



P R O S P E C T U S

For the issue of up to 12,500,000 Shares at 20 cents each
to raise up to a total of \$2,500,000

LEAD MANAGER AND CORPORATE ADVISOR

Cygnnet Capital Pty Ltd
Ground Floor, 30 Richardson Street
WEST PERTH WA 6005

The Shares offered by this Prospectus should be considered speculative.

This document is important and requires your immediate attention.
It should be read in its entirety. If you do not understand its contents or are in doubt as to the course
you should follow, you should consult your stockbroker or professional adviser.

Corporate Directory

Directors

Winton Willesee (Non-Executive Chairman)

Andrew Maurice (Managing Director)

Shannon Coates (Non-Executive Director)

Company Secretary

Shannon Coates

Registered Office

Level 1, 173 Mounts Bay Road, Perth WA 6000

Telephone: +61 8 9322 6424

Facsimile: +61 8 9322 6778

Email: admin@mininggroup.net.au

Website: www.mininggroup.net.au

Proposed ASX Code

MNE

Solicitors to the Company

Blakiston & Crabb

1202 Hay Street, West Perth WA 6005

Auditor

Stantons International Audit and Consulting Pty Ltd

(trading as Stantons International)

1/1 Havelock Street, West Perth WA 6005

Investigating Accountant

Stantons International Pty Ltd

(trading as Stantons International Securities)

1/1 Havelock Street, West Perth WA 6005

Independent Geologist

Broad Tree Group

7 Hermes Street, Riverton WA 6138

Share Registry

Computershare Investor Services Pty Ltd

Level 2, 45 St Georges Terrace, Perth WA 6000

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033

Lead Manager and Corporate Advisor

Cygnnet Capital Pty Ltd

Ground Floor, 30 Richardson Street, West Perth WA 6005

Telephone: +61 8 9226 5511

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IMPORTANT NOTICE

This Prospectus is dated 6 May 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made within 7 days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for quotation on ASX.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or future value.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 11 of this Prospectus.

Except where indicated, any assets depicted in this Prospectus are not assets of the Company but have been included to give an indication of the nature and/or location of the Company's business, operations and industry in which it operates.

This Prospectus will be issued in paper form and as an Electronic Prospectus, which may be viewed online at www.mininggroup.net.au. The Offer is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at admin@mininggroup.net.au.

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further period of up to 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period and all Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

Letter from the Managing Director

It is with pleasure that I invite you to participate in this opportunity to become a shareholder in Mining Group Limited. Mining Group is seeking to raise \$2.5 million by issuing 12.5 million shares for exploration on the Boorara and Teutonic Projects, which are prospective for gold and base metals, the Lake Christopher Project, which is prospective for gold, diamonds and uranium, and, if considered appropriate, the acquisition of new projects, either in Australia or overseas.

Mining Group is an Australian company whose primary objective is to acquire commercially significant mineral properties that can readily be brought into production. Mining Group intends to initially focus on the exploration and development of the Boorara, Teutonic and Lake Christopher Projects, and secondly to review other potential resource based projects.

The Boorara Project is located approximately 17 kilometres southeast of Kalgoorlie in the East Coolgardie Mineral Field in Western Australia and comprises two granted Prospecting Licenses, covering an area of 206 hectares. The Project area occupies a favourable position within the prospective Boorara Shear Zone and is considered prospective for gold and base metals.

The Teutonic Project is also located in the Eastern Goldfields of Western Australia. It consists of one granted Exploration Licence covering an area of 1,613 hectares. The gold endowment in the Eastern Goldfields is extensive, with Australia's five largest known deposits historically producing 13.5Mozs of gold from the region. An anomalous gold trend within the Teutonic Project area is yet to be systematically tested below the weathered zone and the base metal potential of the property has yet to be tested using modern exploration techniques, despite the property being located in an emerging base metals province.





