

Prospectus



MONTERAY GROUP LTD ACN 062 959 540

(to be re-named Monteray Mining Group Ltd, subject to the approval of Shareholders at the Extraordinary General Meeting to be held on 17 December 2010)

An offer to raise up to \$3,500,000 by the issue of up to 17,500,000 Shares at an issue price of \$0.20 per Share (Post-Consolidation)

This document has been prepared by Monteray Group Ltd for the purposes of disclosing information to its Shareholders and other interested parties about the proposed change in activities of Monteray Group Ltd and other important changes regarding the Company.

Please consult your professional adviser(s) if you have any questions. The mineral properties described in this Prospectus are at the exploration and evaluation stage and accordingly investment in the Shares offered by this Prospectus should be regarded as speculative in nature.

IMPORTANT NOTICES

Some terms used in this Prospectus are defined in the Glossary.

This Prospectus is dated 17 November 2010. A copy of this Prospectus was lodged with ASIC on that date. An application will be made to ASX for the re-quotation of the Shares in the Company subject to Shareholder approval of the Proposed Transaction set out in section 3 of this Prospectus, at the Extraordinary General Meeting on 17 December 2010. Neither ASIC or ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. This Prospectus expires on a date that is 13 months from the date of this Prospectus.

This Prospectus has been prepared for the purposes of disclosing information to Monteray's Shareholders and other interested parties about the proposed change in activities of Monteray and other important changes that are to occur regarding the Company together with an offer to raise up to \$3,500,000 through the issue of up to 17,500,000 (Post-Consolidation) fully paid ordinary Shares in the Company at an issue price of \$0.20 (Post-Consolidation) each pursuant to this Prospectus. This Prospectus contains an offer for the sale of securities in Monteray.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Investors should seek advice on and observe any restrictions.

No person is authorised to give any information or make representations about the Company, which are not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person.

This Prospectus provides information for investors to decide if they wish to invest in Monteray Group Ltd. Investors should read this document in its entirety and examine the risk factors that could affect the financial performance of Monteray Group Ltd. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

This Prospectus is available electronically at www.monteraygroup.com.au. Electronic versions of the Prospectus should be downloaded and read in their entirety. A paper copy of the Prospectus can be obtained from the Company (free of charge) by telephoning 07 5538 2558.

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale.

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

Event	Date
Lodge Prospectus with ASIC	17 November 2010
Lodgement of application with ASX	24 November 2010
Priority Offer Record Date	17 November 2010
Offer opens	24 November 2010
Priority Offer Closing Date	5.00pm EST 3 December 2010
Offer Closing Date	5.00pm EST 15 December 2010
Date of Extraordinary General Meeting	17 December 2010
Suspension from quotation if approval is obtained at EGM	17 December 2010
Consolidation	18 December 2010
Anticipated date of allotment of Shares	17 January 2011
Anticipated date of despatch of holding statements	20 January 2011
Anticipated date of recommencement of Official Quotation and commencement of trading of the Offer Shares	21 January 2011

Note that these dates may be altered at the discretion of the Company.

Corporate Directory

Current directors

Mr Wayne Jones
Mr Kevin Dart
Mr Steven Cole
Mr Barry Driscoll

Directors following the Proposed Transaction

Mr Kevin Dart
Mr Alexander (Sandy) Barblett
Mr John Hannaford
(replacing Mr Cole, Mr Jones, Mr Driscoll)

Company secretary

Mr Steven Cole

Technical adviser to the Board

Mr Brian Thomas

Registered office

Level 18
50 Cavill Avenue
SURFERS PARADISE QLD 4217
www.monteraygroup.com.au

Share registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
ABBOTSFORD VIC 3067
Tel: 1300 787 272
www.computershare.com.au

Auditor

PKF Chartered Accountants & Business Advisers
Level 14
140 William Street
MELBOURNE VIC 3000
www.pkf.com.au

Solicitor to the Offer

McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000
www.mccullough.com.au

Independent solicitor reporting on tenements

Blakiston & Crabb Lawyers
1202 Hay Street
WEST PERTH WA 6005
www.blakcrab.com.au

Independent geologist

Al Maynard & Associates Pty Ltd
9/280 Hay Street
SUBIACO WA 6008

Corporate advisers

Ventnor Capital Pty Ltd
Suite 2
12 Parliament Place
WEST PERTH WA 6005

Charter Pacific Capital Limited
Level 1
1 Castlereagh Street
SYDNEY NSW 2000

Broker to the issue

Bligh Capital (WA) Pty Ltd
Suite 2
12 Parliament Place
WEST PERTH WA 6005
Tel: (08) 9482 0570

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Letter from the Chairman

Dear Shareholder and Potential Investor,

On behalf of the Board, it gives me great pleasure to provide you with this Prospectus, as your Company enters an exciting new direction.

On 8 October 2010 Monteray Group Ltd (**Monteray**) announced to ASX that it had entered into a Share Purchase Agreement to acquire from Jaek Holdings Pty Ltd (**Jaek or Vendor**) 100% of the issued shares in Aberystwyth Nominees Pty Ltd (**Aberystwyth**) (**Proposed Transaction**) subject to a number of conditions. Aberystwyth has rights to acquire an 80% interest in a portfolio of exploration licences and applications, covering areas prospective for gold exploration in Western Australia. Shareholder approval is required before the Proposed Transaction can proceed. Assuming Shareholders approve the Proposed Transaction at an Extraordinary General Meeting to be held on 17 December 2010, the Company will be required to meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission of Aberystwyth to the official list, including a consolidation of its shares to a minimum of \$0.20.

This Prospectus has been prepared in order to:

- (a) give Shareholders information about the Proposed Transaction, including the Company's change in activities to a resources focused company; and
- (b) offer up to 17,500,000 (Post-Consolidation) Shares at a price of \$0.20 (Post-Consolidation) each.

If Shareholders approve the Proposed Transaction and Proposed Resolutions at the Extraordinary General Meeting on 17 December 2010, the Company's Shares will be consolidated on a 20 into 1 basis, that is – every 20 Shares a Shareholder holds at the date of the EGM will be consolidated into 1 Share. Shares issued under this Prospectus will be on a Post-Consolidation basis.

Shareholders of Monteray and Charter Pacific on their share registers on the Record Date (17 November 2010) will be entitled to participate in the Priority Offer to take up Shares.

The Proposed Transaction of Aberystwyth is the culmination of an extensive search for an investment which has the capacity to substantially grow Shareholder value. Aberystwyth is based in Western Australia and holds the rights to a portfolio of mining tenements and applications in Western Australia prospective principally for gold. The current portfolio is the basis for the Company to establish a quality portfolio of mining interests focusing initially on gold in Western Australia and elsewhere.

Changes to Monteray

The Proposed Transaction will result in a significant change in the nature and scale of Monteray's activities from an investment company that has primarily invested in the technology sector to one which operates in exploration, mining and resources. Further, as a condition of the Proposed Transaction, \$1.5 million of the debt owing to Charter Pacific Corporation will be converted to Shares, with the remainder written off, leaving the Company debt free and with sufficient capital to pursue exploration activities on the portfolio of tenements as well as reviewing other resources project opportunities.

This Prospectus contains detailed information about the mining tenements and applications, future plans, and the Offer. It also outlines the potential risks associated with the Company which are detailed in section 9.

As part of the change in the Company's activities to that of resources exploration, the Company proposes new additions to the Board and management team that it believes are aligned with the new strategy.

Assuming the Proposed Resolutions are approved by Shareholders, the Company will undergo a share capital Consolidation and change its name, to Monteray Mining Group Ltd.

It is therefore with great pleasure that we look forward to welcoming Investors to join the Company in this exciting new direction.

Yours faithfully

A handwritten signature in black ink, appearing to read 'W Jones', written in a cursive style.

Wayne Jones
Chairman
Monteray Group Ltd

1 Investment overview

1.1 Important dates

Event	Date
Lodge Prospectus with ASIC	17 November 2010
Lodgement of application with ASX	24 November 2010
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Note that these dates may be altered at the discretion of the Company.

1.2 Monteray overview

Monteray is an ASX listed company which has historically invested and operated in the technology sector. In September 2009 Monteray sold its investment in GPen Pty Ltd, a global pension administration system.

After reporting a net profit after income tax for the full year ended 30 June 2010 of \$243,425 the Company outlined to Shareholders that the Directors were reviewing a number of opportunities in a wider range of areas to add value to the Company's strategic goals.

The Company has continued to evaluate investment opportunities, and on 8 October 2010 announced that it had entered into a Share Purchase Agreement with the shareholders of Aberystwyth to purchase 100% of the issued shares in Aberystwyth subject to due diligence (**Proposed Transaction**).

1.3 Proposed Transaction

The Company has entered into a Share Purchase Agreement with Jaek Holdings Pty Ltd (**Jaek or Vendor**), to acquire its interest in Aberystwyth Nominees Pty Ltd (**Aberystwyth**) (**Proposed Transaction**), a company which has entered into an agreement to acquire an 80% interest in a Portfolio of exploration permits and applications located in the goldfields region of Western Australia, from Murchison Resources Pty Ltd (**Murchison**).

Aberystwyth was incorporated on 17 August 2010. Aberystwyth entered into a Heads of Agreement with Murchison on 18 August 2010 for the purchase of an 80% interest in the Portfolio below.

Further details regarding the terms of the Proposed Transaction, and the matters to be considered by Shareholders in respect of the Proposed Transaction and otherwise, are set out in section 3 of this Prospectus.

1.4 Portfolio

Name	Ref	Grant Date	Holder
Golden Rdg. Sth	P26/3218	10/08/2007	Murchison
Golden Rdg. Sth	P26/3219	10/08/2007	Murchison
Hickmans	E25/341 ELA25/459 ELA25/460	19/03/2008 Application Application	Murchison
Triple 3	E25/333	21/06/2007	Murchison
Malcolm King	P37/7778	18/06/2010	Murchison

This Portfolio of assets is located in the goldfields region of Western Australia. Further detail on each of the assets is found at section 4.

1.5 Financial position and future plans

Monteray is undertaking the capital raising to provide funds to progress exploration activities on the Portfolio, evaluate new opportunities and provide working capital.

The Company is currently in a net deficit position, with over \$2.5 million in debt owing to its major shareholder Charter Pacific Corporation. As a condition of the Proposed Transaction, Charter Pacific has agreed to convert \$1.5 million of this debt to 150 million (Pre-Consolidation) Shares and 150 million (Pre-Consolidation) Options in the Company and to forgive the remainder of the outstanding debt (\$942,508), leaving Monteray debt free (assuming completion of the Proposed Transaction and capital raising pursuant to this Prospectus).

Once relisted, the Company will be in a position to pursue its new direction into resources, free from debt and with sufficient working capital to achieve its stated objectives.

1.6 Risk factors

There are a number of risks associated with investing in the share market generally and in the Company specifically. The Shares being offered under this Prospectus must be regarded as a highly speculative investment. Prospective investors should read this Prospectus in its entirety before deciding on whether to apply for Shares under this Prospectus, and, in particular, consider the risk factors set out in section 9, which include (but are not limited to):

- No guarantee of exploration success. There is no assurance that the exploration of the tenements described in this Prospectus, or any tenements acquired in the future, will result in the discovery of a mineral deposit.
- Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.
- The Company's ability to comply with environmental guidelines and policies. As with most exploration projects, the Company's operations are expected to have an impact on the environment.

- The Company may be unable to obtain the necessary government/environmental approvals for its proposed operations and there may be changes to the relevant legislation, regulations and policies.
- Economic conditions as well as share market volatility may affect the Company's share price performance regardless of the Company's operating performance.
- The Company may not be able to raise further funds as and when required to pursue further exploration and development.
- Key Directors, employees and consultants may leave the Company.
- Commodity price volatility and exchange rate risks may adversely impact the Company.
- Access to land may be restricted or stopped and tenements may not be granted.
- The price of gold fluctuates and is affected by many factors beyond the control of the Company. Potential income and expenditure of the Company will be in Australian dollars, whilst the price of gold is quoted in United States dollars which leaves the Company exposed to fluctuations in exchange rates.
- There are a number of operating risks associated with current and future operations of the Company which may affect the Company's performance.

2 Details of the Offer

2.1 The Offer

Pursuant to this Prospectus, the Company invites applications for up to 17,500,000 (Post-Consolidation) Shares at an issue price of \$0.20 (Post-Consolidation) each to raise a Minimum Subscription of \$2,500,000, and a Maximum Subscription of \$3,500,000.

2.2 Priority Offer

Existing Monterey Shareholders, and Charter Pacific Shareholders on the Priority Offer Record Date, will be able to participate in the Priority Offer. They may apply for as many Shares as they wish, but must apply for a minimum of 10,000 (Post-Consolidation) Shares (\$2,000) and submit their application form prior to the Priority Offer Closing Date to the Company as set out below.

Shares available for the Priority Offer are limited and allocation of all Shares will be at the Board's discretion. Investors eligible to apply for Shares under the Priority Offer should do so by using the Priority Offer Application Form which can be found at the back of this Prospectus.

If any of the Priority Offer Shares available are not applied for by 5.00pm (AEST) on the Priority Offer Closing Date, those Shares will be made available to other Applicants under the Offer.

2.3 Offer

Any Shares not taken up under the Priority Offer will be offered to the Public. Members of the public may apply for Shares under the Offer by completing the Application Form which can be found at the back of this Prospectus.

The Board may in its absolute discretion reject any Application made under the Offer or allocate fewer Shares than the Applicant has applied for.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

2.4 Applications

Applications for Shares under the Priority Offer must be made using the Priority Offer Application Form.

Applications for Shares under the Offer must be made using the Application Form.

Payment for Shares must be made in full at the issue price of \$0.20 (Post-Consolidation) per Share. Applications for Shares must be for a minimum of 10,000 (Post-Consolidation) Shares and thereafter in multiples of 1,000 (Post-Consolidation) Shares. Completed Application Forms and accompanying payment (by cheque or credit card) must be posted to Monterey Group Ltd, PO Box 40, Surfers Paradise Qld 4217.

Cheques should be made payable to "Monteray Group Ltd – Share Issue Account" and crossed "Not Negotiable". Credit card details must be completed on the Application Form. Completed Priority Offer Application Forms must reach the above address by no later than the Priority Offer Closing Date. Completed Application Forms must reach the above address by no later than the Offer Closing Date.

The Company reserves the right to extend the Offer or close the Offer early.

2.5 Share capital

The share capital structure of the Company as at the date of this Prospectus is set out below.

Also shown in the table below is the effect on the share capital of the Company if Shareholders approve the Proposed Transaction at the Extraordinary General Meeting scheduled for 17 December 2010.

Currently, the Company has 75,008,122 fully paid Shares on issue (Pre-Consolidation). None of these Shares are subject to escrow restrictions. The Company also has 17,200,000 Options on issue (Pre-Consolidation). These numbers do not include Share issues and option grants to the Vendor, Murchison and Charter Pacific as part of the Proposed Transaction and Share issues under the Prospectus.

The Proposed Transaction provides for consolidation of the Company's issued Shares in the ratio of 20 into 1, i.e. 20 existing Shares will be consolidated into 1 consolidated Share. Ignoring necessary rounding which will occur to deal with fractional entitlements, it will mean that the Company's issued Shares will reduce in number from 75,008,122 to approximately 3,750,407 (excluding Share issues to the Vendor, Murchison and Charter Pacific as part of the Proposed Transaction and Share issues under the Prospectus). This means that if a Shareholder holds 100,000 Shares Pre-Consolidation, then, Post-Consolidation, that Shareholder will hold 5,000 Shares instead.

Pursuant to the Proposed Transaction being approved at the Extraordinary General Meeting, the Options will be consolidated in line with the consolidation of Shares, i.e. in the ratio of 20 into 1, i.e. 20 existing Options will be consolidated into 1 consolidated Option. To preserve the parity of the exercise price, the exercise price of the Options will be amended in inverse proportion to the Consolidation ratio.

Share capital	Minimum Subscription		Maximum Subscription	
	Shares	Options	Shares	Options
Pre-Consolidation				
Existing Securities	75,008,122	17,200,000	75,008,122	17,200,000
<i>After approval of Proposed Resolutions</i>				
Issue of Securities on conversion of Debt*	150,000,000	150,000,000	150,000,000	150,000,000
Issue of Securities to Jaek upon Proposed Transaction	40,000,000	20,000,000	40,000,000	20,000,000
Issue of Securities to Murchison upon Proposed Transaction	15,000,000	15,000,000	15,000,000	15,000,000
Total Securities on issue after Extraordinary General Meeting	280,008,122	202,200,000	280,008,122	202,200,000
<i>Consolidation factor**</i>	<i>1 for 20</i>	<i>1 for 20</i>	<i>1 for 20</i>	<i>1 for 20</i>
Post-Consolidation				
Offer	12,500,000	-	17,500,000	-
Total Securities post Consolidation	26,500,406	10,110,000	31,500,406	10,110,000

* Debt means the existing debt to Charter Pacific.

** Consolidation factor is 1 for 20 – that is, for every 20 shares on issue they will be consolidated into one Share. Refer above.

Effect of Consolidation – Options

Pre-Consolidation	
Option terms (Minimum and Maximum Subscription)	16,200,000 Options exercisable at 10 cents each on or before 14/07/11 1,000,000 Options exercisable at 30 cents each on or before 14/07/11 185,000,000 Options exercisable at 1.25 cents on or before 31/08/14
Post-Consolidation	
Option terms (Minimum and Maximum Subscription)	810,000 Options exercisable at \$2.00 each on or before 14/07/11 50,000 Options exercisable at \$6.00 each on or before 14/07/11 9,250,000 Options exercisable at \$0.25 each on or before 31/08/14

Refer to sections 10.9 and 10.10 for further details regarding the terms of the Options.

2.6 Shareholdings

The following table shows the shareholding structure of Monteray prior to completion of the Proposed Transaction, and on completion of the Proposed Transaction.

Name of Shareholder	Shareholding Pre-Proposed Transaction	% holding	Shareholding Post-Proposed Transaction but before Consolidation	% holding	Shareholding After Consolidation (Minimum Subscription)	% holding	Shareholding After Consolidation (Maximum Subscription)	% holding
Charter Pacific	30,541,508	40.72%	180,541,508	64.48%	9,027,075	34.06%	9,027,075	28.66%
Jaek or nominees	-	-	40,000,000	14.28%	2,000,000	7.55%	2,000,000	6.35%
Murchison	-	-	15,000,000	5.36%	750,000	2.83%	750,000	2.38%
Other existing shareholders	44,466,614	59.28%	44,466,614	15.88%	2,223,331	8.39%	2,223,331	7.06%
Shares issued under the Offer	-	-	-	-	12,500,000	47.17%	17,500,000	55.55%
Total on issue	75,008,122	59.28%	280,008,122	100.00%	26,500,406	100.00%	31,500,406	100.00%

2.7 Use of funds

The Company intends to expend funds raised pursuant to the Offer as follows:

Two years expenditure	Minimum Subscription \$2.5 million	Maximum Subscription \$3.5 million
Exploration programs 2 years	\$1,000,000	\$1,700,000
New project evaluation	\$500,000	\$650,000
Working capital including running costs	\$800,000	\$800,000
Costs of the Offer	\$200,000	\$250,000
Total	\$2,500,000	\$3,500,000

Note: The exploration programs will be dependent upon ongoing exploration results.

Additional funds raised above the Minimum Subscription will be directed towards new project evaluation and exploration programs. Note that the acquisition and exploration/development of new projects may require further funding, to be determined at the time dependent upon opportunities that may arise.

2.8 Allotment

Subject to Shareholder approval of the Proposed Resolutions and ASX granting approval for the Company's Shares to be readmitted to the official list of ASX, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date, but after the Consolidation takes place. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies. In the event the Proposed Resolutions are not approved by Shareholders allotment will not proceed and funds will be returned to applicants.

The Board reserves the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven days of the allotment date.

2.9 Minimum Subscription

The Minimum Subscription to be raised under the Offer is \$2,500,000 consisting of 12,500,000 Shares at \$0.20 (Post-Consolidation).

If the Minimum Subscription has not been raised within four months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

2.10 Maximum Subscription

The Company will accept applications up to the Maximum Subscription of 17,500,000 Shares at \$0.20 (Post-Consolidation). The maximum amount which may be raised under this Prospectus is therefore \$3,500,000.

2.11 ASX listing

The Company will apply to ASX within seven days after the date of the Prospectus for re-admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If the Shares are not admitted to quotation on ASX within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

2.12 Applicants outside Australia and New Zealand

This Prospectus does not, and is not intended to constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia and New Zealand.

It is the responsibility of applicants outside Australia and New Zealand to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a

completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

2.13 Not underwritten

The Offer is not underwritten.

2.14 Broker to the Offer

The terms of the appointment of Bligh Capital (WA) Pty Ltd are summarised in section 10.8 of this Prospectus.

2.15 Commissions payable

The Company reserves the right to pay a commission of up to 6% (excluding goods and services tax) of amounts subscribed to any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

2.16 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact details set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

2.17 Queries

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about investing in the Company, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser.

3 Monteray Group Ltd - Overview and Proposed Transaction

3.1 History

Monteray operated in the technology sector through its investment in GPen Pty Ltd, a global pension administration system. The Company sold its investment in GPen Pty Ltd in September 2009 following Shareholder approval. The sale price was \$500,000.

As has been noted in the Company's Annual Reports for the financial years ended 30 June 2009 and 30 June 2010, and in several announcements during this period, the Directors have been evaluating a number of opportunities in a wide range of areas to add value to the Company.

