource).

The Projects comprise:

Iron Oxide Copper Gold Type Targets:

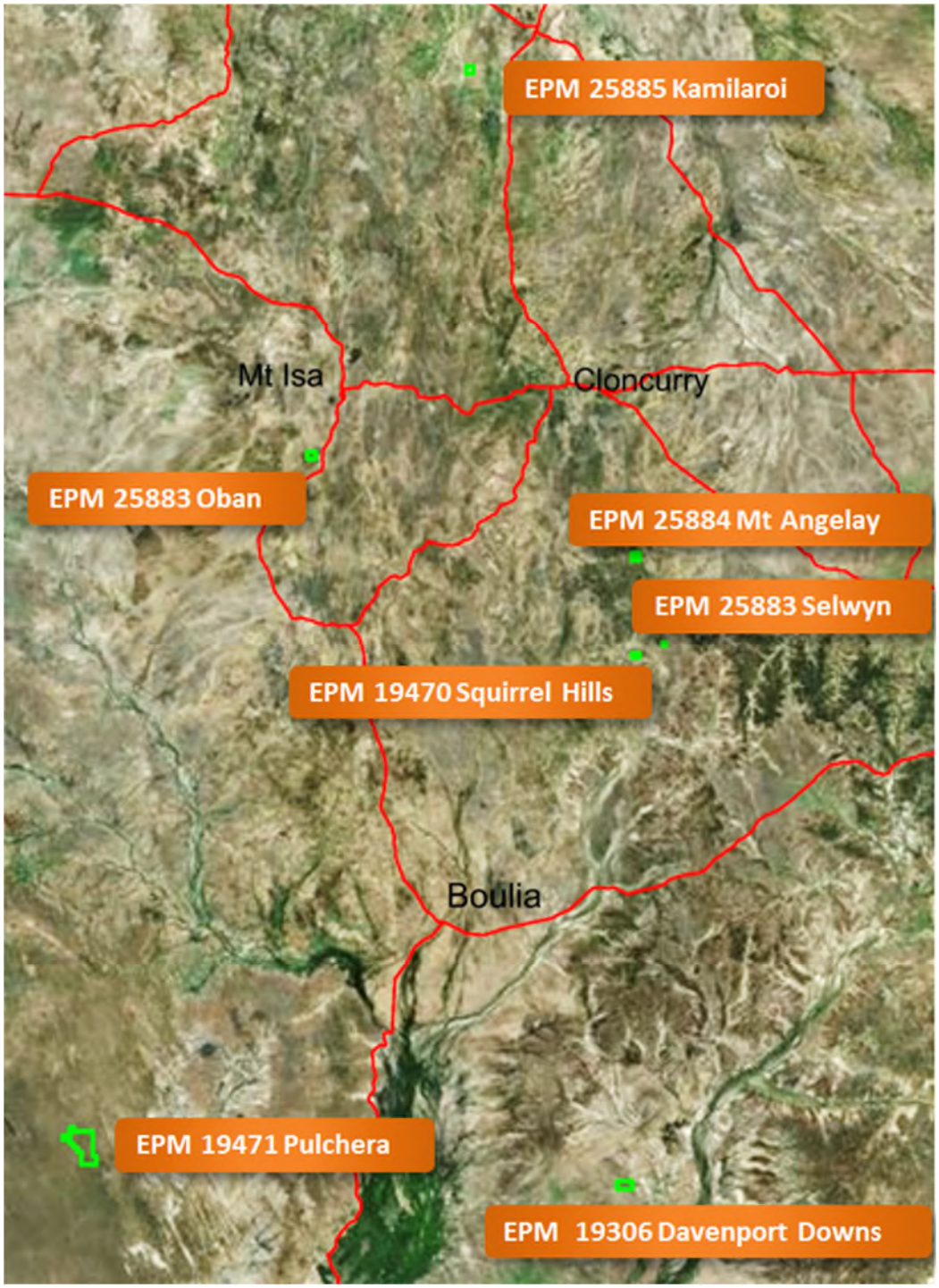
- **EPM 25887 Selwyn:** 11km North of BHP Cannington in the Staveley Formation.
- **EPM 25884 Mt Angelay:** 30km NE of Selwyn-Starra Deposit in the Staveley Formation.
- **EPM25885 Kamilaroi:** 150km NNW of Cloncurry. 40m @ 0.14% Cu in previous drilling by Paradigm Metals.
- **EPM25883 Oban:** 35km SW of Mt Isa at a splay in regional-scale structures where Alpha Centauri and Gunpowder Formation meta-sediments are exposed at surface.
- **EPM19306 Davenport Downs:** Southern extension of the Mount Isa Belt undercover to the north of the Diamantina Hinge Zone

Sediment Hosted Copper-Lead-Zinc Targets (Mt Isa – Cannington Style):

- **EPM19470 Squirrel Hill:** 12km WNW of BHP Cannington.
- **EPM19471 Pulchera:** A string of prospects situated in the Simpson Desert near the Northern Territory border in western Queensland. Along strike from Krucible Metals Toomba discovery of up to 27m @ 0.4% copper from 9m (including 3m @ 2.4% copper).

Alkaline Intrusion (Carbonatite) Hosted Cobalt-Scandium-Nickel -Rare Earth Element targets

- **EPM19471 Pulchera:** The project also sits astride an anomalously magnetic, post-orogenic late-Devonian alkaline intrusion, one of several running in a NW-SE orientation for several hundred kilometres from central NSW to the Gulf of Carpentaria. These underexplored intrusions have similarities to economically significant intrusions of the Kola Peninsula (Finland-Russia) which are prospective for Co-Sc-Ni and Rare Earth Elements as well as gold and platinum group elements.



Airborne VTEM Geophysical surveys were flown over selected projects in late 2016 and analysis of geochemical and geophysical data by MRG's technical partner Sasak resulted in an initial field program completed in May 2017. The program was focused on those areas with minimal soil or younger sedimentary cover. For those projects where the targets are under deeper cover, additional ground geophysics is required to generate 3D targets for drill testing.

Grid based geochemical sampling was completed over the Oban *(EPM25883)* and Selwyn *(EPM25887)* Projects and orientation lines over Mount Angelay *(EPM25884 & EPM26167)*. Geological mapping and reconnaissance for drilling access was also completed. Additionally, drill rig access to the Squirrel Hills Project was investigated.

The target Proterozoic aged rocks at Kamilaroi (*EPM25885*) and Davenport Downs (*EPM19306*) Projects lie under younger sedimentary cover and the development of a discreet drill-target will depend on additional geophysical methods. A ground gravity survey is in planning at Kamilaroi that will extend the existing surveys at the prospect to a wider coverage. Previous drilling by Paradigm Metals intersected 40m @ 0.14% Cu from 397.5 m in magnetic ironstone surrounded by meta sedimentary and calc silicate rocks in the central part of the licence. But analysis of VTEM and magnetic data from MRG's 2016 survey has changed the focus of the Company's exploration strategy onto a gravity anomaly to the south.

Enhanced modelling of cover depth over the Davenport Downs Project during January 2017 indicates that the depth of Palaeozoic Eromanga Basin sediments to be in the order 600m to 800m. Effective exploration of a target this deep would be prohibitively expensive despite the prospectivity of the geological setting. MRG is currently reviewing options for using deeper targeting technology before making a decision to continue with the Davenport Downs Project.

The Pulchera Project (*EPM19471*) is located in a remote part of western Queensland and a desktop review indicates that prospective rocks are overlain by 50m to 80m of Eromanga Basin Sediments and sand dunes. MRG is working on further defining the geological and structural framework of the prospect while developing a combined geophysical and geochemical sampling program that will be best suited to the terrain at this remote project. Further development of close working relationships with the leaseholders and Native Title Claimants in the area will be a crucial part of planning and activities over the forthcoming period.

Subsequent analysis of VTEM analysis, Soil sampling and Geological mapping has resulted in the prioritisation of the projects. Following the initial field work our future work in Queensland will be directed towards the Oban, Kamilaroi Mount Angeley and Pulchera Projects. The Selwyn, Squirrel Hills and Davenport Downs will be accorded lower priority

WESTERN AUSTRALIAN PROJECTS:

YARDILLA

MRG's Yardilla Project comprises 3 exploration licences covering high impact gold and nickel sulphide targets, Located 95km east-northeast of Norseman on the boundary between the Archaean Yilgarn Craton and the Proterozoic Albany-Fraser Orogen.