The Lake Christopher Project is located 130 kilometres west of the border between Western Australia and the Northern Territory. It is made up of a single Exploration Licence application covering an area of 228 square kilometres and is prospective for gold, diamonds and uranium. A significant radiometric anomaly occurs in the western part of the Project area and the Company believes that the strength and extent of the anomaly warrants further investigation to determine the source.

The Company plans to prudently explore the three Project areas in the immediate term in multiple phases, with the intention of defining a mineral resource. The Company also intends to identify other mineral resource opportunities in Australia and overseas. The Directors of Mining Group collectively hold strong technical, commercial and corporate experience in exploration, project acquisition and management, evaluation and development and are well placed to put the Company's plans into action.

Full details of the Offer to participate in this opportunity are included in this Prospectus, which I encourage you to read carefully. On behalf of the Board of Mining Group Limited, I look forward to welcoming you as a shareholder of the Company.

ANDREW MAURICE

Managing Director



Investment Summary

This section is a summary only and is not intended to provide full information for investors intending to apply for Shares. This Prospectus should be read and considered in its entirety.

1.1 Introduction

The Company was incorporated on 9 February 2011 with the primary objective of discovering and/or acquiring commercially significant mineral deposits that can be accessed via established infrastructure, in order to explore for quantities of minerals.

The Company will seek to achieve its objectives through:

- exploration and evaluation of the Boorara and Teutonic Projects, which are prospective for gold and base metals, and the Lake Christopher Project, which is prospective for gold, diamonds and uranium; and
- identification and evaluation of potential new mineral projects and opportunities in Australia and overseas suitable for acquisition and development by the Company.

1.2 Tenements

BOORARA PROJECT (earning up to 70%)

The Boorara Project comprises two granted Prospecting Licences, numbered P26/3621 and P26/3622, which secure an area of approximately 206 hectares (2.1km²) in the East Coolgardie Mineral Field, Western Australia, details of which are set out in the table below. The Boorara Project is prospective for gold and base metals.

The Company has entered into a Farm In and Joint Venture Agreement with the registered holder of the Boorara Project, pursuant to which it may earn an initial 70% interest in the tenements on meeting certain conditions. A summary of the Farm In and Joint Venture Agreement is included in Section 10.4 of this Prospectus.

Boorara Project Tenement Details:

TENEMENT	SIZE (HA)	GRANT DATE	EXPIRY DATE
P26/3621	99	17/11/2008	16/11/2012 ¹
P26/3622	107	17/11/2008	16/11/2012 ¹
Total	206 Ha		

Notes:

1. P26/3621 and P26/3622 may be extended at the discretion of the Minister of Mines for a period of 4 years and, in certain circumstances, by a further period or periods of 4 years.



TEUTONIC PROJECT (earning up to 70%)

The Teutonic Project consists of one granted Exploration Licence, numbered E37/1037, located in the Eastern Goldfields of Western Australia, details of which are set out in the table below. The Teutonic Project is prospective for gold and base metals.

The Company has entered into a Farm In and Joint Venture Agreement with the registered holder of the Teutonic Project, pursuant to which it may earn an initial 70% interest in the tenement on meeting certain conditions. A summary of the Farm In and Joint Venture Agreement is included in Section 10.4 of this Prospectus.

Teutonic Project Tenement Details:

TENEMENT	SIZE (HA)	GRANT DATE	EXPIRY DATE
E37/1037	1,613	23/07/2010	22/07/2015

LAKE CHRISTOPHER PROJECT

The Lake Christopher Project is located in Western Australia, 900 kilometres north east of Kalgoorlie on the Gunbarrel Highway and 130 kilometres west of the border between Western Australia and the Northern Territory and is prospective for gold, diamonds and uranium. The Project is made up of a single Exploration Licence application, ELA69/2935, details of which are set out in the Table below.

Mining Group is the applicant for ELA69/2935.

