19 August 2014

Centralised Company Announcements Platform
Australian Stock Exchange
10th floor, 20 Bond Street
Sydney NSW 2000

Dear Sir,

NON RENOUNCEABLE ENTITLEMENTS ISSUE – APPENDIX 3B

As announced on 19 August 2014, Monteray Mining Group Limited ("Monteray" or the "Company") is proceeding with a Non-Renounceable Entitlements Issue of Shares.

The Entitlements Issue offers shareholders who are registered at the Record Date one (1) New Share for every one (1) existing share held, at an issue price of $0.01 each.

The Entitlements Issue will be open to holders of fully paid ordinary shares in the Company with registered addresses in Australia or New Zealand who are registered at the Record Date.

An Appendix 3B for the issue is attached.

Yours sincerely,

For and on behalf of Monteray Mining Group Limited

Brett Tucker
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement,
application for quotation of additional securities
and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Monteray Mining Group Limited

ABN

15 062 959 540

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	⁺Class of ⁺securities issued or to be issued	Ordinary Shares
2	Number of ⁺securities issued or to be issued (if known) or maximum number which may be issued	65,400,355
3	Principal terms of the ⁺securities (eg, if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)	Fully paid ordinary shares

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5	Issue price or consideration	1 cent
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Pro-rata non-renounceable entitlements issue of 65,400,355 New Shares on the basis of one (1) New Share for every one (1) Share held at the Record Date.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	Not Applicable
6c	Number of +securities issued without security holder approval under rule 7.1	Not Applicable
6d	Number of +securities issued with security holder approval under rule 7.1A	Not Applicable

+ See chapter 19 for defined terms.

6e	Number of ⁺securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not Applicable

6f	Number of securities issued under an exception in rule 7.2	65,400,355 Ordinary Shares

6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not Applicable

6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable

6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer Annexure 1

7	Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	On or about 16 September 2014

8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable	Number	⁺Class
		130,800,710	Fully Paid Ordinary Shares

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	10,145,000	Options expiring 31/8/2014
		2,000,000	Options expiring 30/11/2015
		4,000,000	Options expiring 30/11/2016
		1,000,000	Options expiring 8/10/2015
		1,000,000	Options expiring 8/10/2016
		1,000,000	Options expiring 30/11/2016
		1,000,000	Class A performance shares expiring 8/10/2017
			Class B performance shares expiring 8/10/2017

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No

12	Is the issue renounceable or non-renounceable?	Non-renounceable

13	Ratio in which the +securities will be offered	One (1) New Share for every one (1) Share held

14	+Class of +securities to which the offer relates	Fully paid ordinary shares

15	+Record date to determine entitlements	26 August 2014

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	Rounding up to the nearest 1 share

18	Names of countries in which the entity has ⁺security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Only an Australian and New Zealand offer

19	Closing date for receipt of acceptances or renunciations	9 September 2014

20	Names of any underwriters	Offer is partially underwritten by Ventnor Securities Pty Ltd ("Ventnor"). Ventnor has the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Shares within 3 months after the Closing Date. Shortfall Shares will be issued at the same issue price of New Shares under the Offer.

21	Amount of any underwriting fee or commission	Not Applicable

22	Names of any brokers to the issue	Ventnor Securities will manage the Offer

23	Fee or commission payable to the broker to the issue	A fee equal to:- (a) 1% of the total funds raised under the Entitlements Issue; and (b) 5% of the amount of the Entitlements Issue that is underwritten by Ventnor Securities and the value of the shortfall shares placed by Ventnor Securities.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺security holders	Refer to 23 above for commissions payable to Ventnor Securities in relation to the Entitlements Issue.

25	If the issue is contingent on ⁺security holders' approval, the date of the meeting	Not Applicable

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	29 August 2014

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do ⁺security holders sell their entitlements *in full* through a broker?	Not Applicable
31	How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?	Not Applicable
32	How do ⁺security holders dispose of their entitlements (except by sale through a broker)?	Not Applicable
33	⁺Despatch date	On or about 16 September 2014

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34   Type of securities
       (*tick one*)

(a)   ☑   Securities described in Part 1

(b)   All other securities
             Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

35   If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36   If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
      1 - 1,000
      1,001 - 5,000
      5,001 - 10,000
      10,001 - 100,000
      100,001 and over

37   A copy of any trust deed for the additional +securities
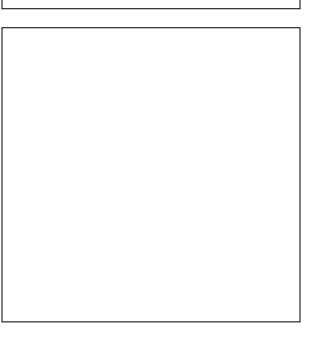
Entities that have ticked box 34(b)

38   Number of securities for which +quotation is sought

39   Class of +securities for which quotation is sought

40   Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

      If the additional securities do not rank equally, please state:
      • the date from which they do
      • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
      • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41   Reason for request for quotation now

      Example: In the case of restricted securities, end of restriction period

      (if issued upon conversion of another security, clearly identify that other security)

+ See chapter 19 for defined terms.

		Number	+Class
42	Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)		

Quotation agreement

1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those ⁺securities should not be granted ⁺quotation.

- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.

- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .... Date: 19 August 2014
            (**Company Secretary**)

Print name: Mr Brett Tucker
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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for ⁺eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	65,400,355
Add the following: • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil Nil Nil
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
"A"	65,400,355

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	9,810,053

Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period *not counting* those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 *Note:* • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil
"C"	Nil

Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	9,810,053
Subtract "C" *Note: number must be same as shown in Step 3*	Nil
Total ["A" x 0.15] – "C"	9,810,053 *[Note: this is the remaining placement capacity under rule 7.1]*

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	65,400,355
Step 2: Calculate 10% of "A"	
"D"	0.10 *Note: this value cannot be changed*
Multiply "A" by 0.10	6,540,035
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	Nil
"E"	Nil

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	6,540,035
Subtract "E" *Note: number must be same as shown in Step 3*	Nil
Total ["A" x 0.10] – "E"	6,540,035 *Note: this is the remaining placement capacity under rule 7.1A*

+ See chapter 19 for defined terms.