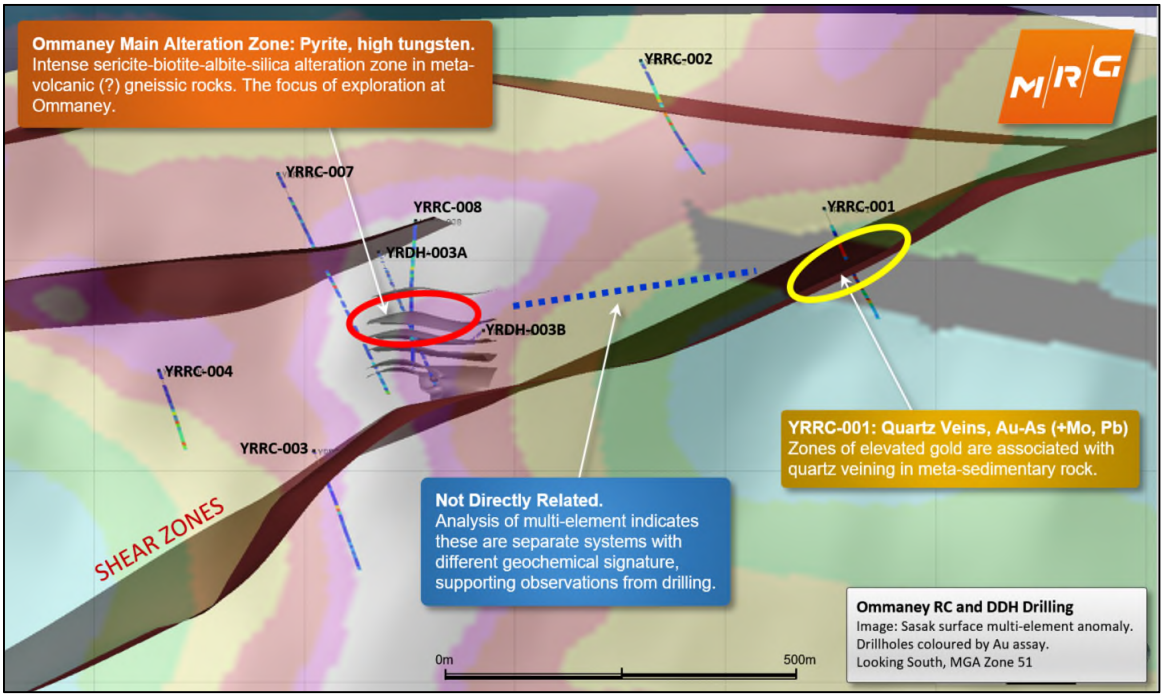
The Albany-Fraser Orogen hosts a number of world class deposits, including:

- Tropicana gold mine – Resource of 115.7Mt @ 1.89 g/t Au for 7.04Moz Au (30 June 2015)
- Nova-Bollinger nickel sulphide deposits – Resource of 14.3Mt @ 2.3% Ni & 0.9% Cu for 325kt Ni & 134kt Cu (30 June 2015)
- Trilogy base metal deposit – Resource of 6.2Mt @ 1% Cu, 0.9 g/t Au & 47 g/t Ag for 65kt Cu, 214koz Au & 9.3Moz Ag (30 June 2015)

The project is considered highly prospective and spans a portion of a the major tectonic suture between the Kurnalpi greenstone Terrain of the Yilgarn Craton and the Proterozoic Albany-Fraser Province, covering tectonically reworked Archaean rocks which form the eastern margin of the Yilgarn Craton. This is a Tectono-Structural position similar to the Tropicana deposit.

During the year MRG completed two drilling programs, a 788 metres of diamond in December 2016 with a follow up Reverse Circulation Program in April 2017. The initial diamond program discovered a large alteration zone at the Ommaney Prospect, revealed by analysis of exploration data generated by previous explorers. Two holes from this program, YRDH002A & YRDH003B identified the presence of a large alteration system.

Follow up RC drilling at the Ommaney prospect and subsequent analysis of the multi-element geochemical data from by Sasak Technical Services supports observations from MRG geologists that there are two phase of mineralisation present at Ommaney. Intervals of anomalous gold intersected in hole YRRC-001 are not directly related to the main alteration zone at Ommaney and should be treated as a separate target (see figure below).



Oblique view (towards the south) of RC and DDH drill holes at the Ommaney prospect (MRG: 2016-2017) with the Sasak-generated multi-element anomaly (translucent image) draped on topography. Analysis of geochemical results support observations by MRG geologists: intervals of anomalous gold in YRRC-001 appear to be from a different source/setting than the alteration zone centred on YRRD-003A. Simply drilling between the two is not likely to be a good exploration strategy.

Analysis of the geochemical characteristics of YRRC-001 in comparison to diamond holeYRDH-003A and YRRC-008 show it as separate population of more gold and arsenic rich mineralisation with significantly elevated Mo and Pb.

The anomalous intervals in YRRC-001 are associated with intermittent quartz veining hosted in dark grey meta-sedimentary rocks, rather than the feldspar-dominated gneissic rock or meta-volcanic rocks that is the interpreted precursor of the main pyrite and tungsten-rich intense alteration zone centred on YRDH-003A.

Further implications of this analysis are that drilling between the two targets (YRRC-001 and YRDH-003A) is unlikely to intersect a transitional zone between the two holes.

MRG's is currently in the process of further investigating the alteration system at Ommaney, having submitted core for thin section preparation and analysis. The results of this work will contribute towards better understanding how the exploration strategy at Yardilla should progress.

After this MRG plans to review the exploration strategy at Yardilla and likely direct efforts towards systematic Aircore/RAB drilling to top of fresh rock over expanded areas of the tenement where potential continuity to the alteration zone at Ommaney is interpreted from historical soil sampling and geophysical data.

XANADU

The Xanadu Project is located close to the northern-central margin of the Ashburton Basin, flanking both the Pilbara Craton and Hamersley Basin and lies 4km west southwest of Northern Star's Ashburton project (1.67Moz at 2.4g/t). It covers a 12km strike length of prospective stratigraphy that includes several known occurrences of gold mineralisation and a number of prospects including the Amphitheatre Mine. Gold mineralisation has been detected by shallow drilling along the entire strike length of the tenements.

A program of structural mapping and review of the Xanadu project geology was undertaken onsite in November 2016. A number of inconsistencies with historical exploration strategies and the understanding of mineralisation at the Xanadu project were identified during this field work, leading to a decision by MRG to postpone any planned drilling until a thorough structural and geological review could be completed.

A review of geological literature including recently published geochronology and stratigraphic models of the Pilbara-Ashburton region allowed the assembly of data into a new 3D model. This work included consultation with industry and government experts in the geology of the wider district to establish a timing and relative genetic framework for features identified at the Xanadu prospects. Previous explorers of the district were also consulted where possible to establish and confirm historical exploration strategies, and to further check the accuracy and reliability of the compiled database.

The Xanadu Technical Program is still ongoing. However, confidence in the location of the Xanadu project host-rocks within the established stratigraphy allows comparison to other exposures and to two main conclusions: That transition from carbonaceous and siliclastic sedimentation to carbonate reefs creates a situation of high chemical, rheological and permeability contrasts at Xanadu. The lithocap breccia and silica-sulphide alteration that is commonly exposed in pits and along escarpments at Xanadu is the result of a large and intense hydrothermal alteration system (10km in length) that is recorded in drilling to >300m, whereas secondary silicification due to weathering (silcrete) is of limited depth (1-2m from top surface of mesa).

The main controls on near-surface Au mineralisation in Xanadu are a steep fault network that cross-cuts the altered and brecciated rock and has similar geometry to the deposits and prospect around the Mt Olympus area. Extensive near-surface exploration of these corridors at Xanadu have only resulted in small and patchy deposits and resources being defined, whereas the core of this main fluid system at depth below the outcropping alteration remains to be identified and tested.

Recommendations from the Xanadu Technical Review are:

- Re-focus efforts towards developing a targeting strategy that combines investigation of appropriate geophysical techniques to identify a disseminated or vein-hosted orebody (not massive sulphide) at depth of 100-800m below the surface.
- Further litho-structural modelling of the Xanadu project area in 3D to support processing and interpretation of geophysical data.



