QUARTERLY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2015

HIGHLIGHTS

- **New drilling program planned following return of further results from Xanadu**
- **Strategic review identifies new target analogous to Carlin-style deposits**
- **Grant of two further Queensland IOCG licences**

CORPORATE

- **Successful completion of entitlements issue of options raising A$704,061**
- **Approval received for A$0.45m research & development claim**

MRG Metals Limited ("MRG") continued to make strong progress at its wholly-owned gold, copper and base metals projects in Western Australia and Queensland throughout the September 2015 quarter. MRG's current focus is on the Xanadu Gold Project in the Ashburton Basin, Western Australia. Promising results were received from drilling completed at the Cleopatra and Pertinax gold targets and further drilling is planned at these targets. A strategic review of the Xanadu Project identified a new target displaying Carlin-type mineralisation with potential for a multi-million ounce deposit under a masking lithocap. MRG plans to commence testing on the target in November via a 1,500m drilling program.

Two additional licenses, Selwyn and Mount Angelay, were also granted during the quarter to add to MRG's Queensland IOCG portfolio, taking the total of licenses held to four with a further two remaining in the application process.

Managing Director Keith Weston said: "*The September quarter saw the identification of an exciting new target at the Xanadu Project with the potential for a multi-million ounce deposit. Drilling will test the target in the December 2015 quarter. The promising results received from the drilling campaign completed in the June 2015 quarter at Cleopatra and Pertinax, the grant of two further licenses at the Queensland IOCG Project and the successful completion of an entitlement offer of options raising A$704,061 continues to build positive momentum for MRG as we proceed with our unique data-driven exploration strategy.*"

XANADU DRILLING

Towards the end of the June 2015 quarter, MRG completed a reverse circulation drilling program focused on two gold targets, Cleopatra and Pertinax on our 100% owned Xanadu Project. The project is located in the Ashburton Basin, Western Australia, approximately 4km west southwest of Northern Star's Mt Olympus deposit.

Cleopatra drilling tested a north-east extension of the prospect to build on previous shallow gold intersections, in order to identify open pitable Au resource potential. Whilst it was a small program, the drilling undertaken and the results received have supported this goal.

The drilling at Cleopatra has extended the zone of flat lying disseminated mineralisation over an area of approximately 400 x 450m. The next phase of drilling planned over this prospect will move towards the south-east in an area that has only seen light exploration previously, to test the potential for delineating a shallow oxide resource.

Drilling at Pertinax has returned promising initial results. This prospect is testing a zone of mineralisation hosted by clastic sediments that directly overlie the Cheela Springs Basalt, a similar geological setting to the Mt Olympus deposit. The drilling, the first to occur in this area, has returned a gold intercept above 1g/t Au, as well as a wide zone of elevated gold and pathfinder mineralisation in two separate lines over 700m apart. Future drilling aims to infill between these two lines along with deeper holes to the south to test closer to the contact zone.

Additional single metre samples were collected from anomalous composite samples early in the quarter and the significant intercepts from this program are tabulated in Appendix 1.

