



ABN 15 062 959 540

1 FOR 1 NON-RENOUNCEABLE ENTITLEMENT OFFER

ENTITLEMENT ISSUE OFFER DOCUMENT

19 August 2014

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document, you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

IMPORTANT NOTICES

This Offer Document is dated 19 August 2014. This Entitlement Issue is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an informed decision whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. Announcements made by MRY to ASX are available from the ASX website www.asx.com.au. The information in this Offer Document does not constitute a recommendation to acquire New Shares or financial product advice.

This Offer Document is important and should be read in its entirety before deciding whether to participate in the Entitlement Issue. This Offer Document has been prepared without taking into account the investment objectives, financial or taxation situation or particular needs of any Applicant. Before applying for New Shares, you should consider whether such an investment is appropriate to your particular needs, considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. If you are in any doubt about the Entitlement Issue or the contents of this Offer Document, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. You should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with the Company's Share Registry or otherwise arranging for payment for your New Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Entitlement Issue detailed in this Offer Document, you agree to all of the terms and conditions as detailed in this Offer Document and you have made your own enquires and assessment as to the assets, liabilities, financial position, profit and losses and prospects of the Company and the rights attaching to New Shares.

Offering restrictions

This Offer Document has been prepared to comply with the requirements of the laws of Australia. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of the Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, no action has been taken to register this Offer Document in any jurisdiction outside Australia or New Zealand, or to otherwise permit a public offering of Entitlements or Shares in any jurisdiction outside Australia or New Zealand. The Entitlement Issue is not being extended to any Shareholder whose registered address is outside of Australia or New Zealand. Any failure to comply with foreign legal restrictions in connection with the Entitlement Issue may constitute a violation of applicable securities laws, and persons who receive this Offer Document should seek advice on and observe any such restrictions. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed to enable them to take up New Shares under the Entitlement Issue.

MRY may (at its absolute discretion) extend the Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

Future performance and forward looking statements

Neither MRY nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Issue. The forward looking statements in this Offer Document are based on MRY's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of MRY and its Directors that could cause actual results, performance or achievements to differ materially from

future results, performance or achievements expressed or implied by the forward looking statements in this Offer Document. Investors should specifically refer to section 8, 'Risk factors', which refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in section 10. All references to currency are to Australian dollars and all references to time are to AWST, unless otherwise indicated.

Governing law

This Offer Document, the Entitlement Issue and the contracts formed on acceptance of the Applications are governed by the laws applicable in Western Australia, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Entitlement Issue which is not contained in this Offer Document. Any information or representation in connection with the Entitlement Issue not contained in the Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

Enquiries

If you have any questions in relation to the Entitlement Issue, please contact your stockbroker, solicitor, accountant or financial adviser. If you have any queries about your Entitlement please contact the Company Secretary on the number below:

Brett Tucker
Company Secretary
Tel: +61 8 9482 0560

Privacy

As a Shareholder, MRY and the Share Registry have already collected certain personal information from you. If you apply for New Shares, MRY and the Share Registry may update your personal information or collect additional personal information. Such information will be used to assess your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

MRY and the Share Registry may disclose your personal information for purposes related to your shareholding to their agents and service providers as authorised under the Privacy Act (such as authorised securities brokers, print service providers and mail houses). The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers and regulatory bodies (including the Australian Taxation Office).

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) MRY or the Share Registry. If MRY's or the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Share Registry so that your records can be corrected.

1 FOR 1 NON-RENOUNCEABLE ENTITLEMENT ISSUE – ENTITLEMENT ISSUE OFFER DOCUMENT

1. HIGHLIGHTS

The Board of Monteray Mining Group Limited ABN 15 062 959 540 (“MRY” or “the Company”) is offering Eligible Shareholders the opportunity to subscribe for additional fully paid ordinary shares in the capital of the Company (New Shares). The offer is in the form of a non-renounceable entitlement issue with the following features:

- 1 for 1 non renounceable entitlement issue at 1 cent per New Share to raise up to approximately \$654,004 before costs.
- The Offer is made to all registered holders of shares in the Company at the record date of 26 August 2014 whose registered address is in Australia or New Zealand.

2. ENTITLEMENT ISSUE DETAILS

TERMS OF ENTITLEMENT ISSUE

The Board of the Company is pleased to announce the details of a non-renounceable entitlement issue to be made available to Eligible Shareholders to raise up to approximately \$654,004 before costs through the issue of up to approximately 65,400,355 new fully paid ordinary shares in the Company at an issue price of 1 cent per New Share.

