

ASX Release

30 September, 2011

MONTERAY MINING GROUP

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Projects:

Western Australia

5 gold tenements located predominantly in the Mt Monger region east of Kalgoorlie covering an area of 2,218 ha

Burkina Faso

Agreement to acquire 3 greenfields gold permits covering 416 km² in western central Burkina Faso.

Directors:

Kevin Dart - Chairman

Sandy Barblett - Director

John Hannaford - Director

Issued Capital:

31.5m Ordinary Shares

10m Unlisted Options

ASX Code:

MRY

Cash (30 Sept 2011) - \$2.2m

QUARTERLY ACTIVITIES REPORT

FOR THREE MONTHS ENDED

30 September 2011

Highlights

- ❖ **Agreement to acquire Vema Gold projects, Burkina Faso: Exclusivity period extended to 30 November, 2011.**
- ❖ **WA gold tenements: extensive review of previous data, drilling recommendations for coming quarter to follow up previous high quality drill results.**
- ❖ **On-going review and assessment of new resources project opportunities.**

Monteray Mining Group Ltd ("Monteray") is pleased to present its third Quarterly Activities Report and Appendix 5B for the quarter ended September 30 2011.

Vema Gold Projects - Burkina Faso

On 14 June, 2011 the Company entered into a binding acquisition agreement (Agreement) to acquire Vema Resources Pty Ltd ("Vema") which holds interests in three licenses covering 416 km² of highly prospective ground located in central western Burkina Faso, West Africa (Licenses). The Licenses cover the western extremity of the Houndé greenstone belt abutting the Taoudéni Basin (see Figure 1).

The Company carried out a site visit during July, as reported in the June 2011 quarterly report. Due Diligence has confirmed the promising prospectivity of the permit areas.