South-eastern wall of the Amphitheatre Pit showing folded carbonaceous and siliclastic sediments with dark red-brown Duck Creek Dolomite above (Nov 2016).

LOONGANA PROJECT

MRG's Loongana Project is located on the Nullarbor Plain, 500kms east of Kalgoorlie and 60kms north of the Trans Australia railway line. MRG holds 2 granted licences that cover the majority of the Loongana Igneous Complex, a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250m to 350m below the surface.

The Complex was drilled for platinum reef style mineralisation. Due to localised structural complexity the reef style target was not tested by this drilling, however this still remains a valid drill target. Attention has now shifted to massive nickel - copper sulphides on the margins of the Complex and iron-oxide copper-gold (IOCG) mineralisation.

MRG have recently obtained the samples generated from 6 widely spaced deep holes drilled by previous explorers and these are being subject to hyperspectral analysis. The data generated from this work will be combined with previous geophysical analysis completed by Sasak to generate new drill targets within the central and western parts of the Complex.

KALGOORLIE EAST

MRG holds four contiguous Prospecting Licences; P26/3693, P26/3694, P26/4015 & P26/4016 over a consolidated area of 586 hectares within the Golden Ridge Belt, a structurally complex assemblage of Archean ultramafic, mafic and felsic volcanic rocks with associated sediments and cherts, intruded by a series of younger dolerite dykes and felsic porphyries. The project is located approximately 8km east of Kalgoorlie and 12km the north of Macpherson's Resources Ltd's Boorara Gold Project.

Further work on this Project will be in a similar vein to our Xanadu Project with litho-structural modelling of the project area in 3D to determine the focus of future exploration.

ACTIVITIES AND HIGHLIGHTS SINCE 30 JUNE 2017

Approval for 2017 Research and Development claim of approximately $669,000.

Completion of Norrliden Södra rock chip sampling in July.

Commencement of drilling at Sweden VMS project.

TENEMENTS:

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Yardilla	E28/2368	100	
Yardilla	E63/1626	100	
Yardilla	E28/2338	100	
Xanadu	P52/1366	100	
Xanadu	P52/1367	100	
Xanadu	P52/1368	100	
Xanadu	P52/1369	100	
Xanadu	P52/1372	100	
Xanadu	P52/1373	100	
Xanadu	P52/1374	100	
Xanadu	P52/1375	100	
Xanadu	P52/1376	100	
Xanadu	P52/1377	100	
Xanadu	P52/1378	100	
Xanadu	P52/1379	100	
Xanadu	P52/1380	100	
Xanadu	P52/1381	100	
Xanadu	E52/3065	100	
Kalgoorlie East	P26/4015	100	
Kalgoorlie East	P26/4016	100	
Kalgoorlie East	P26/3693	100	
Kalgoorlie East	P26/3694	100	
Loongana	E69/3104	100	
Loongana	E69/3288	100	
Davenport Downs	EPM19306	100	
Squirrel Hill	EPM19470	100	
Pulchera	EPM19471	100	
Mt Angelay I	EPM25884	100	
Mt Angelay II	EPM26167	100	
Oban	EPM25883	100	
Kamilleroi	EPM25885	100	
Selwyn	EPM25887	100	

Directors' Report

The Directors of MRG Metals Ltd present their Report together with the financial statements of the consolidated entity, being MRG Metals Ltd ('MRG' or 'the Company') and its controlled entities, MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd ('the Group') for the year ended 30 June 2017 and the Independent Auditor's Report thereon.

Director details

The following persons were directors of MRG Metals Ltd during or since the end of the financial year.

Mr Andrew Van Der Zwan
BE Chemical Engineering (hons)
Independent Non Executive Director since 07/01/2013
Chairman since 08/10/2013
Director since 14/02/2011

Andrew has over 30 years engineering and commercial experience, both local and international. He was a Non Executive Director of Gulfx Ltd for 11 years and was employed in various senior positions within the worldwide operations of Exxon Mobil for 17 years.

Other current directorships:
Argo Exploration Ltd (ASX: AXT) since 19/03/2013
Previous directorships (last 3 years):
TTE Petroleum Ltd (ASX: TTE) April 2014 to April 2016
Interests in shares:
7,187,500 shares
Interest in options:
3,590,000 August 2020 options

Mr Shane Turner
CA, Bachelor of Business
Independent Non-Executive Director
Director since incorporation 24/01/2011

Shane is a Chartered Accountant and has over 30 years financial and accounting experience. He has been employed with KPMG, a large regional public accounting practice, operated his own public accounting practice and now is employed with RSM Australia. He has been Company Secretary and CFO of White Rock Minerals (ASX: WRM) since August 2015. He was a Non Executive Director and Company Secretary for Metminco (ASX: MNC) for 2 years.

Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
5,305,800 shares
Interest in options:
1,520,000 August 2020 options

Mr Christopher Gregory
BSc Geology, MAusIMM, MAIG, FSEG, MAICD
Independent Non-Executive Director since 12/08/2013
Director since 12/08/2013

Chris has extensive global minerals industry experience over 37 years, at both technical and executive levels. Career foundation of 22 years in the Asia-Pacific region with Rio Tinto. Currently Vice President – Operational Geology at Mandalay Resources (TSX: MND) and MD at Sasak Minerals.

Other current directorships:
None
Previous directorships (last 3 years):
None
Interests in shares:
24,899,800 shares
Interest in options:
8,300,000 August 2020 options

Mr Keith Weston
BSc Geology (hons), MAusIMM
Managing Director & Chief Executive Officer since 07/01/2013
Director since 07/01/2013
Ceased 05/08/2016

Company secretary

Shane Turner is a Chartered Accountant and the Group Chief Financial Officer. Shane has held senior positions with a number of professional accounting firms and has a degree in Business. Shane has held the role of company secretary at White Rock Minerals (ASX: WRM) since August 2015. Shane has previously held the role of company secretary for Metminco (ASX: MNC) for 2 years. He has been the company secretary of MRG since incorporation on 24/01/2011.

Principal activities

During the period, the principal activities of entities within the Group were exploration and development of gold, base metals and other commodities within Australia and Overseas. There have been no significant changes in the nature of these activities during the period.

Review of operations and financial results

The operating result of the Group for the year ended was a loss of $590,197 (2016 loss $2,022,320). Refer detailed Review of Operations that follows this report.

Earnings per share (0.21) cents (2016 (1.49) cents).

Further information on the detailed operations of the Group during the year is included in the Review of Operations Report.

Significant changes in the state of affairs

During the year, some tenement applications for the Kalgoorlie East project were relinquished.

During the year, new tenement applications for Yardilla project were made and not yet granted at year end.

During the year, a Farm-in Agreement was entered into on a Sweden VMS project.

Dividends

There were no dividends declared or paid during the financial period.

Events arising since the end of the reporting period

Since the end of the year no further significant events have occurred other than those noted in the Review of Operations Report.

Likely developments

Information on likely developments in the Group's operations and the expected results have not been included in this report because the directors believe it would likely result in unreasonable prejudice to the Group.

Directors' meetings

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

Name	Board meetings	
	A	B
Mr A Van Der Zwan	21	21
Mr K Weston	2	2
Mr S Turner	21	21
Mr C Gregory	21	21

Where:
A is the number of meetings the Director was entitled to attend
B is the number of meetings the Director attended

Remuneration Report (audited)

The Directors of MRG Metals Ltd ('the Group') present the Remuneration Report prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

a. Principles used to determine the nature and amount of remuneration
b. Details of remuneration
c. Service agreements
d. Share-based remuneration
e. Bonuses included in remuneration
f. Other information

(a) Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

MRG Metals Ltd has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board, in accordance with its charter as approved by the Board, is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Superannuation to meet statutory obligations.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Board annually as part of the review of executive. All bonuses, options and incentives must be linked to pre-determined performance criteria.

(b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of MRG Metals Ltd are shown in the table below.