Eligible Shareholders are invited to subscribe for New Shares under the Entitlement Issue on the basis of one New Share for every one Share held at 5pm (AWST) on the record date of 26 August 2014 at an issue price of 1 cent per New Share.

As at the Record Date, the Company will have on issue 65,400,355 Shares, 19,145,000 unlisted Options and 2,000,000 performance shares (assuming none of the Options are exercised prior to the Record Date). The Company expects that up to 65,400,355 Shares will be issued under the Offer.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

The Offer is partially underwritten by Ventnor Securities Pty Ltd (CAR #408858 of Alto Capital AFSL #279099) (“Ventnor”) up to a total of 20,000,000 Shares at an issue price of 1 cent per New Share for a total of \$200,000. Mr John Hannaford, a director and significant shareholder of Monteray, is a director and shareholder of Ventnor. Underwriting services to be provided by Ventnor have been approved by the board of directors of Monteray and are considered to be on commercial terms and conditions. Ventnor will be entitled to a management fee of 1% of the total amount of funds raised under the Entitlement Issue and a commission of 5% of the amount of the Entitlement Issue that is underwritten by Ventnor, plus the value of the Shortfall Shares placed by Ventnor. Ventnor will pay commissions of 5% to any sub-underwriters as agreed by Ventnor. Further details of the Underwriting Agreement are in Section 9.

Mr John Hannaford has agreed to sub-underwrite a total of 8,205,415 Shares at an issue price of 1 cent per New Share for a total of \$82,054. Mr Hannaford will be paid a commission by Ventnor of 5% of the amount that he has agreed to sub-underwrite. Mr Hannaford’s pro rata Entitlement will go in relief of his sub-underwriting obligation (that is, Mr Hannaford’s total investment, combining his pro rata Entitlement and his sub-underwriting commitment will not exceed \$82,054 in aggregate).

Eligible Shareholders should note that the market price of Shares in MRY may rise or fall between the date of the Entitlement Issue and the date that any Shares are issued to you as a result of your acceptance of the Entitlement Issue. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of issue of the Shares. The Board recommends that you obtain your own

financial advice in relation to the Entitlement Issue and consider price movements of the Shares in MRY prior to accepting the Entitlement Issue.

Investors who wish to take part in the Entitlement Issue who are not currently Shareholders may purchase Shares prior to the ex-entitlement date (22 August 2014).

NO ENTITLEMENT TRADING

The Entitlement Issue is non-renounceable, which means that you cannot transfer your right to subscribe for New Shares under the Entitlement Issue to anyone else. Any portion of your entitlement which is not taken up by the Closing Date will automatically lapse.

The Company participates in the Clearing House Electronic Subregister System (CHES). ASX Settlement Pty Ltd (ASX Settlement), a wholly-owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. Under CHES, Applicants will not receive a certificate but will receive a Transaction Confirmation Statement for their New Shares.

If you are broker sponsored, ASX Settlement will send you a CHES statement. The CHES statement will set out the number of New Shares issued to you under this Offer Document, and provide details of your holder identification number and the participant identification number of the sponsor. A CHES allotment advice will be despatched from the Share Registry on Tuesday, 16 September 2014.

If you are registered on the CHES Company sub-register, your statement will be despatched by the Share Registry on Tuesday, 16 September 2014 and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHES statement or Company statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be incurred for additional statements.

ELIGIBILITY

Subject to the provision at the last paragraph of this sub heading, only Shareholders whose registered address is in Australia or New Zealand as at the Record Date will be eligible to participate in the Entitlement Issue. Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form to be sent with this document to all Shareholders on 29 August 2014. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Issue.

This Entitlement Issue does not constitute an offer or invitation to subscribe for New Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue this Offer Document. No action has been taken to register or qualify the Entitlement Issue in any jurisdiction outside Australia or New Zealand.

MRY may (at its absolute discretion) extend the Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

3. ALLOCATION POLICY FOR SHORTFALL

A total of up to 65,400,355 New Shares will be offered under the Entitlement Issue to raise up to \$654,004.

Shortfall Shares will only be allocated and issued if all Eligible Shareholders do not apply for their full Entitlement and the Offer is consequently undersubscribed.

Allocation of any Shortfall Shares will be managed by Ventnor Securities Pty Ltd pursuant to the Underwriting Agreement. Allocation of the Shortfall Shares will be at the discretion of Ventnor Securities in consultant with the Company.