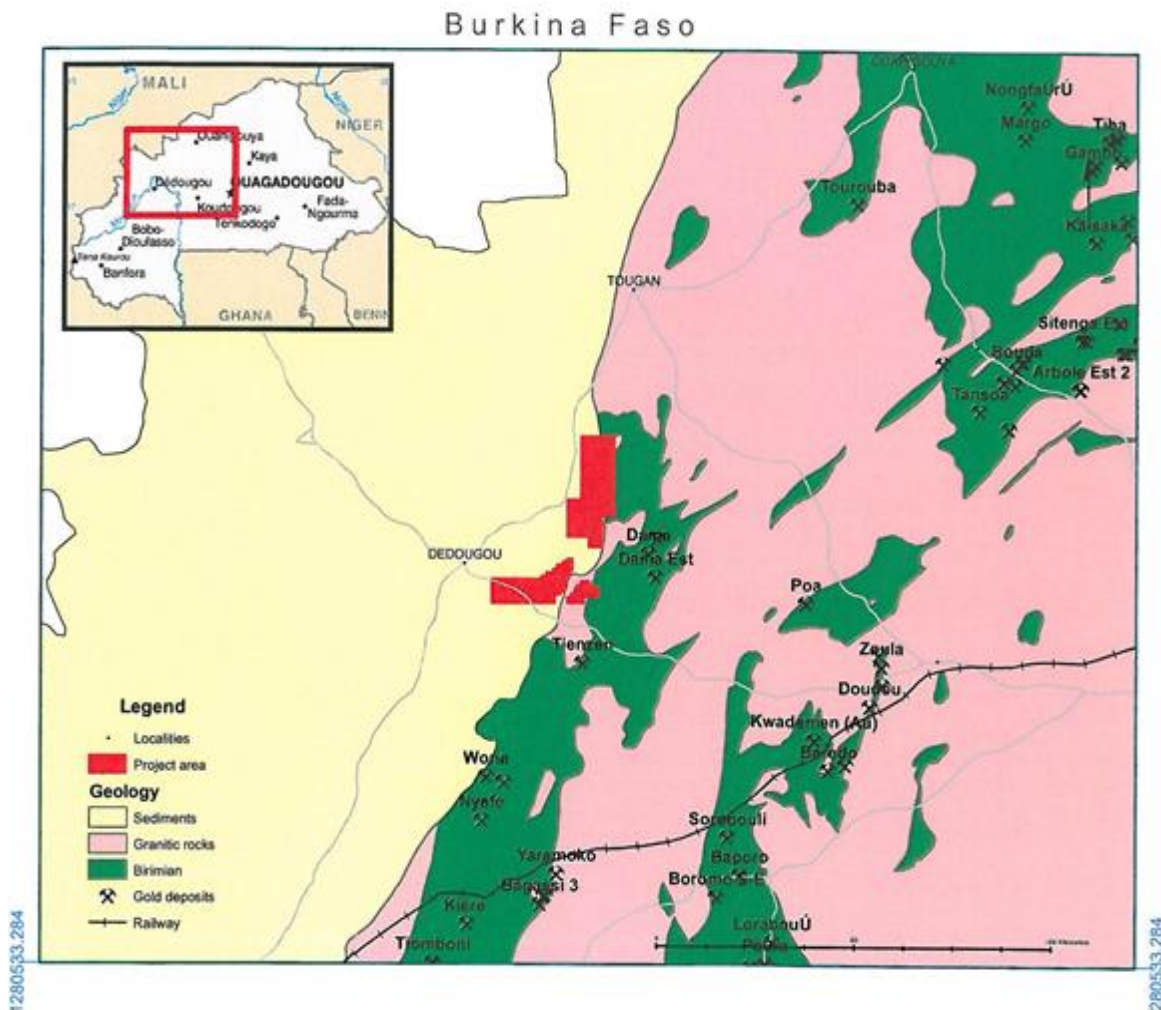


Figure 1: Vema Gold project locations in western Burkina Faso.

SEMAFO Drilling results adjacent to Vema permits

During the quarter the Company reported that Canadian Company SEMAFO (TSX:SMF) had received encouraging drilling results on its Mana gold project in Burkina Faso. The Mana gold mine has reported Resources and Reserves of 3.28 million ounces of gold and is currently producing at the rate of 180,000oz of gold a year. SEMAFO's Mana project extends from the Mana gold mine, approximately 80km SW of the Vema permits location, up to the Massala-Saoura permits located on the eastern edge of the Bouna permit, the northernmost of the Vema permits. (see Figure 2, SEMAFO permits in Yellow).

SEMAFO reported drilling results at Massala-Saoura, located adjacent to the northernmost Vema licence, including **8m @ 6.77 g/t Au** from 31m.

Monteray is encouraged by this drilling activity by SEMAFO in close proximity to the Vema licences, which, Monteray believes, further enhances the prospectivity of the area.