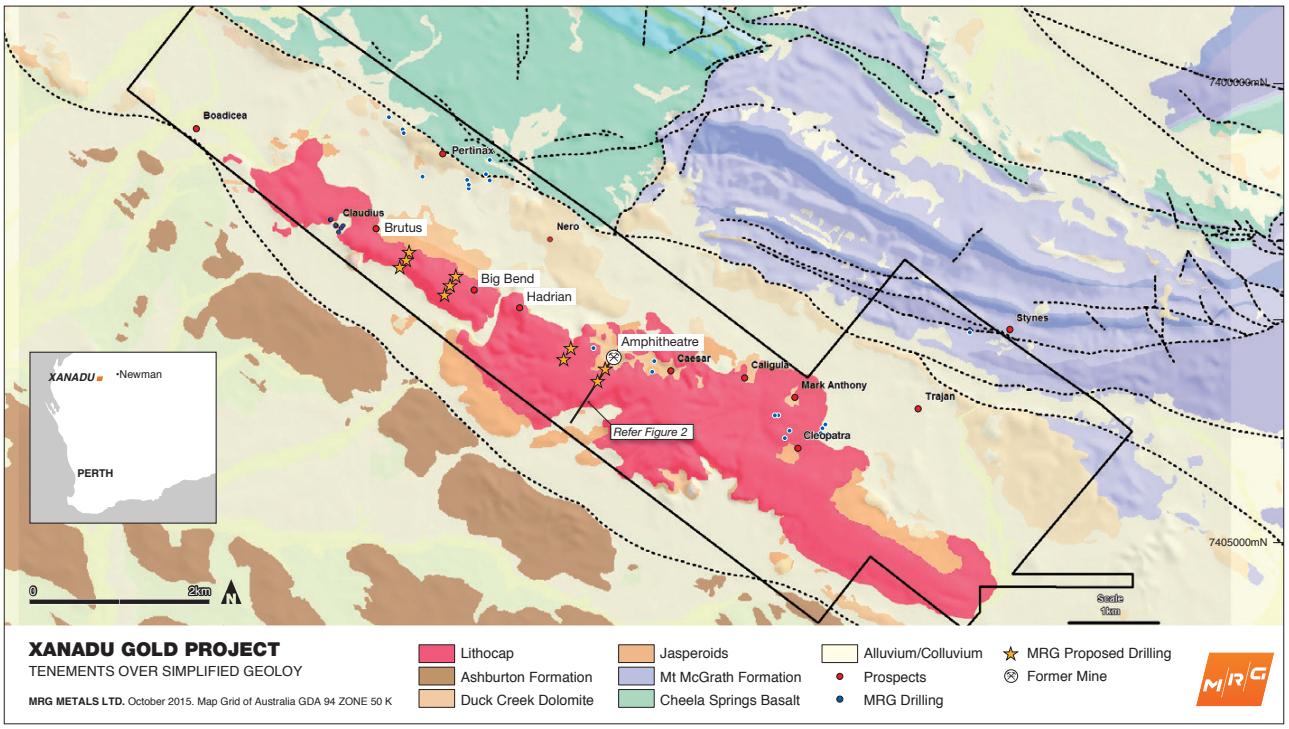


Figure 1: Xanadu tenements and proposed November drilling.

XANADU – STRATEGIC REVIEW & IMMEDIATE DRILLING

Upon completion of the drilling in June 2015, a strategic review based upon an additional litho-structural analysis identified a very high priority 2km long central zone between the Brutus and Amphitheatre prospects (Figure 1), within the known 8.5km long corridor that links historical workings (see ASX Announcement 27 October 2015).

The existence of Carlin carbonate replacement-style mineralisation, together with an emerging 3D geological picture of the stratigraphy in this area, has led to a conceptual exploration target down-dip of historical workings associated with an impermeable dolomitic unit, which is thought to be a potential cap to ore fluids that may have ponded underneath (Figure 2). This is a compelling gold target, which MRG will commence testing in November via a 1,500m drilling program.

The other two targets at Cleopatra and Pertinax will be drill tested at a later date.