Director and other Key Management Personnel Remuneration

	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments		% of remuneration that is performance based
Name	**Cash salary and fees ($)**	**Cash bonus ($)**	**Non-monetary benefits ($)**	**Superannuation ($)**	**Long-term bonus ($)**	**Termination payments ($)**	**Options ($)**	**Total ($)**	
Executive director									
Mr K Weston	6,666	-	-	633	-	-	-	7,299	Nil
Non-executive directors									
Mr A Van Der Zwan	95,837	-	60,800	4,750	-	-	-	161,387	Nil
Mr S Turner	100,000	-	60,800	9,500	-	-	-	170,300	Nil
Mr C Gregory	112,000	-	60,800	4,750	-	-	-	177,550	Nil
2017 Total	**314,503**	**-**	**182,400**	**19,633**	**-**	**-**	**-**	**516,536**	**Nil**
Executive directors									
Mr K Weston	94,500	-	-	7,600	-	-	-	102,100	Nil
Non-executive directors									
Mr C Gregory	112,000	-	-	4,275	-	-	-	116,275	Nil
Mr S Turner	100,000	-	-	9,500	-	-	-	109,500	Nil
Mr A Van Der Zwan	55,000	-	-	5,225	-	-	-	60,225	Nil
2016 Total	**361,500**	**-**	**-**	**26,600**	**-**	**-**	**-**	**388,100**	**Nil**

Note: Mr K Weston ceased 5 August 2016.
Note: At 30 June 2016, deferred remuneration to Directors was $106,732. This amount is included in the totals above.

(c) Service agreements

Remuneration and other terms of employment for Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Mr A Van Der Zwan	50,000	Rotation per Corporations Act 2001	Nil
Mr A Van Der Zwan - Consultant	50,000	No fixed term	
Mr C Gregory	50,000	Rotation per Corporations Act 2001	Nil
Mr C Gregory - Consultant	62,000	No fixed term	Nil
Mr S Turner - Director	50,000	Rotation per Corporations Act 2001	Nil
Mr S Turner - Secretary	50,000	No fixed term	Nil

(d) Share based remuneration

During the year, 4,000,000 performance rights to each Director were approved at the 2016 Annual General Meeting (AGM) for nil consideration, vesting upon Company's share price attaining a 5 day VWAP of $0.05 per share, expiring 5 years after grant. A valuation of the fair value of the performance rights using a Monte-Carlo valuation model assessed the fair value of 4,000,000 performance rights at $60,800.

(e) Bonuses included in remuneration

No short-term incentive cash bonuses were awarded as remuneration during the financial year.

(f) Other information

Loans to key management personnel (KMP) – there were no loans from the Company to KMP's during the financial year (2016: nil).
Other transactions with KMP's – none (2016: nil).

Shares held by key management personnel

The number of ordinary shares in the Company held by each of the Group's key management personnel, including their related parties, is set out below:

2017 Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	2,375,000	4,812,500	-	-	7,187,500
Turner	1,652,900	3,652,900	-	-	5,305,800
Gregory	12,449,900	12,449,900	-	-	24,899,800
Weston	100,000	-	-	(100,000)	-
	16,577,800	20,915,300	-	(100,000)	37,393,100

Mr Weston held 100,000 shares at date of cessation, 5 August 2016.

2016 Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	2,375,000	-	-	-	2,375,000
Turner	1,652,900	-	-	-	1,652,900
Gregory	12,449,900	-	-	-	12,449,900
Weston	100,000	-	-	-	100,000
	16,577,800	-	-	-	16,577,800

Options held by key management personnel
The number of options to acquire shares in the Company held by each of the key management personnel of the Group; including their related parties are set out below.

2017 Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	4,670,000	-	-	(1,080,000)	3,590,000
Turner	2,255,000	-	-	(735,000)	1,520,000
Gregory	8,300,000	-	-	-	8,300,000
Weston	88,688	-	-	(88,688)	-
	15,313,688	-	-	(1,903,688)	13,410,000

2016 Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	1,080,000	3,590,000	-	-	4,670,000
Turner	735,000	1,520,000	-	-	2,255,000
Gregory	-	8,300,000	-	-	8,300,000
Weston	-	88,688	-	-	88,688
	1,815,000	13,498,688	-	-	15,313,688

End of audited remuneration report.

Environmental legislation

The Group's projects are subject to environmental regulation under laws of the Commonwealth and States and Territories in Australia, specifically the Group is required to comply with terms of the grant of the tenement and all directions given to it under those terms of the tenement which it holds. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the period ended 30 June 2017.

Indemnities given and insurance premiums paid to auditors and officers

During the year, MRG Metals Ltd negotiated a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Non-audit services

During the previous period, Grant Thornton Audit Pty Ltd, the Group's auditors, performed no other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Group, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in note 16 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 20 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the directors.



Andrew Van Der Zwan
Chairman

28 September 2017

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Auditor's Independence Declaration to the Directors of MRG Metals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MRG Metals Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S C Trivett
Partner - Audit & Assurance

Melbourne, 28 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Corporate Governance Statement

MRG Metals Ltd has adopted comprehensive systems of controls and accountability as the basis for the administration of corporate governance. To the extent that they are applicable, MRG has adopted the Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014. The Corporate Governance Statement is current at 30 June 2017 and has been approved by the Board of Directors.

ASX Corporate Governance Council Recommendation	MRG policy
Principle 1: Lay solid foundations for management and oversight	
Recommendation 1.1: Companies should establish functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance framework includes a Board Charter, which details the specific responsibilities of the Board and identifies those areas of authority delegated to senior executives.
Recommendation 1.2: Companies should: - undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and - provide security holders with all material information it its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company's Board Charter provides that appropriate checks should be undertaken before the appointment of a director. If checks reveal any information that is relevant , then the Company will disclose that information to Shareholders.
Recommendation 1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company's Board Charter sets provides that all directors and senior executives, at the time of their appointment, should execute a written agreement that sets out the key terms of their appointment.
Recommendation 1.4: Company Secretaries should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	The Company's Board Charter sets out the role of the Company Secretary and ensures that the Company Secretary is accountable to the Board, through the Chairman.
Recommendation 1.5: Companies should: - have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to access annually both the objectives and the progress in achieving them; - disclose the diversity policy or a summary of the policy; - disclose, at the end of each reporting period, the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board, in accordance with the diversity policy, and its progress towards achieving them, and either: - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the company has defined "senior executive" for these purposes); or	The Company's Diversity Policy requires the Board to set out measurable objectives for achieving gender diversity. The Diversity Policy requires the Board to annually assess its diversity objectives and report on the Company's progress in achieving those objectives. At the end of each reporting period, the Diversity Policy requires the Company to report on its progress and set out the respective proportion of men and women across the whole of the Company (including their representation in key management positions)

ASX Corporate Governance Council Recommendation	MRG policy
- if the Company is a "relevant employer" under the Workplace Gender Equality Act, the Company's most recent "Gender Equality Indicators" as defined in and published under that Act.	
Recommendation 1.6: Companies should: - have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Company Secretary plays an integral role in monitoring the conduct and activities of Board, ensuring the Board has an appropriate mix of skills and experience and reviewing individual director's performance. The Chairman is responsible for reviewing the performance of the Company Secretary.
Recommendation 1.7: Companies should: - have and disclose a process for periodically evaluating the performance of its senior executives; and - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	The Chairman is responsible for reviewing the individual performance of senior executives.
Principle 2: Structure the board to add value	

Recommendation 2.1: Companies should:
- have a nominations committee which:
  - has at least three members, a majority of whom are independent directors; and
  - is chaired by an independent director.
 	
The Company should disclosed:
- The charter of the nomination committee;
- The members of the nomination committee; and
- as at the end of each reporting period, the number of times the nomination committee met through the period and the individual attendances of the members at those meetings; or
 	
if the Company does not have a nomination committee disclose, that fact, and the process it employs to address Board successions issues and to ensure that the Board has appropriate balance of skills knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively
	The Company does not currently have a nomination committee. The Board does not consider it necessary given the size of the Company's current operations. Board appointments will be decided by the Board as a whole, taking into consideration the needs of the Company at the relevant time. Where the Company considers there is a need to review the skills and competencies of the existing Directors and to supplement that experience, the Company would consider engaging appropriately qualified third parties to assist with the review. The Company's Board Charter requires the Board to develop succession plans for the future management of the Company.

Recommendation 2.2: Companies should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	The Company's Board Charter sets out the directors' obligations to prepare and disclose a Board skills matrix.

