MRL Corporation Ltd

DRILLING CONTRACT SIGNED

21st May 2014

MRL Corporation Limited

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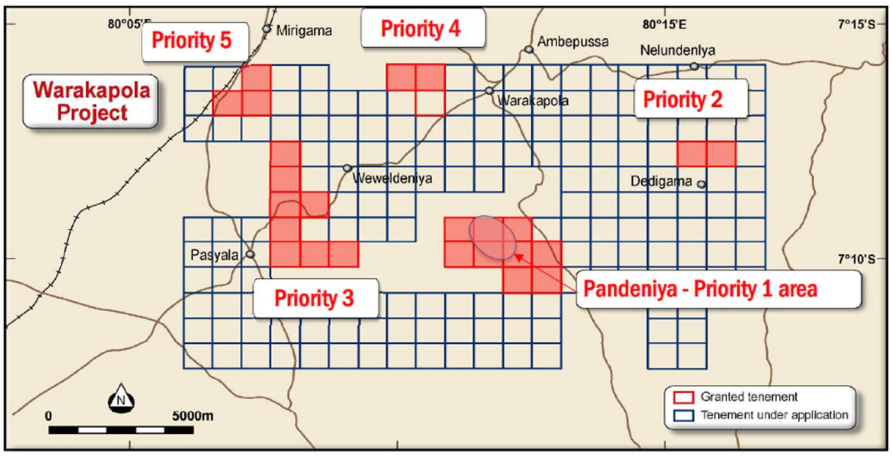
ASX Symbol

MRF, MRFO, MRFOA

MRL Corporation Ltd ("MRL" or "the Company") is pleased to advise a contract for the supply of Diamond Drilling services has been signed with the Geological Survey and Mines Bureau (GSMB).

Figure 1 - Warakapola Exploration Area – EL228



GSMB will provide all drilling services for a three hole NQ Triple Tube (NQTT) Diamond drilling program to test the vein graphite potential in three locations across the Warakapola Pandeniya / Bopitiya area.

The drill is expected to mobilise to site on or around the 29th of May, the first drill location DH1 is at Pandeniya and is expected to be between 50m to 125m in depth. Drill holes DH2 and DH3 will be up to 300m deep and test the continuity of vein graphite mineralisation below the historical shafts and adits (refer Figures 2 & 3)

The contract stipulates a time to complete the drilling program of 15 weeks however MRL will work with GSMB to complete the program in the most efficient manner.

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About Sri Lankan Lump/Vein Graphite

Sri Lanka is famed for being the only producer of crystalline vein graphite (lump or Ceylon graphite), the highest quality of naturally occurring material in the world. The quality of vein graphite produced in the country has a purity level in excess of 90% C (Carbon as Graphite) Which means little upgrading and processing is required to make high quality saleable product.

Reference: Industrial Minerals Natural Graphite Report 2012.

For further information:

Craig McGuckin
Managing Director
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Figure 2