Lake Christopher Project Tenement Details:

TENEMENT APPLICATION	SIZE (KM ²)	APPLICATION DATE
ELA69/2935	228	30/03/2011

1.3 The Offer

By this Prospectus, the Company offers up to 12,500,000 Shares at 20 cents each, to raise up to \$2,500,000 (before costs). The minimum subscription of the Offer is \$2,500,000.

The rights attaching to the Shares are summarised in Section 10.2 of this Prospectus. Full details of the Offer are included in Section 2 of this Prospectus.

1.4 Company Objectives

The primary objective of the Company is to implement its strategies and complete the exploration programs as described in Section 4 of this Prospectus.

1.5 Purpose of the Offer

The purpose of the Offer is primarily to facilitate an application by the Company for admission of the Company to the Official List.

The capital raised from the Offer together with the Company's existing cash funds will be used to:

- implement the Company's planned exploration programs;
- acquire additional strategic project interests where appropriate;
- fund the admission of the Company to the ASX and the costs associated with this process; and
- provide additional working capital.

1.6 Use of Funds

Together with the Company's existing cash reserves of approximately \$238,000, the funds raised from the Offer will be applied as set out in the table below. Collectively, the total cash reserves will be applied over the first two years following the Company's admission to the Official List as follows:

FUNDS AVAILABLE	SUBSCRIPTION (\$)
Existing cash reserves	237,050
Funds raised under the Offer	2,500,000
Total funds available	2,737,050

ALLOCATION OF FUNDS	SUBSCRIPTION (\$)
Estimated Costs of the Issue	\$351,764
Project Acquisition	\$27,000
Boorara Project Exploration	\$555,000
Teutonic Project Exploration	\$665,000
Lake Christopher Project Exploration	\$390,000
Corporate Administration and	
Working Capital	\$748,286
Total funds allocated	\$2,737,050

The proposed expenditure will be refined to suit the results of the programs as they proceed, and will exceed the statutory minimum expenditure requirements on the granted Tenements. Further details of the planned exploration activities are set out in Section 4.4 and in the Independent Geologist's Report in Section 5 of this Prospectus.

1.7 Working Capital Adequacy

The Directors are of the opinion that on completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

1.8 Capital Structure

SHARES¹

Shares on issue at the date of this Prospectus	13,400,001
Shares to be issued pursuant to the Offer	12,500,000
Shares to be issued to Vendors of Boorara and Teutonic Projects ²	150,000
Total shares on issue	26,050,001

OPTIONS³

Options on issue at the date of this Prospectus	1,500,000
Total options on issue	1,500,000

Notes:

1. The rights attaching to the Shares are summarised in Section 10.2 of the Prospectus.
2. See Section 10.4 for a summary of the Farm In and Joint Venture Agreements for the Boorara and Teutonic Projects.
3. The terms and conditions of Options are summarised in Section 10.3 of the Prospectus.

1.9 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Tenements. These activities, together with the possible acquisition of interests in other tenements, are expected to dominate the early years following the issue of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period. Once sustainable profitability has been established, and subject to working capital and reinvestment requirements, it is planned to distribute a proportion of future profits to Shareholders by way of dividends.

1.10 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares in the Company involves a number of risks. Mining Group is an exploration company with no Mineral Reserves or Mineral Resources (as defined in the JORC Code) and an investment in the Company should be considered speculative. The key risk factors of which investors should be aware are described in Section 8 of this Prospectus. Investors are urged to consider these risks carefully before deciding whether to invest in the Company.

In particular investors should be aware of the following risks:

■ Exploration Success:

Despite the best efforts of the Company and the presence of encouraging drill results, there is no guarantee of exploration success or that an economic mineral deposit will be defined.

■ Tenement Title:

The Company is not the registered holder of the tenements comprising the Boorara and Teutonic Projects and there is a risk it may fail to satisfy the conditions precedent to acquiring the initial 70% interest in each of these Projects. Further, the Lake Christopher Project is an application for exploration licence waiting grant and is not a granted licence. There is no guarantee that the exploration licence will be granted.

