



PRELIMINARY UPDATE

YARDILLA DRILLING AT OMMANEY

- Preliminary assay results from drill hole YRHD-003A at Ommaney confirms the discovery and significance of a large alteration system.
- First assays received for YRD-003A: low gold up to 0.5 g/t, high tellurium, silver, tungsten and lead.
- Preliminary multi-element analysis using Sasak's AGLADS system (Archean Gold Lode Alteration Detection System) classifies the alteration zone seen in YRDH-003A as being "Proximal to Mineralisation", giving MRG confidence to pursue the potential for adjacent high gold grades.
- Immediate drill targets already exist directly underneath (down-dip) and along strike of YRD-003A.
- Assays for YRHD-001 and YRHD-002 expected next week.
- Comprehensive analysis of multi-element geochemistry, geology and structural architecture will then be possible.
- A detailed technical update will follow the analysis – will prioritise the follow-up drilling in February.

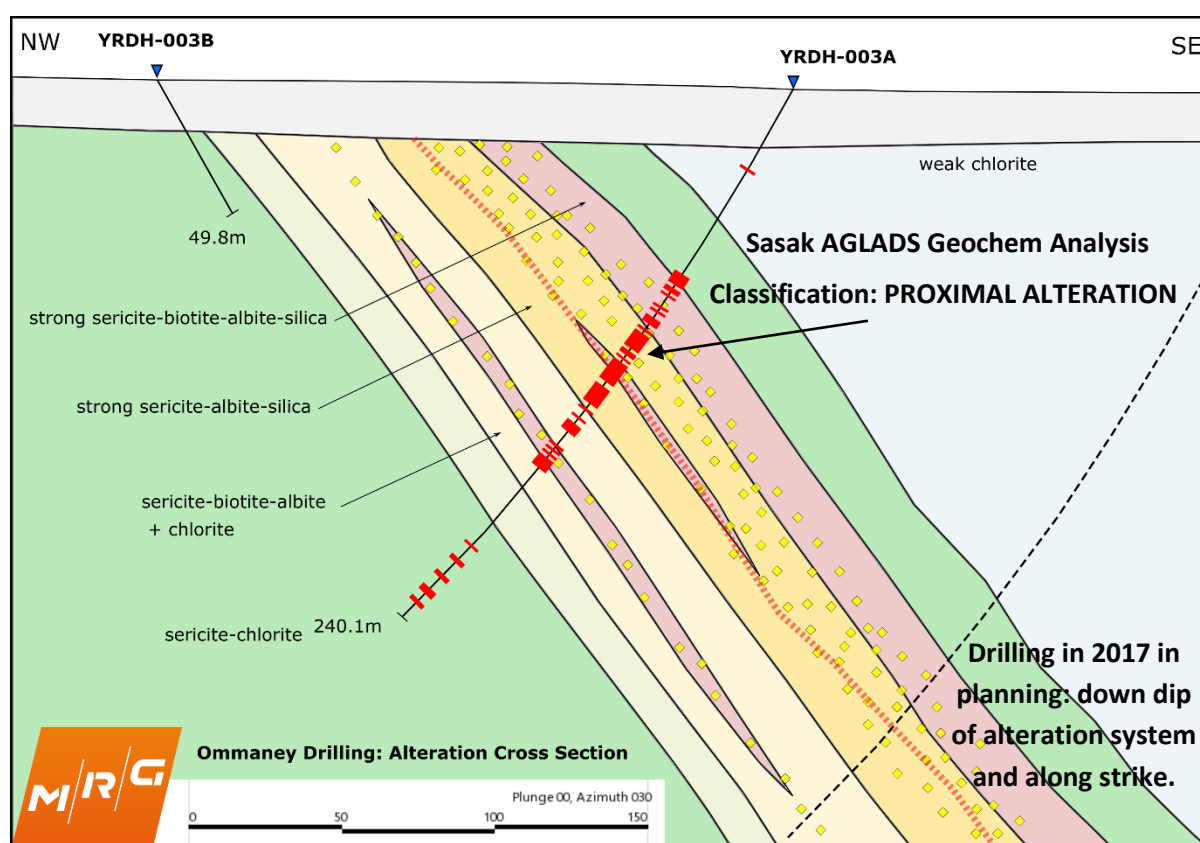
Initial assay results from drilling at Yardilla in 2016 indicate that the strong to intense alteration zone in YRDH-003A (Ommaney Prospect) delivered low level gold mineralisation (peak of 1m @ 0.5ppm Au from 233m) and anomalously elevated pathfinder elements including peaks 52ppm As, 23.1ppm Bi, Mo, 449ppm, 1.4ppm Te (Tellurium), and 370ppb Au (Gold), 5g/t Ag (Silver), 52ppm As (Arsenic), 23.1ppm Bi (Bismuth), 25ppm Mo (Molybdenum), 449ppm Pb (Lead), 3,650ppm Zn (Zinc) and very high 1,910ppm W (Tungsten). Elevated Tungsten is particularly interesting due to the relationship between the mineral Scheelite and high economic-status Archean gold deposits around the World.

