



MONTERAY MINING GROUP LTD

ABN 15 062 959 540

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT TO SHAREHOLDERS**

FOR AN ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON
WEDNESDAY 26 NOVEMBER 2014 AT CWA HOUSE,
1176 HAY STREET, WEST PERTH, WESTERN AUSTRALIA AT 9.00AM WST

IMPORTANT DOCUMENT

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9482 0560.

MONTERAY MINING GROUP LIMITED
ABN 15 062 959 540

NOTICE OF MEETING

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is hereby given that an annual general meeting of the Shareholders of Monteray Mining Group Ltd ("**Monteray Mining**" or "**the Company**") will be held on the date and at the location and time specified below:

DATE: Wednesday 26 November 2014
LOCATION: CWA House, 1176 Hay Street, West Perth, Western Australia
TIME: 9.00am WST

EXPLANATORY STATEMENT

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00pm WST on Monday 24 November 2014.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

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Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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NOTICE OF MEETING

BUSINESS

The business to be transacted at this Annual General Meeting is the receipt of the financial statements and reports and the proposal of Resolutions 1 to 4 as set out below.

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, and the independent auditor's report.

RESOLUTION 1 ~ ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Director's Report in the Annual Report for the year ended 30 June 2014".

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

RESOLUTION 2 ~ APPROVAL FOR ADDITIONAL 10% CAPACITY

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

NOTICE OF MEETING

RESOLUTION 3 ~ RE-ELECTION OF MR JOHN HANNAFORD AS A DIRECTOR

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of article 20.2 of the Constitution and for all other purposes, Mr John Hannaford, a Director, retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 4 ~ APPROVAL OF EMPLOYEE OPTION INCENTIVE SCHEME

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme and issue options under that scheme on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Note: A reference to a director in the voting exclusion statements includes all Company directors, including directors who are standing for re-election or election at the AGM.

BY ORDER OF THE BOARD OF MONTERAY MINING GROUP LIMITED



Brett Tucker
Company Secretary
23 October 2014

MONTERAY MINING GROUP LIMITED

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EXPLANATORY MEMORANDUM TO SHAREHOLDERS

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 09.00am WST at CWA House, 1176 Hay Street, West Perth, Western Australia on Wednesday 26 November 2014. This Explanatory Statement is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in a reduction in the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.monteraymining.com.au.

2. RESOLUTION 1 ~ ADOPTION OF REMUNERATION REPORT

General

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Directors' Remuneration as set out in the Directors' Report of the Annual Report 2014 be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

A reasonable opportunity will be provided for discussion of the Directors' Remuneration at the Annual General Meeting.

Under the Corporations Act, if at least 25% of the votes cast on the Resolution are voted **against** adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when Directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

At the Company's previous annual general meeting the remuneration report considered at that annual general meeting was adopted by shareholders. Accordingly, the Spill Resolution is not relevant for this annual general meeting.

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The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 2014.

Proxy restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:

You must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on Resolution 1.

If you appoint the Chair as your proxy (where he/she is also a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):

You ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the proxy form to acknowledge that the Chair may exercise their discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy:

You do not need to direct your proxy how to vote, and you do not need to tick any further acknowledgement on the proxy form.

3. RESOLUTION 2 ~ APPROVAL OF 10% PLACEMENT CAPACITY – SHARES

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (10% Placement Capacity).

If Shareholders approve Resolution 2, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 2 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

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An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

(Eligible Entity).

The Company currently has on issue 96,627,768 Shares and the last recorded closing price of the Shares on ASX at the date of this Notice was 1.0 cent. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$966,278.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

- (a) **Minimum Price**
- The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 3.3(a)(i), the date on which the Equity Securities are issued.

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(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

or such longer period if allowed by ASX.

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the economic and dilution effect that an issue of the 10% Placement Capacity will have on existing Shareholders, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2):

- (i) on the basis of the current number of Shares on issue as at the date of this Notice;
- (ii) two examples where the number of Shares on issue has increased by 50% and 100%. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rules 7.1 that are approved at a future Shareholders' meeting; and
- (iv) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Number of shares on issue	Dilution			
	Issue Price (per share)	\$0.005 (50% decrease in Issue Price)	\$0.01 Issue Price	\$0.02 (100% increase in Issue Price)
96,627,768 (current)	Shares issued	9,662,777	9,662,777	9,662,777
	Funds raised	\$48,314	\$96,628	\$193,256
144,941,652 (50% increase in current)	Shares issued	14,494,165	14,494,165	14,494,165
	Funds raised	\$72,471	\$144,942	\$289,883
193,255,536 (100% increase in current)	Shares issued	19,325,554	19,325,554	19,325,554
	Funds raised	\$96,628	\$193,256	\$386,511