3.2 Proposed Transaction

On 8 October 2010 Monteray announced to ASX that it had entered into a Share Purchase Agreement to acquire from Jaek Holdings Pty Ltd (**Jaek**) 100% of the issued shares in Aberystwyth Nominees Pty Ltd (**Aberystwyth**) subject to a number of conditions. Aberystwyth has rights to acquire an 80% interest in a portfolio of exploration licences and applications, covering areas prospective for gold exploration in Western Australia.

The Share Purchase Agreement is subject to several conditions including Shareholder approval which are outlined below and in section 10.3.

The total consideration for the Proposed Transaction is:

- \$110,000 cash paid to Jaek;
- 40,000,000 (Pre-Consolidation) Shares issued at \$0.01 each to Jaek (**Consideration Shares**);
- 20,000,000 (Pre-Consolidation) Options at an exercise price of \$0.0125 each expiring 31 August 2014 granted to Jaek (**Consideration Options**);
- 15,000,000 (Pre-Consolidation) Shares issued at \$0.01 each to Murchison Resources Pty Ltd (**Murchison Shares**);
- 15,000,000 (Pre-Consolidation) Options at an exercise price of \$0.0125 each expiring 31 August 2014 granted to Murchison (**Murchison Options**).

Preconditions

The completion of the Proposed Transaction under the Share Purchase Agreement is conditional upon:

- due diligence investigations being undertaken on Aberystwyth to the Company's reasonable satisfaction;
- the Company obtaining the necessary approvals from Shareholders, ASIC or ASX (where applicable) for the purchase of Aberystwyth, the issue of Shares in the Company and the grant of Options to acquire Shares to the Vendor and Murchison on completion of the Proposed Transaction;
- the Company completing a capital raising of a minimum of \$2,500,000; and

- the Company receiving approval to convert a loan from Charter Pacific into 150,000,000 Shares (Pre-Consolidation) and 150,000,000 Options (Pre-Consolidation) with the loan balance of \$942,508 being forgiven by Charter Pacific.

3.3 Extraordinary General Meeting and Prospectus

The Proposed Transaction and the move from the technology sector to the mining and resources sector will constitute a change in activities for Monteray.

Accordingly, a resolution for the change of activities of Monteray to a business which operates in the mining and resources sector will be put to Shareholders at the Extraordinary General Meeting. Shareholders are required to approve this resolution as one of the conditions precedent to the completion of the Proposed Transaction. Following approval by Shareholders, trading in the Company's Shares will be suspended until such time as the Company has obtained the approval of ASX for the re-quotations of its Shares.

To obtain such approval the Company will be required to re-comply with chapters 1 and 2 of the Listing Rules, part of which involves the preparation of this Prospectus. The Company is seeking to raise a Minimum Subscription of \$2,500,000 and up to a Maximum Subscription of \$3,500,000 pursuant to this Prospectus, and this document constitutes an offer to sell securities in the Company, as well as a summary of all of the information Shareholders and other interested parties (including ASX) would generally expect to find including:

- the rights and liabilities attaching to the Shares and Options on issue in Monteray; and
- the assets and liabilities, financial position, performance and profits and losses of Monteray (as consolidated with Aberystwyth).

Further, given that the Portfolio of Aberystwyth is to become the main undertaking of the Company (subject to Shareholder approval) this Prospectus contains information that would normally be provided as a part of an initial public offering of the Shares in Monteray.

Other matters to be considered and voted upon by Shareholders at the Extraordinary General Meeting are critical to the Proposed Transaction proceeding and are required by the ASX Listing Rules or the Corporations Act to be obtained. These are:

- the election of Sandy Barblett and John Hannaford as Directors of the Company;
- the Company approving the Share Purchase Agreement;
- the issue of the Consideration Shares and Consideration Options to the Vendor of Aberystwyth;
- the issue of Murchison Shares and Murchison Options;
- the issue of up to 17,500,000 (Post-Consolidation) Shares pursuant to this Prospectus;
- the Consolidation of the Company's Share capital so that the value of each Share on issue in the Company is at least (\$0.20 Post-Consolidation). The Consolidation (if approved) will enable the Company to comply with Listing Rule 2.1, Condition 2, which is a pre-condition of the Company's Shares being re-quoted on ASX after Shareholder approval for the Proposed Transaction is obtained;
- the change of the name of the Company from Monteray Group Ltd to Monteray Mining Group Ltd, in line with the proposed new direction of the Company; and

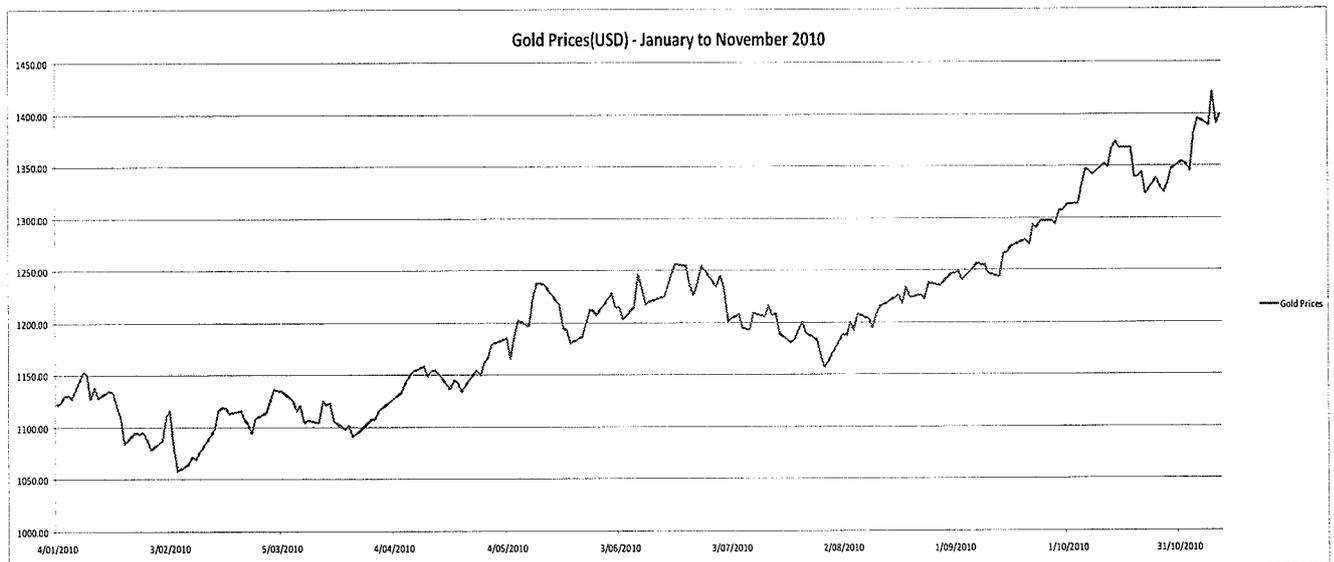
- the repayment of \$1,500,000 of loan funds from Charter Pacific through the issue of 150,000,000 (Pre-Consolidation) Shares at an issue price of \$0.01 each and the granting of 150,000,000 (Pre-Consolidation) Options exercisable at \$0.0125 each expiring on 31 August 2014. Charter Pacific will also forgive the balance of loan funds (\$942,508) owed by the Company to Charter Pacific.

3.4 Rationale for the purchase of Aberystwyth

The Directors of Monteray consider that the Proposed Transaction of Aberystwyth will allow Shareholders to take advantage of the positive medium term outlook for the Australian mining and resources industry which they believe is driven by the increasing global demand for precious metals and bulk commodities. This demand is expected to generate improved returns for mining companies and provide growth opportunities for the Company and shareholder wealth. The Directors consider that the mining and resources industry is now facing a period of opportunity and growth. While recognising market concerns over the future pricing of a range of commodities, there is a view that the outlook, particularly for precious metals such as gold, remains positive.

3.5 Gold prices in 2010

Recent global market turmoil has seen a sustained appreciation of the gold price. Monteray expects this appreciation to continue and believes this presents an opportunity to enter the gold exploration sector in a time that can deliver returns to Shareholders.



4 Asset Overview

4.1 Summary

Aberystwyth has an agreement with Murchison to acquire an 80% interest in the Portfolio of mining tenements and applications prospective for gold, all located in the goldfields region of Western Australia, an area of world class gold mining activity.

4.2 Strategy

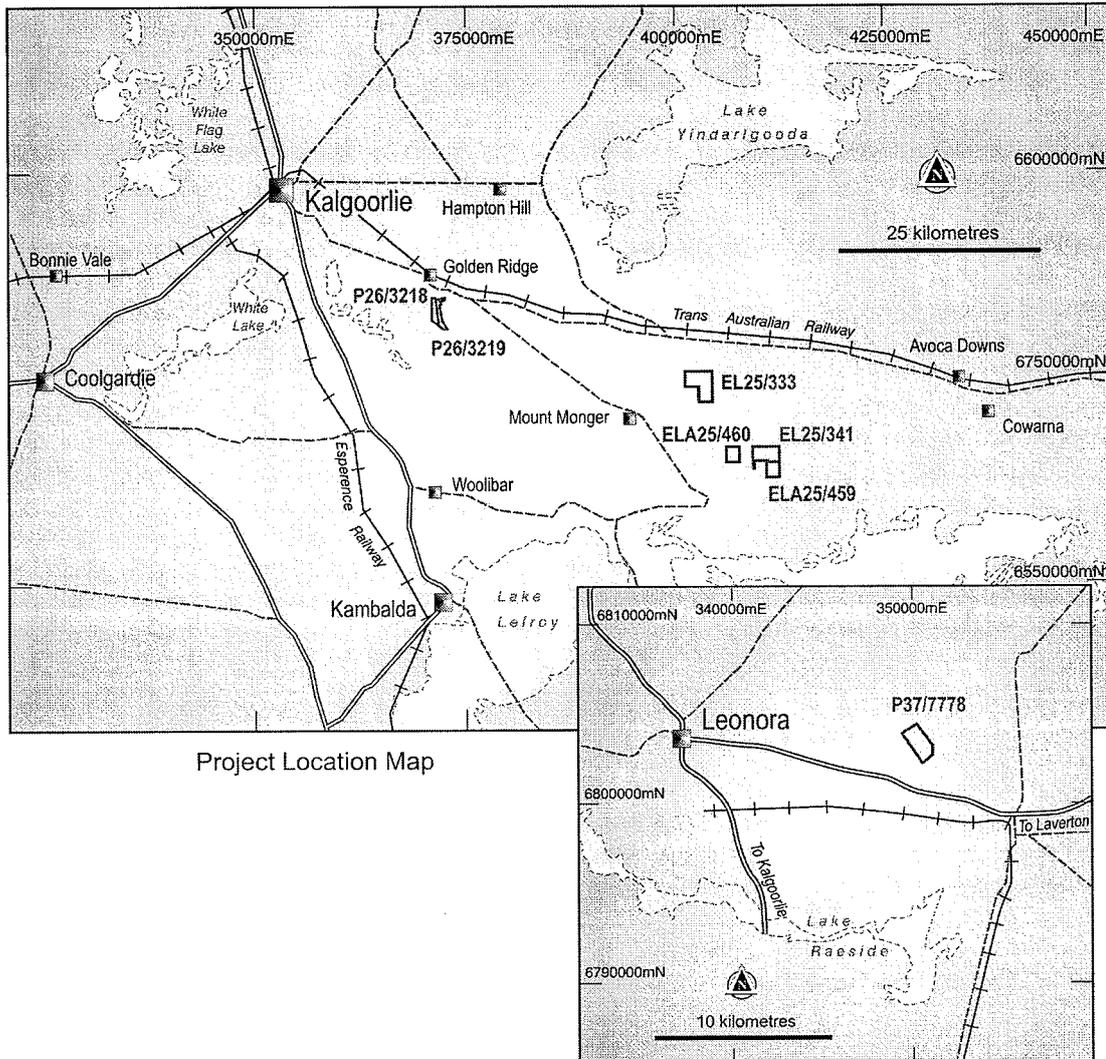
The Company's strategy is to build the Company's footprint in the mining and resources industry with an immediate focus on gold.

Following the Proposed Transaction the Company intends to explore projects in the initial Portfolio as a starting point. The Company intends to seek further projects to its Portfolio, focusing initially on areas of established gold endowment both in Australia and overseas.

The Company intends to revisit areas that the Directors consider have had previous exploration success, but with a new set of parameters set by current improved economics for gold and base metals and new exploration techniques.

We note that neither the Company nor Al Maynard & Associates in their independent geological report have treated any of the historical estimates as current mineral resources and reserves. Furthermore, the Company has not undertaken any thorough or detailed independent investigation of the historical resource estimates nor has it independently analysed the results of this previous exploration work. Therefore, these historical estimates should not be relied upon, but instead provide a conceptual indication of the potential resources and are relevant to future exploration. The Company further concedes that there can be no warranty or guarantee that JORC Code compliant resources will ever be delineated.

4.3 The Portfolio



Project Location Map

Gold Ridge South P26/3218 & P26/3219

The Golden Ridge South prospect consists of two prospecting licences located approximately 15 km south-east and along strike from the Super Pit in Kalgoorlie. The Directors understand that a gold anomaly was defined in the northern end of the tenement based on soil geo-chem auger holes drilled by Sons of Gwalia in 1998. Further drill testing was recommended by previous explorers but not carried out.

Hickmans E25/341, EL25/459 & 460 (applications) & Triple 3 E25/333

This project consists of the Hickman and Triple 3 exploration licences each covering 3 blocks, as well as the Duchess of York and Hickmans North applications.

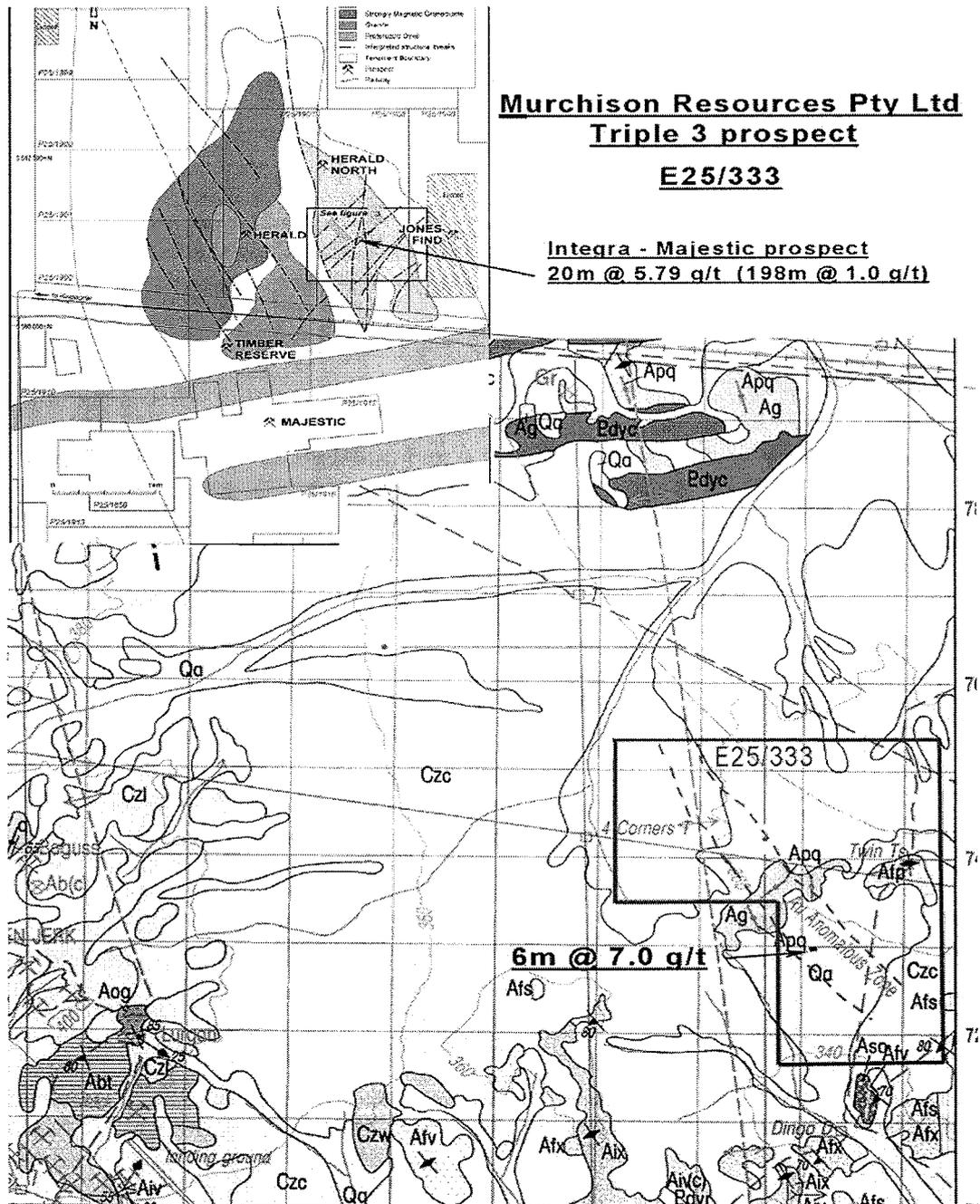
The location is in the Mt Monger region approximately 50km east of Kalgoorlie. The Triple 3 licence lies south south-east of Integra Mining's Majestic gold deposit where they have reported estimated grades from zero up to 20m @ 5.79g/t Au and 198m @ 1.0 g/t Au.

The Hickmans Project comprises 1 granted tenement covering an area of approximately 575ha, and 2 exploration licence applications of some 586ha, centred 80km to the east-southeast of Kalgoorlie. Hickmans is located 15km east-southeast of the Mt Monger mining centre, and 3km

north of the small gold showings of the Duchess of York and Hickmans Find workings. The licence lies wholly within the Mount Monger pastoral property in the East Coolgardie Mineral Field of Western Australia.

Previous exploration comprised geological mapping, reconnaissance SIROTEM, rock chip and gossan sampling, soil sampling and percussion drilling. Geochemical sampling by Hickman (1986) of the chert horizon developed on the contact between the two sequences located the "Hickmans Find" returned gold values between zero and 19.2g/t Au (1986) which was somewhat supported by follow-up work in 1991 which returned gold values between zero and 1.38g/t Au.

Several subsequent explorers carried out work on the ground.



Triple 3 licence (E25/333) showing the previous RAB intercept at the Horseshoe prospect.

Duchess of York prospect E25/459

This exploration licence application area lies to the south of the Triple 3 prospect and the Guards Find workings. It is possible that the structure controlling mineralisation on these two prospects as well as the Salt Creek/Red Dale prospect also passes through the vacant ground.

Hickmans North prospect E25/460

This licence application covers the same lithologies as the Duchess of York Au deposit and enhances the value of the tenement package adjoining Hickmans Find (E25/341).

Malcolm King P37/7778

The Malcolm King Project comprises 1 granted tenement covering an area of approximately 190ha, centred 12km east of the township of Leonora. It is located within the Malcolm gold mining centre which straddles the sealed Leonora to Laverton highway at approximately 6803450mN 350400mE (GDA94). Any number of exploration and mine tracks provide year round access. The project area is characterised by low undulating terrain with sparse vegetation.

At the Malcolm King workings gold mineralisation is located within the Black Cap Shear within narrow steeply plunging quartz/chert boudins along lithological contacts which display rheological variation. The boudins appear to have little strike or down dip extent.

The Malcolm Mining Centre has an historical gold production of 47,200oz. Significant gold mines in the area include Tarmoola and Gwalia both north of Leonora, and the gold deposits of Raeside some 8km west-southwest, and Prospero which is located within the mining centre some 5km to the northwest of the licence.

Underground channel sampling in 1900 of the Midas gold mine immediately to the south of the licence returned an average vein width of around 0.7m at a weighted average grade of 6g/t Au whilst historic production from the Midas and Malcolm King mines records grades of 30g/t and 4.6g/t Au respectively.

Level	Ave width	Ave grade Au	Length of drive sampled
100ft (east drive)	0.61m	3.05g/t	23m
150ft (east drive)	0.35m	5.73g/t	9.1m
150ft (west drive)	0.94m	4.43g/t	23m
200ft (east drive)	0.76m	10.54g/t	20.6m

The RC drilling of the Malcolm King workings to a vertical depth of circa 50m intersected the gossanous quartz/chert-shale hosting the gold mineralisation within the weathered horizon. The drilling suggested the gold mineralisation to occur as "chute-like" boudins of limited lateral and possibly down plunge extent.

Further RC drilling of the gossanous quartz/chert-shale on 20m spacing to depths of 50-100m is warranted to provide a better understanding of the down plunge extent of the mineralisation and its tenor within fresh rock.



Malcolm King project: View of the Midas mine open stope, looking north east.

Refer to the Independent Geologist's Report and the Independent Solicitor's Report at sections 7 and 8 of this Prospectus for further information regarding the Portfolio.

5 Monterey Group Ltd – Management and Corporate Governance

5.1 Officeholders

Following approval of the Proposed Transaction it is the Company's intention that Mr Wayne Jones, Mr Barry Driscoll and Mr Steven Cole retire from the Board and that Mr Dart will be joined by proposed directors Mr Sandy Barblett and Mr John Hannaford. Mr Steven Cole will remain as Company Secretary of the Company following completion of the Proposed Transaction. The Directors intend to seek and appoint key management positions following completion of the Proposed Transaction.

Current Board

Wayne Herbert Jones

Non-Executive Chairman
(Director since 23 June 2008)

Since 1978, Mr Jones has been a Partner of various accountancy firms, including 8 years as the Partner in charge of KPMG Gold Coast. During this time, he was responsible for providing a wide range of services to publicly listed companies, as well as privately owned and managed businesses. Mr Jones has extensive experience and highly developed business acumen and is able to bring to the Board technically sound and practicable financial advice with a strong commercial focus on business and commercial objectives. He is a member of the Institute of Chartered Accountants in Australia and a Registered Company Auditor. It is proposed that Mr Jones will stand down from his role as director on completion of the Proposed Transaction.