ASX Corporate Governance Council Recommendation	MRG policy
Recommendation 2.3: Companies should disclose: - the names of directors considered by the Board to be independent directors; - If a director has an interest, position, association or relationship of a type set out in Box 2.3 of the Third Edition of the Recommendations, but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and - the length of service of each director.	The Company's Board Charter sets out the directors' obligations in relation to conflicts of interests and the disclosure requirements of the Board.
Recommendation 2.4: The majority of the Board of a Company should be independent directors.	All of the Company's current directors, being Chris Gregory, Andrew Van Der Zwan and Shane Turner, are independent directors.
Recommendation 2.5: The Chairman of the Board should be an independent director and, in particular, should not be the same person as the CEO of the Company.	Andrew Van Der Zwan, an independent director, is the Chairman of the Board.
Recommendation 2.6: Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company's Board Charter requires the Board to implement an induction procedure to assist newly appointed directors to gain an understanding of the Company's polices and procedures. In addition, the Board Charter requires the Board to develop continuing education opportunities in order to provide the directors with the ability to enhance their skills.
Principle 3: Promote ethical and responsible decision making	
Recommendation 3.1: Companies should: - have a code of conduct for its directors, senior executives and employees; and - disclose that code or a summary of it.	The Board has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account the Company's legal obligations and the reasonable expectations of shareholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct will be available on the Company's website.
Principle 4: Safeguard integrity in financial reporting	
Recommendation 4.1: The Board should establish an audit committee. If the Company does not have an audit committee, disclose that fact, and the process it employs to independently verify and safeguard the integrity of its corporate reporting, including the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company does not currently have an audit committee. The Board does not consider it necessary given the size of the Company's current operations. The functions of this committee will be carried out by the whole Board. The Company Secretary has significant experience in financial and accounting matters and will be primarily responsible for monitoring and preparing the financial reports. External resources will be commissioned where necessary.
Recommendation 4.2: The Board should, before it approves the company's financial statements for a	The Company's process and practices comply with the Recommendation. In particular, the CFO of the

ASX Corporate Governance Council Recommendation	MRG policy
financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Company provides a declaration in relation to the Company's financial statements that, in his opinion, the financial records of the Company have been maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3: Companies that have AGMs should ensure that their external auditors attend their AGMs and are available to answer questions from security holders relevant to the audit	As a matter of practice, the Company invites the external auditors of the Company to attend the AGM of the Company. The security holders are provided with an opportunity to ask questions of the external auditors at the AGM.
Principle 5: Make timely and balanced disclosure	
Recommendation 5.1: Companies should: - have a written policy for compliance with its continuous disclosure obligations under the ASX Listing Rules; and - disclose that policy or a summary of it.	The Company has established a Continuous Disclosure Policy which applies to all directors and senior management. A copy of the Continuous Disclosure Policy has been made available on the Company's website.
Principle 6: Respect the rights of shareholders	
Recommendation 6.1: Companies should provide information about itself and its governance to investors via its website.	The Company's Continuous Disclosure Policy requires the Company to include all of its corporate governance policies on its websites.
Recommendation 6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company's Board Charter sets out the manner in which the Board should endeavor to communicate with its shareholders and the manner in which shareholders can make enquiries to the Company.
Recommendation 6.3: Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	The Company's Board Charter sets out the Company's goal to encourage participation at general meetings.
Recommendation 6.4: Companies should give security holders the option to receive communications from, and send communications to, the Company and its security registry electronically.	The Company's Board Charter addresses the means to effectively communicate with shareholders.
Principle 7: Recognise and manage risk	
Recommendation 7.1: Companies should have a committee to oversee risk. If a Company does not have a risk committee, it must disclose that fact, and the processes it employs for overseeing the Company's risk management framework.	Given the size of the Company's current operations, the Board has formed the view that a separate risk committee is not necessary. The Board itself monitors all areas of operational and financial risk and considers strategies for appropriate risk management arrangements on an ongoing basis. If considered necessary, external input will be sought to assess and counteract identified risks.
Recommendation 7.2: Companies should: - review their risk management framework at least annual to satisfy that the continue to be sound; and	The Board requires that Andrew Van Der Zwan, as Chairman undertakes a review of the Company's risk management framework annually to ensure that the framework continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.

ASX Corporate Governance Council Recommendation	MRG policy
- disclose in relation to each reporting period, whether such a review has taken place.	
Recommendation 7.3: Companies should: - if they have an internal audit function, how the function is structured and what role it performs; or - if they do not have an internal audit function, that fact and the process they employ for evaluating and continually improving effectiveness of their risk management and internal control process.	Given the size of the Company's current operations, the Board has formed the view that the appointment of an internal auditor is not necessary. The Board will oversee the risk management and internal control process. If considered necessary, external input will be sought to assess and review the effectiveness of the Company's risk management and internal control process.
Recommendation 7.4: Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risk.	The Board will be responsible for disclosing whether the Company has any material exposure to economic, environmental and social responsibility risks and, if it does, how it intends to manage those risks.
Principle 8: Remunerate fairly and responsibly	
Recommendation 8.1: The Board should establish a remuneration committee. If the Company does not have a remuneration committee, disclose that fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensure that such remuneration is appropriate and not excessive.	The Company does not currently have a remuneration committee. The Board does not consider it necessary given the size of the Company's current operations. The Board is responsible for making recommendations regarding director and management remuneration packages. The Company's Board Charter sets out the principles that should be considered by the Board in making recommendations in relation to management remuneration packages.
Recommendation 8.2: Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Board is aware of the need to ensure remuneration remains competitive and consistent with competitor companies and that remuneration reflects the performance of the Company over time. The directors performing an executive role are remunerated based on the scope of their responsibilities and the performance of the Company. Non-executive directors are paid fees within the total as determined by shareholders. The Company will provide the requisite disclosure regarding executive remuneration policies in its annual report.
Recommendation 8.3: Companies which have equity based remuneration schemes should: - have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and - disclose the policy or a summary of it.	The Share Trading Policy of the Company prohibits employees of the Company from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in the Company.

The Board actively monitors the Company's governance framework, related practices and overall culture.

Statement of Financial Position

As of 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Assets			
Current			
Cash and cash equivalents	9	579,964	72,206
Other receivables	8	728,503	580,719
Total current assets		1,308,467	652,925
Non-current			
Plant & Equipment	12	1,809	1,613
Exploration & Evaluation	13	3,056,142	2,191,582
Option	14	-	75,000
Total non-current assets		3,057,951	2,268,195
Total assets		4,366,418	2,921,120
Liabilities			
Current			
Trade and other payables	11	132,843	289,374
Total current liabilities		132,843	289,374
Total liabilities		132,843	289,374
Net assets		4,233,575	2,631,746
Equity			
Share capital	10	18,104,748	15,938,494
Reserve	10	703,174	1,103,444
Retained earnings		(14,574,347)	(14,410,192)
Total equity		4,233,575	2,631,746

This statement should be read in conjunction with the notes to the financial statements.

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Revenue	6	9,799	3,714
Research & Development Incentive		174,452	215,745
Other income		26,181	21,600
Employee benefits expense		(248,390)	(306,594)
Consultants		(295,307)	(273,461)
Promotions expense		(65,754)	(84,513)
Other expenses		(190,203)	(197,507)
Amortisation/Depreciation expenses		(975)	(532)
Exploration/Tenements write off expenses	13	-	(1,400,772)
(Loss) before tax		(590,197)	(2,022,320)
Tax expense	15	-	-
(Loss) after tax		(590,197)	(2,022,320)
Other comprehensive income, net of tax		-	-
Total comprehensive (losses)		(590,197)	(2,022,320)

		Cents	Cents
Earnings per share	17		
Basic earnings per share			
Earnings from continuing operations		(0.21)	(1.49)
Diluted earnings per share			
Earnings from continuing operations		(0.21)	(1.49)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

for the year ended 30 June 2017

	Share Capital $	Share based payments $	Retained earnings $	Total equity $
Balance at 1 July 2015	16,364,536	-	(11,841,687)	4,522,849
Adjustment to prior period (Note 5)		-	(546,185)	(546,185)
Loss after income tax expense for the period	-	-	(2,022,320)	(2,022,320)
Transactions with owners				
Issue of share capital	677,402	-	-	677,402
Balance at 30 June 2016	17,041,938	-	(14,410,192)	2,631,746
Balance at 1 July 2016	17,041,938	-	(14,410,192)	2,631,746
Issue of share capital	2,264,121	-	-	2,264,121
Transaction costs	(97,867)	-	-	(97,867)
Share based payments	-	25,772	-	25,772
Lapsed options	(426,042)	-	426,042	-
Loss after income tax expense for the period	-		(590,197)	(590,197)
Balance at 30 June 2017	18,782,150	25,772	(14,574,347)	4,233,575

