Half Year Financial Report

MRG Metals Limited
ABN: 83 148 938 532

For the half-year ended 31 December 2014

MRG aspires to become an investment of choice, focused on the discovery of Gold, Silver, Base Metals & other commodities

Contents

Corporate Directory

Directors & Secretary

Andrew Van Der Zwan
Non Executive Chairman

Keith Weston
Managing Director and Chief Executive Officer

Christopher Gregory
Non Executive Director

Shane Turner
Non Executive Director and Company Secretary

Principal place of business

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Stock Exchange Listing

ASX Codes: MRQ , MRQO

Director's Report

The Directors of MRG Metals Limited ('MRG') present their Report together with the financial statements of the consolidated entity, being MRG Metals Limited ('the Company') and its controlled entities, MRG Metals (Australia) Pty Ltd and MRG Metals (Exploration) Pty Ltd ('the Group') for the half year ended 31 December 2014 and the Independent Review Report thereon.

Projects

MRG Metals Ltd ('MRG') has a stated exploration strategy to drill high potential targets every quarter, wherever practicable. To achieve this, MRG adopts a systematic approach to target generation and prioritisation of drilling. During 2014 our Kalgoorlie East, Xanadu & East Yilgarn Projects were drilled.

Xanadu (Gold)

MRG's Xanadu project is located close to the northern margin of the Ashburton Basin, some 4 kilometres WSW of Northern Star Resources Ltd's Ashburton Project (21.3 million tonnes @ 2.4g/t gold for 1.67 million ounces). The Xanadu mineralisation was discovered in the mid 1980's by BP Minerals and has been subject to various phases of exploration in the ensuing period until MRG's acquisition.

MRG's first drill program undertaken during May 2014 and comprised 15 holes for 1,677 metres. The primary targets were both near surface stratabound mineralisation, the focus of previous exploration and deeper sub vertical feeder structures, which have received little prior attention.

Every hole from the program returned either wide gold mineralised intercepts or strongly elevated pathfinders, suggesting that the holes were drilled within the halo of mineralised system.

Concurrent with MRG's first drill program, a soil sampling program outlined a new prospect area now called Pertinax. This prospect lies near where the Cheela Springs Basalt abuts the overlying sediments of the Mount McGrath Formation. This geological position is akin to those found on Northern Star Resources Ltd's adjacent Ashburton Project.

Further drilling is planned to commence shortly, along with additional holes at Cleopatra prospect and another new prospect to the west of Stynes. Pads and access tracks were established to these sites during late December 2014 and drilling is planned to commence during 2015.

East Yilgarn Project (Gold & Nickel)

MRG's East Yilgarn Project, along with Gold Road Resources Ltd's Yamarna Project, are located at the eastern margin of the Yilgarn Craton and are prospective for greenstone hosted gold in a frontier terrain. The potential of this area is demonstrated by Gold Road's exploration success on their Gruyere Prospect.

The greenstone hosted gold deposits of the Yilgarn Craton account for a significant proportion of Australia's gold production. This terrain is historically underexplored due its remoteness and the cover of younger rocks and sand of the Great Victoria Desert.

Drilling commenced in late September, with the program being completed in late October 2014. Six vertical holes over two separate areas were originally planned, comprising Reverse Circulation pre collars (RC) followed by diamond tails. The final number of holes was determined by on-site results and depth of basement. The targets were all blind and the thickness of younger cover rocks precluded the use of traditional geochemical methods to refine their position.

The first hole (EY4001) in E38/2773 pierced the target at approximately 169 metres. The rocks comprised basalts and tuffs, believed to be analogues of the Table Hill Volcanics, Early Palaeozoic aged extrusive rocks that lie within the predominantly sedimentary rocks of the Officer Basin. They contained disseminated sulphides and were strongly hematite altered in part. However, the extrusive nature of these rocks precluded the chance of significant mineralisation. Consequently the other two holes planned for this target were not drilled. No geochemically anomalous assays were returned.

Two Reverse Circulation pre-collars were drilled within E38/2553. The northern hole (EY4002) was pre collared through Proterozoic shales to a depth of 169 metres. It was initially planned to return to this hole after completing the other hole 10 kilometres to the south.

The southern hole encountered strong water inflows, so diamond drilling commenced at approximately 100 metres below surface. The covering rocks comprised Proterozoic aged shales and thin Banded Iron Formations to 444 metres, then dolomites and calcareous sediments. Archean aged rocks were reached at 489 metres. From 489 metres to the end of hole at 550 metres, the rocks comprised basalts and dolerites with zones of abundant quartz stockwork veining containing disseminated pyrite and with early jasper veins cut by later generations of quartz veining. Selected intervals of core were selected for assaying, however, the results were uniformly low.