Kevin John Dart

Non-Executive Director
(Director since 29 August 2005)

Mr Dart is the Managing Director of Charter Pacific Corporation Limited. He has had public company board experience for over 20 years. He has extensive experience in capital raisings, new listings, mergers and acquisitions, as well as cross border transactions in United States, United Kingdom, Asia and India. He is a member of the Australian Institute of Company Directors.

Mr Dart's current directorships include FarmWorks Australia Limited and Charter Pacific Corporation Limited and his previous directorships include Metal Storm Limited and ChemGenex Pharmaceuticals Limited.

Steven Allan Cole

Non-Executive Director and Company Secretary
(Director since 23 June 2008)

Mr Cole has over 25 years experience as a director, company secretary and financial officer of listed and unlisted companies. He has been involved in mergers and acquisitions, company restructures, management buy outs and cross border transactions in a wide variety of industry sectors. Mr Cole has extensive experience in establishing new public companies, undertaking initial public offerings, public capital raisings and listings on the Australian Securities Exchange. He has been involved in the NASDAQ listing of several Australian companies. He is a member of the Australian Institute of Company Directors. Mr Cole also serves as Monterey's Company Secretary. It is proposed that Mr Cole will stand down from his role as director on completion of the Proposed Transaction.

Barry John Driscoll
Non-Executive Director
(Appointed 5 August 2009)

Mr Driscoll has over 35 years experience in all aspects of marketing, management and product development in the Investment Banking and Finance Industry, including several years as a self-employed corporate advisor. He spent 13 years with The Bank of New York where he was responsible for their American depository receipt business for Australia and New Zealand. Prior to his role at The Bank of New York he spent 5 years as Finance Director/Group General Manager of a private banking and financial services organisation. Previously he spent time with Citibank Ltd, Hambros Ltd, Euro Pacific Ltd and Scandinavian Pacific Ltd. Mr Driscoll holds a Diploma of Accounting and is a graduate of the Mt. Eliza Business School obtaining several professional memberships including The Finance and Treasury Association and Australian Institute of Company Directors. It is proposed that Mr Driscoll will stand down from his role as director on completion of the Proposed Transaction.

5.2 Proposed Directors

Sandy Barblett
Non-Executive Director

Mr Barblett has over 20 years senior management experience working with private and publicly listed companies in the UK, US and Hong Kong. He has advised companies on raising private equity and general fund raising, corporate strategy and mergers and acquisitions.

He is currently Chief Operating Officer of Charter Pacific Corporation Limited which is an ASX listed investment company active in the mining and resource and agribusiness sectors. He is a partner in the London based corporate finance company, Ironbridge Capital Partners. He is currently a non-executive director of AIM listed Solo Oil plc.

Mr Barblett has a Bachelor of Business from Curtin University of Technology in Perth, and a Bachelor of Laws from the University of Queensland. He previously worked for Minter Ellison as a solicitor, and is a member of the Australian Institute of Company Directors.

John Hannaford
Non-Executive Director

Mr Hannaford has extensive financial experience from several corporate roles in Australia, Asia and Europe with a resources emphasis ranging from listed oil producers and oilfield construction groups to gold and mineral exploration companies, as well as banking. He co-founded boutique corporate advisory firm Ventnor Capital which specialises in the provision of corporate advice to the junior resources sector. At Ventnor Capital, he has been responsible for several new listings and M&A transactions including Emerald Oil & Gas NL, Bathurst Resources Ltd, Transit Holdings Ltd, Atlantic Limited, & Comdek Limited. Mr Hannaford is a director and authorised representative of Ventnor Capital's associated company Bligh Capital (WA) Pty Ltd.

Mr Hannaford is currently a director of Emerald Oil & Gas NL. He graduated from the University of Western Australia with a Bachelor of Commerce degree in 1986 majoring in finance and economics. He qualified as a Chartered Accountant in 1990, gaining experience with Arthur Andersen audit division in Perth and in Hong Kong. He is a Fellow of the Financial Services Institute of Australasia (FINSIA).

5.3 Technical advisor to the Board

Brian David Thomas

Mr Thomas is a geologist and mineral economist with extensive experience as both an executive and non-executive director with small to mid-sized market capitalisation publicly listed resources companies.

He previously held a number of roles in the finance sector including a senior business development role with a major Australian bank sourcing energy and resources financing opportunities, investment banking with a global investment banking group and corporate stockbroking with two major Australian based firms. The shift to the finance sector followed over 20 years in both production and exploration operational management roles in the resources sector.

Mr Thomas is currently a director of Noble Mineral Resources Limited, Transit Holdings Limited, Bailey Minerals NL and Aragon Resources Limited. During the past three years, he has served as a Director of the ASX listed companies Pacific Niugini Ltd (formerly Chrome Corporation Limited), Namibian Copper NL and White Cliffs Nickel Limited.

5.4 Responsibilities of the Board

The Board acts on behalf of and is accountable to Shareholders and as such will seek to identify the expectations of Shareholders, as well as other regulatory and ethical expectations and obligations.

In addition, the Board is responsible for identifying areas of significant business risk and ensuring suitable arrangements are in place to manage those risks. The Board has implemented an appropriate plan to discharge these responsibilities.

The Board is responsible for ensuring that the Company's objectives and activities are aligned with the expectations of Shareholders and has a number of mechanisms in place to ensure this is achieved.

In particular, the Board is responsible for:

- consideration and approval of corporate strategies and monitoring their implementation;
- approving, overseeing and monitoring financial and other reporting to Shareholders, and other stakeholders of the Company;
- ensuring that the Company has the appropriate human, financial and physical resources to execute its strategies;
- appointing, monitoring the performance of, and removing the executive officers;
- reviewing the effectiveness of the Company's policies and procedures regarding risk management, including internal control and accounting systems; and
- ensuring appropriate governance standards are in place, including standards of ethical behaviour and a culture of corporate and social responsibility.

The Board does not have a remuneration committee, a nominations committee or an audit committee because of the size and nature of the Company's operations. The full Board reviews the necessary Board skill set and oversees the appointment of new members to the Board, and

the risk management strategy of the Company. There is an audit charter, however, due to the size of the Board all members are part of the audit process.

5.5 Corporate governance

This section outlines the main corporate governance practices and procedures that the Company has in place which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Composition of the Board

Details of the members of the Board, their expertise and experience are set out in sections 5.1 and 5.2 above.

Independence

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment.

The Board considers the following members are independent directors according to the principles espoused by the ASX Corporate Governance Council as no relevant relationships or connections exist with the Company.

- Wayne Jones – Non-Executive Chairman; and
- Barry Driscoll – Non-Executive Director.

Independent professional advice and access to group information

Each Director has the right of access to relevant Company information. Directors, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense if such advice is essential to the proper discharge of the Director's duties.

Conflicts of interest

In accordance with the Corporations Act and the Company's constitution, the Directors must advise the Board on an on-going basis of any interests that could potentially conflict with those of the Company. Where the Board believes that a conflict exists, the Director concerned is not permitted to be present at the meeting when the relevant issue is considered and will not receive the relevant Board papers. Further, they are not permitted to exercise any influence over other Board members.

Code of conduct and ethical standards policy

The Company has a code of conduct and an ethical standards policy which sets out the standards in accordance with which each Director of the Company is expected to act. The requirement to comply with the code of conduct and the ethical standards policy is communicated to all. The policy is available to all personnel and addresses all stakeholders including Shareholders, employees, clients/customers and the community as a whole.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Share trading policy

The Company has in place a policy that restricts the time periods and circumstances in which Directors and employees can buy and sell shares in the Company. Further, in accordance with the provisions of the Corporations Act and the Listing Rules, Directors must advise ASX, through the Company, of any transactions conducted by them in Shares in the Company.

Continuous disclosure policy

The Company has in place a policy regarding continuous disclosure which is consistent with the Listing Rules. The Board ensures that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the continuous disclosure requirements of the Listing Rules. All documents that are released to ASX are made available at www.asx.com.au, the ASX website. This policy has been developed to give all investors equal opportunity to access all material information on a timely basis. The policy and associated procedures are designed to ensure that all material information is presented in a balanced, factual and clear manner.

The Company, as a disclosing entity under the Corporations Act, states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - the annual financial report most recently lodged by the Company with ASIC;
 - any half year financial report lodged with ASIC by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - any documents used to notify ASX of information relating to the Company during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report, refer to the table set out below.

Date	Announcement Headline
20/08/2010	Monteray Group Gold Exploration Acquisition
20/08/2010	Suspension from Official Quotation
23/08/2010	Reinstatement to Official Quotation
23/08/2010	2010 Year End Result Update
30/08/2010	Preliminary Final Report
10/09/2010	Annual Report to Shareholders
08/10/2010	Share Purchase Agreement Signed Today

Date	Announcement Headline
29/10/2010	Notice of Annual General Meeting/Proxy Form
29/10/2010	Letter to Shareholders – Annual Report Opt In Letter
17/11/2010	Notice of Extraordinary General Meeting/Proxy Form

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal hours.

5.6 Shareholder Rights and Communication

The Company recognises the importance of Shareholder meetings and Shareholders are encouraged to attend the meetings and exercise their rights. For those who are unable to attend, the information is made available upon request to all Shareholders who lodge their contact details with the Company and via the Company's website (www.monteraygroup.com.au). These meetings include addresses from the Chairman and time is allowed for Shareholder questions. Further, the Company's external auditor attends the meetings and is available to answer Shareholder questions. The Board will also meet regularly to review the Company's business strategy with the objective of maximising returns for Shareholders.

6 Financial information

6.1 Historical Results Monteray Group Ltd

Historical financial results for Monteray Group Ltd are available as part of the Monteray Group Ltd Annual Report for the year ended 30 June 2010, which is available on the ASX website at www.asx.com.au.

Monteray Group Ltd balance sheet based upon unaudited management accounts as at 30 September 2010

	Management Accounts Unaudited September 2010
	\$
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	7,993
Trade and other receivables	4,346
Total current assets	12,339
NON CURRENT ASSETS	
Other financial asset	47,500
Investment Aberystwyth	10,000
Total non-current assets	57,500
TOTAL ASSETS	69,839
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Trade and other payables	189,074
Other financial liability	2,502,338
Total current liabilities	2,691,412
TOTAL LIABILITIES	2,691,412
NET ASSETS/(LIABILITIES)	(2,621,573)
<u>EQUITY/(DEFICIENCY)</u>	
Issued capital	4,843,156
Reserves	473,863
Accumulated losses	(7,873,496)
Current year loss	(65,096)
TOTAL EQUITY/(DEFICIENCY)	(2,621,573)

Whilst care has been taken in preparation of the above statements, they have not been reviewed by the Company's auditor and may not be consistent with the relevant financial reporting requirements.

6.2 Historical results Aberystwyth

Aberystwyth was incorporated on 17 August 2010. On 18 August 2010 it entered into an agreement to acquire an 80% interest in the Portfolio of mining tenements and applications referred to in this Prospectus (**Portfolio**) and therefore there is minimal financial history for Aberystwyth.

Aberystwyth balance sheet based upon unaudited management accounts as at 30 September 2010

	Management Accounts Unaudited September 2010
	\$
<u>ASSETS</u>	
Trade and Other Receivables	1,010
Tenements	110,000
TOTAL ASSETS	111,010
<u>LIABILITIES</u>	
Trade and Other Payables	(100,000)
Loans	(1,500)
TOTAL LIABILITIES	(101,500)
NET ASSETS	9,510
<u>EQUITY</u>	
Issued Capital	10
Accumulated Profit	9,500
TOTAL EQUITY	9,510

Whilst care has been taken in preparation of the above statements, they have not been reviewed by the Company's auditor and may not be consistent with the relevant financial reporting requirements.

6.3 Consolidated Pro forma Balance Sheet following Proposed Transaction

Pro forma balance sheet of the entity post completion of Proposed Transaction based upon the unaudited management accounts for the Company as at 30 September 2010 and the unaudited management accounts for Aberystwyth as at 30 September 2010 is set out below.

	Notes	Minimum Subscription Consolidated Unaudited \$	Maximum Subscription Consolidated Unaudited \$
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	1	2,407,993	3,407,993
Trade and other receivables		4,346	4,346
Total current assets		2,412,339	3,412,339
NON CURRENT ASSETS			
Other financial asset		47,500	47,500
Investment Aberystwyth	2	660,000	660,000
Total non-current assets		707,500	707,500
TOTAL ASSETS		3,119,839	4,119,839
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Trade and other payables	3	(389,074)	(439,074)
Other financial liability	4	(59,830)	(59,830)
Total current liabilities		(448,904)	(5,035,935)
TOTAL LIABILITIES		(448,904)	(498,904)
NET ASSETS/(LIABILITIES)		2,670,935	3,620,935
<u>EQUITY/(DEFICIENCY)</u>			
Issued capital	5	9,393,156	10,333,156
Reserves		473,863	473,863
Accumulated losses	6	(7,873,496)	(7,873,496)
Current year earnings		877,412	877,412
TOTAL EQUITY		2,670,935	877,412

NOTES

- 1 Includes \$2,500,000 (Minimum Subscription) and \$3,500,000 (Maximum Subscription) capital raised less balance cash consideration of \$100,000
- 2 Includes cash consideration \$110,000 plus equity consideration \$550,000
- 3 Includes estimated costs of the offer of \$200,000 (Minimum Subscription) and \$250,000 (Maximum Subscription)
- 4 Includes forgiveness of debt in return for equity to Charter Pacific of \$1,500,000 and debt forgiven by Charter of \$942,508
- 5 Includes new issue for capital raised of \$2,500,000 (Minimum Subscription), \$3,500,000 (Maximum Subscription), equity consideration of \$550,000 and new issue in exchange for debt to Charter Pacific less estimated costs of the offer of \$200,000 (Minimum Subscription) and \$250,000 (Maximum Subscription)
- 6 Includes debt forgiveness by Charter Pacific of \$942,508

Once relisted, the Company will have enough working capital to carry out its stated objectives.

6.4 Dividend Policy

There is currently no intention on the part of the Board to pay dividends. Payment of dividends by the Company will depend upon the availability of distributable earnings, and the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant. The Directors give no assurances about the payment of dividends, the extent of payout ratios or the future level of franking of dividends.

7 Independent Geologist's Report

Monteray Group Limited - Independent Geological Report – AM&A

AL MAYNARD & ASSOCIATES Pty Ltd Consulting Geologists

www.geological.com.au (ABN 95 336 331 535)

9/280 Hay Street, SUBIACO, WA, 6008 Australia	Tel: (+618) 9388 1000 Fax: (+618) 9388 1768	Mob: 04 0304 9449 al@geological.com.au
<i>Australian & International Exploration & Evaluation of Mineral Properties</i>		

The Directors
Monteray Group Ltd
Level 18
50 Cavill Avenue
SURFERS PARADISE QLD 4217
Australia.

10th, November, 2010

Dear Directors,

This independent technical report has been prepared by Al Maynard & Associates ("AM&A") at the request of Monteray Group Ltd ("Monteray"), an Australian public company with ACN 062 959 540, to conduct an independent competent person's report on mineral assets to be acquired by Monteray pursuant to an agreement to acquire Aberystwyth Nominees Pty Ltd ("Aberystwyth"), which in turn has signed an agreement to acquire an 80% interest in a portfolio of tenements from Murchison Resources Pty Ltd. The five (5) granted tenements, 3 PLs and 2 ELs, and 2 applications ("the licences") totalling some 2,626ha, are located in the Eastern Goldfields region of Western Australia.

The report is to be included in a prospectus to be lodged with ASIC on or about 15 November 2010, offering for subscription of up to 350 million shares at an issue price of 1.0c per share to raise a total of \$3.5 million. The funds raised will be used primarily for the purpose of exploration and evaluation of the licences.

Scope and Limitations

The information presented in this report is based on technical reports and expenditures provided by Monteray supplemented by our own inquiries. At the request of AM&A copies of relevant technical reports and agreements were made available. The past exploration history for the licences has been derived from previous explorers reports, as provided by Monteray, and Government records of exploration activities within the general vicinity of the licences. AM&A has not conducted its own independent searches.

In the course of the preparation of this report, access has been provided to all relevant data held by Monteray and various other technical reports and information quoted in the bibliography. Monteray has warranted to AM&A that full disclosure has been made of all material in its possession and that information provided, is to the best of its knowledge, accurate and true. None of the information provided by Monteray has been specified as being confidential and not to be disclosed in our report. AM&A does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

Mineral Assets in WA

Background Information (i)

The authors are familiar with the structural setting and mineralisation styles and targets of the areas covered by the Monteray licences. As recommended by the Valmin Code, Monteray has indemnified AM&A for any liability that may arise from AM&A's reliance on information provided, or not provided, by Monteray.

Opinions are presented in accordance with the JORC Code (2004) and other regulations and guidelines that govern the preparation of these reports. This report has been prepared in accordance with the relevant requirements of the Listing Rules of the Australian Securities Exchange Limited ("ASX"), ASIC Practice Notes 42 and 43 which were replaced on October 30th, 2007 by Regulatory Guidelines 111 & 112 and the Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert reports (the Valmin Code) which is binding on members of the Australasian Institute of Mining and Metallurgy ("AusIMM").

Tenement status and legal contracts

The legal status of the licences is subject to a separate Independent Solicitor's Report, which is presented elsewhere in this prospectus. These details have not been independently verified by AM&A. The present status of the licences listed in this report is based on information provided by Monteray and the report has been prepared on the assumption that the licences will prove lawfully accessible for evaluation and development. AM&A has not attempted to establish the legal status of the licences with respect to Native Title or potential environmental and access restrictions.

The licences are at various stages of exploration ranging from grass-roots exploration to walk up drill targets. Regardless of exploration status all licences have potential to host the target commodity as described hereunder and warrant the exploration and testing programs as set out. It is noted that proposed programs may be subject to change according to results yielded as work is carried out. We are of the opinion that Monteray has satisfactorily defined exploration and expenditure programs which are reasonable, having regard to the stated objectives of Monteray.

The Authors and AM&A

This report has been prepared by Brian J. Varndell B.Sc, BSc (Spec Hons Geol), FAusIMM, a geologist with more than 35 years experience in mineral exploration including more than 25 years experience in mineral asset valuation and Allen J. Maynard BApp.Sc (Geol), MAIG and MAusIMM, a geologist with 30 years in the mining industry and 25 years in mineral asset valuation (collectively referred to as Authors). The Authors hold the appropriate qualifications, experience and independence to qualify as independent "Experts" under the definitions of the Valmin Code to provide such reports for the purpose of inclusion in public company documents. Mr Maynard and Mr Varndell are the principal and an associate respectively of Al Maynard & Associates Pty Ltd. Mr Maynard and Mr Varndell have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard and Mr Varndell consent to the inclusion in this document of the matters based on his information in the form and context in which it appears

AM&A is an independent geological consultancy established 25 years ago and has operated continuously since then. Neither AM&A nor any of its directors, employees or associates have any material interest either direct, indirect or contingent in Monteray nor in any of the licences included in this report nor in any other asset of

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Monteray nor has such interest existed in the past. This report has been prepared by AM&A strictly in the role of an independent expert. Professional fees payable for the preparation of this report constitutes our only commercial interest in Monteray. Payment of fees is in no way contingent upon the conclusions of this report.

Consents

AM&A consents to this report being included, in full, in Monteray's prospectus, in the form and context in which the technical assessment is provided, and not for any other purpose, and that such consent has not been withdrawn before lodgement of the prospectus with ASIC.

AM&A provides this consent on the basis that the technical assessments expressed in the summary and in the individual sections of this report are considered with, and not independently of, the information set out in the complete report.

Yours faithfully,



Allen J. Maynard

BApp.Sc (Geol), MAIG, MAusIMM.

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SUMMARY

Monteray presents a portfolio of mineral exploration tenements located in the highly prospective Eastern Goldfields Superterrane of the Yilgarn Craton, Western Australia. The assets comprise the four project areas known as Hickmans, Triple 3, Golden Ridge South, and Malcolm King.

The Hickmans Project is located on the Mount Monger pastoral property some 80km east-southeast of Kalgoorlie and some 10km east of the Mount Monger gold mining centre, in the East Coolgardie Mineral Field. Access from Kalgoorlie is via the Golden Ridge rail siding to Mount Monger homestead. The licence is located some 2-3km northeast of the historic gold diggings at Hickmans Find and the Duchess of York, and 6km southeast of reported gold mineralisation at Gards Find. (Can we provide details of the Au ?) Low grade lateritic nickel deposits, first discovered by BHP in the 1960s and 1970s, are reported to occur in the northeast of the licence some 2km east-southeast of Hard to Find Dam. The licence is on the south flank of the regional Bulong Anticline, at the southern end of the felsic Yindarlgooda Dome structure. The west side of the licence is prospective for gold in quartz-vein stockworks within altered basalts similar to that seen at the Duchess of York whilst the east side contains ultramafic units considered prospective for nickel mineralisation as shown at Blair Nickel mine and elsewhere in these same rock types. Note that the similar rock types do not provide any guarantee of similar mineralisation being delineated. Nonetheless, they are a very good "starting point".

The Triple 3 Project is located approximately 10km northeast of Mount Monger pastoral property and 55km southeast of Kalgoorlie. Access from Kalgoorlie is along the rail line through Golden Ridge then south via station tracks. The licence is on the southern edge of the granitoid core of the southeast plunging Bulong Anticline and contains felsic volcanic and volcano-clastic rocks of the Juglah rock assemblage. The licence contains a number of anomalous gold-in-soil anomalies from the 2002 auger program of Auriongold. At one of these anomalies, widely spaced RAB and RC drilling intersected gold mineralisation within sheared granite at the Horseshoe prospect. The shearing is interpreted to allow infusion of mineralising fluids along structural corridors. This prospect offers immediate drill targets both at the Horseshoe prospect and at other gold-in-soil anomalies that have to date only been tested by widely spread drilling.

