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

October 1, 2012

Item 3 News Release

The press release attached as Schedule A was released on October 1, 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

October 1, 2012

SCHEDULE A

Montero increases its interest to 80.81% in the Wigu Hill Rare Earth Project, Tanzania and submits ESIA for approval.

Toronto, Ontario (October 1st, 2012): Montero Mining and Exploration Ltd. (TSX.V: MON) ("Montero") announces that it has increased its shareholding interest in the Wigu Hill Rare Earth Element Project in Tanzania by a further 10.81% from the original 70% shareholding to an 80.81% interest in the project. The increase in Montero's interest is pursuant to the Shareholders Agreement signed last year with our partner RSR (Tanzania) Ltd. on September 22, 2011 (see news release dated 04/10/2011).

Montero has submitted the Environmental and Social Impact Assessment Report ("ESIA"), including a non-technical executive summary for the potential to mine rare earth elements, to the National Environment Management Council (NEMC) in Tanzania. The ESIA is a crucial step in obtaining the Environmental Permit, required for the Mining License application for a mining operation to commence on a portion of the Wigu Hill Project area upon completion of feasibility work.

> Dr. Tony Harwood, President and CEO of Montero commented, *"With a further increase in our interest in the Wigu Hill REE Project, our equity stake in our flagship project is secured and we are advancing the project to a mining stage. The submission of the ESIA to NEMC is a further step towards the application of a mining licence and the requirement for a feasibility study. Montero remains focused on de-risking the Wigu Hill Project and targeting a fast-track strategy for early production of rare earths. Discussions with potential strategic and off-take partners continues and we are pleased to report how our fast-track strategy is advancing."*

About Montero Mining & Exploration

Montero Mining and Exploration Ltd. is a mineral exploration and development company engaged in its flagship Rare Earth Elements (REE) Project Wigu Hill in Tanzania, has phosphate assets in South Africa and uranium assets in Tanzania and Quebec, Canada. The flagship Wigu Hill REE Project is a high-grade, undeveloped Light Rare Earth Element deposit, where the current focus is on the fast track strategy to advance a portion of the large deposit to the mining and production stage in the short-term whilst defining a larger deposit and further advancing the hydro-metallurgical testwork with Mintek. With 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 de-risk the Wigu Hill Rare Earth Element project and bring this to account through eventual rare earth production and cash flow, while operating in an environmentally and socially responsible manner. Montero trades on the TSX Venture Exchange under the symbol MON.

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

For more information, contact:

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