■ Operating Risks:

The Company has a limited operating history. Its operations will be affected by various factors, including but not limited to geology, equipment availability, weather, industrial relations, and employee and resource shortages.

■ Gold mining:

The success of the Company may be primarily dependent on the price of gold as a substantial proportion of the Company's potential revenues may be derived from the sale of gold. Gold prices are volatile and may fluctuate as a result of numerous factors, which are beyond the control of the Company.



■ Uranium mining:

The approval processes for uranium mining are more rigorous than conventional mines, with both Federal and State government legislation to satisfy. There is a risk that, should economic deposits of uranium be discovered, the necessary government approvals may not be granted, or may be significantly delayed. In Australia, mining in general and uranium mining in particular, is regulated by State and Federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and a range of other matters. Compliance with these laws and regulations impacts on the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The Federal Government currently permits the mining and exporting of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes. Further risks associated with uranium mining are outlined in section 8.10 of this Prospectus.

■ Native Title:

The Projects may be impacted by native title claims, which may adversely affect the Company's ability to access or progress from the exploration to development and mining phase.

■ Environmental Risks:

As with most exploration projects, the Company's activities are expected to have an impact on the environment and the operations and proposed activities are subject to environmental laws and regulations.

■ Future Funding, Commodity Prices and Market Conditions:

There is likely to be a requirement for the Company to raise additional funds in due course. The Company's share price and its ability to raise future funds is likely to be significantly impacted by commodity prices and market conditions. There can be no certainty that future funding will be available on terms satisfactory to the Company.

■ Economic Factors:

Economic conditions will have an impact on operating costs, commodity prices and stock market processes.

■ Commodity Price Volatility and Exchange Rate Risks:

If the Company achieves success leading to mineral production, potential income will be exposed to commodity price and exchange rate risks.

■ Changes to Laws or Government Policy:

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of such, and changes to government policy may affect the Company's assets, operations and ultimately financial performance.

Please refer to Section 8 for further details on the risks associated in investing in the Company.

1.11 Reports

This Prospectus includes an Independent Geologist's Report, a Solicitors' Report on Mining Tenements and an Investigating Accountant's Report in Sections 5, 6 and 7 respectively of this Prospectus.

Details of the Offer

2.1 Shares Offered for Subscription

This Prospectus invites investors to apply for a total of up to 12,500,000 Shares at an issue price of 20 cents each to raise a total of up to \$2,500,000 (before costs).

2.2 Indicative Timetable

Date of Prospectus:	6 May 2011
Opening Date:	20 May 2011
Closing Date:	3 June 2011
Despatch of Holding Statements:	17 June 2011
Quotation of Shares on ASX expected:	24 June 2011

Notes:

1. *The Directors reserve the right to vary these dates for any reason (eg. should the Exposure Period be extended).*
2. *The Directors reserve the right to close the Offer earlier or later than as indicated above, subject to the requirements of the Corporations Act and the Listing Rules.*

The above are anticipated dates only. The date the Shares are expected to be issued and/or commence trading on the Official List may vary with any change to the Closing Date.

2.3 Applications for Shares

An application for Shares can only be made by completing the ***Application Form for Shares attached to or accompanying this Prospectus.***

Applicants may apply for a minimum of 10,000 Shares at an issue price of 20 cents representing a minimum investment of \$2,000. Applicants requiring additional Shares must apply for Shares in multiples of 1,000 Shares (equivalent to \$200) thereafter.

Applications for less than the minimum application of 10,000 Shares (equivalent to \$2,000) will not be accepted.

2.4 Lodgement of Application Forms

All completed Application Forms must be lodged with the Company as follows:

POSTED TO:

Mining Group Limited
c/- Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6084

DELIVERED TO:

Mining Group Limited
c/- Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000



The Company reserves the right, in consultation with Lead Manager to the Offer, Cygnet Capital Pty Ltd ("Cygnet Capital") and subject to Section 2.5, to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application.

If the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest. The acceptance of Applications and the allocation of Shares are at the discretion of the Directors.