The Golden Ridge South Project covers an area of approximately 400ha some 20km southeast of Kalgoorlie. It is located less than 5km south of the Golden Ridge gold deposit and 8km northwest of the Blair Nickel mine. The area surrounding the licence is secured by New Hampton Goldfields Ltd to the north, Blair Nickel Mine Pty Ltd to the east and south, and Orrex Resources Ltd to the west with no intervening 'gaps' of any prospective nature. The close proximity to Kalgoorlie provides unparalleled infrastructure advantages (compared with more remote areas) with several local operating gold mills, the Kalgoorlie Nickel smelter, sealed roads, railways and the gas pipeline nearby. This is the first time since before the 1990s that the licences have not been an overlooked part of an often fragmented and much larger portfolio of tenements. The licences are a short distance north of the contact between the Kalgoorlie and Boorara Domains and the northeast of the licence is interpreted to contain komatiitic and ultramafic units of the Boorara zone. These units are along strike from the underground Blair Nickel sulphide mine. To the west previous exploration by way of shallow auger soil sampling for gold occurrences of the mafic basalt and dolerite package, within an area of north to north-northeast trending faults and flexures, has generated a gold-in-soil anomaly that remains untested. This prospect offers immediate drill targets whilst further evaluation of regional exploration targets is also warranted in the south of the licence.

The Malcolm King Project is located at the Malcolm gold mining centre which straddles the sealed Leonora to Laverton highway some 12km east of the township of Leonora. Access is along numerous station and mining tracks from the highway. Despite the licence being close to Leonora and the mining centre containing numerous historic gold diggings, little work has been completed on the licence for many years due to the fragmented nature of ownership. The licence covers the Golden Crown, Midas United / Malcolm King, and Waikato gold mines and the immediate northern extensions of the Midas gold mine that have produced approximately 3,000oz of gold from 3,000 tonnes of ore. Approximately 2km of prospective strike length of the Black Cap shear zone which hosts intermittent gold mineralisation between the Midas mine to the south and the Malcolm King to the north remains open and currently available for systematic exploration.

1.0 PROJECT REVIEW

1.1 Eastern Goldfields Regional Geology

The Golden King South, Hickmans, Triple 3 and Malcolm King Projects are in the Eastern Goldfields Superterrane of the Archaean Yilgarn Craton in Western Australia. The first three Projects are located between 20km and 80km southeast of Kalgoorlie whilst the latter Project is located some 250km north of Kalgoorlie (Figure 1) in a region that hosts some of the largest gold and nickel deposits of Western Australia.

Recent studies of the Archaean Yilgarn Craton in Western Australia (Cassidy et al, 2006), have divided the Craton into six terranes, three of which make up the Eastern Goldfields Superterrane. The western part of Yilgarn is composed largely of granite and granitic gneiss of the Narryer and South West Terranes, while the greenstone and granite Youanmi Terrane and Eastern Goldfields Superterrane exist to the east. The Youanmi Terrane comprises the Murchison and Southern Cross Domains in the central Yilgarn Craton. While the Eastern Goldfields Superterrane makes up the eastern half of the Craton.

All project areas are in the Eastern Goldfields Superterrane (Cassidy et al, 2006) which is further split into three tectono-stratigraphic terranes, each with distinct volcanic rocks, geochemical characteristics and ages of volcanism. The Kalgoorlie, Kurnalpi and Burtville Terranes are further subdivided into discrete geological domains, all of which are bounded by a series of fault systems (Cassidy et al, 2006; Roberts et al, 2004).

The Malcolm and Triple 3 Projects are at opposite ends of the Gindalbie Terrane, the former in the northern half of the Terrane, to the east of Leonora and within the Keith-Kilkenny Tectonic Zone, whilst the latter is in the core of the Bulong Anticline and in the extreme south of the Terrane. Further to the southeast the Hickmans Project lies with the mafic package of the southern half of the Kurnalpi Terrane. The Golden Ridge South Project is just a short distance from Kalgoorlie (20km) and within the Kalgoorlie Terrane.

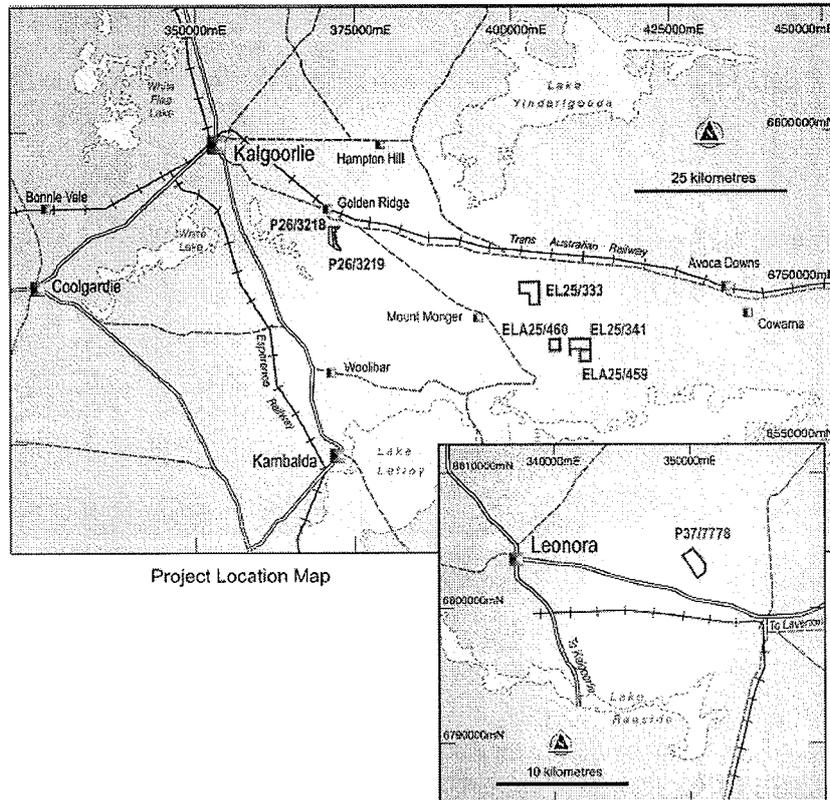


Figure 1: Location map showing the Licences.

2.0 GOLDEN RIDGE SOUTH

2.1 Tenements, Location and Access

The Golden Ridge South Project comprises 2 granted tenements covering an area of approximately 400ha, centred 20km to the east-southeast of Kalgoorlie. It is located 20km southeast of the famous Golden Mile Superpit at Kalgoorlie and some 5km south of the Golden Ridge gold deposit. Nearby gold deposits, having either historic production or reported mineral resources, include Hannan South to the southwest and New Celebration to the south. The Blair Nickel Mine is a short distance to the southeast. The tenements are 80% beneficially owned by Monteray; a tenement schedule is included in Appendix 1.

Access to the area is via the Mount Monger and Trans Access roads to the rail siding of Golden Ridge and thence south along a number of station tracks and/or partly overgrown exploration access tracks which provide good access to most parts of the Project. The tenements are to the southwest of a slope running off the Pearl gold workings. AM&A has not reviewed any Native Title or other potential access restrictions to the tenements.

2.2 Local Geological Setting and Mineralisation

The tenements are extensively covered by colluvium and bedrock terrain is irregular and deeply weathered. Extensive palaeochannel(s) may affect the southwest portion of the tenements. There is little to no subcrop however, gravity, magnetic and Landsat TM imaging data interpretation suggests that the tenements are underlain by a package of predominantly mafic rocks occurring between the Parkston Dyke in the east and the Highway ultramafic in the west (Figure 2). A bland zone of magnetics covering the majority of the eastern licence and the central east side of the western licence may be felsic volcanics in the Boorara Domain but could also be deeply weathered non-magnetic ultramafic rock types. The extreme east of the tenements is underlain by an ultramafic package which, outside the tenements, hosts the Blair Nickel mine and, a little closer to the tenements, the Flying Ant gold prospect and the Nickel Prospect.

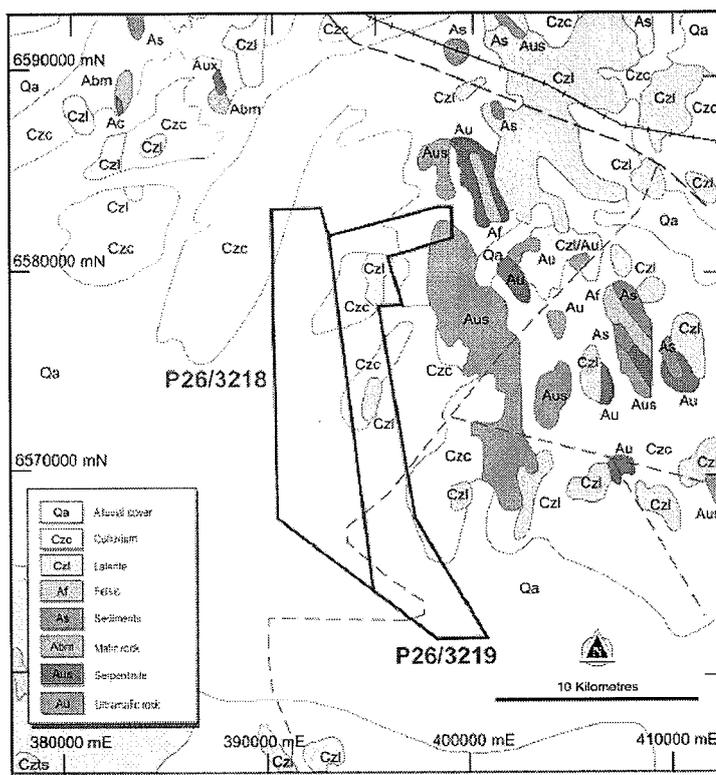


Figure 2: Geology of the Golden Ridge South Project (from 100k published geology).

The rocks have a northwest trending stratigraphy which is disrupted and dislocated by a number of minor north-northeast orientated faults and shears. Small scale folding (>1km amplitude) and, on occasion, relatively tight meso-scale folding (10–200m amplitude) is commonly mappable from the magnetic patterns. The deformation sequence, as established by Swager (1989), suggest four phases of which epigenetic gold mineralisation occurs in a variety of structural settings primarily associated with the D₃ and D₄ phases.

A large northeast trending D₄ phase fault zone is interpreted to cross through the tenements to the south although it is noted that there is no evidence of gold workings along this postulated structural corridor or elsewhere along ancillary flexures in the mafic package.

2.3 Previous Exploration

Aside from historical, manual prospecting and very limited small-scale diggings mostly around the Pearl gold workings the tenements have not, until very recently, been the subject of detailed exploration even though several major exploration programs have been completed in the general vicinity for alluvial and bedrock gold. It is noted that the following description of historical work does not appear to have specifically included the tenements but is provided as background information of exploration undertaken.

During the 1940s the Bureau of Mineral Resources carried out seismic and gravity surveys over the Lakewood area (Urquhart 1956) in an attempt to delineate deep lead gold channels. Two traverses were completed with the most southerly extending from Mt Shea northeast towards the Golden Ridge Volcanic Belt. The data from the southern traverse was interpreted to indicate two deep lead channels extending some 90-120m below surface. Drill testing of these interpreted deep leads was recommended but it is unclear whether this was carried out as no reports to this end are available.

Western Mining Corporation (Balkau, 1982) carried out ground magnetics and drilling along a 7.5km east-northeast traverse, situated south of Sampson Dam, presumably in the search for base metal mineralisation. This drilling indicated depth to fresh rock ranged from 22-80m with transported material less than 8m thick. Bedrock lithologies range from felsic tuffs to fine grained metasediments. No mineralisation was located.

Amax, Phillips and Ralgo carried out exploration for deep lead gold during 1982. This work included seismic refraction survey, RAB drilling (117 holes for 4,806m of advance) and RC drilling (13 holes for 623m of advance). This program (Gellatley, 1989) included RAB traverse drilling along 5 lines for a total of 26 holes. No significant mineralisation was located and a portion of the tenements was relinquished.

Pancontinental and Sovereign Gold formed a joint venture in 1989 to continue exploration in the remaining ground held by ACM and Sovereign Gold. Work on this project (Sampson Dam Project) included laterite sampling, soil and auger surveys, drilling and an aeromagnetic survey (Flanagan, 1990). Soil sampling was carried out in the Sampson Dam area on a 400m x 50m grid with samples assayed for both gold and arsenic. Areas with a significant thickness of Tertiary clay were sampled using a hand auger to a depth of 30cm focussed on sampling the carbonate rich horizon. These auger samples were also assayed for gold and arsenic. A total of 74 holes were drilled but failed to locate any significant (>1.0g/t Au) mineralisation.

In the early 1990s Orion Resources NL conducted reconnaissance soil lines at 400m spacing over their Lakewood Project which highlighted an area of gold in soil anomalism some 2.5km west of Sampson Dam. Work in 1993 followed up this anomaly using -80# soil sampling and 925m of RAB drilling in 21 holes. No significant mineralisation was intersected in the drilling although assays of the top 2-3m of all drill holes confirmed the presence of a surface anomaly. All holes drilled intersected felsic tuff at depth although nearby Pancontinental drilling

encountered argillic sediments. In 1994 Orion continued to expand the coverage of its soil sampling program, and RC drilling was completed at the Sampson Dam prospect and to the south and east of previous RAB drilling to confirm whether the surface gold anomalism is displaced from its primary source. Further infill soil sampling was conducted at Louis Dam and Three Gates Yard prospects and 33 AC holes drilled for an advance of 1,186m.

In the mid 1990s the Lakewood Project was joint ventured with Lakewood Gold NL who embarked on a program of re-establishing the Lakewood North soil grid and re-sampling using deeper auger drilling to depths between 1.0 and 3m. While the results indicated a general diminishment of the gold values with depth follow-up drilling was recommended.

By 1997 the Lakewood Project was owned 100% by Sons of Gwalia Ltd, through Orion Resources NL, who completed regional auger sampling and air core drilling which identified three structural trends an alteration zone south of the Sampson Dam gold soil anomaly, a deformed banded iron formation with coincident arsenic and gold geochemistry, and a NW orientated alteration zone striking towards Hannon South deposit. All three targets were untested by systematic drilling.

In May 1999 New Hampton Goldfields Ltd entered into a joint venture with Orion Resources NL to explore the project area for buried epigenetic structurally controlled gold mineralisation, and in early 2000 completed the air core drilling of 34 holes for 2,247m of advance. Results were disappointing with only minor intervals of gold anomalism (<1.0g/t Au) occurring as isolated intercepts in the transported overburden. It was considered that the best potential on the Lakewood joint venture tenements was on application for Mining Lease 26/544 where a gold-in-soil anomaly of circa 20ppb gold of approximate dimensions 800m N-S remained untested. No further work was undertaken and the gold anomaly now straddles the boundary between Monteray's licences P26/3218 and P26/3219.

2.3.1 Golden Ridge South

The Golden Ridge South gold anomaly remains untested since a recommendation to follow-up this anomaly was made in the year 2000. The soil anomaly was located by Orion Resources NL during their extensive auger soil sampling of the pedogenic carbonate horizon on a sample spacing of 400 x 50m. Elevated, +20ppb gold, occurs between 658400mN, the most northerly sampled line, and 6583200mN with the core of the anomaly located at 6583600mN between approximately 371280mE and 371720mE.

The anomaly is interpreted to be underlain by a package of predominantly mafic rocks, a faint northeast orientated lineament in the magnetic data may suggest localised faulting and/or shearing within the vicinity of the gold in soil anomaly. It is recommended that Mobile Metal Ion (MMI) geochemical sampling on a 50 x 50m sampling pattern may better define the anomaly including its peak gold in soil value before a program of air core or RC drilling evaluates the bedrock source of the gold anomalism. It is recommended to extend the 50 x 50m spaced MMI sampling over the entirety of the tenements as there is some elevated gold in soil values in the extreme south of the tenements where magnetic data postulates a northeast orientated fault zone may occur. The source of the gold in soil anomalism may be associated with short-lived structures which could fall between the current broad spacing of the previous sampling program. However, it is uncertain that further exploration will result in the determination of these mineralisations.

2.3.2 Nickel Potential

The ultramafic units that host the Blair Nickel mine to the southeast of Golden Ridge tenements are interpreted to extend into the extreme northeast of P26/3219 and there has been no exploration to date to assess the prospectivity of this, albeit, small area for nickel mineralisation. Clearly there is interest in the immediate environs of this area as exploration grid lines are visible on aerial photography, and 2km and 3km southeast lies the Flying Ant gold prospect and the Nickel Prospect respectively.

2.4 Proposed Exploration Program and Budget

Monteray's exploration strategy is to continue the soil and drill testing of the above prospect areas to effectively test several corridors of known mineralisation and potential extensions. Monteray has summarised their program for the full subscription scenario as follows, with budgets included in Table 1.

Years 1 and 2

- MMI soil sample the pedogenic carbonate horizon over the entirety of the tenements on an effective 50 x 50m sample density and assay the samples for gold, nickel, PGEs as well as associated pathfinder elements;
- Effectively drill test the Golden Ridge South gold in soil anomaly, the interpreted northeast orientated fault zone in the south of the tenements, and other anomalies located as a result of the auger program;
- Complete MMI geochemistry to help assess the nickel potential of targets within the ultramafic corridor;
- Complete regional RAB drilling to assess the nickel potential along the ultramafic corridor; and
- Complete deeper RC drill testing of the Golden Ridge South prospect.

2.5 Project Potential and AM&A Comment

- Gold in soil anomalism at Golden Ridge South and at other selected sites within the tenements have not been fully evaluated;
- The nickel potential of the northeast corridor of the tenements has not been fully evaluated; and
- AM&A considers that these prospects warrant exploration for the discovery of gold and nickel mineralisation based on the known and interpreted geological environment (structure & lithology) plus results of past exploration as described above.

Activity	Year 1 \$	Year 2 \$	Total \$
Drilling	70,308	70,308	140,616
Assays	16,572	16,572	33,144
Geophysics	5,022	5,022	10,044
Rents	16,070	16,070	32,140
Geological Manpower	40,176	40,176	80,352

Activity	Year 1 \$	Year 2 \$	Total \$
Total	148,148	148,148	296,296

Table 1: Golden Ridge South Exploration Budget Summary for Years 1 & 2.

3.0 HICKMANS

3.1 Tenements, Location and Access

The Hickmans Project comprises 1 granted tenement covering an area of approximately 575ha, and 2 exploration licence applications of some 588ha, centred 80km to the east-southeast of Kalgoorlie. Hickmans is located 15km east-southeast of the Mt Monger mining centre, and 3km north of the small gold showings of the Duchess of York and Hickmans Find workings. The licence lies wholly within the Mount Monger pastoral property in the East Coolgardie Mineral Field of Western Australia. The tenement is 80% beneficially held by Monteray (Appendix 1).

Access to Mount Monger station homestead is, from Kalgoorlie via the Mount Monger and Trans Access roads to the rail siding of Golden Ridge, or from Kambalda along the Carnilya Hill nickel mine road. The exploration licences lie some 15km east of the homestead and are reached via tracks to Peters Dam by way of Hard to Find Dam. Reasonable access to most parts of the Project is along exploration access tracks, etc although this is limited in thickly vegetated hill terrain in the east of the licence area. AM&A has not reviewed any Native Title or other potential access restrictions to the tenements.

3.2 Local Geological Setting and Mineralisation

The Mt Monger area consists essentially of two lithological sequences; a lower sequence of felsic to intermediate volcanic, volcano-clastic and intrusive rocks, and an upper sequence of mafic volcanic rock, fine grained clastic rock and intrusives of felsic, mafic and ultramafic character. These two successions are folded about a NNW-SSE axis to produce an upright southeast plunging fold known as the Bulong Anticline. The licences are on the south-southeastern flank of the anticline (Figure 3).

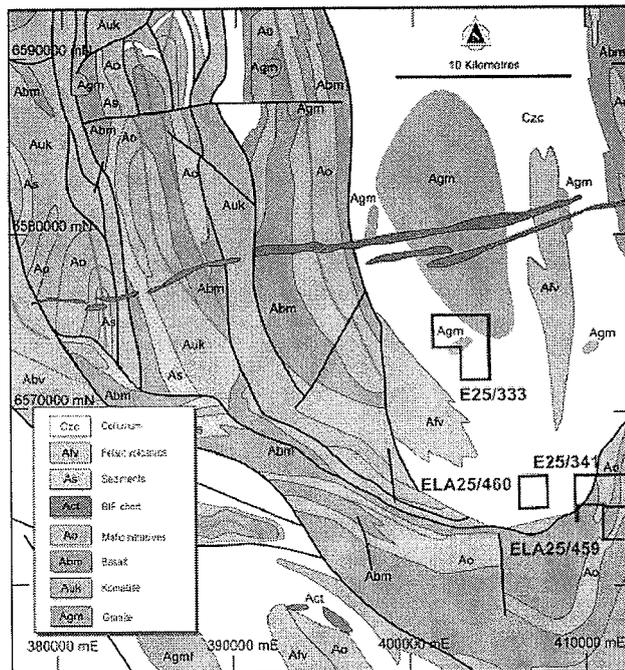


Figure 3: Regional Geology of the Bulong Anticline (from 100k published geology).

The Mt Monger mining centre is located on the western limb of the anticline. It is characterised by the development of narrow quartz vein and shear zones parallel to the axial plane of the anticline fold. Ore shoots which host gold mineralisation occur within the quartz veins which plunge at 45° to 60° to the southeast. There is a propensity for the quartz veins to develop within the upper part of the felsic to intermediate sequence just below the contact with the mafic sequence.

