QUARTERLY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2016

CORPORATE:

MRG Metals Ltd ('MRG') successfully completed a placement on 9 August 2016, raising $520,000 in conjunction with a rights issue, which received overwhelming support from Shareholders. The rights issue was 39% oversubscribed, and resulted in a scale back of additional applications and after allocations raised a total of $1,511,386. Together with the recent Placement, this Rights Issue provides a total in excess of $2 million before costs.

MRG announced on 30 September 2016 that it had received approval to apply for a refundable tax offset of approximately A$550,000 for Research and Development activities upon lodgement of the Company's FY2016 income tax return.

The Company now enters an exciting phase with funding available for an aggressive drilling program over the next 12 months.

EXPLORATION:

Subsequent to the recent successful capital raisings, MRG has reinvigorated exploration with the commencement of airborne geophysical surveys over most of our Queensland Projects and an auger soil program at Yardilla. We plan to commence drilling on some our West Australian Projects in Q4 of 2016 and the data from the geophysical surveys in Queensland will be incorporated into the Sasak exploration models to refine drill targets in early 2017.

PROJECT OUTLINES

YARDILLA

This project, located 95km east-northeast of Norseman, contains gold and nickel sulphide targets on the boundary between the Archaean Yilgarn Craton and the Proterozoic Albany-Fraser Orogen. MRG holds an exploration licence along with a 2 year option to acquire 100% of two abutting granted exploration licences.

A grid based auger sampling program of some 900 samples was completed during the quarter. MRG is receipt of all assay results which are now being analysed. The first area is within the Albany Fraser Zone, along strike from previously identified geochemical anomalism. This location was identified by previous explorers but their drilling was not appropriately sited to test the anomalies.

The second area was over a north south oriented greenstone belt within the Kurnalpi Terrane of the Yilgarn Craton. This area has only been lightly explored in the past, despite have a very strong magnetic anomaly. Drilling of the best targets will commence following completion of the analysis of these new results and site clearances.

XANADU

Additional detailed geological mapping, focusing on the structure of the zone near the Amphitheatre Pit is planned for the coming quarter as a forerunner to further drilling. This mapping will attempt to identify subtle controls on the locus of mineralisation to complement MRG's existing 3D modeling. MRG will concentrate on drilling of deeper holes at Xanadu on the next drilling program, for which co-funding from the Department of Mine & Petroleum up to $110,000 has been obtained.

QUEENSLAND PROJECTS

MRG's holds a number of tenements in the Mt Isa province in western Queensland comprising 5 granted licences, following the grant of 2 applications. Four of these licences are focused on IOCG targets and one Cannington style silver-lead-zinc mineralisation.

The two remaining IOCG exploration tenement applications, Oban and Kamileroi, are now close to finalisation of the Cultural Heritage Survey agreement with the Native Title Representative Body, such that the licences can proceed to grant.

During the quarter MRG commissioned an airborne Geophysical Survey over 5 of the licences and applications, excluding Davenport Downs and Pulchera. The Surveys over MRG's licences are being undertaken with a wider regional survey by the Geological Survey of Queensland, together with Geoscience Australia known as the East Isa VTEM Plus Survey.

The VTEM survey will collect information about the electrical resistivity and conductivity of the underlying rocks. Analysis of the data will provide important information on the distribution of rock types and will ultimately lead to a much better understanding of the geology in the area for subsequent drill hole targeting. Adverse weather conditions has caused some delays, with the data collected over the Kamileroi application and Mount Angelay licences being received to date.

The current Queensland Projects comprise:

Squirrel Hill

Squirrel Hill is located c.15km west north-west of South32's Cannington mine (71Mt @170g/t Ag, 4.86% Pb and 3.26% Zn). It lies in a structurally favourable trend between Cannington and the Squirrel Hills granite.

The tenement is covered by a relatively thin, 10m to 40m thick, cover of younger sedimentary rocks, masking the underlying prospective lithologies.

Selwyn

Selwyn, recently granted, lies 14km north of South32's Cannington mine within the Stavely Formation and comprises brecciated granofels and meta sandstone. Sasak's predictive modeling technology indicates that this tenement has potential for IOCG discovery at depth as well as Broken Hill type mineralisation akin to that found at Cannington.

Mt Angelay

This licence is c.44km southwest of FMR Investments' Eloise Mine at the junction of two major fault zones in the meta-sedimentary Soldiers Cap Group. Like Selwyn, Sasak's predictive modeling technology has identified Mt Angelay as an IOCG target at depth.

Kamileroi (application)

MRG's Kamileroi project is located 160 kilometres NNE of Mount Isa in the Kalkadoon-Leichhardt Belt and Eastern Succession of the Mount Isa Inlier Block. The target occurs in Proterozoic basement rocks that lie beneath approximately 100metres of younger Mesozoic and Cainozoic cover.

The project contains the Kamileroi magnetic anomaly, a strong deep-seated magnetic anomaly approximately 1km in length, which the company believes is prospective for IOCG magnetite dominant mineralisation.

Previous exploration included two diamond drill holes with one of these holes intersecting minor copper mineralisation (best intersection of 40m at 0.14% Cu),hosted in a calc-silicate breccia.

Oban (application)

The Oban project is located approximately 30 kilometres SSW of Mount Isa near the Boulia - Mount Isa Highway. The Project covers the southern extension of the Mount Isa Fault systems and analysis of the area using the Sasak Technology has distinguished a number of targets associated with these systems. The data from the forthcoming VTEM geophysical survey will be utilised to firm up these targets for subsequent drilling.

Pulchera

Situated in the Simpson Desert near the Northern Territory border in western Queensland, the Pulchera project lies 135km north-west of Bedourie. The project lies near the major Toomba Fault, which lies on the south western edge of the Mt Isa Block, a Proterozoic geological terrain that hosts a diverse range of world class ore bodies.

Previous broad spaced drilling revealed that the depth of cover ranges from a manageable 40m to 100m. Recent exploration on an adjacent licence returned strongly anomalous results of up to 27m @ 0.4% Cu from 9m (including 3m @ 2.4% Cu).

Based on spinifex biogeochemical sampling (a method for collecting geochemical data in areas covered by cover rocks) on an adjacent area to Pulchera, a new mineral province in western Queensland, the Diamantina Alkaline Province, has recently been identified. The Diamantina Alkaline Province comprises highly differentiated intrusions that are prospective for platinum group elements and copper.

Mineralisation associated with alkaline intrusives may be present on the Pulchera licence and MRG aims to pursue this concept in the future. Follow up work can also be carried out on previously carried out research, which suggests that Olympic Dam style IOCG deposits may occur within a granitic breccia host.

Davenport Downs

Davenport Downs lies 120km south-east of Boulia, Queensland. Like Pulchera, it is close to the interpreted southern margin of the Mt Isa Block. Davenport Downs straddles a portion of a prominent gravity ridge with accompanying favourable magnetic signatures. Exploration work undertaken on the tenement to date has comprised historical data compilation, geophysical data review and prospectivity assessment. This work has identified two distinct targets on the north-eastern side of the licence.

The Davenport Downs EPM is considered prospective due to its positive magnetic gravity responses, which are characteristic of IOCG-type deposits in the Mt Isa Block.

Andrew Van Der Zwan

Chairman and Non-Executive Director

The information in this summary report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr. Keith Weston, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr. Weston is an employee to the Company and has the relevant experience with the mineralisation reported on to qualify as a Competent Person as defined in the 2012 Edition of the " Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ". Mr. Weston consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.