*The number of Shares on issue could increase if the Directors issue Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

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The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 23 October 2014.
2. The issue price set out above is the closing price of the Shares on the ASX on 23 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use any funds raised towards the continued exploration and development of the Company's gold permits in Burkina Faso, West Africa and gold tenements in Western Australia, as well as for the acquisition of new resources assets and investments; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

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- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Capacity will be the vendors of the new resources assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

As the Company previously received Shareholder approval for a 10% Placement Facility, being effected at the previous Annual General Meeting of the Company, it is required under Listing Rules 7.3A.6 that the following information be provided:

- (a) During the 12 months preceding the date of this Meeting, being 27 November 2013 to 26 November 2014 (**Preceding 12 Month Period**), the Company has issued in aggregate the following Equity Securities:
 - a. 31,227,413 Shares
- (b) Those Equity Securities issued during the Preceding 12 Month Period represent, on a fully diluted basis, 47.75% of the total number of Equity Securities that were issued on the first day of the Preceding 12 Month Period; and
- (c) During the Preceding 12 Month Period, the Company effected one issue of Equity Securities related to a non-renounceable entitlements issue, the particulars of which are following on Schedule 1.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

4. RESOLUTION 3 ~ RE-ELECTION OF DIRECTOR – MR JOHN HANNAFORD

Pursuant to article 20.2 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

The Company currently has three Directors and accordingly at least one must retire. A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

In accordance with the Constitution, Mr John Hannaford, the Director longest in office since his last election retires by rotation and, being eligible, seeks re-election.

Details regarding Mr Hannaford are set out in the 2014 Annual Report to Shareholders.

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5. RESOLUTION 4 - APPROVAL OF EMPLOYEE OPTION INCENTIVE SCHEME

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder approval for the adoption of an employee incentive scheme (Scheme) in accordance with Exception 9 of ASX Listing Rule 7.2.

If Resolution 4 is passed, the Company will be able to issue Options under the Scheme without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that a total no Options have previously been issued under a Scheme and the objective of the Scheme is to attract, motivate and retain key employees. It is considered by the Directors that the adoption of the Scheme and the future issue of Options under the Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Shares under the Scheme to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

The Directors recommend that Shareholders vote in favour of Resolution 4.

A summary of the terms and conditions of the Scheme is set out in Appendix 1. A copy of the Scheme can also be sent to Shareholders upon request to the Company Secretary (+61 8 9482 0560). Shareholders are invited to contact the Company if they have any queries or concerns.

6. Enquiries

Shareholders are required to contact the Company Secretary on (+61 8) 9482 0560 if they have any queries in respect of the matters set out on these documents.

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7. GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **AGM** means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

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

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means the meaning given to it within Section 3.2 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Issue Date means the date on which the securities are issued by the Board.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 2014.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

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EXPLANATORY MEMORANDUM TO SHAREHOLDERS**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 27 NOVEMBER 2013**

Date	Class	Allottees	Issue price	Discount to market price	Total cash consideration	Amount of cash consideration spent, what it was spent on and proposed application of balance of funds	Non cash consideration	Number of Equity Securities
16 September 2014	Ordinary Shares	Shareholders who participated in the non-renounceable entitlements issue	1 cent per share	0.1 cents per share ¹ (9% discount based on market price of shares on 15 September 2014 of 1.1 cents)	\$312,274	No funds have been spent to date. Funds are proposed to be spent on continued exploration of the Company's current gold projects in Burkina Faso, due diligence on new projects and for working capital purposes.	N/A	31,227,413

Notes

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

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EXPLANATORY MEMORANDUM TO SHAREHOLDERS