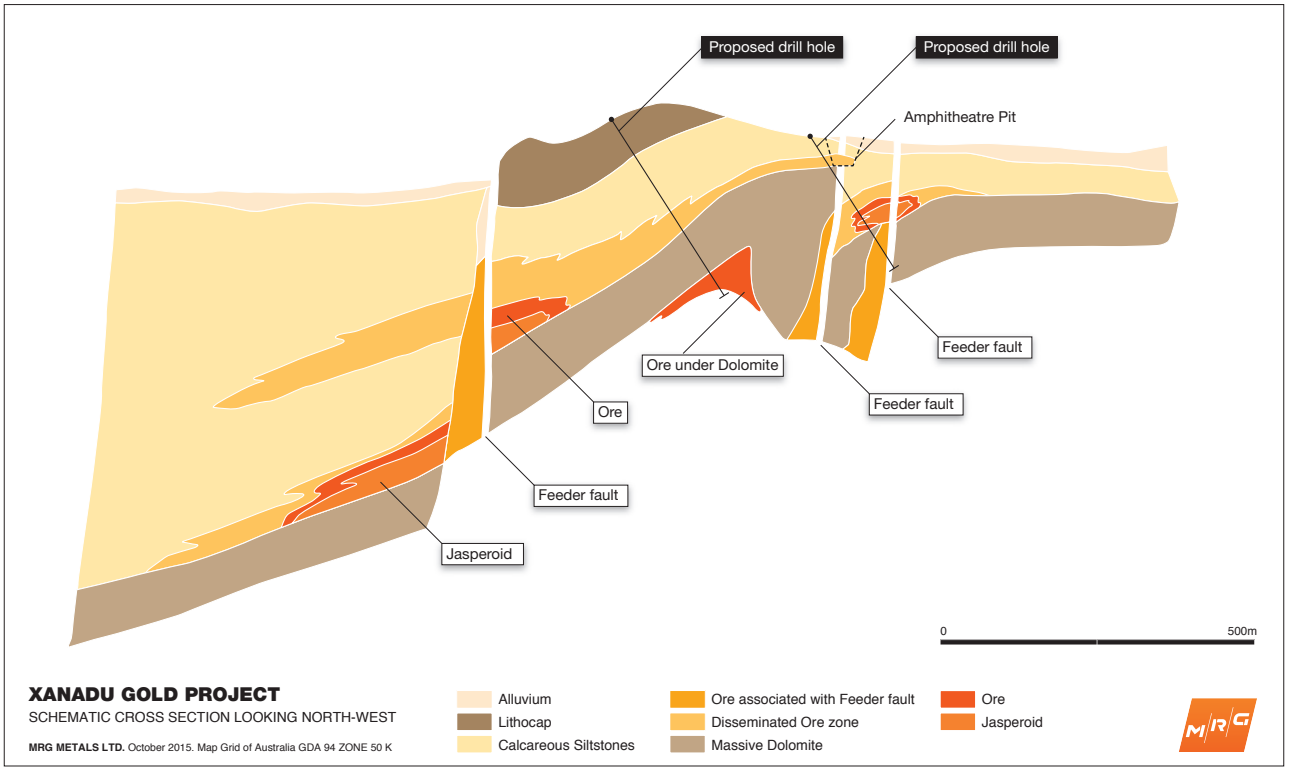


Figure 2: Schematic cross section showing ore associated with siliceous replacement of siltstones adjacent to feeder faults and ore development under dolomite.

XANADU PROJECT BACKGROUND

MRG's Xanadu project is located close to the northern margin of the Ashburton Basin, some 4km west-northwest of Northern Star's Ashburton project, (21.3Mt @ 2.4g/t Au for 1.67Moz). The Xanadu mineralisation was discovered in the mid-1980s by BP Minerals and subject to various phases of exploration in the ensuing period until acquired by MRG in 2011. Three dimensional structural modelling and a detailed analysis of the exploration database compiled for MRG by our technical consultants Sasak Technical Services ('Sasak'), provided an enhanced understanding of geological controls on mineralisation, to better target prospect scale drilling.

Results from the recent drilling has confirmed the methodical approach of utilising Sasak's technology. MRG will continue to apply its technological advantage across the Xanadu project area to optimise future exploration.

YARDILLA

Yardilla straddles the Cundeelee Fault, which separates the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen, Western Australia. MRG's tenement comprises a 100 % MRG owned licence, along with an option and purchase agreement over two other exploration licences, which together cover a contiguous area of approximately 220 square kilometres in southern Fraser Range. The three adjoining exploration licences are considered to be prospective for gold, nickel and base metals. MRG believes the geological setting of Yardilla is similar to that of Tropicana (114.7Mt grading 1.95 g/t for 7.19Moz Au).

MRG has a soil project ready to go ($50K), which will lead to the targeting of a maiden drilling program.

LOONGANA

MRG holds 2 granted licences that cover the massive Loongana Igneous Complex that lies 500km east of Kalgoorlie and 60km north of the Trans Australia railway line, Western Australia. It is a large layered mafic and ultramafic intrusive body that has compelling affinities with the Bushveld Complex in South Africa (820 million oz. Pt & 720 million oz. Pd).