4. KEY TERMS OF CAPITAL RAISING

The Company is completing a capital raising comprising the Entitlement Issue, as outlined in this Offer Document to raise, in total, up to \$654,004, being the issue of 65,400,355 New Shares pursuant to a one (1) for one (1) entitlements issue at 1 cent each.

The Company has agreed to pay a fee of 1% of total funds raised under the Entitlement Issue to Ventnor and 5% of the value of the underwritten Entitlement Issue to Ventnor along with 5% of the value of the Shortfall Shares placed by Ventnor. Mr Hannaford will be paid a commission by Ventnor of 5% of the amount that he has agreed to sub-underwrite.

CAPITAL STRUCTURE FOLLOWING THE CAPITAL RAISING

Following completion of the Entitlement Issue the Company will have the following Shares and Options on issue:

Event	Ordinary Shares	Performance Shares ⁽¹⁾	Unlisted Options ⁽²⁾
Existing	65,400,355	2,000,000	19,145,000
Entitlement Issue	65,400,355	-	-
Total on Issue following Capital Raising	130,800,710	2,000,000	19,145,000

(1) Performance Shares on the following terms and conditions:

- a. 1 million A Class Performance Shares, which expire on 8 October 2017 and are convertible (1:1) upon the announcement of a JORC inferred resource of >0.5M oz Au of >1.5g/t Au (at 0.5g/t Au cutoff); and
- b. 1 million B Class Performance Shares, which expire on 8 October 2017 and are convertible (1:1) upon the announcement of a JORC inferred resource of >1M oz Au of >1.5g/t Au (at 0.5g/t Au cutoff).

(2) Unlisted Options on the following terms and conditions:

- a. 10,145,000 Unlisted Options exercisable at \$0.25 and expiring 31 August 2014;
- b. 2,000,000 Unlisted Options exercisable at \$0.25 and expiring 30 November 2015;
- c. 4,000,000 Unlisted Options exercisable at \$0.25 and expiring 30 November 2016;
- d. 1,000,000 Unlisted Options exercisable at \$0.30 and expiring 8 October 2015;
- e. 1,000,000 Unlisted Options exercisable at \$0.40 and expiring 8 October 2016; and
- f. 1,000,000 Unlisted Options exercisable at \$0.25 and expiring 30 November 2016.

5. ENTITLEMENT ISSUE TIMETABLE

EVENT	DATE
Announce pro rata issue, apply for quotation (Appendix 3B) and lodge s708AA notice	19 August 2014
Send Notice to Shareholders containing information required by Appendix 3B	19 August 2014
Shares commence trading on an Ex Entitlement basis	22 August 2014
Record Date to identify shareholders entitled to participate in the issue	26 August 2014
Send Offer Document and entitlement form to shareholders	29 August 2014
Offer opening date	29 August 2014
Offer closing date	9 September 2014
Shares quoted on a deferred settlement basis	10 September 2014

These dates are subject to change and are indicative only. MRY reserves the right to amend this Timetable including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date, and MRY reserves the right to withdraw the Entitlement Issue at any time before the issue of New Shares in its absolute discretion.

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made within 7 days after the date of this Offer Document. Issues of New Shares under this Entitlement Issue will only be made after approval for their quotation on ASX has been granted. Application Monies will be held by MRY in a subscription account on behalf of each Eligible Shareholder who has applied for New Shares under the Entitlement Issue until the New Shares are issued. If approval is not obtained from ASX before the expiration of 3 months after the date of this Offer Document (or such period as varied by the ASIC) the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest. If the Entitlement Issue is withdrawn and New Shares are not issued, the Application Monies will be refunded to those Eligible Shareholders who applied for New Shares under the Entitlement Issue as soon as reasonably practicable. Interest earned on the Application Monies will be for the benefit of MRY and will be retained by MRY irrespective of whether New Shares are issued.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

6. WHAT YOU NEED TO DO

YOUR ENTITLEMENT

The number of New Shares to which Eligible Shareholders are entitled is shown on the individually prepared and serially numbered Entitlement and Acceptance Form to be dispatched on 29 August 2014. Eligible Shareholders may:

- take up all of their Entitlement in full;
- take up part of their Entitlement and allow the balance to lapse; or
- allow all of their Entitlement to lapse.