In general the licences are characterised by low undulating to flat topography over the, generally, sand covered acid volcanics in the northwest, and the hills to the east which comprise the basalt-shale sequence and an overlying sequence of mafic and ultramafic rocks. Residual laterite has been stripped from the high ground and remains in small outcrops along the lower slopes. Most outcrop is related to the basal sediment unit of the basalt-shale sequence.

The greater part of the western and central portions of the granted licence consists of alluvial flats underlain in the west by the felsic sequence (Figure 4). A persistent chert and black shale horizon marks the top of the felsic sequence giving rise to rubbly intermittent exposure to the east of the Hard to Find Dam and in the south of the licence as siliceous ridges. Rocks of the overlying sequence form slightly elevated, undulating terrain in the east of the licence where they comprise high magnesian basalts that are generally extensively silicified and carbonatised, several locally pyritic and gossanous chert and shale horizons, and a number of concordant ultramafic sills (Williams and Hallberg, 1973) one of which forms the Seabrook Hills.

The upper mafic sequence in general dips south or eastwards at moderate to steep angles. Differentiation trends in the Seabrook Hills confirm the easterly facing of the succession, which is not obviously disrupted by faulting

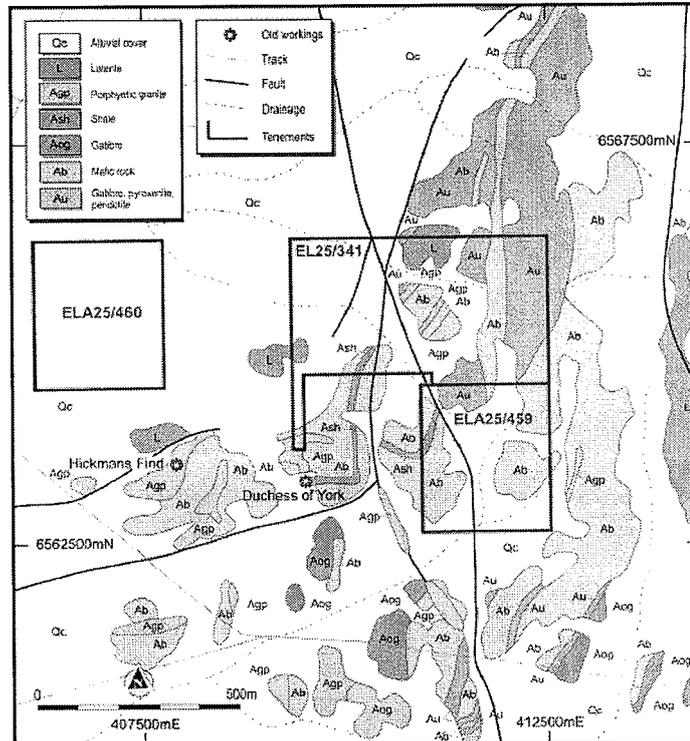


Figure 4: Detailed Geology of the Hickmans Licence.

3.3 Previous Exploration

The Broken Hill Proprietary Company Limited ("BHP") explored the region for base metals in the period 1962-1972, concentrating on the nickel potential of the ultramafic units. The work undertaken included mapping, detailed geophysical surveys and over 17km of drilling. It resulted in the discovery of low-grade (0.5-0.8%Ni) lateritic deposits of up to 16m thick located 2km east-southeast of Hard to Find Dam on the northern boundary of the granted licence.

Western Mining Corporation Limited ("WMC") investigated the Yindarlgooda between 1981 and 1991 in an area mostly west, south, and outside of the licence area. Work undertaken by WMC comprised geological mapping, reconnaissance SIROTEM, rock chip and gossan sampling, soil sampling and percussion drilling. Geochemical sampling by Hickman (1986) of the chert horizon developed on the contact between the two sequences located the "Hickmans Find" returned gold values between zero and 19.2g/t Au (1986) which was somewhat supported by follow-up work in 1991 which returned gold values between zero and 1.38g/t Au. The results from RC drilling in 1986 of 100 holes (YDC series) for 1,607m of advance were generally not encouraging.

The nearby Duchess of York gold showing was discovered at this time by WMC. Gold mineralisation occurs as a north trending zone of a high magnesian basalt containing 5-20% by volume of quartz-carbonate-pyrite veining. RC drilling in 1986 (drill holes YDC12-15, 126-132) totalling some 3,000m defined a shallow in-situ gold resource.

In 1993 Curtin Mining NL conducted soil sampling over the entirety of E25/76 including the current licence area. Samples were spaced in the northern part on a 400 x 200m grid and a 500 x 200m grid in the south, with adjacent east-west samples amalgamated. Samples were analysed for gold by Genalysis and returned values from zero to 82ppb gold, with greater than 7ppb gold considered anomalous. Two areas were chosen for follow-up soil sampling at 200 x 50m spacing of which Curtin's area III lies on the western boundary of the current licence whilst area IV lies to the east of Hard to Find Dam outside and to the north of the licence. Results returned gold values from 1 to 63ppb gold. Several areas of which returned low gold values from the initial program were selected for RAB drilling in order to penetrate the alluvial cover material. A total of 181 holes were drilled for an advance of 1,394m in areas west of the licence area and returned generally poor results.

In the mid 1990s Titan Resources NL (100% owner of Curtin Mining NL) in joint venture with Plutonic (Baxter) Pty Ltd managed the Mulga Dam Joint Venture over E25/76. A total of 106 RAB holes were drilled for 4,547m of advance and samples submitted to Analabs, Kalgoorlie for a range of elements including gold and nickel.

Auriongold Exploration Pty Ltd purchased the Greater Randalls tenement package in early 2000 from Solomon (Australia) Pty Ltd including the tenement E25/178 which extended over the area of the current licence. In 2001 Auriongold completed an extensive auger soil sampling program over the entirety of the current licence on a 320 x 160m spacing with samples submitted to Genalysis for gold and a multi-element analysis. This was followed-up by RAB drilling (GRRB001-042) of which holes GRRB021-037 are located in the southwest of the current licence. No significant intercepts of gold above 0.5g/t Au were found. Thereafter and to 2006 no further work was reported by Auriongold on the current licence area.

3.3.1 Hickmans

Principal exploration targets within the licences are gold occurrences of the Mount Monger type, that is steeply dipping, high grade quartz veins axial planar to the Bulong Anticline and emplaced into the top of the felsic sequence. Thus the search for gold mineralisation should be concentrated along the mafic-felsic sequence, in the vicinity of the persistent chert and black shale horizon which is interpreted to mark the contact of the top of the felsic sequence, and which occurs in the southwest and west of the granted licence. While it is recognised that Auriongold has conducted broad auger sampling over this area it is the author's opinion that the sampling spacing of this early work (320 x 160m) is too broad to adequately locate any gold mineralisation which is likely to be steeply dipping and thus have a small surface foot-print. Likewise it is recommended to re-visit the gold in soil anomaly, possibly lying along the marker horizon, first located by Curtin Mining NL and RAB drilled by Auriongold by way of three N-S fence lines some 600m apart with angled drilling to the north, and thus possibly sub-parallel to the orientation of any gold mineralisation. However, it is uncertain that further exploration will result in the determination of these mineralisations.

While not a primary target significant copper and zinc anomalies are related to gossanous chert and associated felsic porphyries developed at the interface between the mafic and felsic sequence. This stratigraphic interval has been comprehensively tested only at the Hickmans Find prospect but does extend along strike into the southwest and west of the granted licence and should be explored for its potential to host volcanogenic massive sulphides.

3.3.2 Nickel Potential

The licence has received little exploration for nickel since the early work of BHP, and the Authors recommend that the early work of Hickman (1986) is followed-up to ascertain the extent of the low grade lateritic deposits of up to 16m thickness, located some 2km east southeast of Hard to Find Dam, and thus which may occur in the northeast of the granted licence and in the north of application E25/459. However, it is uncertain that further exploration will result in the determination of these mineralisations.

3.4 Proposed Exploration Program and Budget

Monteray's exploration strategy is to continue the soil and drill testing of the above prospect areas to effectively test several potential extensions of known mineralisation. Monteray has summarised their program for the full subscription scenario as follows, with budgets included in Table 2.

Years 1 and 2

- MMI soil sample the western half of the licence on an effective 160 x 80m sample density and assay the samples for gold, base metals, as well as associated pathfinder elements;
- Effectively infill any on an 90 x 40m and possibly 40 x 40m grid any anomalous geochemistry from the first pass auger test work
- Effectively drill test the western half of the tenement where anomalous gold and/or base metal soil anomalism is located;
- Undertake geological mapping of the ultramafic rocks in the east of the licence to ascertain the earlier work of Hickman; and
- Complete regional RAB drilling to assess the nickel potential along the ultramafic corridor.

3.5 Project Potential and AM&A Comment

- Mount Monger style gold and base metal mineralisation associated with the contact of a mafic-felsic sequence in the western half of the licence has not been not been fully evaluated;
- The nickel potential of the northeast of the licence has not been fully evaluated; and
- AM&A considers that these prospects warrant exploration for the discovery of gold, base metal and nickel mineralisation.

Activity	Year 1 \$	Year 2 \$	Total \$
Drilling	72,017	72,017	144,034

Activity	Year 1 \$	Year 2 \$	Total \$
Assays	15,432	15,432	30,864
Geophysics	5,144	5,144	10,288
Rents	15,432	15,432	30,864
Geological Manpower	30,864	30,864	61,728
Total	138,889	138,889	277,778

Table 2: Hickmans Exploration Budget Summary for Years 1 & 2.

4.0 TRIPLE 3

4.1 Tenements, Location and Access

The Triple 3 or Horseshoe Project comprises one granted tenement covering an area of approximately 882ha, centred 55km to the east-southeast of Kalgoorlie. It is located 10km northeast and 7km southeast of the Mt Monger and Majestic mining centres respectively. The licence lies wholly within the Mount Monger pastoral property in the East Coolgardie Mineral Field of Western Australia. The tenement is beneficially held 80% by Monteray (Appendix 1).

Access to the licence from Kalgoorlie is to Mount Monger Station then east by mill runs, or along the Mount Monger and Trans Access rail road thence south along a number of station tracks to the licence area. AM&A has not reviewed any Native Title or other potential access restrictions to the tenements.

4.2 Local Geological Setting and Mineralisation

The Mt Monger area consists essentially of two lithological sequences; a lower sequence of felsic to intermediate volcanic, volcano-clastic and intrusive rocks, and an upper sequence of mafic volcanic rock, fine grained clastic rock and intrusives of felsic, mafic and ultramafic character. These two successions are folded about a NNW-SSE axis to produce an upright southeast plunging fold known as the Bulong Anticline. The licence is on the southern flank of the granitoid core of the anticline (Figure 3).

Local bedrock geology comprises the granitoid core with embayed and cross faulted margins in contact with a package of dominantly crystal rich, and lesser ash-sized, intermediate volcano-clastic sediment (Figure 5). The margin of the granite is sheared, with pyrite-sericite alteration dominant in the intermediate package at the contact, and biotite-pyrite alteration dominant in the granite margin. A number of quartz-feldspar porphyry dykes cut across the granite and volcano-clastic sediments in a general north-northeast direction which sub parallels interpreted shears. Quartz veins are ubiquitous in the granite and are the source of the widespread quartz colluvium. The veins are mostly small and have a predominant northeast strike orientation. Thin, transported colluvium and alluvial sheet-wash sands and clays cover the bedrock with occasional weathered granitic subcrop exposed in local creeks and washouts. Saprolite is well developed over the rock units.

The project area is characterised by low and gently rolling hills with intervening out-wash plains.

Gold mineralisation in the general area is evidenced by sparse scratchings in quartz veins in the granitoid.

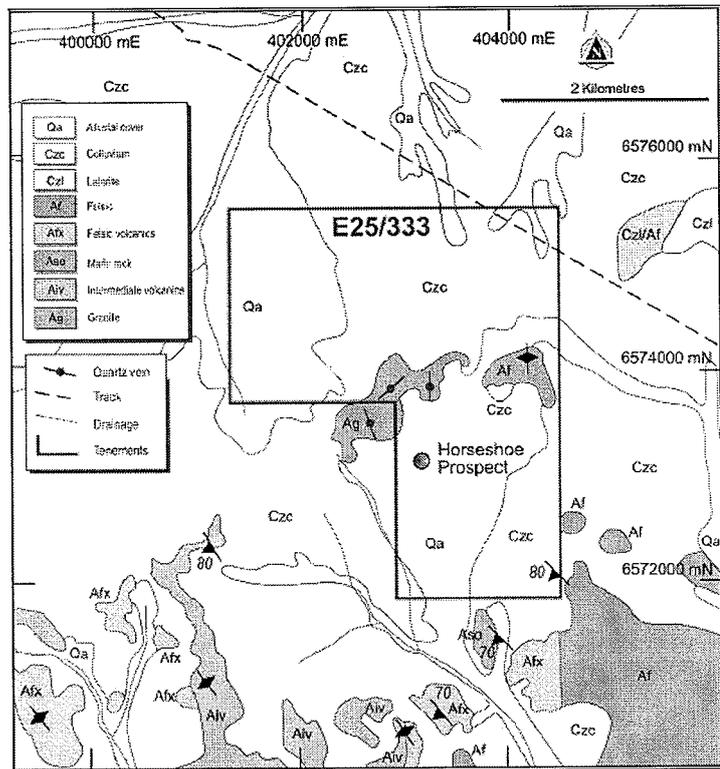


Figure 5: Geology of the Triple 3 Licence.

4.3 Previous Exploration

Modern exploration is quoted by Titan Resources NL to have commenced with their exploration in 1995 under a joint venture with Mistral Mining over E25/101, a large exploration licence which includes the entirety of Monteray's current E25/333. Exploration consisted of soil geochemistry collected on a first pass 500 x 400m spacing closing in to 200 x 50m in areas of interest. Sample material was collected from the top 30cm and assayed for gold at Genalysis which returned values ranging from 1 to 77ppb Au. RAB drilling tested five gold in soil geochemical anomalies mostly in the vicinity of Dingo Dam but two east-west traverses on 6572600mN and 6572900mN crossed the current licence approximately 2km south of Twin Tanks; no further exploration was conducted over their licence in 1996 apart from aeromagnetic and regolith/mapping surveys.

By 1997 Titan had expanded its soils sampling program to cover the majority of the southern half of the current licence south from Twin Tanks extending south to Dingo Well, and RAB drilling spaced at 50m on east-west orientated lines extended into the current licence between 6572500mN and 6573500mN from its western boundary at 402800mE to a maximum easterly point of 402300mE. RAB drilling typically extended to depths of around 10m but on occasion reached 20-25m. No significant gold results were returned.

In early 2000 Auriongold continued the exploration of the area under a joint venture with Solomon (Australia) Pty Ltd the holder of over 70 licences throughout the Mount Monger area including E25/202 which extended over the current licence area. By early 2002 Auriongold had completed an extensive auger soil sampling program at a sample density of 320 x 80m over the entirety of the current licence area. Samples were submitted to Genalysis for gold (aqua regia) with a detection limit of 1ppb Au as well as multi-element analysis. The auger sampling produced encouraging results with gold assays ranging from 4-87ppb Au. In the northwest of the licence a broad +20ppb gold anomaly located sub-parallel to the NNW trending granite-volcano-clastic contact was defined, and within this zone a north-south trending 80 x 1,000m area of +30ppb Au (peak value of 64ppb Au) was evident; the area was named the Main Target. In the southern portion of the tenement a broad zone of +20ppb Au anomaly was located within the volcano-clastics including a +30ppb Au cohesive 160 x 1,200m anomaly which was named the Horseshoe Prospect (Figure 6).

In March 2002 the Main Target and Horseshoe Prospect were tested with four lines of 80m spaced angled RAB holes drilled to blade refusal. In addition two secondary anomalies lying to the east of the main target and Horseshoe Prospect were tested with single lines of 80m spaced angled RAB holes. In total 53 holes for 2,554m (HRRB001-053) were drilled and 809 samples collected as nominal 4m composites and analysed by Genalysis for gold (0.01ppm detection limit) and arsenic (5ppb detection limit). Returned gold values were between zero and 7.0g/t Au (HRRB008 from 40m to the end of hole).

A follow-up RAB program at the Horseshoe Prospect at 40m spacing on lines nominally 320m but in one area closing down to 180m, extended the drill coverage to provide adequate testing of the width and strike length of the gold anomaly in the discovery hole. In total the follow-up program comprised 33 holes for 1,147m of advance. Returned gold values were between zero and 1.11g/t Au (HRRB055 49-50m and HRRB058 39-40m).

Two diamond holes (HRDD001 and 002) were drilled to ascertain whether the high grades intersected in HRRB008 were associated with quartz veining or pyrite alteration, or both. The first hole collared 40m west of the discovery hole and drilled to the east intersected wide zones of pyrite alteration over more than 70m width down hole and a zone of quartz vein stock work over about 20m width down hole vertically beneath the high grade intercept in HRRB008. The second hole was drilled in a scissor orientation to the first and intersected a 7m wide zone of sheared biotite altered intermediate sediment, including a 3.3m wide quartz vein within granite. The results from both holes were disappointing and no further work was undertaken.

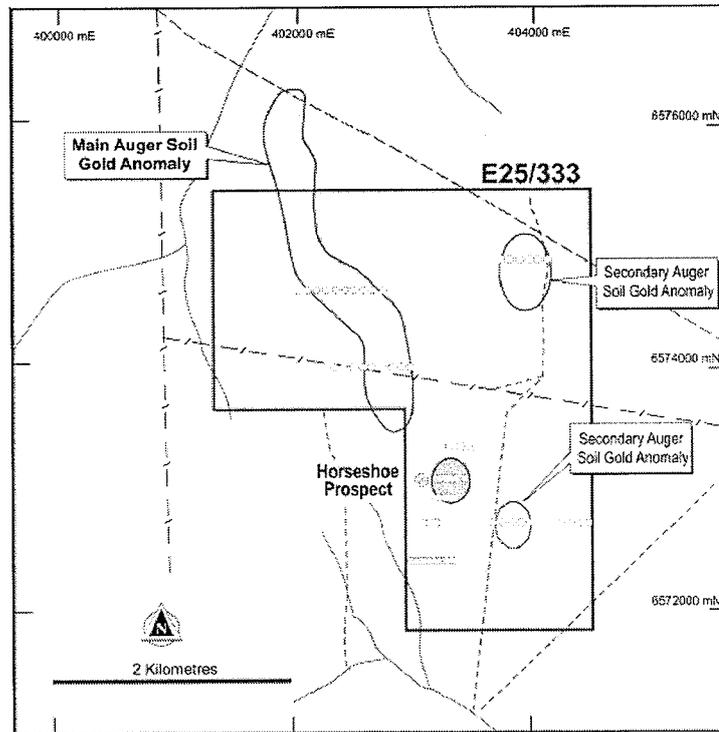


Figure 6: Triple 3 showing auger soil anomalies and RAB drill lines.

4.3.1 Horseshoe

The gold mineralisation in the discovery hole HRRB008 is in slightly weathered to fresh granite and is associated with a pyrite and biotite alteration assemblage and quartz veining. On section it is between a 10m wide shear zone dominated by sericite and mylonitised granite 20m to the east, and a contact with intermediate volcano-clastic sediment to the west. The nature of the contact, the orientation of the mineralised zone and the quartz veining are not known. This lack of understanding of the orientation of any gold mineralisation is further compounded by the apparent “nugget effect” of the gold mineralisation; a 15mm wide quartz vein orientated at a high core axis angle contained a visible speck of free gold measuring 2 x 1mm whilst its sampled half core interval returned a result of <0.01g/t Au.

While Auriongold may consider the drill spacing sufficient to downgrade the potential for a significant gold deposit at Horseshoe there remains clear evidence that insufficient close spaced drilling both across and along strike has been completed to discount the discovery of further gold mineralisation associated with quartz stock work(s). Support for gold mineralisation beyond the discovery hole and possibly following a weak 012° trending gold in soil anomaly exists in RAB holes HRRB055 and 058, some 270m to the north, both of which

intersected end-of-hole intercepts of 1m at 1.1g/t Au in biotite and biotite-pyrite altered granite, and possibly a further 2km north where a gold in soil anomaly has only been tested by 6 RAB drill holes. Similarly a southerly extension has modest support from RAB hole GRR080, and further extensions may easily fall between the current wide spaced drill coverage.

Following the discovery of the Horseshoe Prospect no further exploration of the Main Target, a north-northwest trending gold in soil anomaly, has been undertaken. The Authors consider that the four lines of wide spaced RAB drilling provides insufficient drill coverage in view of the findings at the Horseshoe Prospect and warrants follow-up exploration.

4.4 Proposed Exploration Program and Budget

Monteray's exploration strategy is to continue the drill testing of the extensions of the Horseshoe Prospect and the Main Target to effectively test for potential extensions of the known gold mineralisation. Monteray has summarised their program for the full subscription scenario as follows, with budgets included in Table 3.

Years 1 and 2

- MMI soil sample initially on an 80 x 80m pattern the entirety of the Main Target area and the north and south extensions of the Horseshoe Prospect and assay the samples for gold, base metals, as well as associated pathfinder elements;
- Effectively infill any on a 40 x 40m grid any anomalous geochemistry from the first pass auger test work
- Effectively RAB drill test any anomalous gold in soil from the auger program(s); and
- RC follow-up any significant (>0.4g/t Au) gold intercepts from the RAB program.

