

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

February 28, 2012

Item 3 News Release

The press release attached as Schedule A was released on February 28, 2012.

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

February 28, 2012

SCHEDULE A



Montero reports positive Preliminary Economic Assessment at the Duyker Eiland Phosphate Project, South Africa

Toronto, Ontario (February 28th, 2012): Montero Mining and Exploration Ltd. (TSX.V: MON) ("Montero") announces the results of an initial NI 43-101 compliant Preliminary Economic Assessment ("PEA") of its sedimentary phosphate Duyker Eiland Project located 30 kilometers north of the Port of Saldanha, in the Western Cape Province of South Africa.

The PEA is based on an initial Inferred Mineral Resource of 32.8 million tonnes, grading at 7.15% P₂O₅, as previously reported following an independent resource estimate prepared by AMEC Earth & Environmental (UK) Limited. Preliminary metallurgical test work indicated that an acid-grade phosphate concentrate of 33% P₂O₅ to 35% P₂O₅ (72.1% BPL to 76.5% BPL) can be produced by flotation. (See News Release dated 14/12/2011). The independent PEA was conducted by Turgis Consulting (Pty) Ltd. (Turgis) who will also submit the NI 43-101 compliant report on SEDAR within 45 days. The PEA is preliminary in nature as it includes Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as "Mineral Reserves". There is no certainty that the PEA will be realized as Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Dr Tony Harwood, President and Chief Executive Officer of Montero commented, *"We are pleased the results of the PEA on the initial Inferred NI 43-101 Mineral Resource at Duyker Eiland has returned such robust economics with a **NPV of CAD\$ 150 million with a 10% discount rate**. Montero is in discussions with a number of parties interested in commercializing our phosphate assets. Montero remains committed to establishing early production on our flagship Wigu Hill Rare-Earth Project in Tanzania while seeking partners to develop our phosphate assets."*

Highlights of the PEA

- A NPV of CAD\$ 150 million (at a discount rate of 10%) and an IRR of 41%
- Average 4.5 million tonnes per annum rock mined at low stripping ratios of 0.57:1
- Average production of 490,000 tonnes per annum of 33% P₂O₅ concentrate
- 11 year Life of Mine (based on initial resource estimate)
- Operating cash costs CAD\$ 99 per tonne concentrate Free alongside Ship ("FAS") Port of Saldanha, South Africa
- Capital costs of CAD\$ 129 million
- Opportunities to increase value of project through production of fertilizers

Summary of the Project Economics

The PEA indicates that the project is expected to generate robust financial returns. All figures are presented pre-tax and before South African royalty deductions. All costs were estimated locally in South African Rand (ZAR) and converted to Canadian Dollars (CAD\$) for reporting purposes. The average exchange rate for CAD/ZAR is based on a 12 month average from 01/02/11 to 31/01/12 (source: historical interbank rate at www.oanda.com). All revenues were estimated in USD and converted to ZAR. The average exchange rate for USD/ZAR is based on a 12 month average from 01/02/11 to 31/01/12 (source: historical interbank rate at www.oanda.com). The results and assumptions for the economic analysis are as follows:

Economic Analysis using ZAR/CAD exchange rate: 7.38 and ZAR/USD exchange rate: 7.33	
NPV	CAD \$150 Million
IRR	41%
Discount Rate	10%
Total Capex	CAD\$ 129 Million
Total Opex per tonne of 33% P ₂ O ₅ concentrate Free Alongside Ship ("FAS") Port of Saldanha:	USD\$ 100 or CAD\$ 99
<u>Estimated 33% P₂O₅ Concentrate Price FAS Port of Saldanha:</u>	USD\$ 188

Price

The concentrate price was based on rock phosphate prices published by the World Bank. USD\$ 188 per tonne is the 12 month average price of contract 70% BPL concentrate FAS Casablanca, Morocco between February 2011 and January 2012. The product concentration expected from Duyker Eiland is between 72% BPL to 76.5% BPL.