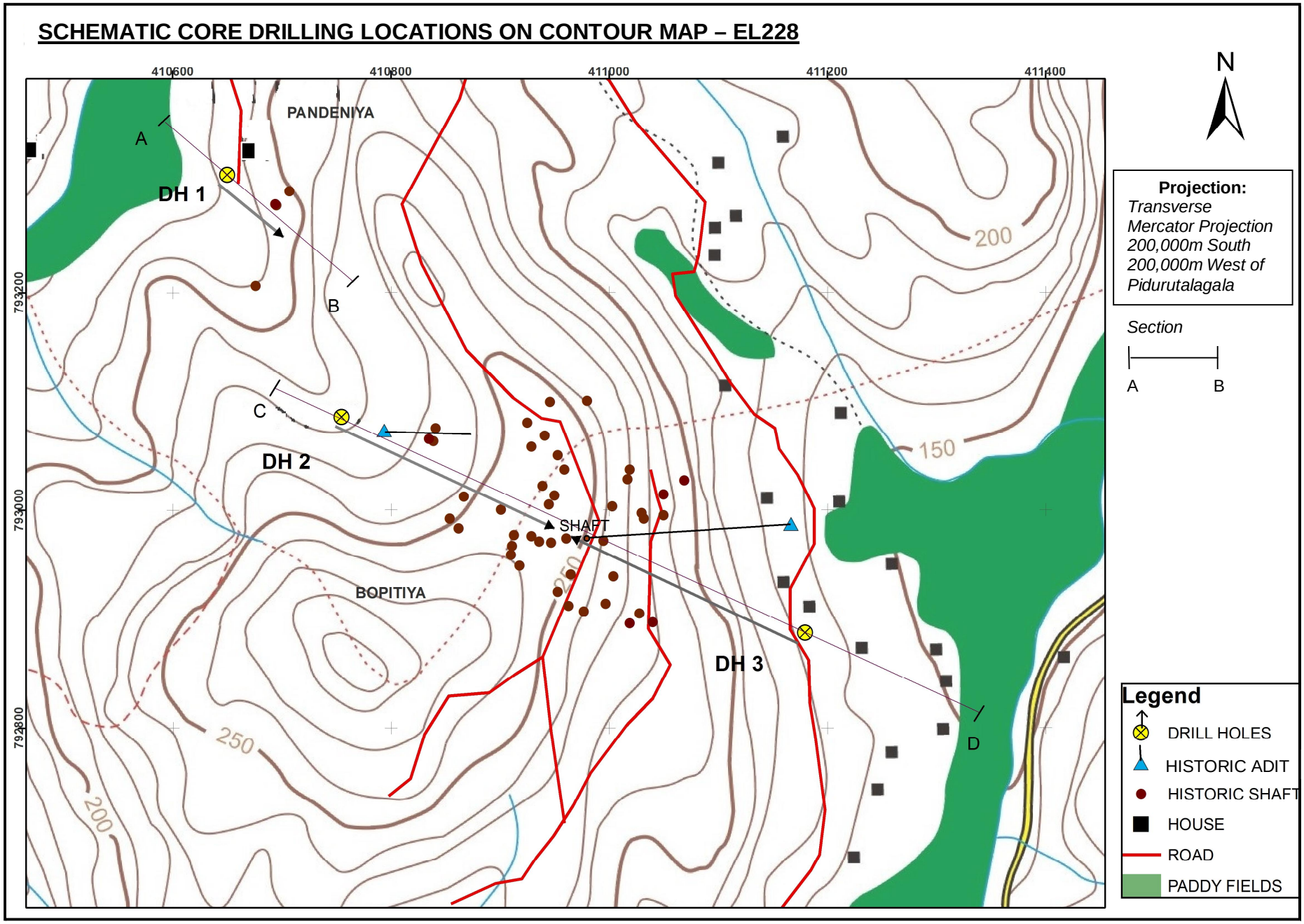
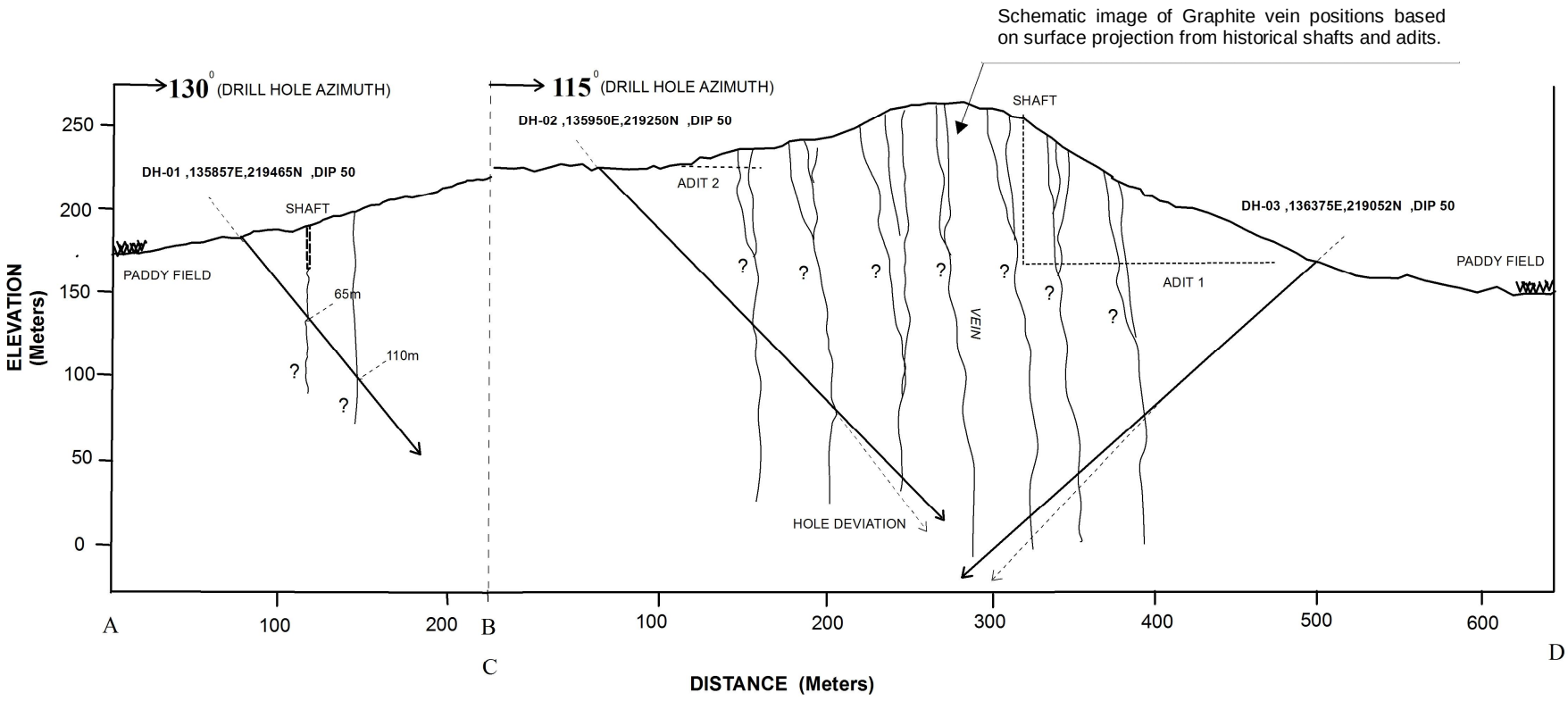