This initial multi-element assay data was analysed using Sasak's **AGLADS** (Archean Gold Lode Alteration Detection System) which compares the multi-element geochemical signature of samples with rocks from different parts of the ore zones, proximal and distal alteration zones and host rocks of dozens of well-known and well-studied Archean lode gold deposits across Australia.

AGLADS has classified the core of the alteration zone in YRDH-003A as **Proximal** to Archean lode gold mineralisation, confirming MRG's interpretation of this alteration system as closely-related to gold mineralisation.

Hole ID	From	To	Assay
YRDH-003A	233	234	0.529 ppm Au
YRDH-003A	193	194	5 ppm Ag
YRDH-003A	15	16	52 ppm As
YRDH-003A	193	194	23.1 ppm Bi
YRDH-003A	232	233	25 ppm Mo
YRDH-003A	233	234	449 ppm Pb
YRDH-003A	233	234	1.4 ppm Te
YRDH-003A	161	162	1,910 ppm W
YRDH-003A	134	135	3,650 ppm Zn

Table 1. Peak multi-element assays (1m intervals) from YRDH-003A.

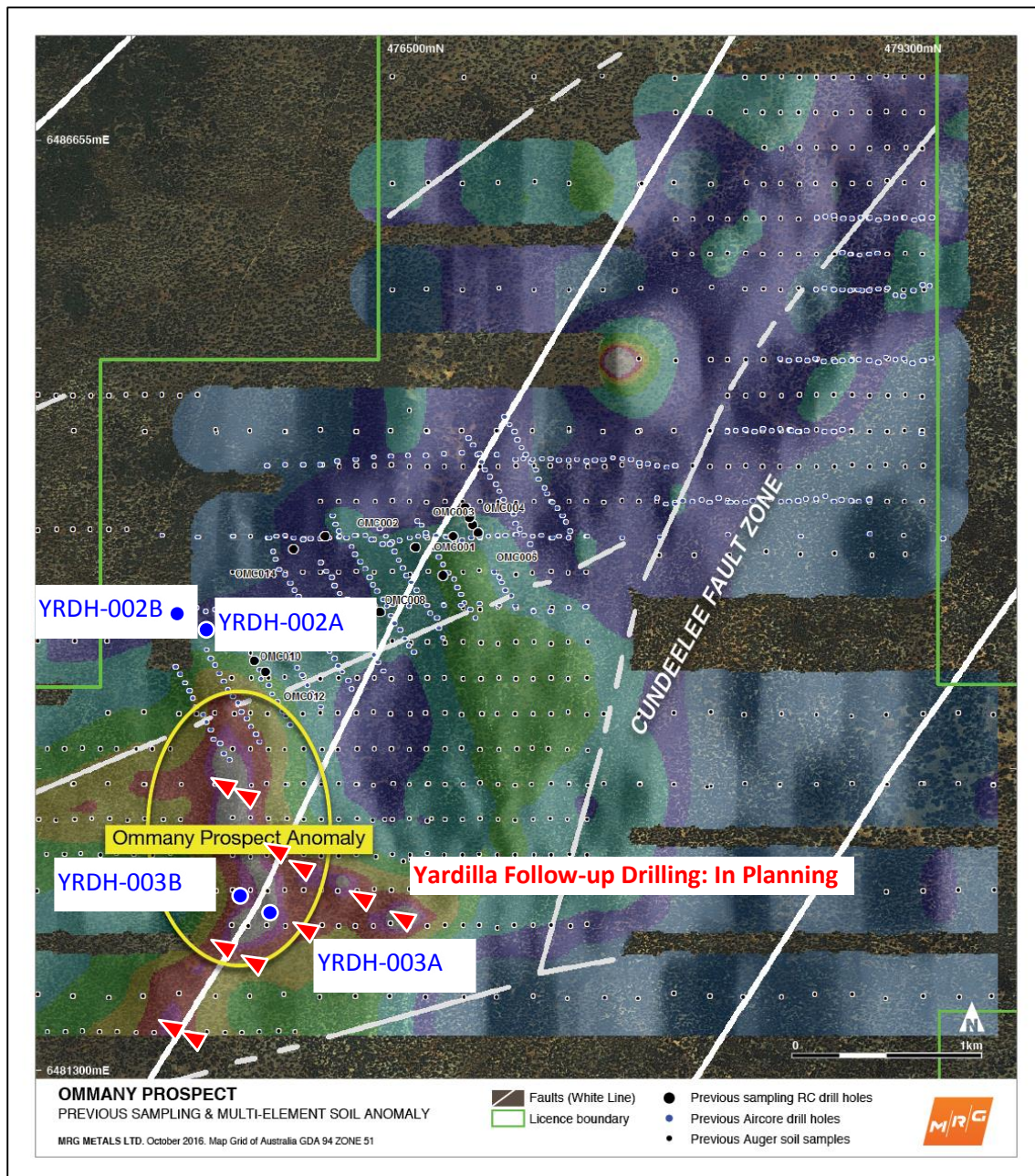


The section above shows the intervals of core classified by Sasak's AGLADS multi-element analysis as Proximal to mineralisation, superimposed on the alteration zones interpreted from logging. The consistency between classified and logged intervals of strong to intense alteration in core is clear and this zone also corresponds to the surface multi-element anomaly that was the original target of drilling in 2016.

The lack of disseminated gold mineralisation in YRDH-003, coupled with the results from multi-element analysis, leads towards the interpretation that a gold-rich zone at Ommaney is in close proximity to this initial drill hole, somewhere within the wider alteration system identified. Planning