As the Archean rocks were deeper than expected in EY4003, it was determined not to complete the diamond tail below the RC pre-collar on EY4002. From geophysical evidence it is known that the Officer Basin thickens in a north easterly direction and the Archean rocks would be likely deeper than 489 metres below surface.

The greater thickness of cover rocks diminishes the prospectivity of the targets within E38/2553 and the lack of suitable host rocks precludes the likelihood of significant mineralisation being present in E38/2773. Consequently, this project is currently being reviewed.

MRG was granted $112,500 from the Department of Mines & Petroleum WA co-funded Government-Industry Exploration Incentive Scheme, which defrayed 50% of the cost of this drilling program. $90,000 was received in January 2015 and the balance of $22,500 is expected to be received shortly.

Queensland Iron Oxide Copper Gold Projects
MRG commenced the planning of geophysical surveys over our three Queensland licences, which will be the major focus of MRG's exploration in 2015. These recently granted licences cover prospective ground within the Mount Isa Block. In these areas, the basement lies mostly under cover and analysis utilising the Sasak Technology has revealed their potential to host mineralisation.

These projects 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).

MRG is currently considering the most cost effective method to undertake these surveys as an aid to future drill targeting. In addition, MRG has applied for co funding from the Queensland co-funded Government-Industry Exploration Incentive Scheme, which defrays 50% of the cost of drilling.

Loongana (Nickel & Platinum Group Elements)
The Loongana Project is located on the Nullarbor Plain, 500kms east of Kalgoorlie and 60kms north of the Trans Australia railway line. MRG holds a tenement that covers the majority of the Loongana Igneous Complex. This Complex is a large layered mafic and ultramafic intrusive body that lies at depths ranging from 250 metres to 350 metres below the surface. It includes one of the strongest gravity residuals in Australia, with accompanying multifarious magnetic features.

Activity during the second half of 2014 focussed on improving geological understanding of the Complex as an aid to drill targeting. The original drill core and RC chips were re-logged and the anomalous interval in hole LNDG001 was re assayed. This work largely confirmed the original deposit model promulgated by Helix Resources, of a stratiform reef-style Platinum Group Element (PGE) deposit (Bushveld/Stillwater model). Re-assaying of the anomalous PGE interval confirmed the original result of 0.72 metres 0.12g/t Paladium+Platinum from 272 metres down hole. These factors have technically de-risked the forthcoming drill program by confirming a valid geological target.

By analogy with other PGE deposits, it appears that the Helix Resources hole drilled into the low grade halo that usually lies under the PGE reef. These reefs typically have a sharp upper contact and tapering 'tail', where the PGE values gradually decrease to background levels.

MRG proposes to collar a new drill hole approximately 200 metres north of LNDG001 to pierce the interpreted reef structure from above.

Drilling is planned for 2015 with the support of funding from the Department of Mines and Petroleum WA Co-funded Government - Industry Drilling Program of the Exploration Incentive Scheme ('EIS'). Under the EIS, funds committed by MRG towards the approved drill programs will be matched by funds from the Western Australian Government, up to a maximum of $108,000.

Yardilla
MRG's combined Yardilla project area straddles part of the Cundeelee Fault, which separates the Archean Yilgarn Craton from the Proterozoic Albany-Fraser Orogen and comprises three adjoining exploration licences. It is considered to be prospective for gold, nickel and base metals that may be present in both geological terrains.

MRG has an option and purchase agreement over two granted exploration licences that adjoin an existing MRG 100% owned licence at Yardilla. Together, they cover a contiguous area of approximately 220 square kilometres.

Following the completion of Native Title Heritage Clearance, a program of calcrete sampling will soon commence.

Kalgoorlie East Project (Gold, Nickel, Base Metals & Silver)
The Kalgoorlie East Project comprises 15 prospecting licences covering over 1,700 hectares, located just 10km east of Kalgoorlie in Western Australia.

In early 2014, a 1,115 metre Reverse Circulation drilling program tested two new gold targets, one on the main Kalgoorlie East area (5 holes) and the other on the Balagundi satellite project (4 holes).

The holes at Balagundi were drilled into a virgin area with no prior drilling. Of the four shallow holes completed, anomalous gold and strongly anomalous arsenic were found in two of the holes.