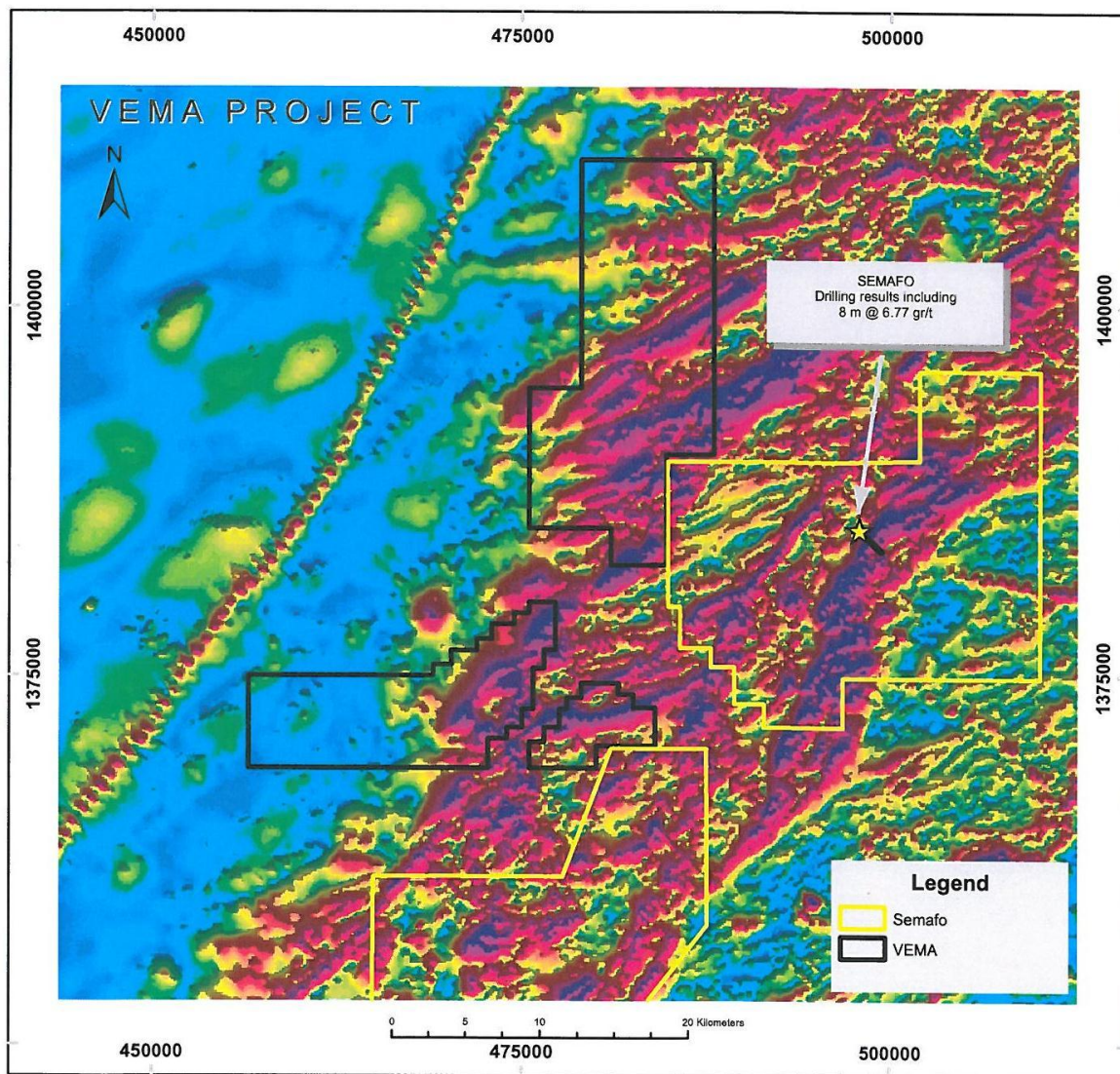


Figure 2: Project location map showing existing Vema licences in black and the SEMAFO licences in yellow where recent drilling (as indicated) enhances the prospectivity of the Vema licences.

Extension of Exclusivity

The agreement to acquire 100% of Vema is conditional upon:

- ❖ Legal, technical and financial due diligence enquiries being to Monteray's satisfaction;
- ❖ The three exploration permits applications in question being granted;
- ❖ The establishment of a new Burkinabe entity "Vema Resources Burkina SARL", a 100% subsidiary of Vema Resources Pty Ltd;
- ❖ The permits being transferred to the new entity.

During the quarter the three permits were granted and Vema Resources Burkina SARL was established. As at the date of this report, the licences are still awaiting transfer to Vema Resources Burkina SARL. The transfer has been delayed as a result of a sizable backlog of applications with the Department of

Mines. Subsequent to the end of the quarter Monterey and Vema shareholders agreed to extend the exclusivity period to 30 November 2011 and the completion date to 31 December 2011.

Exploration program

Once the acquisition has been finalised, an intensive exploration program is planned with aero magnetic and gravity survey on selected areas of the project, as well as auger soil sampling during the 1st quarter 2012. These surveys would be followed by RAB drilling on identified targets during the 2nd quarter 2012.

West Australian Projects

The Western Australian gold project portfolio comprises five exploration tenements covering 2218 hectares. With the exception of the Malcolm King tenement, all tenements are located east of Mt Monger in an area proximal to Integra's Majestic gold project.

During the quarter the Company's consulting geologist reviewed all available previous exploration data for each tenement and prepared a detailed report outlining recommendations for future detailed work programs.

