

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Montero Mining and Exploration Ltd.  
20 Adelaide Street East, Suite 400  
Toronto, Ontario  
M5C 2T6

**Item 2 Date of Material Change**

July 5, 2011

**Item 3 News Release**

The press release attached as Schedule A was released on July 5, 2011, through the facilities of Marketwire.

**Item 4 Summary of Material Change**

The material change is described in the press release attached as Schedule A.

**Item 5 Full Description of Material Change**

The material change is described in the press release attached as Schedule A.

**Item 6 Reliance of subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

Antonia Chapman  
Chief Financial Officer  
Montero Mining and Exploration Ltd.  
647 998-8730

**Item 9 Date of Report**

July 7, 2011

## SCHEDULE A



### **Montero announces a \$5 Million non-brokered Private Placement**

**Toronto, Ontario - (July 5, 2011):** Montero Mining and Exploration Ltd. (TSX.V : MON) ("Montero") is pleased to announce that it intends to complete a non-brokered private placement financing of up to 8,333,333 units (the "Units") at a price of \$0.60 per Unit for gross proceeds of up to \$5,000,000 (the "Offering").

Each Unit will consist of one common share in the capital stock of Montero ("Common Share") and one-half (1/2) of one Common Share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one Common for \$0.80 for a period of 24 months from the date of issuance. Montero will have the option to force the conversion of the Warrants should the closing price at which the Common Shares trade equal or exceed \$1.20 for 20 consecutive trading days following the date that is four months and one day after the date of issuance of the Warrants. Montero may accelerate the term of the Warrants to the date, which is 30 days following the date a press release is issued by Montero announcing the reduced term of the Warrants.

A 7% finder's fee is payable in cash or units to eligible finders, along with finder's warrants ("Finder's Warrants") equal to 7% of the Units placed by the eligible finder in the Offering. Each whole Finder Warrant will entitle the holder to acquire one Common Unit for \$0.80 for a period of 24 months after the Closing Date.

The securities issued pursuant to the Offering will be subject to a four month and one day statutory hold period. In connection with the completion of the Offering, Montero may pay, where appropriate, commissions and finder's fees in accordance with applicable securities laws and the rules of the TSX Venture Exchange ("TSX-V").

Montero Mining and Exploration's President and CEO, Tony Harwood, commented *"I am pleased to announce this placement as it will allow the company to fast track the development and production of rare earths from our Wigu Hill project in Tanzania."*

Montero intends to use the net proceeds from the Offering to fund continued exploration on Montero's assets, namely the Wigu Hill Rare Earth Project in Tanzania and for general working capital purposes. Trenching and drilling has been completed at the Twiga and Tembo targets at Wigu Hill and has yielded excellent results. Early reconnaissance sampling at the defined Tumbili target confirms the consistent mineralization of the bastnaesite bearing carbonatite and indicates the potential for a sizeable REE deposit. Exploration on all three targets at Wigu Hill will form the basis of Montero's upcoming NI 43-101 resource estimate.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX-V and applicable securities regulatory authorities. Montero intends to close the Offering on or around July 20, 2011.

#### **About Montero Mining & Exploration**

Montero Mining and Exploration Limited is a mineral exploration and development company focused on the development of our flagship Wigu Hill Rare Earth Element Project in Tanzania. The Wigu Hill project is a high grade undeveloped Light Rare Earth Element deposit that the company is focussed on producing a NI 43-101 compliant resource on two of ten drill targets.

Rare Earth Elements (a group of 15 metals) are critical in the advancement and development of emerging "green" technologies and high-tech applications such as electric and hybrid vehicles, wind and hydro power turbines, energy efficient lighting, LCD screens, MRI, X-ray machines and neodymium-based magnets crucial to ear-buds, MP3 Players, microphones, mobile devices and other computing equipment. Currently China produces 97% of world supply of REE's and these are becoming increasingly critical to both 21<sup>st</sup> Century technological progress and environmentally sustainable development. With the rising prices of REE's and China's control over export quotas, it is becoming imperative that the rest of the world develops new rare earth resources to meet the increasing demand from "green" technology.

Montero's growth strategy is to develop the Wigu Hill Rare Earth Element project and to bring this to account by eventual rare earth production and cash flow. Montero plans to operate in an environmentally and socially responsible manner, adding value to all stakeholders. Montero has 42,365,730 shares outstanding and trades on the TSX Venture Exchange under the symbol MON.

*Signed.* **Dr. Tony Harwood** - President and CEO

***For more information, contact:***

**Montero Mining and Exploration Ltd.**

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CAUTIONARY STATEMENT: Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release. This news release contains forward-looking information which is not comprised of historical facts. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, Montero's objectives, goals or future plans, and the estimated timing and cost of the exploration of the Wigu Hill Project. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, those risks set out in Montero's public documents filed on SEDAR. Although Montero believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Montero disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.