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

for the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Operating activities			
Interest received		9,799	6,295
Sale of Data		25,000	-
Research & Development Incentive		551,680	455,357
Government Drilling Grants		-	116,640
Payments to suppliers and employees		(1,453,324)	(1,410,718)
Net cash used in operating activities	18	(866,845)	(832,426)
Investing activities			
Payment for exploration & evaluation		(691,942)	(178,427)
Payment for plant & equipment		(1,172)	(2,145)
Net cash used in investing activities		(693,114)	(180,572)
Financing activities			
Proceeds from issue of capital (1)		2,128,121	704,081
Payment of transaction costs		(60,404)	(29,016)
Net cash from financing activities		2,067,717	675,065
Net change in cash and cash equivalents		507,758	(337,933)
Cash and cash equivalents, beginning of year		72,206	410,139
Cash and cash equivalents, end of year	9	579,964	72,206

(1) The Group also had non-cash activities in the form of issuance of shares to the value of $100,000 as consideration for tenement acquisitions, $52,000 as consideration for corporate advisory services and $36,000 as consideration for geological services rendered.

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements

1 Nature of operations

The activities of MRG Metals Ltd and its subsidiaries, MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd are exploration and development of gold, base metals and other commodities within Australia.

2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MRG Metals Ltd is the Group's ultimate parent company. MRG Metals Ltd is a public company incorporated and domiciled in Australia.

The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the board of directors on 28 September 2017 (see note 26).

3 New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 9 Financial instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
  - the remaining change is presented in profit or loss

  If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

AASB 15 Revenue from contracts with customers
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue related Interpretations and:
- Establishes a new revenue recognition model
- Changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- Provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- Expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 16
AASB 16 replaces AASB 117 Leases and some lease-related Interpretations and:
• requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
• provides new guidance on the application of the definition of lease and on sale and lease back accounting
• largely retains the existing lessor accounting requirements in AASB 117
• requires new and different disclosures about leases

When this Standard is first adopted for the year ending 30 June 2020, there will be no material impact on the transactions and balances recognised in the financial statements

4 Summary of accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Presentation of financial statements

AASB 101 requires two comparative periods to be presented for the statement of financial position in certain circumstances.

4.3 Basis of measurement

Going Concern

The Group recorded a loss after tax of $590,197 and net cash outflows from operating and investing activities were $1,559,959 for the year ended 30 June 2017. The Group's financial position as at 30 June 2017 was as follows:

- The Group had available cash reserves of $579,964;
- The Group's current assets of $1,308,467 exceed current liabilities of $132,843 by $1,175,624;
- The Group's main activity is exploration and as such it does not presently have a source of operating income, rather it is reliant on Research and Development tax refund, equity raisings or funds from other external sources to fund its activities.

Current forecasts indicate that cash on hand as at 30 June 2017 will not be sufficient to fully fund the planned exploration and operational activities during the next twelve months. Accordingly, the Group will be required to secure additional funding in order to undertake the planned exploration and operational activities or reduce or defer expenditure.

The Group's position as at 31 August 2017 was as follows:

- The Group had available cash reserves of $381,738;
- The Group continued to have a positive working capital position; and
- There have been no material changes to the Group's liabilities or non-cancellable commitments since 30 June 2017.

The Directors are confident that the Group will be able to secure sufficient funds or reduce or defer expenditure to ensure that the Group can meet essential operational and expenditure commitments for at least the next twelve months.

Accordingly, the financial statements for the year ended 30 June 2017 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its essential operating costs and pay its debts as and when they fall due for at least twelve months from the date of this report.

However, the Directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Group may be required to relinquish title to certain tenements, significantly curtail further expenditures and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

4.4 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary undertakings drawn up to 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.5 Segment reporting

Operating segments are presented using the 'management approach', where information is presented on the same basis as the internal reports provided to chief operating decision makers, being the Board of Directors. The Board of Directors are responsible for the allocation of resource to operating segments and assessing their performance.

4.6 Revenue

Interest income is recognised on an accrual basis using the effective interest method.

4.7 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.8 Exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

4.9 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 Other Receivables

Other receivables are recognised at amortised cost, less any impairment.

4.12 Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

4.13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MRG Metals Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4.14 Equity

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

4.15 Post employment benefits

The Group provides post employment benefits through various accumulation funds.

An accumulation fund is a superannuation fund under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to the funds are recognised as an expense in the period that relevant employee services are received.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated

with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.17 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

4.18 Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred tax assets/Tax losses

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The Group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised in the foreseeable future.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Exploration and evaluation assets

At each reporting date, the directors review the carrying amount of each area of interest, with reference to the indicators of impairment outlined in AASB 6 Exploration for and Evaluation of Mineral Resources. No indicators of impairment were noted in the current period.

4.18 Other intangible assets

Recognition of other intangible assets

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

4.19 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.20 Government incentives and grants

Government incentives and grants comprise assistance by the Government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the activities of the Group. Government incentives and grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government incentives and grants are recognised in profit or loss on a systematic basis over the periods in which expenses are recognised for the related costs for which grants are intended to compensate.

5 Adjustment to prior periods

The Research & Development Tax Incentive was accounted for as income in the profit and loss account on an accruals basis in prior periods. This income should be offset against exploration and evaluation assets under *AASB 120 Accounting for Government Grants*, to the extent that the related expenditure is capitalised. An adjustment has been made to comparative amounts to reflect this accounting treatment. This accounting treatment has been reflected by restating each of the affected financial statement line items for comparative periods as follows:

Statement of financial position (extract)	30 June 2016		
	Previous amount	Adjustment	Restated amount
Exploration and evaluation asset	3,073,702	(882,120)	2,191,582
Net assets	3,513,866	(882,120)	2,631,746
Retained earnings	(13,528,072)	(882,120)	(14,410,192)
Total equity	**3,513,866**	**(882,120)**	**2,631,746**
Statement of profit or loss (extract)	**Previous amount**	**Adjustment**	**Restated amount**
Research & development incentive	**551,680**	**(335,935)**	**215,745**
Prior period profit or loss impact		**(546,185)**	
Diluted earnings per share (EPS)	**(1.24)**	**(0.25)**	**(1.49)**

6 Revenue

	Consolidated 2017 $	Consolidated 2016 $
Interest	9,799	3,714
	9,799	3,714

7 Segment reporting

The Group is organised into one operating segment, which is the exploration and development of Gold, base metals and other commodities within Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

8 Other receivables

	Consolidated 2017 $	Consolidated 2016 $
GST receivables	45,203	18,277
Prepayments	-	8,262
Research & Development Incentive receivable	669,271	551,680
Other	14,029	2,500
Other receivables	728,503	580,719

The receivables noted above are not impaired nor past due.

9 Cash and cash equivalents

Cash and cash equivalents include the following components:

	Consolidated 2017 $	Consolidated 2016 $
Cash at bank and in hand:		
AUD	559,855	52,097
Short term deposits (AUD)	20,109	20,109
Cash and cash equivalents	579,964	72,206

The effective interest rate on short-term bank deposits is 3.00%; these deposits have an average maturity of 365 days.

10 Equity

10.1 Share capital & reserves

The share capital of MRG Metals Ltd consists of fully paid ordinary shares and options, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of MRG Metals Ltd.