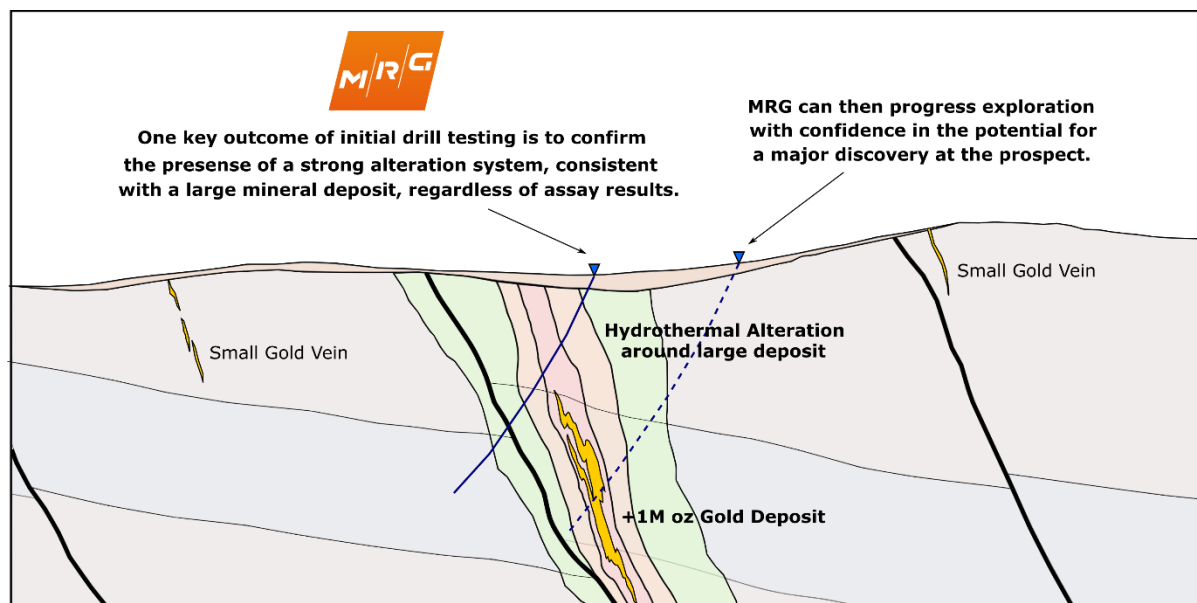
to test the down-dip extent of the alteration system and along strike from the initial intersection, will be the next priority once all assay results for drilling at Yardilla are returned.

A more comprehensive analysis of multi-element associations by Sasak will be integrated into detailed interpretation and 3D modelling of the structural and geological framework of the prospect using the new information and insights gained from diamond drilling core in 2016. MRG will then use this technical platform to design drilling and vector exploration towards potential gold-mineralisation at Yardilla in 2017.



Planning for a follow-up drilling program in 2017 along strike from YRDH-003A is underway. The full extent of this program will depend on assay results and analysis from other holes drilled at the project in 2016.

Hypothetical illustration of how Sasak's technology is used to recognise the alteration "footprint" of Large Mineral Deposits (see MRG's ASX release from 9 January 2017).



Andrew Van der Zwan
Chairman

The information in this report, as it relates to Exploration Results is based on information compiled and/or reviewed by Mr. Benjamin McCormack, who is a member of the Australian Institute of Geoscientists (AIG).

Mr. McCormack is a consultant 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. McCormack consents to the inclusion in the report of the matters based on the information in the form and context in which they appear.