Significant results from the program include:
KALGOORLIE EAST
3m @ 2.83g/t Ag, 0.08% Cu & 0.8% Zn from 143 to 146m in hole KERC015
2m @ 12g/t Ag & 0.06% Cu from 46 to 48m in hole KERC018
3m @ 2.67g/t Ag, 0.09% Cu & 0.6 % Zn from 153 to 156m in hole KERC019

BALAGUNDI
3m @ 0.33g/t Au & 479 ppm As from 35 to 38m in hole BRC001
5m @ 1,710 ppm As from 67 to 72m in hole BRC004
Full results are given in Appendix 1.

The geochemical associations highlight relationships common in Metalliferous Black Shales (possibly associated with Volcanogenic Massive Sulphide-related mineralisation) and Archean Gold Deposits (Balagundi).

At Kalgoorlie East the geochemistry of the Metalliferous Black Shales encountered during the drilling show that they are very sulphidic, with highly anomalous concentrations of Au, As and elevated base metals. There are many types of mineral deposits that are enveloped by disseminated pyrite 'shells' with anomalous geochemistry. Accordingly, further work is underway on the black shale geochemistry to determine vectors to mineralisation and further drilling is planned, along with step out drilling at Balagundi.

Fraser Range (Gold)
The project lies 100 kilometres east south east of Norseman and approximately 60 kilometres due south of the Eyre Highway and comprises several exploration licence applications, covering approximately 500 square kilometres.

The MRG licence applications are 400km southwest of the Tropicana +5 million ounce gold discovery and 80km southwest of the Nova nickel-copper discovery by Sirius Resources Ltd. The Tropicana gold deposit represents the first major discovery within this geological province, located along an ancient collision zone between the Yilgarn Craton and the Albany-Fraser Orogen. The geological setting was previously seen to not be prospective for gold deposits.

The MRG applications are within the ‘B’ Class Dundas Nature Conservation Reserve and are yet to be granted whilst we await a decision on the environmental conditions that will be placed on the licences from the Department of Parks & Wildlife.

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. This is a summary report and technical data contained within has been previously released to the Australian Stock Exchange.

Forward Looking Statement
All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of MRG Metals Ltd (‘MRG’ or ‘Company’) are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as ”anticipate”, “believe”, “could”, “estimate”, “expect”, “future”, “intend”, “may”, “opportunity”, “plan”, “potential”, “project”, “seek”, “will” and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management of MRG that could cause MRG’s actual results to differ materially from the results expressed or anticipated in these statements. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. MRG does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Director details

The following persons were directors of MRG Metals Limited during or since the end of the half year.

- Mr Andrew Van Der Zwan
- Mr Keith Weston
- Mr Christopher Gregory
- Mr Shane Turner

Principal activities

During the period, the principal activities of entities within the Group were exploration and development of Gold, Nickel, Base Metals and other commodities within Australia.

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 half year was a loss of $317,264 (31/12/13 loss $1,282,086).

Earnings per share during the half year were ($0.23) (31/12/13 ($0.96).

Dividends

There were no dividends declared or paid during the half year.

Events arising since the end of the reporting period

No significant events have arisen since 31 December 2014.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 9 of this financial report and forms part of this Directors report.

Signed in accordance with a resolution of the directors.

Shane Turner
Director

Date: 12 March 2015

Grant Thornton

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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 review of MRG Metals Ltd for the half-year ended 31 December 2014, 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 review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 16 March 2015

Statement of Financial Position

As at 31 December 2014

	Notes	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Assets			
Current			
Cash and cash equivalents		284,608	1,238,917
Trade & Other Receivables		759,123	70,618
Current assets		1,043,731	1,309,535
Non-current			
Exploration and evaluation		7,064,866	6,634,422
Option		75,000	75,000
Intangibles		510,875	1,021,750
Non-current assets		7,650,741	7,731,172
Total assets		8,694,472	9,040,707
Liabilities			
Current			
Trade and other payables		35,851	64,822
Current liabilities		35,851	64,822
Total liabilities		35,851	64,822
Net assets		**8,658,621**	**8,975,885**
Equity			
Share capital	8	16,364,536	16,364,536
Retained earnings		(7,705,915)	(7,388,651)
Total equity		**8,658,621**	**8,975,885**

The accompanying notes form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2014

	Notes	Consolidated 31 December 2014 $	31 December 2013 $
Revenue		12,188	46,909
Research & Development Refund		613,374	-
Employee benefits expense		(197,426)	(206,338)
Exploration expenses/tenements written off	6	-	(403,000)
Amortisation of Intangibles	7	(510,875)	(510,875)
Administration expense		(234,525)	(208,782)
Loss before tax		**(317,264)**	**(1,282,086)**
Tax expense		-	-
Loss after tax		**(317,264)**	**(1,282,086)**
Other comprehensive income, net of tax		-	-
Total comprehensive loss		**(317,264)**	**(1,282,086)**

