

## **ASX/MEDIA RELEASE**

27<sup>th</sup> March 2014

### **MONTERAY SIGNS OPTION AGREEMENT WITH SEMAFO FOR BURKINA FASO PERMITS**

#### **Highlights:**

- **Company to grant a working right and option over its Bilakongo, Tigan and Kana Permits**
  - **Combination of cash payments and exploration funding to be provided by SEMAFO**
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Monteray Mining Group Ltd (ASX:MRY) (“Monteray” or “the Company”) is pleased to announce that it has signed an agreement with a Burkina Faso subsidiary of SEMAFO Inc (TSX, OMX:SMF) (“SEMAFO”) to grant SEMAFO a three year working right and option to acquire its Bilakongo, Tigan and Kana permits in its Burkina Faso portfolio.

Under the agreement, gold focussed SEMAFO has the exclusive right to conduct exploration activities on the permits over the next three years, and in return for exploration funding and cash payments, it will earn an option to acquire a 90% interest in the Bilakongo and Tigan permits and a 100% interest in the Kana permit.

The Directors of the Company are pleased with this development as it will realise value from its Burkina Faso portfolio while the Company continues its search for additional acquisition opportunities to generate value for shareholders.

The cash payments to be made to the Company under the agreement also serve to meet the Company’s obligation to the original Kana permit vendors to make a final acquisition payment on 30 June 2014 of USD\$90,000.

The key terms of the agreement are summarised as follows:-

- The following cash payments and exploration funding commitments are to be made by SEMAFO:-

| <u>Term</u>               | <u>Exploration funding commitment</u> | <u>Cash payments to Monteray</u> | <u>Cash payments to Kana vendors</u> |
|---------------------------|---------------------------------------|----------------------------------|--------------------------------------|
| 1 week of signing         | -                                     | \$50,000                         | -                                    |
| On 30 June 2014           | -                                     | -                                | \$90,000                             |
| Within 1 year of signing  | \$80,000                              | \$55,000                         | -                                    |
| Within 2 years of signing | Additional \$240,000                  | \$55,000                         | -                                    |
| Within 3 years of signing | Additional \$480,000                  | \$70,000                         | -                                    |
| <b>Total</b>              | <b>USD\$800,000</b>                   | <b>USD\$230,000</b>              | <b>USD\$90,000</b>                   |

- Upon payment of all of the above cash payments and all exploration funding commitments, SEMAFO will have acquired a 90% interest in the Bilakongo and Tigan permits and a 100% interest in the Kana permit.
- The remaining 10% interest held by the Company in the Bilakongo and Tigan permits is to be free carried, unless SEMAFO exercises an option to purchase the remaining interest for an additional payment of USD\$1.5million.
- SEMAFO also has been granted a right of first refusal over Monteray's remaining Burkina Faso permits for a period of 6 months from the date of the agreement.

John Hannaford, Director of Monteray Mining Group commented:

*"We are extremely pleased to be able to option these properties proximal to the active SEMAFO exploration permits. Their experienced exploration team, strong track record of gold discoveries and impressive reputation within Burkina Faso lays a solid foundation for the advancement of these very prospective properties. The structure of the agreement is a great result for Monteray shareholders as it allows us to retain an interest in some of the projects whilst freeing up management to focus on other high value projects."*

### **Other Opportunities**

Directors and management continue to review a large number of local and international projects for acquisition and realise near term shareholder value.

-Ends-

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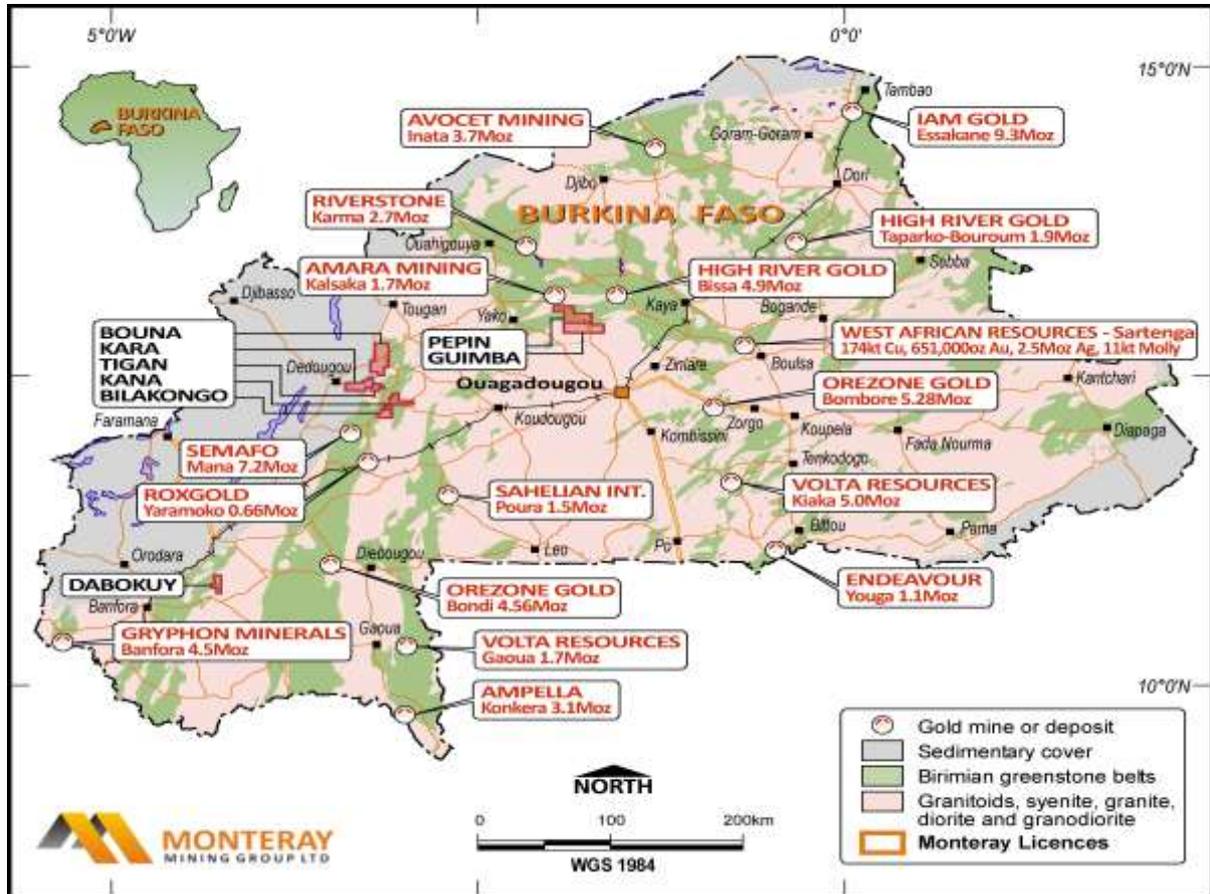
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### About Monteray Mining Group Ltd

Monteray Mining Group Ltd has a portfolio of eight gold exploration permits located in western & central Burkina Faso, West Africa covering 1,178km<sup>2</sup> of unexplored Birimian greenstone belt.



Burkina Faso Map showing the Company's exploration permits in Central and Western Burkina Faso.