APPENDIX 1 – SUMMARY OF TERMS AND CONDITIONS OF THE EMPLOYEE INCENTIVE SCHEME

Purpose	<p>The purpose of the Scheme is to:</p> <ul style="list-style-type: none">(a) provide an incentive for the Eligible Employees to participate in the future growth of the Company and, upon becoming shareholders, to participate in the Company's profits and development;(b) ensure that securities issued under the Scheme are issued in accordance with the Corporations Act and the ASX Listing Rules.
Eligible Participants	<p>The eligible participants are persons who are full or part time employees, directors or consultants of the Company or an associated body corporate of the Company ("Eligible Employee").</p>
Offers	<p>The Board may from time to time and in its absolute discretion determine that an Eligible Employee may participate in the Scheme and the extent of that participation.</p>
Exercise Price	<p>Unless otherwise determined by the Board, the exercise price of each Scheme Option will be a minimum of the market value of a Share when the Board resolves to offer the Scheme Options.</p>
Expiry Date	<p>The expiry date will be determined by the Board prior to the offer of the relevant Scheme Options, subject to any restriction in the Corporations Act, but in any event, no longer than 5 years from the issue date of the Scheme Options.</p>
Lapse	<p>If at any time before the exercise of an Scheme Option, the holder of the Scheme Option ceases to be an Eligible Employee, all Scheme Options held by the Eligible Employee will automatically lapse unless the Board otherwise determines within 30 days of the holder of the Scheme Option ceasing to be an Eligible Employee.</p>
Shares issued on exercise of Options	<p>Each Scheme Option entitles the holder to one fully paid ordinary share on exercise of the Scheme Option.</p>
Transferability and quotation	<p>Subject to the ASX Listing Rules, Scheme Options issued under the Scheme are not transferable except with the prior written approval of the Board. Any instrument of transfer must be in writing, signed by both parties, duly stamped and otherwise in such form as the Board may from time to time prescribe. The Board will not register any transfer of an Scheme Option made otherwise than in accordance with this rule.</p>
Limitation on number of Options	<p>Shares to be received on the exercise of all Scheme Options under the Scheme when aggregated with the number of Shares issued during the previous 5 years under any employee share plan of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.</p>
Administration of the Scheme	<p>The Scheme will be administered under the directions of the Board and the Board may make regulations and establish procedures for the administration and management of the Scheme as it considers appropriate.</p>
Operation	<p>The operation of the Scheme is subject to the ASX Listing Rules and the Corporations Act.</p>

PROXY FORM

MONTERAY MINING GROUP LIMITED

ABN 15 062 959 540

All correspondence to:

Monteray Mining Group Limited

PO Box 902

West Perth WA 6872

Phone: 08 9482 0560

Facsimile: 08 9482 0505

I/We

(insert name of holder – please print)

Of

(insert address of holder – please print)

Appointment of Proxy

I/We being member/s of Monteray Mining Group Limited and entitled to attend and vote hereby appoint

The Chairman
of the Meeting
(mark with an
'X')

OR

Write here the name of the person you
are appointing if this person **is
someone other than** the Chairman of
the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting or a nominee of the Chairman, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Monteray Mining Group Limited to be held at CWA House, 1176 Hay Street, West Perth, Western Australia on Wednesday, 26 November 2014 at 09.00AM (WST) and at any adjournment of that meeting.

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTIONS

- Resolution 1** **ADOPTION OF REMUNERATION REPORT**
- Resolution 2** **APPROVAL OF 10% PLACEMENT
CAPACITY – SHARES**
- Resolution 3** **RE-ELECTION OF DIRECTOR –
MR JOHN HANNAFORD**
- Resolution 4** **ADOPTION OF EMPLOYEE INCENTIVE
SCHEME**

	For	Against	Abstain*
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

MONTERAY MINING GROUP LIMITED
ABN 15 062 959 540

Instructions for Completing 'Appointment of Proxy' Form

1. Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please Contact the Share register on **1300 554 474 (toll free)**. Security holders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may, subject to the comments below, vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast **all** directed proxies as directed; and
- (b) any directed proxies which are **not** voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

6. Attending the Meeting

Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, the proxy's authority to speak and vote for the member is suspended while the member is present at the Annual General Meeting.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting scheduled for 09.00am (WST) on Wednesday, 26 November 2014. Any Proxy Form received after that time (5.00pm (WST) Monday, 24 November 2014 will not be valid for the scheduled Meeting.

Documents may be lodged:

<p>By email info@monteraymining.com.au</p> <p>By mail - Monteray Mining Group Limited PO Box 902 West Perth WA 6872</p> <p>or in person - Ground Floor, 16 Ord Street West Perth WA 6005</p>	OR	<p>By facsimile -</p> <table><tr><td>Within Australia</td><td>(08) 9482 0560</td></tr><tr><td>Outside Australia</td><td>+618 9482 0560</td></tr></table>	Within Australia	(08) 9482 0560	Outside Australia	+618 9482 0560
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