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

December 4, 2012

Item 3 News Release

The press release attached as Schedule A was released on December 4, 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

December 4, 2012

SCHEDULE A

Montero provides an update on the Hydrometallurgical testwork on the bastnaesite-rich carbonatite material from the Wigu Hill Rare Earth Project in Tanzania.

Toronto, Ontario (December 4th, 2012): Montero Mining and Exploration Ltd. (TSX.V: MON) ("Montero") provides an update on the hydrometallurgical test work completed to date on the bastnaesite-rich carbonatite material from the Wigu Hill Rare Earth Project in Tanzania. Montero has been researching various metallurgical technologies to potentially reduce operating and capital costs and recent work carried out at Mintek has returned significant testwork results. The testwork achieved good recoveries while significantly reducing reagent requirements allowing for potentially lower operating costs for processing the Rare Earths at Wigu Hill.

Mintek and Montero have been examining a combination of hydrometallurgical and pyrometallurgical processes to recover Rare Earth Elements ("REEs") from the Wigu Hill bastnaesite-rich carbonatite mineralization. Mintek has completed testwork in this regard and have published an internal report on the work. The objective of the testwork was to significantly reduce reagent consumption in the hydrometallurgical leach process that would provide feed to a REE extraction refinery. The program included a calcination pre-treatment step after which the residue was then subjected to a single stage hydrochloric acid leach to extract the REE's. The preliminary testwork results achieved a recovery of 77% of REE's with significantly reduced reagent consumption compared with the prior three-stage hydrometallurgical leach process.

> Dr. Tony Harwood, President and Chief Executive Officer of Montero commented, *"Mintek and our team are focused on lowering operating and capital costs of our proposed hydrometallurgical flowsheet for the economic extraction of rare earths from the Wigu Hill Project. Preliminary testwork completed by Mintek represents a significant step in simplifying the hydrometallurgical process and potentially reducing costs. Montero is examining the cost-benefit of a revised flowsheet in order to lower the cost of the extraction of REE's from the bastnaesite-rich carbonatite material at Wigu Hill"*

The internal report from Mintek completed in Johannesburg, South Africa will form the basis of further laboratory and pilot scale testwork in 2013 in which calcination as pretreatment option will be further explored and optimized.

Qualified Person's Statement

The technical information contained in this press release has been reviewed by Mr. Mike Evans, M.Sc. Pr.Sci.Nat., 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 focused on achieving production of fine rare earth chemicals and metals primarily from at its flagship Wigu Hill project in Tanzania and the establishment of a rare earth refinery. 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 has a highly experienced Board and Management team that has built and operated mines and refineries which brings significant credibility to our strategy of becoming a rare earth chemical producer. In addition to rare earths, Montero has phosphate assets in South Africa and uranium assets in Tanzania and Quebec, Canada.

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

For more information, contact:

Montero Mining and Exploration Ltd.
E-mail: ir@monteromining.com
Tel: +1 416 840 9197 | Fax: +1 866 688 4671
www.monteromining.com

CAUTIONARY STATEMENT: Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This News Release includes certain "forward-looking statements”. *This News Release includes certain "forward-looking statements". These statements are based on information currently available to Montero and Montero provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that Montero’s future plans, objectives or goals, including words to the effect that Montero or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of exploration, project development, reclamation and capital costs of Montero’s mineral properties, and Montero’s financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as: changes in general economic conditions and conditions in the financial markets; changes in demand and prices for minerals; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with Montero’s activities; and other matters discussed in this News Release and in filings made with securities regulators. This list is not exhaustive of the factors that may affect any of Montero’s forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on Montero’s forward-looking statements. Montero does not undertake to update any forward-looking statement that may be made from time to time by Montero or on its behalf, except in accordance with applicable securities laws.*