4.5 Project Potential and AM&A Comment

- Gold mineralisation associated with pyrite (1%) and biotite (10%) alteration assemblage and quartz veining (20%) within sheared granite embayments and volcano-clastic sediments at the Horseshoe Prospect and Main Target area have not been fully evaluated; and
- AM&A considers that these prospects warrant exploration for the discovery of gold mineralisation.

Activity	Year 1 \$	Year 2 \$	Total \$
Drilling	72,017	72,017	144,034
Assays	15,432	15,432	30,864
Geophysics	5,144	5,144	10,288
Rents	15,432	15,432	61,728
Geological Manpower	30,864	30,864	61,728
Total	138,889	138,889	277,778

Table 3: Triple 3 Exploration Budget Summary for Years 1 & 2.

5.0 MALCOLM KING

5.1 Tenements, Location and Access

The Malcolm King Project comprises 1 granted tenement covering an area of approximately 190ha, centred 12km east of the township of Leonora. It is located within the Malcolm gold mining centre which straddles the sealed Leonora to Laverton highway at approximately 6803450mN 350400mE (GDA94). Any number of exploration and mine tracks provides year round access. The project area is characterised by low undulating terrain with sparse vegetation.

The licence lies on Crown Reserve land surrounded by the Melita Pastoral Station, and is beneficially held 80% by Monteray; a tenement schedule is included in Appendix 1. AM&A has not reviewed any Native Title or other potential access restrictions to the tenements.

5.2 Local Geological Setting and Mineralisation

The Malcolm Project lies within the major northwest trending curved shear zone called the Black Cap Shear Zone which itself is a southern splay off the regional Keith-Kilkenny Shear Zone. The Black Cap Shear is characterised by a mafic suite and a felsic to intermediate suite whose contact, possibly an unconformity is marked by a banded chert and black shale marker horizon. The mafic suite is predominantly comprised basalt, and occasional dolerite and gabbro whilst the felsic suite is predominantly felsic schist, tuff and quartz-eye tuff with intermediate rocks described as dacitic or andesitic in origin (Figure 7).

All rock types have undergone considerable deformation and are strongly foliated and schistose; brecciated textures are not uncommon. The area is marked by curvilinear fault traces, rapid variations in dip of foliation from shallow (<40° dip) to steep (>70° dip) disrupted stratigraphy due to the development of a number of fault sets and variability of fold styles from open to synclinal.

Zones of intense carbonate alteration occur within the deformed zones and may be linked to gold mineralisation as seen in most of the old gold workings. Primary gold mineralisation is mostly associated with quartz veining in gossanous chert at the Malcolm King mine. There appears to be little gold dispersion and weathering is extensive and to depths of around 80m in places, suggesting that the stripped lateritic weathering profile may have largely depleted the surface gold mineralisation.

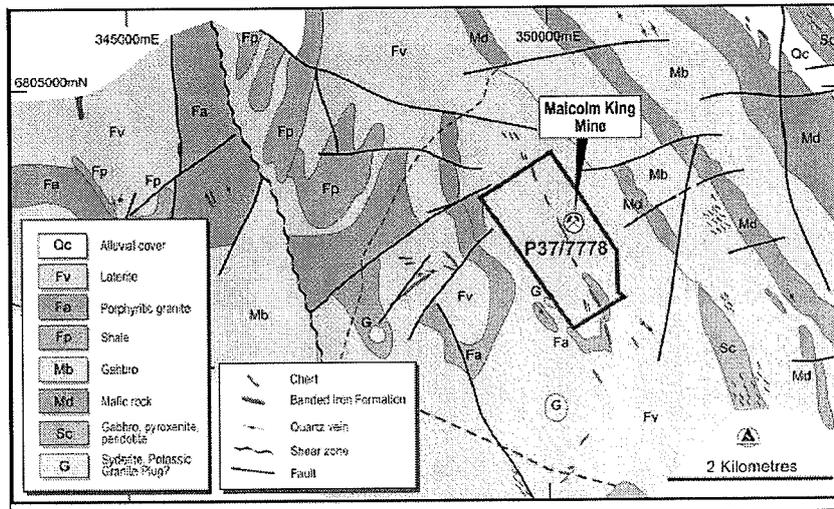


Figure 7: Malcolm King Local Geology.

At the Malcolm King workings gold mineralisation is located within the Black Cap Shear within narrow steeply plunging quartz/chert boudins along lithological contacts which display rheological variation. The boudins appear to have little strike or down dip extent.

The Malcolm Mining Centre has an historical gold production of 47,200oz. Significant gold mines in the area include Tarmoola and Gwalia both north of Leonora, and the gold deposits of Raeside some 8km west-southwest, and Prospero which is located within the mining centre some 5km to the northwest of the licence.

5.3 Previous Exploration

Underground channel sampling in 1900 of the Midas gold mine immediately to the south of the licence returned an average vein width of around 0.7m at a weighted average grade of 6g/t Au whilst historic production from the Midas and Malcolm King mines records grades of 30g/t and 4.6g/t Au respectively.

Level	Ave width	Ave grade Au	Length of drive sampled
100ft (east drive)	0.61m	3.05g/t	23m
150ft (east drive)	0.35m	5.73g/t	9.1m
150ft (west drive)	0.94m	4.43g/t	23m
200ft (east drive)	0.76m	10.54g/t	20.6m

Table 4: Underground channel sampling at Midas Gold Mine in 1900.

Jubilee Gold Mines explored M37/432, now P37/7778, between 1992 and 1995 after which it was returned to the owner. Jubilee's work consisted of gridding and

mapping at 1:2,000 scale, followed by the collection of 102 composited lag samples collected on a 100 x 25m spacing. Samples were collected from the minus 6mm to +1.5mm fraction with two adjacent samples composited and sent to Genalysis for gold (B/ETA). Returned gold values ranged between zero and 210ppb Au, the latter located at the gold workings of the Malcolm King. Two other samples were considered anomalous, returning 60ppb and 30ppb Au, and were located just off the line of workings. Repeatability of these results was poor suggesting the presence of nuggety gold.

A total of 22 RC holes were drilled at 60° to grid west and samples collected at nominal 2m intervals and analysed at Leonora Laverton Assay Laboratory for gold assay. Drilling was at the Malcolm King workings and its immediate strike extensions and designed to test the lateral extent of the quartz/chert-shale hosted gold mineralisation between 55,000N and 53,000N on a local grid, with grid north in an approximately north-northeast direction. Drilling typically comprised a single RC drill hole on lines in the extreme north and south of the grid, infilling to 2 and 3 RC drill holes per line in the core of the grid (53,960 – 53,900N) to depths not exceeding 60m. Most of the drilling intersected the gossanous chert which is suggested to mark the contact between the felsic and mafic suites. Returned gold values ranged between zero with best results (>1g/t Au) on line 53,960N, within holes MRC65 and 77 spaced 15m apart, which returned 6m at 4.72g/t Au from 28m and 12m at 5.45g/t Au respectively. Drilling on lines 40m and 60m north and south respectively failed to return any significant values.

Multi-client aeromagnetic data obtained from World Geoscience suggested that the Black Cap Shear would appear to strike through the licence in a northwest orientation with a northeast break coinciding with the Malcolm King workings.

5.3.1 Malcolm King

The RC drilling of the Malcolm King workings to a vertical depth of circa 50m intersected the gossanous quartz/chert-shale hosting the gold mineralisation within the weathered horizon. The drilling suggested the gold mineralisation to occur as "chute-like" boudins of limited lateral and possibly down plunge extent.

It is the Authors' view that whilst it is likely that this interpretation is correct further RC drilling of the gossanous quartz/chert-shale on lines 20m either side of 53,960N and to depths of 50-100m may provide a better understanding of the down plunge extent of the mineralisation and its tenor within fresh rock.

5.4 Proposed Exploration Program and Budget

Monteray's exploration strategy is to undertake limited RC drill testing of the gold mineralisation located at the Malcolm King mine to effectively test for potential extensions of high grade gold boudins. Monteray has summarised their program for the full subscription scenario as follows, with budgets included in Table 5.

Years 1 and 2

- RC follow-up on 4-6 lines of drilling to depths of at least 100m with at least 3 RC drill holes per drill section.

5.5 Project Potential and AM&A Comment

- Narrow boudins of gold mineralisation associated with the Black Cap Shear over an immediate strike extent of 100m have not been fully evaluated; and

- AM&A considers that this warrants further exploration.

Activity	Year 1 \$	Year 2 \$	Total \$
RC Drilling – gold	35,515	35,515	71,030
Gold Assays	7,103	7,103	14,206
Geophysics	3,044	3,044	6,088
Rents	8,118	8,118	16,236
Geological Manpower	20,294	20,294	40,588
Total	74,074	74,074	144,148

Table 5: Malcolm King Exploration Budget Summary for Years 1 & 2.

6.0 CONCLUSIONS

Monteray has put together a portfolio of exploration leases focussed on the highly prospective Eastern Goldfields region of Western Australia with immediate drill targets. The granted tenements cover a total area of over 2,030ha where Monteray plan to apply a combination of systematic, regional exploration and detailed, targeted drilling to evaluate the four project areas. Upon grant the applications will provide an additional area of over 580ha.

The Hickmans Project offers gold targets of the Mount Monger style, emplaced into the top of a felsic sequence in the vicinity of a persistent chert/black shale horizon which is interpreted to extend from areas of known gold mineralisation into the licence area. Regional programmes can be carried out in conjunction with this drilling to define targets for ongoing exploration. Although primarily a gold exploration target, the Hickmans Project also has nickel potential based on the ultramafic units within the region. To date there has been very limited assessment of the nickel potential, so this remains to be evaluated.

At the Golden Ridge South Project a gold in soil anomaly remains untested since a recommendation to follow-up this anomaly was made in the year 2000 and, similar to Hickmans, the Project also has nickel potential based on the interpretation that ultramafic rocks underlie the extreme east of the licence area.

At the Triple 3 or Horseshoe Project recent drilling of anomalous gold in soil values has intersected highly anomalous gold results outlining a zone of mineralisation which remains to be fully evaluated either at the discovery site or along its strike extensions. Additional or secondary gold in soil anomalism also requires immediate follow-up RAB drill testing.

The Malcolm King Project represents a walk-up drill target where historical production, albeit modest in scale, has demonstrated the potential for gold mineralisation. Several targets exist beneath existing workings and along strike where previous mineralised intersections remain open.

The mineral tenements secured by Monteray are all considered to be 'exploration projects' which are inherently of a speculative nature. Nevertheless, Monteray has and will acquire the licences on the basis of sound geological concepts and technical merit. The four projects are considered to be prospective to varying degrees for gold and nickel mineralisation, with drill ready targets. However, it is uncertain that further exploration will result in the determination of these mineralisations.

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AM&A considers that further exploration is justified at the budgetary levels proposed by Monteray. A total budget of \$1.0 million has been allocated to exploration over the next two years post-listing, which should be sufficient to complete the exploration programmes presented by the Company.

7.0 GLOSSARY AND ABBREVIATIONS

Air core:	Rotary drilling technique in which sample is returned to surface inside the rod string by compressed air.
Alluvium:	A general term for unconsolidated material deposited during comparatively recent geologic time by a stream or other form of running water
Anomaly:	A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.
Archaean:	A geological period of time before 2500 Ma.
Basalt:	Volcanic rock (or lava) that characteristically is dark in colour, contains 45% to 54% silica, and is generally rich in iron and magnesium.
Basement:	The igneous and metamorphic crust of the earth, underlying sedimentary deposits.
Boudin:	Cylinder or "sausage" like structures making up a layer of deformed rock.
Chert:	A hard, extremely dense or compact, dull to semi-vitreous, microcrystalline or cryptocrystalline rock consisting of interlocking crystals of quartz less than about 30 microns in diameter
Craton:	A large portion of a continental plate that has been relatively undisturbed since the Precambrian era and includes both shield and platform layers
Crystalline:	Pertaining to or having the nature of a crystal, or formed by crystallization;
Diamond drilling:	Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Epigenetic:	Occurs after the formation of the surrounding rocks and other events of mineralisation.
Facies:	The characteristics of a rock mass that reflect its depositional environment. These characteristics enable the rock mass to be distinguished from rocks deposited in adjacent environments.
Fault:	A crack or fracture in the earth's surface. Movement along the fault can cause earthquakes or, in the process of mountain-building, can release underlying magma and permit it to rise to the surface.
Felsic:	Composed mainly of feldspar minerals.
Flexures:	General terms for a fold, warp, or bend in rock strata. A flexure may be broad and open, or small and closely compressed.
Fold:	A term applied to the bending of strata or a planar feature about an axis.
Gabbro:	A usually coarse-grained igneous rock composed chiefly of calcic plagioclase and pyroxene. Also called <i>norite</i> .
GDA94:	The Geocentric Datum of Australia (GDA) is the new Australian coordinate system that uses the Map Grid of Australia 1994 (GDA94).

Geochemical:	Samples of soil, rock chips, stream sediments, or sub-surface material analysed for the metal commodity being sought and/or path finder elements.
Geochemistry:	The study of the distribution of elements in rocks and minerals.
Geomorphology:	The science of the study of landforms.
Geophysical:	The exploration of an area in which physical properties of the geology and relationships unique to the area are mapped by one or more geophysical method. Commonly used methods include radiometric, electric, gravity and seismic.
Granite:	A coarse grained igneous rock containing mainly quartz and feldspar minerals and subordinate mica.
Granitic:	Pertaining to or composed of granite.
Granodiorite:	A coarse grained igneous rock containing mainly quartz, feldspar and hornblende and/or biotite.
Interbed(ded):	Inserted among others, as a bed or stratum of lava between other beds of a different material.
Lacustrine:	Pertaining to a lake environment.
Lineation:	Any linear structure within or on a rock resulting from flowage shown by rotation of mineral grains or other bodies, intersection of planes, slippage along glide planes and growth of crystals.
Lithologies:	The character of a rock described in terms of its structure, colour, mineral composition, grain size, and arrangement of its component parts; all those visible features that in the aggregate impart individuality to the rock. Lithology is the basis of correlation in sandstone hosted uranium deposits and commonly is reliable over a distance of a few kilometres.
Mafic:	General term to describe igneous rocks consisting mainly of ferro-magnesian minerals.
Metamorphic:	A term used to describe a rock which has undergone alteration of its composition, texture or internal structure by conditions and forces related to pressure, heat and the introduction of new chemical substances.
Plunge:	The inclination of a fold axis or other geologic structure, measured by its departure from the horizontal. Mainly used for the geometry of folds.
Pyrite:	A mineral composed of iron sulphides (FeS ₂); "fools gold".
Quaternary:	The youngest period of the Cainozoic Era from 2 million years to 11.5 thousand years ago.
RAB:	Rotary Air Blast Drilling method employing a type of open-hole air blast drilling.
RC:	Reverse Circulation Drilling method employing percussive action to break the rock, and in which sample material is delivered to the surface inside the rod string by compressed air.
Sandstone:	A sedimentary rock composed of cemented or compacted detrital minerals, principally quartz grains.
Sedimentary:	A collection of transported rock or mineral fragments or chemically precipitated materials that accumulate, typically in loose layers, as of sand or mud.
Stratiform:	Seemingly occurring parallel to the rock strata but not necessarily deposited at the same time.

Stratigraphy:	The study of rock strata, especially the distribution, deposition, and age of sedimentary rocks.
Sub-outcrop:	The near-surface position of bedrock or strata on a paleo-surface under an overlying cover of detritus and soil.
Sulphide:	A mineral compound containing sulphur and metal.
Tectonic:	The process of deformation in the earth's crust that produce its continents, ocean basins, mountains, and major folds and faults.
Tertiary:	Subdivision of geological time covering the period from 65 million years to 1.6 million years ago.
Ultramafic Rock:	Igneous rocks with no free quartz and generally very little feldspar.
Unconformable:	Rock strata consisting of a series of younger strata that do not succeed the underlying older rocks in age or in parallel position, as a result of a long period of erosion or non-deposition. The plane where the younger strata overlays the older strata is called an unconformity.
Weathering:	The process of alteration of fresh rock at the earth's surface.

ABBREVIATIONS

\$	Australian dollar currency
AIG	Australian Institute of Geoscientists
Au:	Symbol for the chemical element gold.
ASIC	Australian Securities and Investments Commission
AusIMM	Australasian Institute of Mining and Metallurgy
c	Australian cent currency
JORC	Australasian Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code" or "the Code"), which sets out minimum standards, recommendations and guidelines for Public Reporting of exploration results, Mineral Resources, and Ore Reserves in Australasia.
ha	hectare
km	kilometre
m	metre
M	million
t	tonne

UNITS OF CONCENTRATION

g/t	grams per tonne
ppb	parts per billion
ppm	parts per million

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9.0 APPENDIX ONE

Project	Tenement	Holder ¹	Area	Area Unit	Grant Date	Expiry Date
Hickmans	E25/341	Murchison Resources P/L	575	ha	19 March 2008	18 March 2013
	E25/459	Murchison Resources P/L	294	ha	Application	
	E25/460	Murchison Resources P/L	294	ha	Application	
Triple 3	E25/333	Murchison Resources P/L	882	ha	21 June 2007	20 June 2012
Golden Ridge South	P26/3218	Murchison Resources P/L	195	ha	10 August 2007	9 August 2011
	P26/3219	Murchison Resources P/L	196	ha	10 August 2007	9 August 2011
Malcolm King	P37/7778	Murchison Resources P/L	190	ha	18 June 2010	17 June 2014

¹ Monterey beneficial interest 80% - pursuant to agreements between Monterey and Aberystwyth Nominees Pty Ltd, and Aberystwyth Nominees Pty Ltd and Murchison Resources Pty Ltd.

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LAWYERS

Your Ref:
Our Ref: CML.AB.MRL/17140
Email: office@blakcrab.com.au

17 November 2010

The Directors
Monteray Group Ltd
Level 18, 50 Cavill Avenue
SURFERS PARADISE QLD 4217

Dear Sirs

SOLICITORS' REPORT ON MINING TENEMENTS

This report is prepared for inclusion in a prospectus to be dated on or about 17 November 2010 to be issued by Monteray Group Limited (**Company**) for the issue of shares at twenty cents each to raise between \$2,500,000 and \$3,500,000.

This report relates to the mining tenements in Western Australia listed in the Schedule of Mining Tenements (**Schedule**), being the mining tenements in which the Company holds or proposes to acquire an interest (**Tenements**).

In a Heads of Agreement between Murchison Resources Pty Ltd (**Murchison**) and Aberystwyth Nominees Pty Ltd (**Aberystwyth**) dated 18 August 2010 (as amended by an Amending Deed dated 21 October 2010), Murchison agreed to sell Aberystwyth an 80% interest in the Tenements. In a Share Purchase Agreement between Aberystwyth, Jaek Holdings Pty Ltd (**Jaek**) and the Company dated 8 October 2010, Jaek agreed to sell 100% of the fully paid ordinary shares in Aberystwyth to the Company. On completion of the Tenement and share transfers, the Company will obtain an 80% interest in the Tenements through its wholly owned subsidiary Aberystwyth.

1. Searches

We have arranged for the following searches to be conducted for the purpose of this report:

- (a) searches of the Tenements in the register maintained by the Department of Mines and Petroleum (**Department**) pursuant to the *Mining Act 1978* of Western Australia (**WA Mining Act**) on 18 October 2010;

1202 Hay Street West Perth WA 6005
PO Box 454 West Perth WA 6872
T: +61 (0) 8 9322 7644
F: +61 (0) 8 9322 1506
www.blakcrab.com.au

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- (b) quick appraisal searches of the Tenements obtained on-line from the Department dated 15 October 2010;
- (c) searches of the native title application summaries maintained by the National Native Title Tribunal (NNTT) on 19 October 2010 in relation to those registered native title claims which affect the Tenements;

On the basis of the searches we consider that this report provides an accurate statement as to the status of the Tenements as at 18 October 2010.

2. Mining Tenements Generally

The Tenements comprise prospecting licences and exploration licences granted or applied for under the WA Mining Act.

A prospecting licence which was granted or applied for before 10 February 2006 remains in force for a period of 4 years and then expires. Prospecting licences applied for on or after 10 February 2006 will be granted for a period of 4 years and may be extended at the discretion of the Minister for Mines (**Minister**) for a period of 4 years and, in certain circumstances, by a further period or periods of 4 years.

The WA Mining Act confers on the holder of a prospecting licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence. If an application for a mining lease is made this will have the effect of keeping the underlying prospecting licence alive beyond its expiry date until such time as the mining lease application has been determined.

An exploration licence which was granted or applied for before 10 February 2006 remains in force for a period of 5 years and may, in prescribed circumstances, at the discretion of the Minister, be extended over the whole or part of the exploration licence by a further period or periods of one or two years. An exploration licence applied for on or after 10 February 2006 will, once granted, remain in force for a period of 5 years and may, in prescribed circumstances, at the discretion of the Minister, be extended over whole or part of the exploration licence for a further period of 5 years, followed by 2 year periods. In either case, the prescribed circumstances include where the Minister is satisfied that planned exploration could not be carried out due to delay in obtaining necessary approvals or due to the land being unworkable for at least a significant part of one year of the term, or where the Minister is satisfied that work carried out justifies further exploration.

At the end of the third and fourth years of the term of an exploration licence which was granted or applied for before 10 February 2006 the holder must relinquish an area which constitutes not less than half of the area of the licence as at each relinquishment date. A holder may apply for an exemption from the requirement to relinquish an area of the exploration licence.

In respect of an exploration licence applied for on or after 10 February 2006 the holder must relinquish an area which constitutes not less than 40% of the area of the licence at the end of 5 years and the earlier relinquishments are not required. A holder may

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apply to the Minister for a deferral of the requirement to relinquish an area of the exploration licence for a period of 12 months.

No legal or equitable interest in or affecting an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. No fee is payable for the obtaining of such consent. In determining a request for consent the Minister will consider whether the exploration programme planned for the first 12 months following grant and lodged by the tenement holder at the time of applying for the tenement has been complied with.