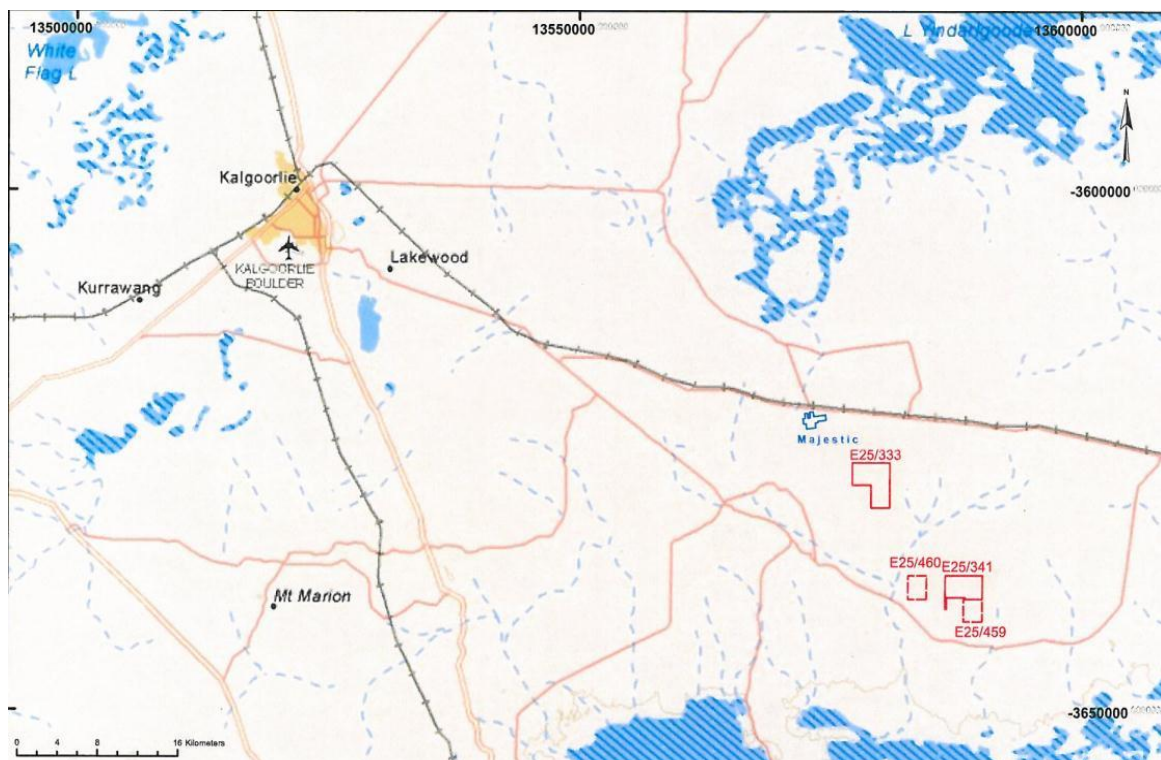


Figure 3: Monterey's Mt Monger tenements (in red) showing proximity to Integra Mining's Majestic Project (in blue).

Triple 3 Project (E25/333)

Since 1994, this tenement has been subject to a minimum of 3 different soil sampling surveys, commissioned by exploration companies such as Titan Resources (1997), Oriongold (2002) and Croesus Mining.

A total of 160 Rotary Air Blast (RAB) and 2 Diamond holes have been drilled to test the best gold anomalies. The best results are at the *Horseshoe Prospect* as shown below. The RAB hole HRRB008 found **1m @ 18.5g/t Au** and **5m @ 8.22g/t Au** at 46m depth with mineralisation ending at the bottom of the hole.