SCHEMATIC CORE DRILLING LOCATIONS ON CONTOUR MAP – EL228
410600
410800
411000
411200
411400
793200
793000
792800
PANDENIYA
BOPITIYA
A
B
C
D
DH 1
DH 2
DH 3
SHAFT
200
150
250
250
200
N
Projection:
Transverse Mercator Projection
200,000m South
200,000m West of Pidurutalagala
Section
A
B
Legend
DRILL HOLES
HISTORIC ADIT
HISTORIC SHAFT
HOUSE
ROAD
PADDY FIELDS

Figure 3

SCHEMATIC CORE DRILLING LOCATIONS OF EL-228

SECTION A-B & C-D



Information in this report relating to Exploration Results is based on information compiled by Dr Spero Carras, FAusIMM of Carras Mining Pty Ltd. Dr Carras has 30 years of experience which is relevant to vein style mineralisation and is working in consultation with MRL's Senior Sri Lankan Geologist who has 35 years of vein graphite experience in Sri Lanka. Their experience is relevant to the type of deposit under consideration. Dr Carras is signing as competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Carras consents to the inclusion in the report of the matters based on the information reported in the form and context in which it appears.

JORC TABLE 1 Report for EL228 Warakapola Pandeniya location
Section 1 Sampling Techniques and Data

Criteria	*Explanation*
Sampling techniques	• Diamond core will be collected and stored in core trays of 5m per tray. Vein graphite is readilly identified visually (black in colour) and intersections will be recorded. Intersections will then be cut using a small hand held diamond saw under the supervision of MRL's Senior Sri Lankan Geologist and prepared for transport to Nagrom (Australia) for analytical analysis.
Drilling techniques	• Diamond Drilling will be undertaken utilising NQ Triple Tube (NQTT) drilling.
Drill sample recovery	• Diamond core recovery will be recorded between core runs and recorded by the geological crew in the Core Logging Record. The unconsolidated surface material will be drilled using rotary wash method until competent material is intersected • NQ Triple Tube diamond drilling core method was selected to provide the best sample collection data.
Logging	• All holes will be field logged on site by MRL geological representatives under the supervision of MRL's Senior Sri Lankan Geologist following the MRL Core Logging Procedure. • Logging will be a mixture of geological and geotechnical observations. Geological logging will be undertaken on a 1m basis.
Sub-sampling techniques and sample preparation	• Intersections of Vein Graphite will be submitted for analysis to Nagrom laboratories in Perth Western Australia. • All samples will be NQTT. • Sample size is considered appropriate for the type of vein mineralisation experienced in Sri Lanka.
Quality of assay data and laboratory tests	• All Vein Graphite core intersections will be analysed by Nagrom the Mineral Processors in Perth Western Australia. Nagrom will follow industry practice QA/QC procedures to ensure high quality sample assurance. • Certified Sample Standards will be inserted routinely into sample analysis.
Verification of sampling and assaying	• All diamond core will be logged and photographed by MRL geologists under the supervision of MRL's Senior Sri Lankan Geologist. It is anticipated that Dr Spero Carras will visit the location during the driling activities to view drilled core and logging activities.
Location of data points	• All drill locations have been positioned using hand-held Garmin GPS systems. MRL is completing a full topographical survey of the Pandeniya – Bopitiya area of approximately 65 Ha. The survey is being completed by a licensed Sri Lankan surveyor and once completed all drill collars will be tied to the Sri Lankan Transverse Mercator Projection.
Data spacing and distribution	• Drill holes have been located (Figures 2 & 3) in a possition to intersect the expected vein mineralisation (based on historical shafts / adits and geophysical information)at the optimal angle for evaluation, whilst minimising land disturbance.
Orientation of data in relation to geological structure	• Diamond Core Drill holes are designed to intersect potential graphite vein mineralisation perpendicular to strike whilst taking into account expected deviation in dip and azimuth.
Sample security	• Samples will be collected stored in core trays under the supervision of MRL geological crews and then transported and secured in a locked container at the MRL site facility for detailed logging. Security will be managed by MRL's Senior Sri Lankan Geologist and the MRL country General Manager.
Audits or reviews	• A review will be undertaken by Dr Spero Carras of all procedures during a planned visit to Sri Lanka during drilling activities.