Exploration licences are described by graticular blocks, which range in area from approximately 2.8 km² to 3.3 km² depending on where the block is located in the State.

The WA Mining Act confers on the holder of an exploration licence which is in force, the right to apply for and, subject to the WA Mining Act, have granted one or more mining leases over any part of the land the subject of that licence. The exploration licence will continue in force beyond its term if the holder has made an application for a mining lease over the area of the licence.

A mining lease may only be applied for in instances where the Director, Geological Survey is satisfied that significant mineralisation exists or where a mining proposal has been prepared. "Significant mineralisation" is defined in the Mining Act as a deposit of minerals where there is a reasonable prospect of those minerals being obtained by mining operations. A mining proposal is a document which sets out in detail the mining operations proposed to be carried out on the area of the application.

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years with the tenement holder entitled to the first renewal as of right. No legal interest in a mining lease can be transferred or mortgaged without the prior written consent of the Minister.

Tenement Conditions and Forfeiture

Mining tenements in Western Australia are granted subject to various standard conditions prescribed by the WA Mining Act including payment of annual rent, minimum expenditure requirements, reporting requirements and standard environmental conditions, as well as any conditions that may be imposed by the Minister in respect of a particular mining tenement (such as restrictions on mining or access to certain reserves).

If a tenement holder fails to comply with the terms and conditions of a tenement the Warden or the Minister, as applicable, may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the WA Mining Act before the Warden seeking forfeiture of the tenement.

In the case of failure to comply with the annual minimum expenditure requirement the tenement holder can apply to the Department for an exemption from that expenditure requirement. In addition, a third party can object to an application for exemption for

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expenditure. If an exemption application is refused then it is open to the Warden or Minister (as applicable) to impose a fine or make an order for forfeiture.

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including the *Aboriginal Heritage Act 1972*, *Environmental Protection Act 1986*, *Rights in Water and Irrigation Act 1914* and *Conservation and Land Management Act 1984*, the full details of which are beyond the scope of this report.

From our review of the searches we can confirm that there are no pending forfeiture actions nor are there any outstanding fines. The searches also indicate that expenditure commitments in respect of the Tenements have been met.

3. Private and Pastoral Land and Access

As noted in the notes to the Schedule, six of the Tenements encroach upon pastoral lease land.

Under the WA Mining Act, a granted tenement will not give access to the area of that tenement that is 30 metres from the natural surface of private or pastoral lease land and is within a specified distance of certain infrastructure or improvements on that land without the consent of the private land owner and occupier or occupier of the pastoral lease (as applicable). A tenement application can still be granted without that consent but access will be limited to the area that is below a depth of 30 metres from the natural surface of the land in the relevant areas and the tenement register will be endorsed accordingly. The consent is commonly given under the terms of an access agreement whereby the tenement holder also agrees to pay compensation to the owner and/or occupier for losses including damage or disturbance caused to the surface of the land, damage to improvements or loss of earnings.

It is not a pre-requisite to grant that a compensation agreement be entered into with the holder of a pastoral lease. Surface access to the Tenements will apply to all areas of the pastoral lease land except within a certain distance of improvements such as a homestead, sheds, dams and other improvements on the land. If access within these areas is required, the consent of the pastoralist will be needed.

4. Aboriginal Heritage

There may be sites of Aboriginal heritage or significance located on the land the subject of the Tenements.

The *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**) applies to the Tenements and makes it an offence to, among other things, alter or damage an Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent. There is no requirement or need for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

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The *Aboriginal and Torres Strait Islander Heritage Act 1984* (Cth) (**Commonwealth Heritage Act**) also applies to the Tenements and is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.

We have not undertaken searches to ascertain if any Aboriginal sites have been registered in the vicinity of the Tenements under these Acts as there is no obligation, in those Acts, to register sites, objects or relics. In any event, their exact location is not always ascertainable from such searches.

To ensure that that it does not contravene these Acts while carrying out operations on the Tenements, the Company would need to conduct heritage surveys to determine if any Aboriginal sites exist within the area of the Tenements. If so, the Company would also need to ensure that any interference with such Aboriginal sites is in strict conformity with the provisions of the above WA Heritage Act and the Commonwealth Heritage Act.

We have been advised that Murchison has entered into a Regional Standard Heritage Agreement with one of the two native title groups whose claim area is encroached upon by some of the Tenements but the document which has been provided to us is not executed and does not contain the names of the parties nor any details of the relevant Tenements. We are therefore unable to provide any comment in relation to that document.

5. Native Title - Generally

On 3 June 1992 the High Court of Australia held in *Mabo v Queensland* that the common law of Australia recognises a form of native title. In order to maintain a native title claim the persons making such claim must show that they enjoyed certain customary rights and privileges in respect of a particular area of land and that they have maintained their traditional connection with that land. Such a claim will not be recognised if the native title has been extinguished, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an "inconsistent interest" in the land by the Crown. An example of inconsistent interest would be the granting of a freehold or some types of leasehold interest in the land. The granting of a lesser form of interest will not extinguish native title unless it is wholly inconsistent with native title and native title rights will co-exist with that interest to the extent that they are not inconsistent with that interest.

The Commonwealth Parliament responded to the Mabo decision by passing the *Native Title Act 1993* (Cth) (**Commonwealth Act**). Among other things, the Commonwealth Act:

- (a) regulates the recognition and protection of native title;
- (b) confirms the validity of titles granted by the Federal Government prior to the commencement of that Act on 1 January 1994;

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- (c) specifies the procedures to be complied with for certain future acts which affect native title; and
- (d) specifies the procedures by which Aboriginal people can claim native title and by which people determined to hold native title can claim compensation.

The Commonwealth Act was extensively amended in 1998 by the *Native Title Amendment Act 1998*. These amendments include the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. Other significant amendments include a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of "exclusive possession" pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

The Western Australian Parliament has enacted the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* which adopts the Commonwealth Act in Western Australia.

The majority of the High Court concluded in the Ward decision (8 August 2002) that, among other things:

- native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and
- native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

We have not researched the historic underlying land tenure in respect of the Tenements in order to assess the extent of extinguishment (if any) for the purposes of this report.

6. Native Title – Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will be referred to the NNTT for the purposes of registration of the claim.

If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Commonwealth Act (**Registration Test**) it will be entered on the Register of Native Title Claims maintained by the NNTT (**NT Register**). Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the "right to negotiate" discussed further below.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the NT Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are deregistered will lose the right to

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negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court. The quick appraisal searches provided by the Department only include information in relation to claims on the NT Register. We have not undertaken the additional searches needed to determine whether any unregistered claims affect the Tenements.

All of the Tenements, except E25/459, relate to land which is currently the subject of either a registered native title claim and/or a determination, or determinations, of native title. The Tenements affected by these claims and determinations are identified in the Schedule. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the undetermined claims are determined by the Federal Court. We have not, nor are we qualified to, undertake the considerable historical, anthropological and ethnographic work that would be required to determine the possibility of any further claims in respect of the area of the Tenements being made in the future.

7. Native Title – Validity of Titles

(a) Granted Tenements

The grant of a mining tenement is an act that is capable of affecting, and which may affect, native title. The future act processes of the Commonwealth Act provide a mechanism for achieving the valid grant of a mining tenement in terms of native title. The validity of a mining tenement granted in Western Australia is dependent on its date of grant.

(i) Tenements granted prior to 1 January 1994

Under the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* the grant of mining tenements granted in Western Australia prior to 1 January 1994 has been validated to the extent that the grant may have been invalid as a result of the existence of native title. None of the granted Tenements were granted during this period.

(ii) Tenements granted between 1 January 1994 and 23 December 1996

The Western Australian Parliament passed the *Titles Validation Amendment Act 1999* which confirmed the validity of certain acts made by the State of Western Australia between 1 January 1994 and 23 December 1996, provided such acts had met various conditions set out in the Commonwealth Act. None of the granted Tenements were granted during this period.

(iii) Tenements granted after 23 December 1996

Mining tenements granted since 23 December 1996 which are affected by native title rights and interests will be valid provided the applicable processes prescribed by the Commonwealth Act were complied with. We understand that it has been the practice of the Western Australian Government to comply with these processes but we have not

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undertaken any independent enquiries to confirm that this is the case.
All of the granted Tenements were granted during this period.

(b) Future Tenement Grants

As stated above, the valid grant of any of the Tenements which may affect native title requires full compliance with the provisions of the Commonwealth Act in addition to compliance with the usual procedures under the State's mining legislation. The primary procedure prescribed under the Commonwealth Act is the "right to negotiate" process. Other procedures generally apply to low-impact titles (such as prospecting and exploration licences) or infrastructure titles.

The right to negotiate process involves the publishing of a notice of the proposed grant of a tenement followed by a minimum 6 month period of negotiation between the relevant State Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to make a determination. A party to a determination of the NNTT may appeal that determination to the Federal Court on a question of law.

The Commonwealth Act provides that, in relation to the grant of mining tenements in certain areas, a State law can operate in lieu of the right to negotiate process of the Commonwealth Act. These areas are principally areas covered by pastoral leases. The Western Australian State Government has not yet introduced such a law.

The right to negotiate process does not have to be pursued in cases where an indigenous land use agreement (ILUA) is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the relevant ILUA. Similarly, if any other type of agreement is reached between a mining company or other proponent and a native title group which allows the grant of future tenements, the right to negotiate process will not have to be followed with that native title group but the parties will be required to enter into a State Deed pursuant to the Native Title Act which refers to the existence of that other ancillary agreement and confirms that the tenement can be granted. A State Deed is a standard form document prepared by the State Government and available from the Department.

The Department has released a policy to facilitate the grant of exploration licence applications outside the right to negotiate procedure. The Department has indicated its intention to grant exploration licences where the applicant is willing to enter into a standard aboriginal heritage protection agreement (HPA) or an alternative heritage agreement. The HPA's have been negotiated between the State, mining and exploration representative bodies, and certain of the aboriginal representative bodies. A number of native title groups have developed alternative heritage agreements. The policy appears to be effective in achieving the grant of exploration licences.

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We are unable to comment on the validity of the grant of the Tenements for the purposes of the Native Title Act as we have not sighted any executed Heritage Agreements, although we have been advised that one such agreement has been executed.

(c) Renewals

As with the grant of mining tenements, renewals of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation. Renewals granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date, whether they be first renewals or subsequent renewals, will not be subject to the right to negotiate process provided:

- (i) the area to which the earlier right is made is not extended;
- (ii) the term of the new right is not longer than the term of the earlier right; and
- (iii) the rights to be created are not greater than the rights conferred by the earlier grant.

Other than as stated above, renewals of mining tenements are subject to the same right to negotiate (or, pending legislation, alternative State) process as is described above.

8. Risk Factors - Native Title and Aboriginal Heritage

The existence of native title and/or native title claims in relation to the land the subject of the Tenements may have an adverse impact on the activities of the Company and its ability to fund those activities. It is impossible at this stage to quantify the impact that these matters may have, but the main risks include:

- (a) delays in obtaining the grant of renewals or conversions of the Tenements, or further applications, as a result of the right to negotiate (or alternative State) process as this process can take as long as 2 years. Further, if the parties to the right to negotiate process cannot reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or only granted on conditions unacceptable to the Company;
- (b) compensation may be payable by the Company as a result of agreements made pursuant to the right to negotiate or alternative process or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist. The amount of such compensation is not quantifiable at this stage;
- (c) if native title is found to exist the nature of the native title may be such that consent to mining is required from the native title holders but is withheld or only granted on conditions unacceptable to the Company; and

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- (d) the risk that Aboriginal sites and objects exist on the land the subject of the Tenements, the existence of which sites and objects may preclude or limit mining activities in certain areas of the Tenements. Further, the disturbance of such sites and objects is likely to be an offence under the applicable legislation, exposing the Company to fines and other penalties.

9. Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes, we point out by way of summary, that:

- (a) we have assumed the results of the searches which we have made or caused to be made referred to in paragraph 1 of this report are accurate;
- (b) we have relied on the accuracy of the Registers and databases maintained by the governmental bodies referred to in paragraph 1 of this report;
- (c) we have not been provided with any executed documents relating to Aboriginal heritage or native title; and
- (d) the holding of the Tenements is subject to compliance with their terms and conditions and the provisions of the WA Mining Act and the information available from the searches we conducted only includes information in relation to compliance with some such terms, conditions and provisions.

Further, as it is beyond the scope of this report, we have not undertaken the following searches:

- (a) searches of Aboriginal heritage sites that may exist on the Tenements;
- (b) searches of the register of contaminated sites maintained by the Department of Environment and Conservation in Western Australia; or
- (c) searches of deregistered or unregistered native title claims with NNTT.

Yours faithfully



Blakiston & Crabb

TENEMENT SCHEDULE: MONTERAY GROUP LIMITED

Tenement No.	Holder/Applicant	Status	Grant Date	Expiry Date	Registered Dealings	Registered or Determined Native Title Claims	Notes
E25/333	Murchison Resources Pty Ltd	Live	21/06/07	20/06/12	None	Central East Goldfields (WC99/030)	2, 4, 6
E25/341	Murchison Resources Pty Ltd	Live	19/03/08	18/03/13	None	Central East Goldfields (WC99/030)	2
E25/459	Murchison Resources Pty Ltd	Pending	Pending application lodged 07/10/10		None	Central East Goldfields (WC99/030)	2, 5
E25/460	Murchison Resources Pty Ltd	Pending	Pending application lodged 07/10/10		None	Central East Goldfields (WC99/030)	2
P26/3218	Murchison Resources Pty Ltd	Live	10/08/07	09/08/11	None	Widji (WC98/027)	1, 2, 7, 8
P26/3219	Murchison Resources Pty Ltd	Live	10/08/07	09/08/11	None	Widji (WC98/027)	1, 2, 8, 9
P37/7778	Murchison Resources Pty Ltd	Live	18/06/10	17/06/14	None	None	3

Key to abbreviations & symbols used in this Schedule:

Tenement Types & Other:

E = Exploration Licence
P = Prospecting Licence

Notes to Schedule

Encroachments:

1. This licence encroaches on the Woolibar Pastoral Lease (3114/981).
2. This licence encroaches on the Mt Monger Pastoral Lease (3114/1192).
3. This licence encroaches on a common (7521).
4. This licence encroaches on a road reserve.
5. This licence encroaches on vacant crown land.

Endorsements:

6. The grant of this licence does not include the land the subject of prior Exploration Licence 25/208. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia".

Conditions:

7. The rights of ingress to and egress from Miscellaneous Licence 26/77, 26/117 & 26/190 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
8. In respect of the area covered by this licence if the Widji People (being the applicants in Federal Court Application No WAD6243/98 (WC98/027) send a request by pre-paid post to the licensee's or agent's address, not more than ninety days after the grant of this licence, the licensee shall within thirty days of the request execute in favour of Widji People the Regional Standard Heritage Agreement (RSHA) endorsed by peak industry groups and the Goldfields Land & Sea Council.
9. The rights of ingress to and egress from Miscellaneous Licence L26/77, 26/118 & 26/190 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.

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9 Risk factors

9.1 Factors influencing success and risk

Introduction

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential applicants should consider these risks in light of their own personal circumstances and be aware that the investment in the Company is speculative. It is advisable that all potential applicants consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Operating risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, some of which may be uninsured or uninsurable, including:

- adverse geological and weather conditions;
- limitations on activities due to seasonal weather patterns, cyclone activity and other environmental occurrences;
- unanticipated operational, metallurgical and technical difficulties encountered in seismic survey, drilling and production activities;
- mechanical failure or breakdown of operating plant and equipment or mine structure;
- industrial and environmental accidents, workplace health and safety issues, industrial disputes and other force majeure events;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- unexpected shortages, delays or increases in the costs of labour, consumables, spare parts, plant and equipment and other resources; and
- inability to obtain necessary consents or approvals.

Exploration

Mining exploration is inherently associated with risk and requires considerable expenditure over extended time periods. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, the unpredictable behaviour of mineral deposits during mining and processing, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

If the Company does not reach its Maximum Subscription, the Company will not be able to conduct an exploration program which is as comprehensive as the exploration currently proposed. The Company will prioritise its exploration program based upon the Directors' views as to the prospects of the granted tenements. The Company will also be affected by its ability to maintain access to sufficient capital, obtain any requisite approvals for the proposed activities, and maintain/obtain any exploration licenses or leases.

Expenditure

The proposed exploration expenditure of the Company is based on certain assumptions with respect to the method and timing of exploration and feasibility of work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

Gold specific risks

A significant portion of the Company's revenues may ultimately be derived from the sale of gold. Consequently, the Company's value may be closely related to the gold price.

Gold prices fluctuate and are affected by numerous factors beyond the Company's control. These factors include world demand, forward selling by producers and purchasers, and production cost levels in major gold-producing regions.

Moreover, gold prices are also affected by macro-economic factors such as expectations regarding inflation, interest rates and global and regional demand for and supply of gold as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activity as well as on its ability to fund these activities.

Given that the price of gold is usually denominated in United States dollars, whereas the income and expenditure of the Company is denominated in Australian dollars, the Company could be materially affected by fluctuations in the currency exchange rate.

Whilst the gold price has demonstrated an element of recent improvement, this can in no way be regarded as an indicator of future price expectations.

Risks associated with volatility in the price of minerals

Commodity prices are influenced by the physical and investment demand for those commodities. Fluctuations in commodity prices may influence timing, viability and management of projects in which the Company has an interest.

Native Title risks

The Native Title Act 1993 (**NTA**) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans. Compensatory obligations may also be imposed on the Company to settle any Native Title claims.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the NTA. For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the NTA must be complied with. The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court. The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations. If there are cultural heritage sites this may restrict access for exploration and mining activities.

Title risks

The mining tenements in which the Company will or may in the future acquire an interest are subject to the applicable local laws and regulations. There is no guarantee that any tenement applications or conversions in which the Company has a current or potential interest will be granted.

Tenements (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the licences liable to forfeiture, in which case the Company would not receive compensation. These conditions include annual expenditure and reporting commitments.

All of the projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to applicable legislation and as such there is no guarantee of renewal or the terms of any renewed tenement. If a tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

Mining tenements may also involve the payment of a bond (which can be reviewed and increased) to the relevant government department by the Company as security for the performance of its obligations, including environmental obligations, under the tenement. Further, in certain situations, the consent of the relevant land owner may be required to undertake activities within the Tenement. If the consent is not forthcoming (by way of compensation agreement or otherwise) the ability to undertake necessary activities may be restricted.

The production from the Company's mining tenements may be further subject to royalty payments or requirements that the tenement be kept in good standing. If these requirements are not met, the Company may have to forfeit their interest in the tenement.

Environmental risks and regulations

The Company's projects are subject to relevant environmental legislation and will themselves have varying levels and types of potential impact on the natural environment.

Exploration work is intended to be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies or obtain approvals prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been completed to date, and discovery of such could limit or even prevent further work in certain areas.

Any changes in the applicable environmental legislation, regulations or policies and any unforeseen adverse events or accidents, for example leakages, could materially affect the operations and performance of the Company.

Economic risks

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation, have an impact on operating costs, commodity prices, the parameters in which the Company may operate and stock market prices. Factors that may be beyond the control of the Company include:

- general economic conditions and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial and landholder disputes.

These as well as other conditions can affect the Company's future possible revenues and price of its Shares.

Market conditions

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant or guarantee the future performance of the Company or any return on an investment in the Company. Market conditions may also affect the ability of the Company to raise capital.

Share investments

Applicants should be aware that there are risks associated with any shares investment. Shares listed on the stock market, and in particular shares of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

Legislative changes, government policy and approvals

Changes in government regulations or policies or legislation of any countries in which the Company may operate may adversely affect the Company's viability, performance, operations and profitability. For example, any increased rentals under the relevant mining legislation may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the Company's control.

Adequacy of capital raising and future capital requirements

While the Directors believe that the Company will have sufficient funds to fund its activities over the next 24 months on completion of the Offer, there can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no

assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all.

Any additional equity raising may dilute the interests of Shareholders, and any debt financing, if available, may involve financial covenants which limit the Company's operations. There is no guarantee that acceptable sources of funds will be found in the future. If the Company is unable to obtain such additional capital, the Company may be required to reduce the scope of any expansion, which could adversely affect its business, operating results, and financial condition.

Reliance on key personnel and employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel (which is difficult due to industry demand) and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Growth

The Company will continue to seek to grow its business both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Company.

Growth also brings substantial demands on management. The Board applies its experience to the evaluation and financing of new opportunities to determine whether the expected risks and rewards of these opportunities meets the Company's requirements and its strategies for diversification of risk and for capital. The operating results of the Company will largely depend on the ability of the Board to make sound investment decisions.

Liquidity risk

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

General risks

The value of the Company's Shares is affected by a number of general factors which are beyond the control of the Company and its Directors.

10 Material agreements

10.1 Key documents

The Board considers that certain agreements relating to Monteray are significant to the operations of the Company or may be relevant to Shareholders. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

10.2 Constitution

The following is a summary of the major provisions of the Company's constitution.

Shares

The Shares in the capital of the Company can be issued with preferred, deferred or other special rights, obligations or restrictions in relation to dividends, voting, return of share capital, payment of calls or other matters, as determined by the Board from time to time. All unissued Shares are under the control of the Board, which may grant options on the Shares, issue option certificates, allot or dispose of the Shares on the terms and conditions and for consideration it thinks fit. This power is subject to contract or any contrary rules in the constitution. The constitution permits the issue of preference shares on terms determined by the Board.