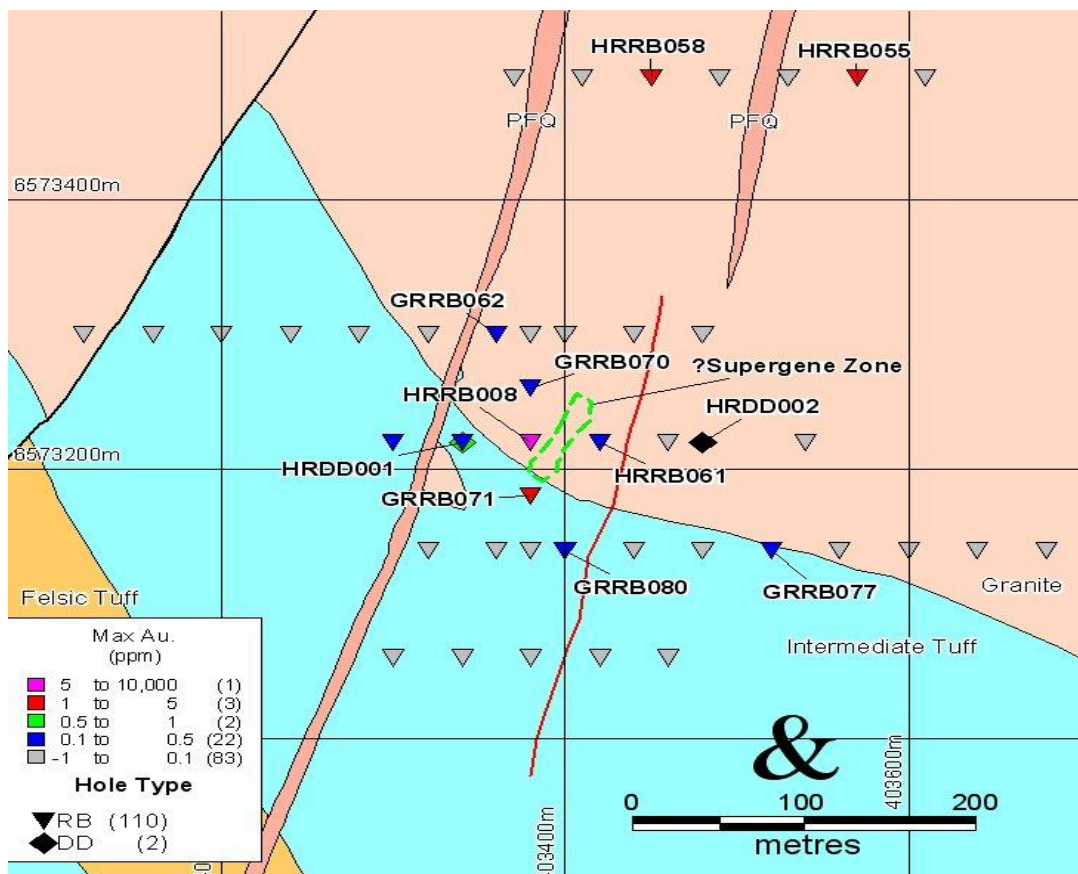


Figure 4: Triple 3 project showing previous drill locations including HRRB008.

Future exploration work on Triple 3 will target the Horseshoe Project to try to replicate the results in HRR008.

Hickman's (E25/341, E25/459-460)

The proximity of the Hickmans tenements to Intrepid Mining's Majestic deposit provides incentive for ongoing exploration. The 3 tenements have been subject to previous soil sampling. Previous drilling included a total of 71 RAB holes but did not return any significant results.

However, a number of aeromagnetic anomalies have not been tested which will be the focus of a future RAB drilling program.

Malcolm King (P37/7778)

This tenement is bordered by the "Black Cap Shear Zone" to the east and seems to have "Chute Like" ore bodies. Malcolm King artisanal mine workings are located on the tenement and the old Midas mine is on the southwest corner.

Previous drill results returned promising intersections, however none was conclusive in delineating the structure. RC drilling by Jubilee Gold returned results including **8m at 5.7 g/t Au** from 42 metres (MRC77) and **4m at 1.5 g/t Au** from 42 metres depth, 40 metres along strike to the north, trying to replicate MRC65, as set out below.

