04 JULY 2011

ASX ANNOUNCEMENT

MRG Metals Ltd to acquire the Kalgoorlie East Gold Project

MRG Metals Ltd (MRG) is pleased to announce the acquisition of the Kalgoorlie East Project comprising 15 granted tenements covering more than 1700 hectares located just 12km east of Kalgoorlie in Western Australia.

- **Outstanding location** with major gold deposits, Kalgoorlie Super pit (>50 M oz) to the east and Kanowna Belle (>5 M oz) to the north, highlight the considerable gold prospectivity of the Kalgoorlie East Project
- Region is home to a number of 100,000+ oz/annum gold producing mines. Consistent with conceptual target for this project.
- The 15 Tenements cover over 1700 hectares of under-explored prospective greenstone trends of the Golden Ridge Belt being the southern continuation of the Bardoc Tectonic Zone.
- **The project acquisition augments MRG's existing gold project** portfolio which includes the Xanadu and Braemore Gold Projects.
- Tenements are also considered **highly prospective for ultramafic-associated Ni-sulphide** mineralisation similar to deposits within the same greenstone belt to the south. The Carnilya Hill and Blair nickel (both average in excess of 2.5%Ni and almost 2Mt of ore)
- **Low risk acquisition cost**, consideration of $20k plus expenditure reimbursement, one million fully paid shares (to be escrowed) and a 1.5% net production royalty.
- **Proximity to excellent experienced labor force**, mining and exploration contractors and supportive industry infrastructure.
- Interpretation of newly acquired aeromagnetic data to locate potential structural targets is underway.
- **Field exploration to start immediately**

Company Information

Directors

Albert Pietrzak
Non Executive Chairman

Andrew Van Der Zwan
Managing Director

Shane Turner
Non Executive Director
& Company Secretary

MRG aspires to become an investment of choice, focused on:

The discovery of gold, base metals and other commodities which fit its growth strategy

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Quick Facts
as at June 30, 2011

Shares on Issue: 86 million

Market Cap: A$22 million

Options: Nil

Cash in Bank: A$5.1 million

Debt: Nil

Current Projects:

Xanadu

Braemore Battery

Diorite

Bell Chambers

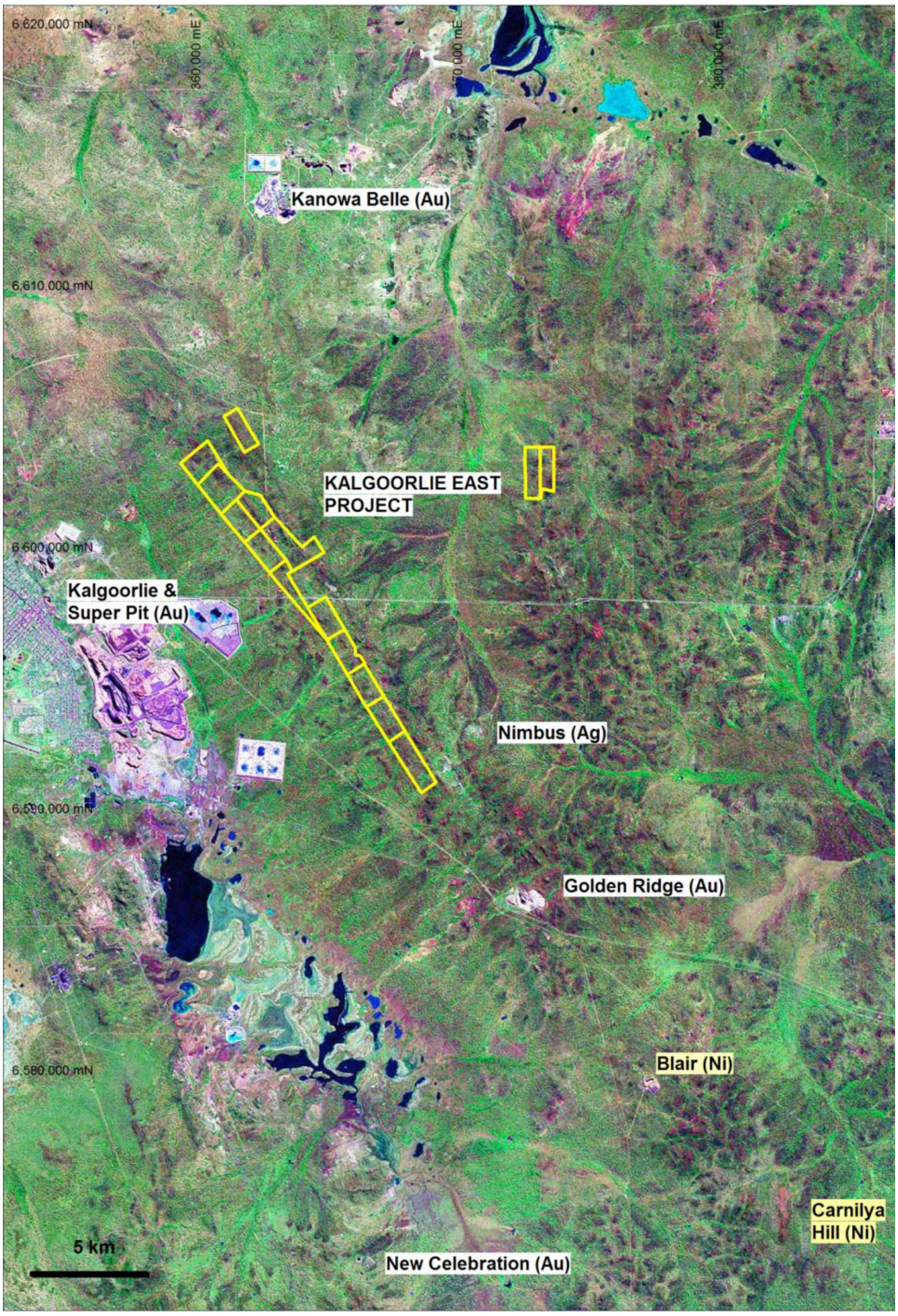
Mulgul

Kalgoorlie East

Geology

The Kalgoorlie East Project lies within the northwesterly trending Golden Ridge Greenstone Belt, a structurally complex package of ultramafic to felsic volcanic rocks with associated sediments and cherts. These have been intruded by a series of dolerite dykes and felsic porphyries. The belt is separated from the Kalgoorlie area to the west by a thick sequence of argillaceous sediments, and forms the southern continuation of the Bardoc Tectonic Zone. Evidence of historical mining exists which have appeared to exploited gold mineralised quartz veins as stockworks and oblique sets within brittle host rocks including dolerites and porphyries. These broad characteristics are similar to other gold mineralisaiton known to occur in the region.

Local physiography is irregular, with the Golden Ridge Belt forming a topographic high against flat alluvium covered sedimentary sequences to the east and west. Remnant laterite is preserved in places, although the majority of the project consists of partially stripped dissected saprolite or outcrop. The Project overlies the central and western portions of the Golden Ridge belt extending north from Borrara to Kurramia. Local structure is dominated by the southward continuation of the Bardoc Tectonic Zone with lithologies having variably developed shear fabrics with associated chlorite-carbonate alteration. The local stratigraphy has been isoclinally folded which have been subject to later faulting.



MRG Metals has agreed to acquire a total of 15 licences including P25/1984-1985, P26/3693-3694, P26/3596-3606 from Malanti Pty Ltd.

The Kalgoorlie East Project was explored for gold in the 1980's, mainly by BP Minerals and then Technomin Australia NL in Joint Venture with Hunter Resources (1984-1987). Several phases of RAB and RC drilling were completed, the majority of which occurs just to the east of MRG's ground holding. Mineralisation in drilling was recorded at several areas including the historical Corsair and Boorara workings. Detailed geological mapping was also completed.

Exploration in the 1970's for nickel sulphides targeting ultramafics in the general area was also conducted although records are incomplete.

More recently, exploration has been limited with only minor geochemical programs having been completed, and as such, the area remains relatively underexplored in modern times.