The target is grossly under-explored, due to a 250m to 350m covering of younger rocks. Helix Resources Ltd previously intersected mineralisation (0.72m @ 0.12g/t Pt + Pd) at 270m below surface in broad-spaced scout drilling that was not followed up. MRG identified the potential for an 11km long Bushveld-style PGE reef along strike from the Helix discovery hole. However, the deep diamond hole drilled by MRG hole in late June 2015 was unsuccessful in testing this "company-maker" exploration target. A package of gabbroic mafic rocks were detected after drilling through 311m of cover. The targeted horizon was reached at 443m down hole, comprising a sequence of chromium bearing mafic to ultramafic rocks, containing a 4.5m thick zone of anomalous PGE's.

MRG will further drill-test this reef target, but Loongana is currently out-prioritised by other drill targets in the MRG portfolio. Costs up to A$108,000 – 50% of the drilling cost – are offset by the West Australia Government's Exploration Incentive Scheme. MRG is in receipt of the first tranche of funds from the scheme and is appreciative of this funding to assist cutting edge exploration.

During May 2015, FMG Resources Ltd made an application that totally surrounds the granted MRG licences.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

MRG's ground holding in the Mt Isa province in western Queensland now comprises 5 granted licences, following the grant of two applications during September 2015. Four of these licences are focused on Iron Oxide Copper Gold targets and one Cannington style silver - lead - zinc mineralisation (Figure 3). The two remaining IOCG exploration tenement applications, Oban & Kamileroi, are currently undergoing Cultural Heritage clearance. The tenements all cover high potential targets on open ground, within the prospective Mt Isa Block. They lie under shallow cover, close to favourable structural positions near existing mines.

MRG is currently in joint venture discussions on a project by project basis.

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 is 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 Mount Isa Block. Davenport Downs straddles 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.