The rights and restrictions attaching to any class of shares (unless provided by the terms of issue of the shares of that class), can only be varied with the consent in writing of members with at least three-quarters of the votes in that class, or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

Share transfers

Shares may be transferred in any manner required or permitted by the Listing Rules or the ASTC Settlement Rules and by any instrument in writing in any usual or common form or in any other form that the Board approves. The Board may only refuse to register a transfer of securities of the Company as permitted by the Listing Rules or the ASTC Settlement Rules.

Directors need not issue share certificates

Subject to the requirements of the Listing Rules and the Corporations Act, the Company need not issue Share certificates.

Meeting procedure

Each Shareholder and Director of the Company is entitled to receive notice of and attend any general meeting of the Company. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a Chairman and an adjournment, unless the quorum required is present at the start of the business. The Company is obliged to convene and hold an annual general meeting.

Voting rights

Each Shareholder has the right to receive notices of, and to attend, general meetings of the Company.

Subject to restrictions on voting from time to time affecting any class of shares in the Company, and any restrictions imposed by the Corporations Act, the Shares in the Company carry the right

to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held, and for each partly paid share held, a vote having the same proportionate value as the proportion to which the shares have been paid up. Voting may be in person or by proxy, attorney or representative.

Remuneration of Directors

Directors are to be paid out of Company funds for their services. The sum available to be paid to Directors is determined by the Company in general meeting.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. It may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to Shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.

Any Director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the Listing Rules.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the Corporations Act.

Election of Directors

There must be a minimum of three Directors and a maximum number of ten Directors (not including alternate Directors), which the Board may from time to time determine provided it may not reduce the number below the minimum number of Directors in office at the time of the reduction.

At every annual general meeting, subject to the constitution, one third of the Directors must retire from office, and may offer themselves for re-election. If their number is not a multiple of three, then the number nearest to, but not less than one third will retire. A Director, other than the Managing Director, must retire from office at the conclusion of the third annual general meeting after which he or she was elected or re-elected.

With respect to the retirement of Directors, the Director or Directors longest in office since last being elected must retire. If a number of Directors were elected on the same day, the Directors to retire shall, in default of agreement between them, be determined by ballot.

Dividends

If the Board determines that a dividend is payable, it will be paid on all Shares proportionate to the total amount paid on each Share. Such dividend payment is subject to the rights and restrictions on the holders of Shares created or raised under any special dividend arrangements.

The Board may establish and maintain one or more dividend plans, to which Shareholders may elect to take up with some or all their Shares subject to the rules of the plan.

Subject to the Listing Rules, the Board has the power to capitalise and distribute the whole or part of the undivided profits of the Company or standing to the credit of any reserve or other account and which is available for distribution. Such capitalisation and distribution must be in the same proportions which the Shareholders would be entitled to receive if distributed by way of dividend or in accordance with the terms of issue of any Shares or terms of any plan for the issue of securities for the benefit of officers or employees.

The Board has the power to decide whether to pay Shareholders an interim dividend on account of the next forthcoming dividend. Any distribution may be paid otherwise than in cash as specified in the constitution.

No dividend is payable except out of Company profits and no dividend or other monies paid in relation to a Share will carry interest as against the Company.

Partial takeover bids

The Company may prohibit registration of transfers purporting to accept partial takeover bids unless and until a resolution of the Company has been passed approving the offer in accordance with the provisions of the constitution.

Indemnities and insurance

The Company must indemnify current and past Directors, secretaries and executive officers of the Company against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, director, secretary or executive officer, other than a liability owed to the Company or a related body corporate of the Company or a pecuniary penalty order or compensation order or where the liability does not arise out of conduct in good faith. Indemnities also apply to employees in circumstances designated under the constitution.

Insurance

The Company may also pay insurance premiums for officers and employees in certain designated circumstances but not where the liability arises out of wilful breach of duty to the Company or an improper use of position or inside information, as prohibited by the Corporations Act.

10.3 Share Purchase Agreement – proposed acquisition of Aberystwyth

On 8 October 2010 the Company entered into a Share Purchase Agreement with Aberystwyth and its shareholder Jaek, under which the Company will purchase 100% of the issued shares in Aberystwyth. The completion of the Share Purchase Agreement is conditional upon:

- due diligence investigations being undertaken on Aberystwyth to the Company's reasonable satisfaction;
- the Company obtaining the necessary approvals from Shareholders, ASIC or ASX (where applicable) for the purchase of Aberystwyth, the issue of Shares in the Company and the grant of Options to acquire Shares to the Vendor and Murchison on completion of the Proposed Transaction;
- the Company completing a capital raising of a minimum of \$2,500,000; and
- the Company ensuring a loan from Charter Pacific is converted into equity to the value of \$1,500,000 and the loan balance of \$942,508 is forgiven by Charter Pacific.

The total purchase price for the Proposed Transaction includes:

- \$110,000 cash;
- 40,000,000 (Pre-Consolidation) Shares issued at \$0.01 each to Jaek (**Consideration Shares**);
- 20,000,000 (Pre-Consolidation) Options granted at an exercise price of \$0.0125 each expiring 31 August 2014 issued to Jaek (**Consideration Options**);
- 15,000,000 (Pre-Consolidation) Shares issued at \$0.01 each to Murchison (**Murchison Shares**); and
- 15,000,000 (Pre-Consolidation) Options granted at an exercise price of \$0.0125 each (Pre-Consolidation) expiring 31 August 2014 issued to Murchison (**Murchison Options**).

The terms of the Consideration Options and Murchison Options will be on the same terms as the Options to be issued to Charter Pacific on conversion of its debt, as set out in section 10.10 of this Prospectus.

Aberystwyth will also be entitled to appoint one representative to the Board on completion of the Proposed Transaction. Aberystwyth has nominated Mr John Hannaford as its preferred representative.

The Company has completed its due diligence investigations on Aberystwyth and is satisfied with the outcome of those investigations.

Under the Share Purchase Agreement, the Vendor (**Warrantor**) makes detailed representations and warranties about Aberystwyth, the Vendor, records, financial records, the Aberystwyth assets, litigation, compliance with laws, intellectual property, environment and tax (**Warranties**).

If the Company subsequently discovers that any of the Warranties are untrue or inaccurate then the Company may take action against the Warrantor to recover their losses under the indemnity in the Share Purchase Agreement. The maximum liability of the Warrantor under the indemnity is \$800,000.

10.4 Loan to Monterey from Charter Pacific

Charter Pacific has loaned \$2,442,508 (including principal and interest, less repayments) to the Company under a loan agreement to provide additional working capital (**Loan Agreement**). No interest is being charged at the current time.

The Loan Agreement contains standard representations and warranties and events of default. The loan is unsecured. Charter Pacific has agreed to repayment of \$1,500,000 of loan funds through the issue of 150,000,000 (Pre-Consolidation) Shares at an issue price of \$0.01 each (Pre-Consolidation) and the granting of 150,000,000 (Pre-Consolidation) Options exercisable at \$0.0125 each (Pre-Consolidation) expiring on 31 August 2014 (**Charter Options**). Charter Pacific has also agreed to forgive the balance of loan funds (\$942,508) owed by the Company to Charter Pacific.

10.5 Deeds of indemnity and access

The Company has entered into standard deeds of indemnity and access with the Directors.

The Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the director for seven years after the Director has ceased to be a Director.

The Company has further undertaken with each Director to maintain a complete set of the Company's Board papers and to make them available to the Director for seven years after the Director has ceased to be a Director.

10.6 Corporate advisory agreement – Ventnor Capital Pty Ltd (Ventnor)

The Company has entered into a corporate advisory agreement with Ventnor to provide corporate advisory services in respect of the portfolio of mining tenements the subject of the Proposed Transaction, to assist with capital raising, coordination of technical geological review of the tenements and other services in respect to the Proposed Transaction as required. The term of the engagement is for five months ending on 31 January 2011. Ventnor will receive a monthly retainer of \$5,000 and a success fee of \$25,000 upon the re-listing of the Company on ASX.

Mr John Hannaford is a director and shareholder of Ventnor. He is a director and shareholder of Aberystwyth and is a director and shareholder of Jaek. It is proposed that Mr Hannaford will be appointed a director of the Company.

10.7 Corporate advisory agreements – Charter Pacific Capital Limited (CP Capital)

In September 2008 CP Capital was engaged to divest the Company's main undertaking, GPen Pty Ltd (**GPen**). The sale of GPen was successfully completed in September 2009. CP Capital was entitled to a success fee equivalent to 5% of the transaction value upon successful completion. CP Capital agreed to waive that fee.

In April 2009 the Company entered into a corporate advisory agreement with CP Capital to assist the Company to acquire a new business enterprise. Pursuant to that agreement CP Capital is to receive a success fee of \$100,000 or 5% of the transaction value (whichever is the greater) upon successful completion of an acquisition by the Company. CP Capital has agreed to cap the success fee at \$100,000.

Messrs Dart and Cole are directors of CP Capital and the Company. CP Capital is a 100% owned subsidiary of Charter Pacific which is a party to the Proposed Transaction.

10.8 Share Broker agreement – Bligh Capital (WA) Pty Ltd (Bligh Capital)

The Company has entered into an agreement with Bligh Capital to provide broker services in respect of the capital raising. The term of the engagement is for six months from the date of the agreement. Pursuant to the agreement Bligh Capital is to receive commissions of 6% of monies raised by Bligh Capital pursuant to the Offer.

Mr John Hannaford is a director and shareholder of Bligh Capital. He is also a director and shareholder of Aberystwyth and is a director and shareholder of Jaek. It is proposed that Mr Hannaford will be appointed a director of the Company.

10.9 Terms of options currently on issue in the Company (Pre-Consolidation)

A summary of the different Options currently on issue, including the grant date, exercise price and expiry date is set out below:

Number of options (Pre-Consolidation)	Grant date	Exercise price (Pre-Consolidation)	Expiry date
16,200,000	14 August 2006	\$0.10	14 July 2011
1,000,000	14 August 2006	\$0.30	14 July 2011

The terms of the Options are as follows:

- the Options may be exercisable at any time up to the expiry date upon payment of the exercise price per Option;
- the rights of the Option Holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the Consolidation; and
- the Option Holder cannot participate in any new issues of the Company without exercising the Option.

10.10 Terms of options to be issued upon completion of the Proposed Transaction

The terms of the Consideration Options, Murchison Options and Charter Options are set out below:

- each option will entitle the Option Holder, on exercise, to subscribe for one unissued share in the Company for \$0.0125 (Pre-Consolidation);
- the Options will be exercisable at any time from the date of grant of the Options until their expiry on 31 August 2014 by giving written notice to the Company which must be received by the Company by 5.00pm on 31 August 2014 (**Expiry Date**);
- any number of Options may be exercised by the Expiry Date;
- all shares allotted and issued on exercise of the Options will rank equally with the Company's existing fully paid ordinary Shares (including as to dividends, entitlement to which is determined after allotment);
- Shares will be allotted and issued within 15 days of the Company receiving a notice of exercise of Option from the Option Holder;
- no application will be made for the Options to be quoted on ASX;
- the Option Holder may transfer the Options by a written document which is a sufficient instrument of transfer for the purposes of the Corporations Act. A notice of the transfer must be sent to the Company;
- if there is any re-organisation in the Company's ordinary share capital before the Expiry Date (such as a subdivision or consolidation of capital, return of capital or cancellation of shares), the number of unexercised Options held by any person at the time of the re-organisation and the number of Shares to be received on exercise of the Options, is intended to be adjusted proportionately with the re-organisation, in accordance with ASX

Listing Rule 7.22. Following a re-organisation, however, the Option Holder exercising an Option must not receive any benefit that holders of ordinary Shares do not receive;

- if the Company issues Shares or other securities before the Expiry Date, the number of unexercised Options held by any person at the time of the issue and the number of Shares to be received on exercise of the Options will not be adjusted;
- there will be no change to the exercise price of the Options or the number of Shares to which an Option Holder will be entitled to if the Company makes a pro rata issue of Shares or other securities to its Shareholders;
- the rights of the Option Holder will be changed to the extent necessary to comply with the applicable laws and the ASX Listing Rules (to the extent applicable), including those applying to a re-organisation of capital of the Company at the time of any re-organisation;
- on exercise of an Option, in the case of fractions (if any), the number of Shares issued is rounded down to the next lower whole number and the exercise price is rounded up to the next highest cent; and
- the Company must give notice to the Option Holder of any adjustment to the number, description or items of securities which are to be issued on exercise of an Option, or to the exercise price.

The Option Holder does not have the right to participate in new issues of securities without exercising the Option.

10.11 Restriction agreements

Restriction agreements restrict the ability of the relevant Shareholders to dispose of, create any security interest in or transfer effective ownership or control of, the restricted Shares for a specified time and subject to certain exceptions. Various parties may be required by ASX to enter into ASX imposed restriction agreements as a condition of re-quotations.

10.12 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

- the Constitution of Monterey;
- the 2010 Annual Report of Monterey; and
- consents to the issue of this Prospectus.

11 Additional information

11.1 Rights attaching to Shares

The rights attaching to Shares in Monterey are set out in the Constitution and summarised in section 10.2 of this Prospectus.

11.2 Shareholding qualifications

Directors are not required under the Constitution to hold any Shares.

11.3 Litigation

There is no litigation, arbitration, mediation, conciliation or administrative proceeding taking place, pending, or threatened, the outcome of which could have a material adverse effect on the ability of the Company to perform its obligations under this document.

11.4 Related party disclosure

Other than the disclosures made in the Notice of EGM, the Company's annual report and this Prospectus, there are no further related party disclosures to be made.

11.5 Consents and disclaimers of responsibility

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Company in the form and context in which it is named.

Blakiston & Crabb has given, and has not withdrawn, its written consent to be named as independent solicitors reporting on the tenements to the Company in the form and context in which it is named.

Al Maynard & Associates has given, and has not withdrawn, its written consent to be named as independent geologists to the Company in the form and context in which it is named.

Computershare Investor Services Pty Ltd has given, and has not withdrawn, its written consent to be named as Share registry in the form and context in which it is named.

PKF Chartered Accountants & Business Advisers has given, and has not withdrawn, its written consent to be named as Auditor to the Company in the form and context in which it is named.

Ventnor Capital Pty Ltd and Charter Pacific Capital Limited have given, and have not withdrawn, its written consent to be named as Corporate Advisers to the Company in the form and context in which they are named.

Bligh Capital (WA) Pty Ltd has given, and has not withdrawn, its written consent to be named as Broker to the Company in the form and context in which it is named.

11.6 Interests of experts and advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest or has had any interest during the last two years, in the re-quotation of Monteray, or in property acquired or proposed to be acquired by Monteray in connection with the re-quotation; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the re-quotation of Monteray.

McCullough Robertson has acted as legal adviser to the Company in relation to the proposed transaction and the Prospectus and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Prospectus. McCullough Robertson will be paid an amount of approximately \$80,000 (excluding GST) in respect of these services.

Blakiston & Crabb has prepared the Independent Solicitors' Report on the Mining Tenements in section 8 of this Prospectus. Blakiston and Crabb will be paid an amount of approximately \$7,000 (excluding GST) in respect of these services.

Al Maynard & Associates has prepared the Independent Geologist's Report in section 7 of this Prospectus. Al Maynard & Associates will be paid an amount of approximately \$10,000 (excluding GST) in respect of these services.

Ventnor Capital Pty Ltd and Charter Pacific Capital Limited have acted as corporate advisers to the Company and will be paid the amounts set out in sections 10.6 and 10.7 of this Prospectus respectively.

Bligh Capital (WA) Pty Ltd has acted as Broker to the Company and will be paid the amounts set out in section 10.8 of this Prospectus.

11.7 Interests of directors

Other than set out above or elsewhere in this Prospectus:

- no Director or proposed Director of Monteray has, or has had in the two years before lodgement of this Prospectus, any interest in the re-quotation of Monteray, or in any property proposed to be acquired by Monteray Group Ltd in connection with the re-quotation; and
- no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of Monteray either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or her in connection with the re-quotation of Monteray.

Shareholdings

The Directors of the Company or their associates have a beneficial interest in the following Shares and Options in the Company at the date of this Prospectus:

Director	Shareholder	Shares (Pre-Consolidation)	Options (Pre-Consolidation)	Shares (Post-Consolidation)	Options (Post-Consolidation)
Wayne Jones	Lenadew Pty Ltd as trustee	80,000	-	4,000	-
Kevin Dart		360,000	-	18,000	-
Kevin Dart*	Charter Pacific	30,541,508	5,000,000	1,545,075	250,000
Steven Cole		320,000	5,000,000	16,000	250,000
Barry Driscoll		-	-	-	-
Proposed Director					
John Hannaford**		-	-	-	-
Sandy Barblett		-	-	-	-

* Mr Dart has a relevant interest in 30,541,508 (Pre-Consolidation) Shares held by Charter Pacific.

** This does not include Shares to be issued as part of the Proposed Transaction.

Payments to Directors

The constitution of Monteray provides that the Directors may be paid, as remuneration for their services, a sum set from time to time by Monteray's Shareholders in general meeting, with that sum to be divided amongst the Directors as they agree.

The maximum aggregate amount which has been approved by Monteray's Shareholders for payment to the Directors is \$300,000 per annum. The current non-executive Directors fees are \$48,000 per annum for the Chairman and \$25,000 per annum for each of the non-executive Directors.

11.8 Expenses of the re-quotations

The total estimated expenses of the re-quotations payable by the Company including ASX and ASIC fees, accounting fees, fund raising fees, corporate advisory fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately \$460,000 under the Minimum Subscription (\$530,000 Maximum Subscription).

11.9 Electronic Prospectus

This Prospectus is available in electronic form at www.monteraygroup.com.au. Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by Monteray free of charge.

11.10 Authorisation

This Prospectus is issued by the Company. Each Director has consented to the lodgement of the Prospectus with ASIC.

Dated 17 November 2010

A handwritten signature in black ink, appearing to read 'Wayne Jones', written in a cursive style.

Wayne Jones
Chairman

12 Glossary

Aberystwyth	Aberystwyth Nominees Pty Ltd ACN 145 832 775.
AEST	Australian Eastern Standard Time.
A-IFRS	the adopted Australian equivalents of IFRS.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691.
Au	gold.
Board	the board of Directors of the Company.
Charter Options	the 150,000,000 (Pre-Consolidation) Options at an exercise price of \$0.0125 each expiring 31 August 2014.
Charter Pacific	Charter Pacific Corporation Limited ACN 003 344 287.
Charter Shares	means 150,000,000 (Pre-Consolidation) Shares issued at \$0.01 to Charter Pacific.
Charter Pacific Shareholders	shareholders of Charter Pacific on the Priority Offer Record Date.
Closing Date	date of close of the Offer 15 December 2010.
Company, or Monteray	Monteray Group Ltd ACN 062 959 540.
Consideration Options	the 20,000,000 (Pre-Consolidation) Options at an exercise price of \$0.0125 each expiring 31 August 2014 granted to Jaek.
Consideration Shares	the 40,000,000 (Pre-Consolidation) Shares issued at \$0.01 each to Jaek.
Consolidation	the consolidation of the capital of the Company, so that each issued Share has a value of at least \$0.01 (\$0.20 post Consolidation), to be approved by Shareholders at the Extraordinary General Meeting.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of the Company.
Existing Monteray Shareholders	shareholders of Monteray as at the Priority Offer Record Date.
Expiry Date	means 5.00pm on 31 August 2014.
Extraordinary General Meeting or EGM	the Extraordinary General Meeting of shareholders of Monteray to be held on 17 December 2010 to approve the Proposed Resolutions.
IFRS	International Financial Reporting Standards.
Jaek or Vendor	Jaek Holdings Pty Ltd ACN 145 089 596.
Listing Rules	listing rules of ASX.
Maximum Subscription	the maximum total amount of money to be raised for all Shares under the Offer (\$3,500,000).
Minimum Subscription	the minimum total amount of money to be raised for all Shares under the Offer (\$2,500,000).

Murchison	Murchison Resources Pty Ltd ACN 009 175 491.
Murchison Options	the 15,000,000 (Pre-Consolidation) Options at an exercise price of \$0.0125 each expiring 31 August 2014 granted to Murchison.
Murchison Shares	the 15,000,000 (Pre-Consolidation) Shares issued at \$0.01 each to Murchison.
Offer	the offer of up to 17,500,000 (Post-Consolidation) Shares at \$0.20 each pursuant to this Prospectus.
Option	an option to acquire a fully paid ordinary Share in Monteray Group Ltd.
Option Holder	the holder of an Option.
Priority Offer	the offer of Shares under the Offer to those who are Monteray Shareholders and Charter Pacific Shareholders as at the Record Date.
Priority Offer Record Date	15 November 2010.
Priority Offer Closing Date	3 December 2010.
Portfolio	the mining tenements and applications referred to in section 1.4 of the Prospectus.
Post-Consolidation	after Consolidation of the capital of the Company.
Pre-Consolidation	before Consolidation of the capital of the Company.
Proposed Resolutions	resolutions proposed at the upcoming Extraordinary General Meeting set out in section 3.3 including to approve the Proposed Transaction.
Proposed Transaction	the proposed acquisition of 100% of the issued capital in Aberystwyth by the Company together with the transactions more particularly described in sections 3.2 and 3.4 of this Prospectus (including the matters contemplated by the Proposed Resolutions.
Prospectus	this prospectus.
Quotation Date	the date Shares are granted quotation on ASX.
Securities	Shares and/or Options to acquire Shares in Monteray.
Shares	fully paid ordinary shares in Monteray.
Shareholders	holders of Shares in Monteray.
Share Purchase Agreement	share purchase agreement dated 8 October 2010 between the Company, Jaek and Aberystwyth for the Company to acquire 100% of the issued capital in Aberystwyth from Jaek.
Share Registry	Computershare Investor Services Pty Ltd.
Us or we	the Company.