No brokerage or stamp duty is payable by Applicants in respect of their Applications under this Prospectus. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Applications must be accompanied by payment in full in Australian currency of \$0.20 for each Share applied for. Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to **"Mining Group Limited Share Account"** and crossed **"Not Negotiable"**.

Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus.

A duly completed and lodged Application Form will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form.

2.5 Allocation

Directors of the Company, in consultation with Cygnet Capital, retain an overriding right to accept any Application in full, accept any lesser number of Shares or decline any Application. Applicants must not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application. Before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares. If any Application is rejected, in whole or in part, the relevant Application Monies will be refunded without interest. Where the number of Shares issued is less than the number applied for by the Applicant, the surplus Application Monies will be returned by cheque within 14 days after the Closing Date. Where no Shares are issued, the Application Monies will be returned in full by cheque within 30 days of the Closing Date.

Irrespective of whether allotment of Shares takes place, any interest earned on the Application Monies will not be paid to Applicants.

The Company will not be liable to any person not allocated Shares. The Company reserves the right not to proceed with the Offer.

2.6 Minimum Subscription

The minimum subscription for the Offer is \$2,500,000. No Shares will be issued pursuant to this Prospectus until the minimum subscription is reached and conditional approval has been given by the ASX for the Company to be admitted to the Official List.

Should the minimum subscription not be reached within four (4) months after the date of this Prospectus, the Company will either repay the Application Monies to the Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application Monies. Interest will not be paid on Application Monies refunded.

2.7 Oversubscriptions

Oversubscriptions will not be accepted.

2.8 Overseas Investors

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit an offering of the Shares in any jurisdiction outside Australia. The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

2.9 Brokerage

No brokerage or stamp duty will be payable by Applicants subscribing for Shares.

2.10 Underwriting

The Offer is not underwritten.

2.11 ASX Listing

Within 7 days from the date of this Prospectus, application will be made for the Company to be admitted to the Official List and for admission of the Shares offered by this Prospectus to quotation on the ASX.

If the Company is not admitted to the Official List and its Shares are not admitted to quotation within 3 months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all Application Monies without interest and within the time prescribed by the Corporations Act.

The ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

2.12 Restricted Securities

Shares issued to promoters, vendors, seed capital investors and others prior to the Offer may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such Shares, to be determined by the ASX, may be required to be held in escrow for a period of time, as determined by the ASX.

2.13 Entitlement Issue of Options to Shareholders

It is proposed that Shareholders be offered an entitlement issue of Options within three months after the commencement of trading of the Company's Shares on ASX. Accordingly, all Shareholders registered on the applicable Entitlement Date will be entitled to participate in a fully underwritten, non-renounceable entitlement issue of Options on the basis of 1 Option for every 4 Shares held. The Options will be issued for 1 cent each and will have an exercise price of 20 cents and an expiry date of 1 July 2014.

Cygnit Capital has agreed to underwrite the proposed entitlement issue of Options, in consideration for which it will receive, subject to shareholder approval if required, a minimum subscription of 5,000,000 Options, together with a 5% capital raising fee and 1% management fee calculated on total funds raised via the entitlement issue. For clarity, if all Shareholders entitled to participate in the entitlement issue take up their Options, Cygnit Capital will still receive 5,000,000 Options.

A disclosure document will be issued for the Options to be offered pursuant to the entitlement issue. Shareholders who are registered on the applicable Entitlement Date who wish to acquire Options under the entitlement issue must complete an application form which will accompany that disclosure document.

The terms and conditions of the Options are detailed in Section 10.3 of this Prospectus.

2.14 CHESS

The Company proposes to participate in CHESS, operated by ASTC, a wholly-owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules. Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker-sponsored, ASTC will send them a CHESS statement.

The CHESS statement will set out the number of Shares allotted to each holder under the Prospectus and give details of their holder identification number, in the case of a holding on the CHESS sub-register.