Section 2 Reporting of Exploration Results

<table>
<tr><th>Criteria</th><th>Explanation</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>
<table>
<tr><th>License No.</th><th>Interest</th><th>General Location</th></tr>
<tr><td>EL/225</td><td>100%</td><td>Central</td></tr>
<tr><td>EL/226</td><td>100%</td><td>Central</td></tr>
<tr><td>EL/227</td><td>100%</td><td>South Central</td></tr>
<tr><td>EL/228</td><td>100%</td><td>Central</td></tr>
<tr><td>EL/231</td><td>100%</td><td>South West</td></tr>
<tr><td>EL/243</td><td>100%</td><td>Central</td></tr>
<tr><td>EL/244</td><td>100%</td><td>South West</td></tr>
<tr><td>EL/262</td><td>100%</td><td>Central</td></tr>
</table>
MRL Coprporation Ltd has informed Dr Carras that all granted licenses are in good standing and comply with the reporting requirements of the exploration licence.
</td></tr>
<tr><td>Exploration done by other parties</td><td>Initial Exploration and Review of the Warakapola / Bopitiya / Pandeniya project was carried out by Geological Survey and Mines Bureau (GSMB) Technical Services (Pvt) Ltd with reports provided to MRL. MRL has established a regional office in the EL228 area to support the company geologists and underground exploration crews.
Historical mining has taken place with several shafts and adits.</td></tr>
<tr><td>Geology</td><td>Warakapola / Bopitiya / Pandeniya
Geologically, the area covered by the selected grid units belong to the Wanni Complex of Sri Lanka. The Wanni Complex is mainly characterised by thick sequences of ortho gneisses comprising amphibolite, migmatitic, granitic and granodioritic gneisses.These rocks represent a series of antiformal and synformal structures. A characteristic feature of the exploration area is the alignment of identified abandoned graphite mines / pits in a straight line, aligned in a NNW-SSE direction.(GSMB 2013)</td></tr>
<tr><td>Drill hole Information</td><td>Planned Diamond Core NQTT Drill Holes
<table>
<tr><th>Drill Hole</th><th>Easting</th><th>Northing</th><th>Dip / Azimuth</th><th>Hole Depth</th></tr>
<tr><td>DH1</td><td>135,857</td><td>219,465</td><td>50 °/ 130°</td><td>50m – 125m</td></tr>
<tr><td>DH2</td><td>135,950</td><td>219,250</td><td>50 °/ 115°</td><td>300m</td></tr>
<tr><td>DH3</td><td>136,375</td><td>219,052</td><td>50 °/ 295°</td><td>300m</td></tr>
</table>
All Diamond Core Drill holes are planned to be acurately surveyed for dip and azimuth using a GlobalTech Pathfinder multi shot down hole survey camera.
Negotiations are underway to import a core orientation tool for the drilling program as such tools are not available in Sri Lanka.</td></tr>
<tr><td>Data aggregation methods</td><td>Intersections of diamond core containing vein graphite will be visually selected for analytical testing with accurate lengths recorded to ensure 100% of mineralisation is analysed and reported.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>Planned Drill hole orientaion is orientated based on historical shafts / adits and geophysics to be as perpendicular to any vein graphite mineralisation.</td></tr>
<tr><td>Diagrams</td><td>Refer Figure1 Warakapola Exploration Area – EL228.
Refer Figure2 for location plan for Schematic of Core Drilling Locations.
Refer Figure 3 for section Schematic of Core Drilling Locations</td></tr>
<tr><td>Balanced reporting</td><td>MRL Corporation Ltd will endeavour to produce balanced reports accurately detailing the results from any exploration activities.</td></tr>
<tr><td>Other substantive exploration data</td><td>No other substantive exploration data is available at this time.</td></tr>
<tr><td>Further work</td><td>MRL Corporation Ltd intends to complete further site investigations on its other license locations. Following the completion of this drilling program MRL will decide the next phase of exploration for the Pandeniya / Bopitiya exploration location.</td></tr>
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