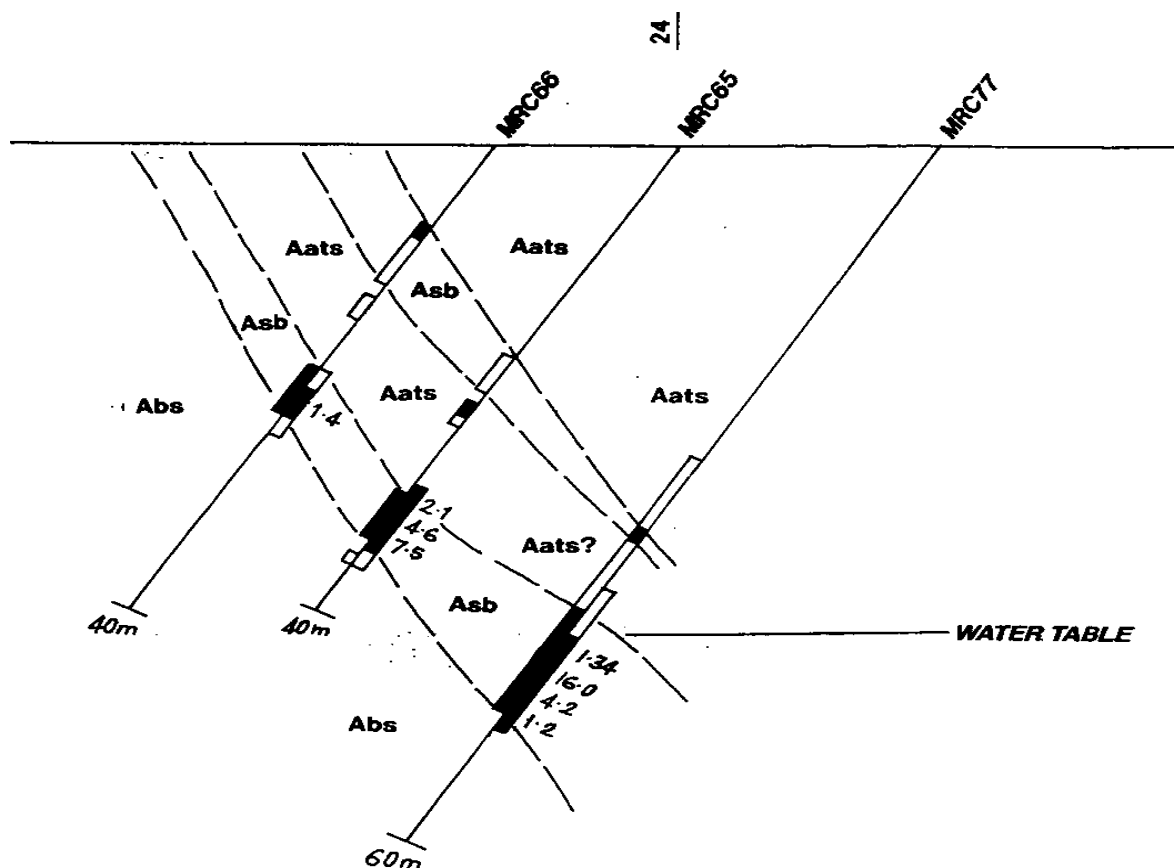


Figure 4: Previous best intercepts at the Malcolm King project

No drilling was reported over the Midas mine where historical channel sampling returned averages of up to 10.54gr/t over 20.6 metres strike from the 66 metres level. Future work will include a drilling program re-test some of the better drill results.

Golden Ridge

During the quarter the two Golden Ridge tenements lapsed and were not renewed.

New Projects

Monteray is actively reviewing and assessing new resources project opportunities to augment its portfolio on an on-going basis.

Corporate

The Company has total cash reserves at 30 September, 2011 of \$2.21 million.

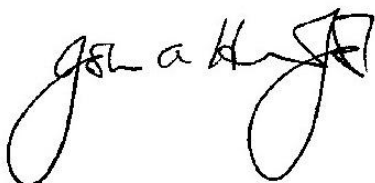
ASX Announcements

The company made the following announcements to ASX during the quarter.

12/7/2011	Appendix 3Y
29/7/2011	Appendix 5B and Quarterly Activities Report
5/8/2011	Appendix 3Y
8/8/2011	Appendix 3Y
9/8/2011	Appendix 3Y x 2
16/8/2011	Appendix 3Y
19/8/2011	Appendix 3Y
9/9/2011	Burkina Faso Gold Project Update
28/9/2011	Appendix 3Y and Change in Substantial Holding
29/9/2011	Options Expiry
30/9/2011	Financial Report 30 June 2011

Yours sincerely

For and on behalf of Monteray Mining Group Ltd



John Hannaford

Director

About Monteray Mining Group Ltd

Monteray Mining Group Ltd was relisted on ASX in February 2011 following the acquisition of a portfolio of gold licences located in the goldfields region of Western Australia, and the raising of \$3.5 million. In June 2011 the Company entered into an agreement to acquire Vema Resources Pty Ltd, which holds the rights to three newly granted gold exploration permits located in western Burkina Faso.