Date Issued	Details	Quantity	Consolidated 2016 $
	SHARES		
	Total at 1 July 2015	135,612,115	15,938,494
	Shares issued and fully paid:		
	Total share capital at 30 June 2016	135,612,115	15,938,494
	OPTIONS		
	Total at 1 July 2015	44,007,993	426,042
15 September 2015	Issued to Shareholders	72,978,404	677,402
	Total issued options at 30 June 2016	116,986,397	1,103,444
	SHARE CAPITAL & RESERVES		17,041,938

Date Issued	Details	Quantity	Consolidated 2017 $
	SHARES		
	Total at 1 July 2016	135,612,115	15,938,494
	Additions during the year	185,167,644	2,264,121
	Costs of raising		(97,867)
	Total share capital at 30 June 2017	320,779,759	18,104,748

OPTIONS		
Total at 1 July 2016	116,986,397	1,103,444
Lapsed during the year	(44,007,993)	(426,042)
Total issued options at 30 June 2017	72,978,404	677,402
SHARE BASED PAYMENTS RESERVE		
Total at 1 July 2016		-
Created during the year		25,772
Total reserve at 30 June 2017		25,772
SHARE CAPITAL & RESERVES		18,807,922

10.2 Dividends

No dividends were declared or paid during the year. There are no franking credits outstanding at period end.

11 Trade and other payables

Trade and other payables recognised in the Statement of Financial Position can be analysed as follows:

	Consolidated 2017	Consolidated 2016
Current	$	$
- Trade payables	22,673	41,474
- Other payables and accrued expenses	110,170	85,168
- Accrued Directors fees	-	106,732
- Accrued Consultant fees	-	56,000
	132,843	289,374

12 Plant and equipment

	Consolidated 2017	Consolidated 2016
	$	$
Plant & Equipment	4,420	3,248
Accumulated Depreciation	(2,611)	(1,635)
	1,809	1,613

13 Exploration and evaluation assets

	Consolidated 2016
	$
Cost as at 1 July 2015	3,960,509
Additions	13,956
Other exploration costs	509,474
Relinquishments	(1,410,237)
Offset R&D Tax Incentive	(335,935)
Adjustment to prior period (Note 5)	(546,185)
Cost as at 30 June 2016	2,191,582

	Consolidated 2017 $
Cost as at 1 July 2016	2,191,582
Additions	210,055
Other exploration costs	1,149,324
Offset R&D Tax Incentive	(494,819)
Cost as at 30 June 2017	3,056,142

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The relinquishments represents the capitalised amounts written off during the period when ownership of the tenements is abandoned.

14 Option

The company entered into an Option Agreement on 23 June 2014 for the right to acquire tenements adjacent to its Yardilla tenement in the South Fraser Range area of Western Australia. The cost of the Option was $75,000 ($25,000 cash and $50,000 shares). The Option gave the Company the right to acquire the tenements within 2 years for $100,000 of shares in the Company. This Option was exercised during the year for consideration of 5,555,556 shares. Upon a decision to mine, another $500,000 of shares in the Company are payable.

15 Income tax expense

The relationship between the expected tax expense based on the tax rate of MRG Metals Ltd and the reported tax expense in profit or loss can be reconciled as follows, also showing major components of tax expenses:

	Consolidated 2017 $	Consolidated 2016 $
Profit/(loss) before tax	(590,197)	(2,022,320)
Expected tax expense/(benefit) @ 27.5%	(162,304)	(606,696)
Adjustment for non-deductible expenses:		
- Movement in accruals	6,876	(4,555)
- Exploration and evaluation expenses	-	(152,842)
Adjustment for non-assessable income:		
- Movement in other receivables	(40,641)	13,860
	(196,069)	(750,233)
Current period tax (loss) not recognised	(196,069)	(750,233)
Deferred tax expense:		
- Temporary differences	(33,765)	(143,537)
- Unused tax losses	196,069	750,233
Deferred tax assets not recognised	162,304	606,696

The above potential tax benefit has not be recognised as the recovery is uncertain.

The carry forward tax losses at 30 June 2017 were $13,553,595.

The taxation benefit of tax losses and temporary differences not brought to account will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no change in tax legislation adversely affects the Group in realising the benefits from deducting the tax losses.

16 Auditor remuneration

	Consolidated 2017 $	Consolidated 2016 $
Audit services		
Auditors of MRG Metals Ltd – Grant Thornton		
- Audit and review of the financial reports	38,500	30,000
Audit services remuneration	38,500	30,000
Other services	-	-
Total Auditor's remuneration	38,500	30,000

17 Earnings per share

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Consolidated 2017 $	Consolidated 2016 $
Loss after income tax	(590,197)	(2,022,320)
Weighted average number of shares used in basic earnings per share	283,619,488	135,612,115
Weighted average number of shares used in diluted earnings per share	283,619,488	135,612,115
Earnings Per Share	(0.21) cents	(1.49) cents
Diluted Earnings Per Share	(0.21) cents	(1.49) cents

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for the inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the Group is loss generating.

18 Reconciliation of cash flows from operating activities

	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities		
(Loss) after income tax expense for the year	(590,197)	(2,022,320)
Cash flows excluded from loss attributable to operating activities		
Non cash flows in loss:		
Amortisation/Depreciation	975	532
Write off deferred exploration and evaluation expenditure	-	1,407,150
Change in other assets and liabilities:		
(Increase)/decrease in trade and other receivables	(156,046)	41,273
(Increase)/decrease in other assets and prepayments	8,262	3,645
Increase/(decrease) trade and other payables	(129,839)	(262,706)
Net cash used in operating activities	(866,845)	(832,426)

19 Related party transactions

The Parent entity is MRG Metals Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Australia) Pty Ltd.

MRG Metals Ltd owns 100% of the shares of MRG Metals (Exploration) Pty Ltd.

MRG Metals (Australia) Pty Ltd and MRG (Exploration) Pty Ltd own the mining tenements and have no other Assets or Liabilities.

The Group's related parties include its key management and others as described in Note 19.2.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

19.1 Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:
The Group used the accounting and taxation services of RSM Australia, an entity associated with Mr. Turner and Mr. Turner. The amounts billed were based on normal market rates and amounted to $41,000 (2016 $44,601).

Receivable from and payable to related parties
There were no trade receivable from or trade payables to related parties.

Loans to/from related parties
There were no loans to or from related parties at the reporting date.

Terms and conditions
All transactions are made on normal commercial terms and conditions and at market rates.

19.2 Transactions with key management personnel

Key management of the Group are the Board of Directors. Key management personnel remuneration is set out in the Remuneration Report in the Director's Report.

19.3 Equity instruments held by KMP

The number of shares in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2017

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Van Der Zwan	2,375,000	4,812,500	-	-	7,187,500
Turner	1,652,900	3,652,900	-	-	5,305,800
Gregory	12,449,900	12,449,900	-	-	24,899,800
Weston	100,000	-	-	(100,000)	-
	16,577,800	20,915,300	-	-	37,393,100

Year ended 30 June 2016

Key Management Person	Balance at start of year	Additions	Received on exercise	Other changes	Held at the end of the reporting period
Weston	100,000	-	-	-	100,000
Van Der Zwan	2,375,000	-	-	-	2,375,000
Turner	1,652,900	-	-	-	1,652,900
Gregory	12,449,900	-	-	-	12,449,900
	16,577,800	-	-	-	16,577,800

The number of options in the Company by each of the key management personnel of the Group, including their related parties are set out below:

Year ended 30 June 2017

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Ceased/Lapsed	Held at the end of the reporting period
Van Der Zwan	4,670,000	-	-	(1,080,000)	3,590,000
Turner	2,255,000	-	-	(735,000)	1,520,000
Gregory	8,300,000	-	-	-	8,300,000
Weston	88,688	-	-	(88,688)	-
	15,313,688	-	-	(1,903,688)	13,410,000

Year ended 30 June 2016

Key Management Person	Balance at start of year	Additions	Deleted on exercise	Other changes	Held at the end of the reporting period
Weston	-	88,688	-	-	88,688
Van Der Zwan	1,080,000	3,590,000	-	-	4,670,000
Turner	735,000	1,520,000	-	-	2,255,000
Gregory	-	8,300,000	-	-	8,300,000
	1,815,000	13,498,688	-	-	15,313,688

20 Contingent assets and contingent liabilities

There were no contingent assets or liabilities.

21 Commitments for expenditure

	2017 $	2016 $
Exploration and evaluation: Within 12 months	915,043	406,140
	915,043	406,140

Exploration and evaluation:
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements of the State Mine Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable.

22 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk (including interest rate risk), credit risk and liquidity risk.

