QUARTERLY REPORT

FOR THE PERIOD ENDING 31 MARCH 2016

Due to the challenging market conditions MRG Metals Limited ("**MRG**" or the "**Company**", MRQ.ASX) reduced exploration expenditure across all Projects during the Quarter. Joint Venture discussions have commenced on several projects in the portfolio in order that high caliber exploration targets may still be tested through partner funding. Ongoing review of the broader portfolio to refine future exploration expenditure and rationalisation opportunities is underway.

XANADU

Following the completion of drilling at Xanadu during the December 2015 quarter, further analysis of the data and additional 3D modeling has been completed and will be utilized to vector into areas of higher gold grades.

Drilling of deeper holes at Pertinax will be the focus of the next drilling program at Xanadu, for which MRG has obtained co funding from the Department of Mine & Petroleum up to $110,000.

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.

The Albany-Fraser Orogen hosts a number of world class deposits, including:

- **Tropicana gold mine** – Resource of 115.7Mt @ 1.89 g/t Au for 7.04Moz Au *(30 June 2015)*
- **Nova-Bollinger nickel sulphide deposits** – Resource of 14.3Mt @ 2.3% Ni & 0.9% Cu for 325kt Ni & 134kt Cu *(30 June 2015)*
- **Trilogy base metal deposit** – Resource of 6.2Mt @ 1% Cu, 0.9 g/t Au & 47 g/t Ag for 65kt Cu, 214koz Au & 9.3Moz Ag *(30 June 2015)*

The Yardilla project spans a portion of the major tectonic suture between the Kurnalpi greenstone Terrain of the Yilgarn Craton and the Proterozoic Albany-Fraser Province, covering tectonically reworked Archean rocks that form the eastern margin of the Yilgarn Craton.

Hence, the project occupies a Tectono-Structural position similar to the Tropicana deposit on the south eastern edge of the Yilgarn Craton (N-S greenstone fabric), within its transition into the northeast-southwest oriented Albany-Fraser Orogen

FRASER RANGE

MRG's Fraser Range Project lies 100 kilometres east south east of Norseman and approximately 60 kilometres due south of the Eyre Highway, comprising several exploration licence applications, covering approximately 500 square kilometres.

All of the applications lie within the 'B' Class Dundas Nature Conservation Reserve. The cost of complying with environmental conditions proposed be placed on the licences by the Department of Parks & Wildlife was considered to be excessive given the low impact character of exploration planned on the project.

Accordingly, MRG withdrew its applications on 23 February 2016.

QUEENSLAND IRON OXIDE COPPER GOLD PROJECTS

MRG's ground holding in the Mt Isa province in western Queensland comprises 5 granted licences, following the grant of 2 applications in September 2015. 4 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 currently undergoing Cultural Heritage clearance. The new licences all lie under shallow cover, close to favourable structural positions near existing mines.

The current granted licences comprise:

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. 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 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.

During the quarter a further exploration licence (EPM26167) was applied for immediately adjacent to the granted licence EPM25884, doubling the area held by MRG. The combined project contains a number of IOCG targets.

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.

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	31 March 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 Months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(246)	(870)
	(b) development		
	(c) production		
	(d) administration	(170)	(630)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	-	5
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – Drill Funding Grant	-	117
	Other – Research & Development Refund	455	455
	Net Operating Cash Flows	39	(923)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(3)	(3)
	(b) equity investments		
	(c) other fixed assets	(1)	(2)
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	(4)	(5)
1.13	Total operating and investing cash flows (carried forward)	35	(928)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	35	(928)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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
	Net increase (decrease) in cash held	35	(224)
1.20	Cash at beginning of quarter/year to date	151	410
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	186	186

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	$51
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	50
4.2	Development	NIL
4.3	Production	NIL
4.4	Administration	25
	Total	**75**

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	17	5
5.2	Deposits at call	169	146
5.3	Bank overdraft	NIL	NIL
5.4	Other (provide details)	NIL	NIL
	Total: cash at end of quarter (item 1.22)	186	151

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				
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				
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: (Director/Company secretary) Date: 29 April 2016

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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