Shareholders that are not Eligible Shareholders may not take any of the steps set out above.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. An Application for your Entitlement may be for any number of New Shares but must not exceed your Entitlement as shown on the Form. If it does, your Application will be deemed to be for your full Entitlement and any balance of Application Monies will be returned to you (without interest).

By completing an Entitlement and Acceptance Form or paying Application Monies through BPAY, Eligible Shareholders will be deemed to have made the representations, warranties and agreements set out in the Entitlement and Acceptance Form. Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted or deemed to be accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed by the Applicant to be legally binding

IF YOU WISH TO APPLY FOR ALL OF YOUR ENTITLEMENT

If you wish to take up the Entitlement in full, complete the Entitlement and Acceptance Form, in accordance with the instructions set out therein and post your completed Entitlement and Acceptance Form, together with your Application Monies, (see Payment section below) to the Share Registry so that it is received no later than **5.00pm AEST on 9 September 2014** at the address set out below:

Mailing Address:-
Monteray Mining Group Limited
C/- Link Market Services
GPO Box 3560
Sydney NSW 2001

Hand Delivery:-
Link Market Services
1A Homebush Bay Drive
Rhodes NSW 2138

You may also take up all of your Entitlement by arranging for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm AEST on 9 September 2014.

IF YOU WISH TO APPLY FOR PART OF YOUR ENTITLEMENT AND ALLOW THE BALANCE TO LAPSE

If you wish to take up part of the Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form, or complete a BPAY payment, for the number of New Shares you wish to take up (at 1 cent per New Share) and follow the steps set out in above with respect to accepting your Entitlement in part. If you take no further action, the balance of your Entitlement will lapse.

IF YOU WISH TO ALLOW ALL OF YOUR ENTITLEMENT TO LAPSE

If you do not wish to accept any part of the Entitlement, you do not need to take any further action and your Entitlement will automatically lapse. You will receive no payment for your lapsed Entitlement.

You cannot sell or transfer your Entitlement to another person. Your holding of existing Shares will, however, be diluted because the issue of New Shares will increase the total number of Shares on issue.

PAYMENT

The Issue Price for the New Shares is payable in full on application by a payment of 1 cent per New Share. You can make payment of the Application in two ways, either:

- the Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank account and made payable to 'Monteray Mining Group Limited Entitlement Issue' and crossed 'Not Negotiable'; or
- you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If you make payment via BPAY, you do not need to return the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms or payment by BPAY must be received no later than 5:00pm (AEST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. To ensure you receive your Entitlement in respect of that holding, you must use the customer reference number shown on your personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

7. USE OF FUNDS

The capital raised under the Entitlement Issue is anticipated to be applied by the Company as follows:

Activity	Estimate of funds applied
Continued exploration of the Company's portfolio of gold projects in Burkina Faso, specifically follow up exploration at the Pepin and Guimba permits comprising a ground magnetics program coupled with localised soil sampling to refine targets for further drilling	\$200,000
Continued due diligence on new projects for acquisition	\$150,000
Working capital and corporate overhead requirements	\$274,004
Paying the costs of the capital raising	\$30,000
Total	\$654,004

The use of funds given above are an estimate only and the Directors reserve the right to change the amount and activities applied.

8. RISK FACTORS

Introduction

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Shares. The principal risk factors include, but are not limited to, the following:

Country Risk

MRY has gold exploration projects in Burkina Faso. There can be no assurance that the systems of government and the political systems in overseas countries will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the mining industry in these countries will not be amended or replaced in the future to the detriment of MRY's business and/or projects. MRY is unaware of any such proposals as at the date of this Offer Document.

Environmental Impact Constraints

The Company's exploration programs will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines and, where required, being approved by governmental authorities.

There is a risk that the Company will not obtain the necessary authorisations in order to fully exploit its projects.

Failure to Satisfy Expenditure Commitments

Interests in the Tenements have been obtained via contractual agreement with third parties. Some of these agreements include commitments with regard to exploration expenditure and retention payments as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if certain conditions or milestones are not met or if insufficient funds are available to meet expenditure commitments.

The Company considers that given the small number of Tenements that it currently has an interest in, and the capital to be raised under the Entitlement Issue, the Company will have sufficient funds to meet the expenditure commitments on its Tenements.

Other General Risk Factors associated with the Company

Development Capital and Future Capital Requirements

Exploration of the Company's Burkina Faso gold projects will reduce the cash reserves of the Company, which may not be replaced. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration, evaluation and development of its projects.