The Kalgoorlie East project is considered prospective for two Archaean aged styles of mineralisation;

- Mesothermal structurally controlled gold mineralisation in mafic volcanics or sediments such as are found in the region. Gold mineralisation at Boorara occurs in quartz veins/stockworks in carbonated and bleached quartz dolerites, whilst at Corsair mineralisation occurs with altered porphyries. Numerous old workings are present in the general area. The largest historical workings occur at Boorara and Corsair to the immediate east of the project, where grades to 16 g/t Au were mined.
- Nickel sulphide mineralisation occurring as massive sulphide accummulations in ultramafic rocks. The Carnilya Hill (Reserves quoted as 483,500 tonnes @ 2.9% nickel in 2007 and the Blair Nickel deposit (1.26 Mt @ 2.62% Ni) occur within the Golden Ridge Belt south of the project area.

Exploration Program

Regional geochemical sampling of the project area will commence immediately. Infil soil sampling will also be completed following the finalisation of the structural targeting using aeromagnetic data.

The geochemical sampling program is expected to take 2-3 weeks to be completed with results expected shortly thereafter. A suite of elements considered useful indicators for both gold and nickel mineralisation will be requested for analysis.

Following interpretation of initial geochemical results, the Company plans to rapidly follow-up any soil anomalies identified with further geochemical sampling, ground based geophysics and initial drill testing with an aim of determining the broad prospectivity of the project by the end of 2011. Exploration efforts at Kalgoorlie East will be accelerated upon receipt of encouraging results.

Questions and Answers

Q) Why has it never been explored given proximity to Super pit?

A) Although so favourably located there has been a paucity of exploration over the Project tenement area for many years. Prior to an amendment to the Mining Act in WA, Mining Lease Applications held priority tenure to the ground but had provided no access to work the ground if the pre-existing Prospecting Licences lapsed or expired which happened in this case. As the previous majority holder had operating mines in other areas that required their attention, they decided for their own reasons not to prioritise these tenements.

Q) How it came into MRG hands?

A) Due to the extended period of relative neglect due to the majority holder not allocating a budget, the tenements were in jeopardy and, as a settlement, it was agreed that MRG pay costs to meet minimum expenditure requirements for the current anniversary periods. MRG plans to reinvigorate exploration and now expect accelerated progress.

Q) Gold Potential of the project area- conceptual targets?

A) The Kalgoorlie East Project tenements are situated on a greenstone belt in proximity to major gold deposits (Golden Mile/Super Pit (>50M oz) to the east and Kanowna Belle (>5M oz) to the north). Several gold deposits have been mined at Binduli on a parallel structural trend to the west of the Golden Mile and historic gold mines occur at Bulong, on a trend to the east of MRG tenements. These add to the dimension of gold occurrences in the region and hence it is considered there is the potential for similarly mineralizing fluids to have interacted with rocks in the Kalgoorlie East tenements with deep seated structures, including the Boorara Fault, having provided paths facilitating fluid access.

Q) Nickel Potential in the project area- conceptual targets?

A) Exploration target at KE is Ni sulphide mineralisation occurring as massive sulphide accumulations in ultramafic rocks. The Carnilya Hill nickel deposit (Reserves quoted as 483,500 tonnes @ 2.9% nickel in 2007) and the Blair Nickel Deposit (1.26 Mt @ 2.62% Ni life of mine production*) occur within the Golden Ridge Belt south of the project area (see attached figure ~ 25km-40km), with several other prospects/anomalies noted closer to project. It is interpreted that the ultramafic lithologies extend northwards into Kalgoorlie East.

Q) Proximity to infrastructure…processing…etc?

A) Kalgoorlie East project lies within 25km radius of a number of operating gold and nickel mines. The town of Kalgoorlie is 12km from the project and contains the necessary mining-related support infrastructure. Proximity to infrastructure is excellent.

Andrew Van Der Zwan
Managing Director

The information in this report, as it relates to Exploration Results and Resource Estimates, is based on information compiled and/or reviewed by Rodney Foster who is a Member of The Australasian Institute of Mining and Metallurgy. Rodney Foster is a consultant to the Company. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

*Estimate of past production quoted for Super Pit taken form company website (www.superpit.com.au)
Estimate of past production and present resources quoted for Kanowa Belle taken from website (www.24hgold.com)
Blair Ni Mine production figures taken from www.australianmines.com.au.
Carnilya Hill Resource figures taken from www.mincor.com.au

MRG Project Locations