Sensitivity to price was investigated at reduced product prices. At a reduction in product revenue per tonne of 15% (USD\$ 160) the **project still demonstrates robust returns with an IRR of 27%. Currently, 70% BPL rock phosphate FAS Casablanca is published by the World Bank at USD\$ 202 per tonne (January 2012).**

Operating Costs

Infrastructure operating costs and mining costs were estimated from the Turgis cost database and the latter confirmed by comparison with costs supplied by a local mining contractor. Power and water consumption were estimated from experience and work carried out in the experimental flotation tests with costs estimated from South African utility rates and escalated based on expected increases in these rates. Reagent consumption was calculated from the flotation tests, a reagent suite based on a fatty acid combination was selected and costs obtained from a local supplier. Owners costs comprised largely of labour was estimated from the generation of a labour compliment with standard industry labour rates applied. Maintenance spares and other auxiliary costs were factored from industrial experience. Transport and logistics costs which include transport to port, warehousing at port and transport to wharf alongside ship (FAS) were calculated based on a budget quote received from local transport company.

A 20% contingency was included in these estimates resulting in concentrate cost FAS Port of Saldanha of CAD\$ 99 per tonne. It was estimated that port and loading costs (Free on Board or "FOB") would cost less than CAD\$ 10 per tonne of concentrate.

Capital Costs

Capital costs were estimated by undertaking conceptual level engineering to define the plant and infrastructure requirements. Capital was then estimated for these requirements based on: sizing equipment according to a developed flow sheet and related mass balance; obtaining equipment cost from budget prices from equipment suppliers and the Turgis cost data base; factoring the additional direct costs and the indirect costs based on the total direct cost and according to industrial experience.

The capital generated was then increased by various degrees for the following categories: Engineering, Procurement and Construction Management at 15%, Contingencies at 20%, and Ongoing Capital at 5%. Total capital costs for the Project are estimated to be CAD\$ 129 million.

NPV

Based on these assumptions a preliminary financial model indicates robust project economics with a **NPV of CAD\$ 150 million**. This figure does not include expenditure required for exploration and engineering development during 2012 and 2013. Montero will continue to explore the possibility of production of other higher-content phosphate fertilizers and other products to generate additional returns for the Project.

Future Work

The next steps for the Duyker Eiland Phosphate Project will be to increase the resource confidence and estimates and complete sampling to allow for detailed characterization of the rock phosphate concentrates that may be produced. An Environmental and Social scoping study may commence in

preparation for Pre-feasibility Studies and additional economic assessment may be commissioned to examine the viability of a fertilizer plant investment in the area.

Qualified Person's Statement

Turgis is a Johannesburg based engineering consultancy, focused on the mining industry, and has over 20 years of experience in engineering projects for mining companies in Africa. The Turgis PEA team is headed by Sten Johansson (MSAImm), a Process Engineer and a qualified person for the purpose of National Instrument 43-101. Mr. Johansson has firsthand experience operating a phosphate beneficiation plant at a phosphate mine that once operated 25 km from Duyker Eiland. Andrew Pooley (FSAImm) is a Mining Engineer and a qualified person for the purpose of National Instrument 43-101 and will cover the mining aspects of the PEA. Technical information contained in this press release has been reviewed by Mr. Mike Evans, M.Sc. Pr.Sci.Nat., who is a qualified person for the purpose of National Instrument 43-101 and a Consulting Geologist to Montero.

About Montero Mining & Exploration

Montero Mining and Exploration Ltd. is a mineral exploration and development company engaged in the identification, acquisition, evaluation and exploration of mineral properties primarily focused on rare earth elements (REE), but with phosphates and uranium assets in Tanzania, South Africa and Quebec, Canada, respectively. Montero is focused on adding value for all shareholders through the acquisition and exploration on properties, which have the highest potential for future discoveries or development of existing mineral resources into mineable reserves. We remain engaged in the development of our flagship Wigu Hill Rare Earth Element Project in Tanzania, which is a high-grade, undeveloped Light Rare Earth Element deposit. The Company's current focus is on updating the initial NI 43-101 Mineral Resource Estimate and advancing the hydro-metallurgical testwork with Mintek. With the rising prices of REEs 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 and high-tech applications.

Montero's growth strategy is to develop the Wigu Hill Rare Earth Element project and to bring this to account through eventual rare earth production and cash flow, while operating in an environmentally and socially responsible manner. We will continue to add value through the development of our portfolio of properties. Montero trades on the TSX Venture Exchange under the symbol MON.

Signed. Dr. Tony Harwood - President and CEO

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