The Group's risk management is carried out by the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

22.1 Foreign currency sensitivity

To date, all of the Group's transactions have been carried out in Australian Dollars.

22.2 Interest rate sensitivity

The Group's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

At 30 June 2017, there was $20,109 on deposit at 3.00% (Note 9).

An increase/decrease by 30% or 0.09 basis points would have a favourable/adverse effect on profit for the year of $186. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

22.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to minimal credit risk as its only exposure is to interest receivable and GST refunds.

22.4 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring actual and forecast cash inflows and outflows due in day-to-day business.

The Group's working capital, being current assets less current liabilities, at 30 June 2017 was $1,175,624. Based on this, the directors are satisfied the Group will have sufficient funds to pay its debts as and when they fall due.

As at 30 June, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2017	**$**	**$**	**$**	**$**
Trade and other payables	132,843	-	-	-
Total	132,843	-	-	-

	Current		Non current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30 June 2016	**$**	**$**	**$**	**$**
Trade and other payables	289,374	-	-	-
Total	289,374	-	-	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair values due to their short term nature.

23 Capital risk management

The Group's objectives when managing capital is to ensure the Group's ability to continue as a going concern so that it can provide an adequate return to shareholders.

The Group would look to raise capital when an opportunity to invest in a business, company or tenement is seen as value adding.

24 Post-reporting date events

Since the end of the year the following significant events have occurred:

Approval received for claiming a Research and Development Tax Refund for the 2017 year of approximately $669,000.

There are no other events occurring since the end of the year that have, or may, significantly affect the Group's operations, results of those operations or the state of affairs of the Group.

25 Parent entity information

Information relating to MRG Metals Ltd ('the parent entity')

	2017 $	2016 $
Statement of financial position		
Current assets	1,308,467	652,925
Total assets	4,366,418	2,921,120
Current liabilities	132,843	289,374
Total liabilities	132,843	289,374
Issued capital & reserves	18,807,922	17,041,938
Retained earnings	(14,574,347)	(14,410,192)
	4,233,575	2,631,746
Statement of comprehensive income		
Profit/(loss) for the period	(590,197)	(2,022,320)
Total comprehensive income	(590,197)	(2,022,320)

26 Authorisation of financial statements

The consolidated financial statements for the year ended 30 June 2017 were approved by the board of directors on 28 September 2017.





Andrew Van Der Zwan
Chairman

Shane Turner
Director/Secretary

Directors' declaration

1. In the opinion of the directors of MRG Metals Ltd:

a the consolidated financial statements and notes of MRG Metals Ltd are in accordance with the Corporations Act 2001, including

i. giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the financial period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b there are reasonable grounds to believe that MRG Metals Ltd will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial period ended 30 June 2017.

3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne, the 28th day of September 2017.



Andrew Van Der Zwan
Director

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Independent Auditor's Report to the Members of MRG Metals Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of MRG Metals (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

We draw attention to Note 4.3 in the financial statements, which indicates that the Group incurred a net loss of $590,197 during the year ended 30 June 2017, with the net cash outflow from operating and investing activities totalling $1,559,959. As stated in Note 4.3, these events or conditions, along with other matters as set forth in Note 4.3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of exploration and evaluation assets - Note 13	
In accordance with Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, the company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; - Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; - Enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; - Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2017.

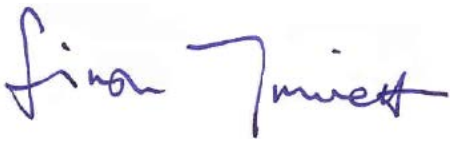
In our opinion, the Remuneration Report of MRG Metals Ltd, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S C Trivett
Partner - Audit & Assurance

Melbourne, 28 September 2017

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 14 September 2017.

Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	**Number of Shares**
P Cozzi	16,400,000

Voting Rights

Ordinary shares	On show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote
Options	No voting rights

Holding	**Shareholders**
1 – 1,000	26
1,001 – 5,000	19
5,001 – 10,000	66
10,001 – 100,000	253
100,000 and over	346
	710

There were 284 holders of less than a marketable parcel of ordinary shares.

	Ordinary Shares	
Twenty largest quoted shareholders	**Number Held**	**%of quoted shares**
P Cozzi	16,400,000	5.11
CJ & M Gregory S/F A/C	12,899,500	4.02
El Gaia Holdings P/L	12,249,900	3.82
Jolanza P/L	12,000,300	3.74
AP Manger	11,798,520	3.68
EJ Heymann	10,090,000	3.15
Bond Street Custodians Ltd	7,819,000	2.44
KV Van Der Zwan Family A/C	6,683,500	2.08
Mazarine Investments Ltd	6,530,000	2.04
AT Jones	6,501,671	2.03
Bond Street Custodians Ltd	5,050,000	1.57
TC Wallace	5,000,000	1.56
S & E Turner S/F A/C	3,805,800	1.19
DM Wilson	3,585,370	1.12
Hedt Super P/L	3,080,000	0.96
Australian Executors Trustees Ltd	3,037,000	0.95
GD Butkeraitis	3,016,620	0.94
CE Coghlan	3,000,000	0.94
A & J Turner P/L	2,990,000	0.93
SG Pattrick	2,940,000	0.92
	138,477,181	43.17

Restricted equity securities

Nil

Securities exchange

The Company is listed on the Australian Securities Exchange and shares are quoted under the code MRQ.

	Options	
Twenty largest quoted optionholders	**Number Held**	**%of quoted options**
Tempo Capital P/L	11,304,015	15.49
K Grogan	5,990,696	8.21
Zaman Perak P/L	5,420,000	7.43
CJ & M Gregory S/F A/C	5,000,000	6.85
A & K Van Der Zwan S/F A/C	3,500,000	4.80
Jolanza P/L	3,300,000	4.52
SG O'Rourke & J Harrison	2,250,000	3.08
Maplestone P/L	2,075,000	2.84
C Williams	2,000,000	2.74
SG & EJ Turner S/F A/C	1,500,000	2.06
LH Gentry	1,400,000	1.92
AMW Investments P/L	1,000,000	1.37
R & L Racz S/F A/C	1,000,000	1.37
N & S Shaw P/L	1,000,000	1.37
Y & JW Bruinsma	1,000,000	1.37
PN Tselepi	939,972	1.29
A & J Turner P/L	860,000	1.18
Australian Executors Trustees Ltd	853,334	1.17
S Muffet	750,000	1.03
SD Vanderfield Foley	750,000	1.03
	51,893,017	71.12

Securities exchange

The Company is listed on the Australian Securities Exchange and options are quoted under the code MRQOA.

Tenements

The Tenements held by the Company at reporting date are as follows:

Project	Tenement	% Owned	Note
Yardilla	E28/2368	100	
Yardilla	E63/1626	100	
Yardilla	E28/2338	100	
Xanadu	P52/1366	100	
Xanadu	P52/1367	100	
Xanadu	P52/1368	100	
Xanadu	P52/1369	100	
Xanadu	P52/1372	100	
Xanadu	P52/1373	100	
Xanadu	P52/1374	100	
Xanadu	P52/1375	100	
Xanadu	P52/1376	100	
Xanadu	P52/1377	100	
Xanadu	P52/1378	100	
Xanadu	P52/1379	100	
Xanadu	P52/1380	100	
Xanadu	P52/1381	100	
Xanadu	E52/3065	100	
Kalgoorlie East	P26/4015	100	
Kalgoorlie East	P26/4016	100	
Kalgoorlie East	P26/3693	100	
Kalgoorlie East	P26/3694	100	
Loongana	E69/3104	100	
Loongana	E69/3288	100	
Davenport Downs	EPM19306	100	
Squirrel Hill	EPM19470	100	
Pulchera	EPM19471	100	
Mt Angelay I	EPM25884	100	
Mt Angelay II	EPM26167	100	
Oban	EPM25883	100	
Kamilleroi	EPM25885	100	
Selwyn	EPM25887	100	

Corporate Directory

Directors & Secretary

Andrew Van Der Zwan
Non Executive Chairman

Christopher Gregory
Non Executive Director

Shane Turner
Non Executive Director and Company Secretary

Principal place of business

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Corporate accountant and Registered ASIC Agent

RSM Australia
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Share Registry

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Auditor

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Stock Exchange Listing

ASX Codes: MRQ, MRQOA