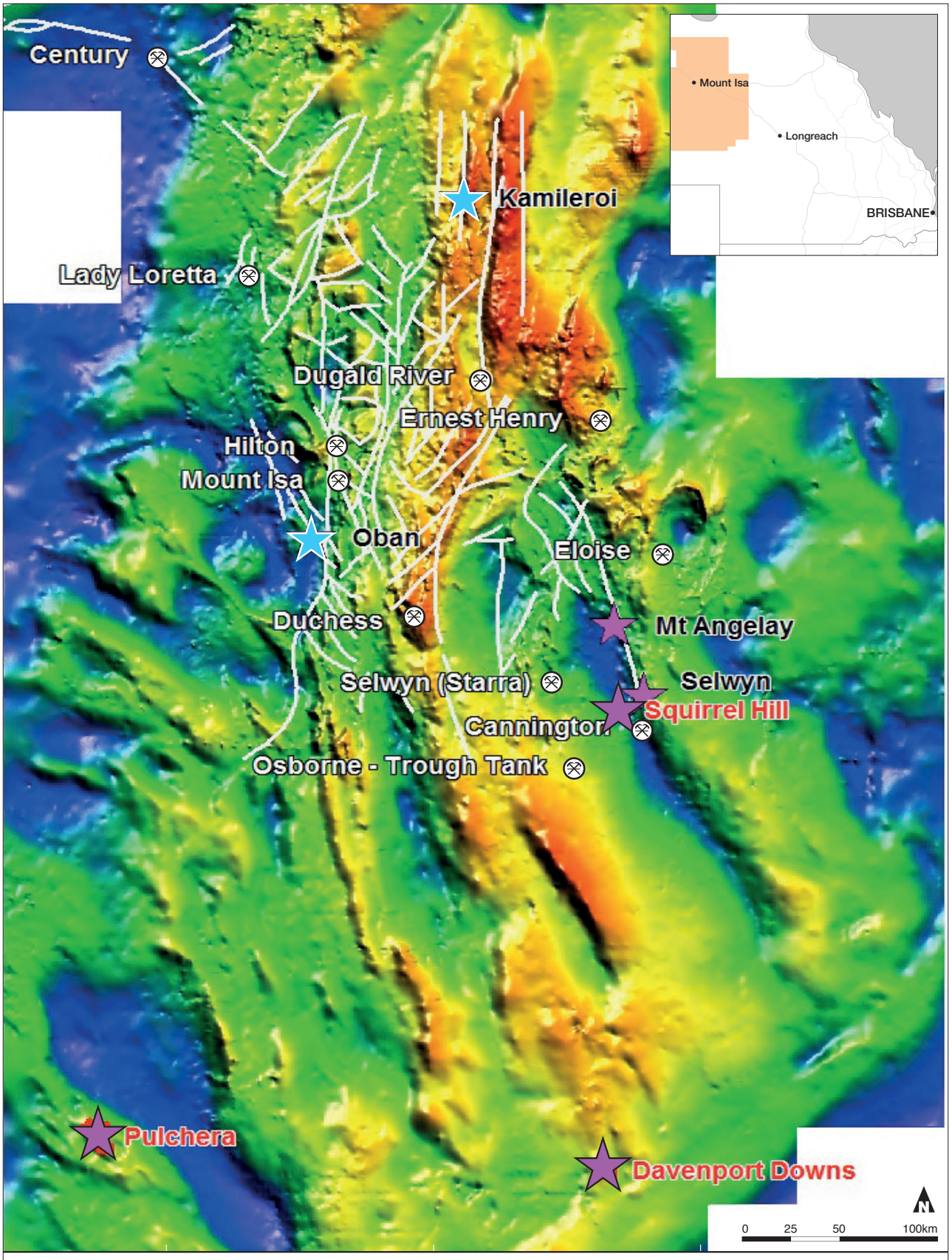

Century
Kamileroi
Lady Loretta
Dugald River
Ernest Henry
Hilton
Mount Isa
Oban
Eloise
Duchess
Mt Angelay
Selwyn (Starra)
Selwyn
Squirrel Hill
Cannington
Osborne - Trough Tank
Pulchera
Davenport Downs
Mount Isa
Longreach
BRISBANE
0 25 50 100km
QUEENSLAND IOCG PROJECTS
Tenements Over Bouguer Gravity
MRG METALS LTD.OCT 2015. Map Grid of Australia GDA 94 ZONE 54 K
MRG applications
MRG granted licences
Mine

Figure 3.

The Davenport Downs EPM is considered prospective due to its positive magnetic gravity responses, which are characteristic of IOCG-type deposits in the Mount Isa Block. An exploration co-funding grant of A$75,000 was obtained from the Queensland government to assist with exploration on the project.

SQUIRREL HILL

Squirrel Hill is located approximately 15km west north-west of South32's Cannington mine (71Mt @170g/t Ag, 4.86% Pb & 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.

A program of shallow air-core holes over previously identified geophysical anomalies to identify zones for subsequent RC drilling would be the logical first step.

SELWYN

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

MT ANGELAY

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

CORPORATE

Approval Received for Research & Development Claim

On 18 September 2015 MRG received approval for its registration of research and development activities carried out during the year ended 30 June 2015. The approval was received from Innovation Australia, Department of Industry and Science of the Commonwealth Government. The approval should result in a refundable tax offset of approximately A$450,000 pursuant to the Australian Government's Research and Development Tax Incentive Scheme.

MRG appreciates the Australian Government's continued support for the R&D Tax Incentive Scheme, which provides valuable financial assistance to MRG, who undertakes innovative and technically challenging mineral exploration research. The refund will be used to fund the MRG's 2015/2016 exploration programs.

Successful Completion of Option Entitlement Issue

During September 2015 MRG successfully completed a 2 for 3 pro rata non-renounceable entitlement issue of options. The options are exercisable at A$0.15 per share and expire on 31 August 2020. The Company received strong support from existing shareholders with applications received for 49,425,993 options to raise A$494,260, representing a high 55% take-up. The offer was partially underwritten up to A$704,081 by Tempo Capital Pty Ltd.

Keith Weston
Managing 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.

APPENDIX 1.