		Cents	Cents
Basic earnings per share			
Earnings from continuing operations	3	(0.23)	(0.96)
Diluted earnings per share			
Earnings from continuing operations	3	(0.23)	(0.96)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the half-year ended 31 December 2014

Consolidated	**Share capital**	**Retained earnings**	**Total equity**
	$	**$**	**$**
Balance at 1 July 2013	15,934,536	(2,151,569)	13,782,967
Transactions with owners:			
Loss for the period	-	(1,282,086)	(1,282,086)
Balance at 31 December 2013	**15,934,536**	**(3,433,655)**	**12,500,881**
Balance at 1 July 2014	16,364,536	(7,388,651)	8,975,885
Transactions with owners:			
Loss for the period	-	(317,264)	(317,264)
Balance at 31 December 2014	**16,364,536**	**(7,705,915)**	**8,658,621**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014 $	**31 December 2013 $**
Operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	(443,925)	(482,734)
Net cash (used in) operating activities	(443,925)	(482,734)
Investing activities		
Payment for exploration & evaluation	(520,443)	(652,046)
Interest received	10,059	96,865
Net cash (used in) investing activities	(510,384)	(555,181)
Financing activities		
Net cash from (used in) financing activities	-	-
Net change in cash and cash equivalents	(954,309)	(1,037,915)
Cash and cash equivalents, beginning of period	1,238,917	3,110,575
Cash and cash equivalents, end of period	284,608	2,072,660

The accompanying notes form part of these financial statements.

Notes to the condensed interim consolidated financial statements

1 Nature of operations

During the period, the principal activities of entities within the Group were exploration and development of Gold, Nickel, Base Metals and other commodities within Australia.

2 General information and basis of preparation

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The same accounting policies and methods of computation are followed in the half-year financial report as compared with the Company's most recent annual financial report, for the financial year ended 30 June 2014.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of or disclosure in, its half-year financial statements.

3 Earnings per share

The weighted average number of shares for the purposes of the calculation 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 6 months to 31 December 2014 $	Consolidated 6 months to 31 December 2013 $
Loss after income tax	(317,264)	(1,282,086)
Weighted average number of shares used in basic earnings per share	135,612,115	133,166,000
Weighted average number of shares used in diluted earnings per share	135,612,115	133,166,000

4 Subsidiaries

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

5 Dividends

There were no dividends declared or paid during the current or previous half year.

6 Amortisation of intangibles

Intangibles relate to access to the data mining software of Sasak Technical for a period of two years from July 2013. Accordingly, it is being amortised over this period.

7 Impairment of non financial assets

There was no impairment during the six months ended 31 December 2014.

8 Share Capital

	Note			Consolidated
		Number of Ordinary Shares	Number of Options	$
Movements in share capital:				
Balance at 1 July 2013		133,166,000	44,007,993	15,934,536
Balance at 31 December 2013		**133,166,000**	**44,007,993**	**15,934,536**
Balance at 1 July 2014		135,612,115	44,007,993	16,364,536
Balance at 31 December 2014		**135,612,115**	**44,007,993**	**16,364,536**

9 Segment reporting

The Group is organised into one operating segment, which is the exploration and development of Gold, Nickel, 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.

10 Commitments for expenditure

	Consolidated	
	31 December 2014 $	30 June 2014 $
Exploration and evaluation: Within 12 months	662,300	571,800
	662,300	**1,046,880**

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.

11 Related parties

Payment for goods and services:

The Group used the accounting services of RSM Bird Cameron, an entity associated with Mr. Turner. The amounts billed were based on normal market rates and amounted to $17,600 for the six months (2013 $26,100). Also, the Group used accounting services from Mr. Turner. The amounts billed were based on normal market rates and amounted to $19,000 for the six months (2013 $nil)

12 Events after the reporting date

No significant events have arisen since 31 December 2014.

Directors' declaration

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

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

      i. giving a true and fair view of its financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

      ii. complying with Accounting Standard AASB 134 Interim Financial Reporting; and

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

Signed in accordance with a resolution of the directors:

Dated at Melbourne this 12th day of March 2015

[Shane Turner]
Director

Grant Thornton

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Independent Auditor's Review Report
To the Members of MRG Metals Ltd

We have reviewed the accompanying half-year financial report of MRG Metals Ltd ("Company"), which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of MRG Metals Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the MRG Metals Ltd financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MRG Metals Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MRG Metals Ltd is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 16th March 2015