The Company's cash reserves together with funds raised from the Entitlement Offer may not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it may be required to raise additional capital.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Entitlement Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Economic Risks

Economic factors beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates and taxation, may negatively impact on the revenue and profitability of the Company.

Share Market Conditions

There are general risks associated with any investment in the share market. The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities, including gold, are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Mineral and Exploration Risk

The Company's projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, pastoral access, title issues, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the cash reserves of the Company and possible relinquishment of the Tenements.

Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

New Projects and Acquisitions

The Company will actively pursue and assess other new business opportunities in the resources sector as well as other opportunities. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current projects and new projects, which may result in the Company reallocating funds from other projects and/or raising additional capital (if available).

Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Further Risks Specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- geological conditions;
- alteration to exploration programmes and budgets;
- unanticipated operational and technical difficulties;
- prevention or restriction of access by reason of political unrest, outbreak of hostilities or inability to obtain consents or approvals (including access agreements entered into with Native Title claimants); and
- uninsured losses or liabilities.

Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document.

Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

9. ADDITIONAL INFORMATION

UNDERWRITING AGREEMENT

The Company has engaged Ventnor Securities Pty Ltd to partially underwrite the Offer up to a total of 20,000,000 Shares at an issue price of 1 cent per New Share for a total of \$200,000. The key terms of the underwriting agreement are as follow.

Conditions Precedent

The underwriting agreement is conditional upon Ventnor performing due diligence on the Company to its satisfaction and being satisfied with the Offer Document and the Company lodging the Offer Document and associated cleansing notice and appendix 3B with the ASX by the due date. Due diligence on the Company was satisfied prior to lodgement of the Offer Document with the ASX.

Shortfall Shares

Ventnor has the right to nominate and determine who is to receive Shortfall Shares in consultation with the Company.

Termination

Ventnor has the right to terminate its obligations under the underwriting agreement by notice in writing upon a number of events which are standard for an agreement of this nature, including a fall in the S&P ASX 200 Index by 10% or more from its respective level at the date of signing the underwriting agreement.

The underwriting agreement also contains a number of indemnities, representations and warranties from the Company to Ventnor that are considered standard for an agreement of this type.

TAX

The taxation consequences of any investment in the New Shares will depend on the investor's particular circumstances. It is the responsibility of Eligible Shareholders to make their own enquiries concerning the taxation consequences of an investment in MRY. The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Shareholders. If you are in doubt as to the course you should follow, you should seek professional advice from your accountant, financial adviser, lawyer or other professional adviser.

CONTINUOUS DISCLOSURE

MRY is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These disclosure obligations require MRY to disclose to ASX any information that a reasonable person would expect to have a material effect on the price or value of the securities of MRY.

Copies of documents lodged with ASIC in relation to MRY may be obtained from, or inspected at, an office of ASIC.

The Entitlement Issue is being made to Eligible Shareholders without disclosure to investors pursuant to Section 708AA of the Corporations Act. The Company filed a notice with ASX on 19 August 2014 in accordance with section 708AA with respect to the Entitlement Issue.

10. DEFINED TERMS

AEST means Australian Eastern Standard Time.

AWST means Australian Western Standard Time.

Applicant means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Business Day has the same meaning as in the Listing Rules.

Closing Date means 9 September 2014.

Company or **MRY** means Monteray Mining Group Limited (ABN 15 062 959 540).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder as at the Record Date who is not a Non-participating Shareholder.

Entitlement means the entitlement to subscribe for New Shares pursuant to the Entitlement Issue.

Entitlement Issue means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for New Shares on the basis of one New Share for every one Share of which the Eligible Shareholder is the registered holder as at 5.00pm AWST on the Record Date at an issue price of 1 cent each per New Share pursuant to the Offer Document.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer.

Issue Price means 1 cent each per New Share.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be issued under the Entitlement Issue.

Non-participating Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Offer means the offer of New Shares pursuant to this Offer Document.

Opening Date means 29 August 2014.

Option means an option to subscribe for a Share.

Privacy Act means the Privacy Act 1988 (Cth).

Record Date means 5.00pm AWST on 26 August 2014.

Shares means fully paid ordinary shares in the capital of the Company.

Share Registry means Link Market Services Limited.

Shareholders means holders of Shares from time to time.

Shortfall Shares means those New Shares for which valid Applications have not been received by the Closing Date.

Tenements means the current tenements held by the Company.

Timetable means the indicative timetable set out in Section 5 of this Offer Document.

Underwriter means Ventnor Securities Pty Ltd.