TABLE 1 UPDATED DRILLING RESULTS FROM JUNE 2015 DRILLING PROGRAM

Hole_ID	From	To	Interval m	Au g/t	As ppm	Cu ppm	Pb ppm	Sb ppm
PERTINAX								
X5015	78	85	7	0.40	192	95	242	10.8
Inc.	*79*	*80*	***1***	***1.33***	*833*	*334*	*779*	*14.0*
X5017	34	47	13	0.19	594	292	1025	39.7
CLEOPATRA								
X5006	20	25	5	0.59	139	362	72	11.3
X5007	31	43	12	0.11	703	45	142	12.1
X5008	29	36	7	0.30	1519	58	122	7.7
X5009	20	40	20	0.74	607	57	146	17.5
Inc.	*33*	*37*	***4***	***3.44***	*1094*	*88*	*166*	*23.6*
X5010	75	80	5	0.86	395	18	172	10.0
X5011	65	70	5	0.19	920	126	104	9.9
X5012	45	63	18	0.80	738	47	100	7.1
Inc.	*50*	*55*	*5*	***1.70***	*883*	*48*	*175*	*6.7*
X5013	35	40	5	0.17	83	88	43	6.2
MRG 2014 HOLES								
X4017	21	44	23	1.14	623	59	84	10.7
X4018	20	61	41	0.44	789	40	90	9.3

TABLE 2 XANADU PROJECT COLLAR LOCATIONS

Hole_ID	Easting m	Northing m	Elevation m	Azimuth	Dip	Hole Depth
PERTINAX						
X5001	583053	7409138	377	004	-60	65
X5002	583046	7409085	377	005	-60	120
X5003	583031	7409158	373	004	-60	84
X5004	581932	7409795	369	360	-60	90
X5005	583052	7409317	372	180	-60	101
X5014	582817	7409055	381	360	-60	84
X5015	582814	7409014	374	360	-60	96
X5016	582807	7409093	386	360	-60	114
X5017	582095	7409620	397	360	-60	84
X5018	582083	7409656	381	180	-60	96
X5019	582302	7409136	372	180	-60	60
CLEOPATRA						
X5006	586798	7406351	390	210	-60	90
X5007	586778	7406317	396	210	-60	66
X5008	586750	7406274	398	210	-60	66
X5009	586735	7406238	400	210	-60	60
X5010	586611	7406365	397	210	-60	96
X5011	586577	7406298	398	210	-60	76
X5012	586535	7406246	403	210	-60	66
X5013	586809	7406271	400	210	-60	54

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MRG METALS LIMITED

ABN	Quarter ended ("current quarter")
83 148 938 532	30 September 2015

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 Months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(503)	(503)
	(b) development		
	(c) production		
	(d) administration	(222)	(222)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – Drill Funding Grant	95	95
	Net Operating Cash Flows	(626)	(626)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(626)	(626)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(626)	(626)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	704	704
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	704	704
	Net increase (decrease) in cash held	78	78
1.20	Cash at beginning of quarter/year to date	410	410
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	488	488

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	$105
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Director Fees, Secretarial Fees, Consulting Fees, & Accounting Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	NIL	
3.2	Credit standby arrangements	NIL	

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	NIL
4.3	Production	NIL
4.4	Administration	100
	Total	**300**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	4	5
5.2	Deposits at call	484	405
5.3	Bank overdraft	NIL	NIL
5.4	Other (provide details)	NIL	NIL
	Total: cash at end of quarter (item 1.22)	488	410

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	East Yilgarn E38/2547 E38/2550 E38/2553 E38/2554	Exploration	 100% 100% 100% 100%	 0% 0% 0% 0%
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	NIL	NIL		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	135,612,115	135,612,115	20 cents	20 cents
7.4	Changes during quarter (a) Increases through issue (b) Decreases	NIL	NIL		
7.5	**+Convertible debt securities** (*description)*	NIL	NIL		

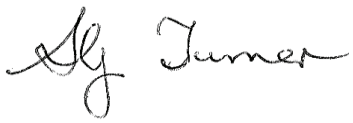
+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	44,007,993 72,978,404	44,007,993 72,978,404	*Exercise price* 25 cents 15 cents	*Expiry date* 21/09/2016 31/08/2020
7.8	Issued during quarter	72,978,404	72,978,404	15 cents	31/08/2020
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*	NIL	NIL		
7.12	**Unsecured notes** *(totals only)*	NIL	NIL		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 October 2015

(Director/Company secretary)

Print name: SHANE TURNER

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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