In the case of an Issuer Sponsored sub-register, the statement will contain the number of Shares allotted under the Prospectus and the Shareholder's security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. A holder may request a statement at any other time, however a charge may be incurred for additional statements.

2.15 Opening and Closing Dates

The proposed opening date for acceptance of the Offer will be 20 May 2011 or such later date as may be prescribed by ASIC.

The Offer will remain open until 5.00pm WST on 3 June 2011.

The Company reserves the right to open and close the Offer at any other date and time, without prior notice.

Applicants are encouraged to submit their Applications as early as possible.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.



2.16 Enquiries in Relation to the Offer

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

2.17 Privacy Statement

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

The information may also be used from time to time and disclosed to persons inspecting the register, 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 is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in this Prospectus.

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

Directors

3.1 Directors

Mr Winton Willesee *BBus, DipEd, PGDipBus, MCom, FFin, CPA, MAICD*
Non- Executive Chairman

Mr Willesee is an experienced Director in the small capitalisation sector of the ASX and brings to Mining Group a broad range of experience in company development, company administration, corporate governance and corporate finance.

Mr Willesee has a Master of Commerce, Post Graduate Diploma in Business (Economics and Finance), a Diploma in Education and a Bachelor of Business. He is a fellow of the Financial Services Institute of Australasia and a member of CPA Australia. Mr Willesee is also a Non-Executive Director of Base Resources Limited, Coretrack Limited, Future Corporation Australia Limited and Newera Resources Limited, and Non-Executive Chairman of Cove Resources Limited. He is also currently the Company Secretary of a number of ASX listed companies.

Mr Andrew Maurice *BBus, GradCertMgmt, MBA, MAICD*
Managing Director

Mr. Maurice is an organisational business development professional with 16 years experience working with start up businesses and providing business advice to growing companies in a broad range of industries, including the resource industry. In his most recent role, Mr Maurice was founding Managing Director of Waratah Gold Limited, an ASX listed exploration and mine development company which, under Mr Maurice's management, acquired a world class iron ore project in West Africa. His specialist business advisory skills lie in the areas of business and strategic planning, project management, marketing and human resource management. He has also been involved in the establishment and operation of three successful business development organisations in Western Australia.

Mr. Maurice holds a Bachelor's degree in Business, a Graduate Certificate in Management and a Masters of Business Administration from Curtin University of Technology and is a Member of the Australian Institute of Company Directors. He also is a Board member of Curtin University's School of Management and director of the Perth based management consultancy Management West.

Ms Shannon Coates *LLB, BJuris, CSA*

Non-Executive Director/Company Secretary

Ms Coates holds a Bachelor of Laws from Murdoch University and has over 17 years experience in corporate law and compliance. Ms Coates is a Chartered Secretary and currently acts as Company Secretary to ASX listed companies Vmoto Limited, Coretrack Limited and Ram Resources Limited and ASX/JSE/AIM listed Coal of Africa Limited. She has also acts as Non-Executive Director and/or Company Secretary to a number of unlisted companies. Ms Coates is Legal and Compliance Counsel to Perth based corporate advisory firm Evolution Capital Partners, which specialises in the provision of corporate services to ASX, JSE and AIM listed companies.



Company and Project Overview

4.1 Introduction

Mining Group Limited was incorporated on 9 February 2011 as Mining Group Pty Ltd. On 29 April 2011, the Company converted to a public company and changed its name to Mining Group Limited.

The Company is an Australian company established with the primary objective of discovering and/or acquiring commercially significant mineral projects that can be readily brought into production.

An experienced Board of Directors with a broad range of industry experience has been assembled to direct the operations of the Company.

The Company has an interest in the Boorara and Teutonic Projects, which are prospective for gold and base metals, and the Lake Christopher Project, which is prospective for gold, diamonds and uranium (together "the Projects").

The Company also intends to identify other mineral resource opportunities in Australia and overseas.

Further details on the Projects are included in Section 4.4 and in the Independent Geologist's Report in Section 5 of this Prospectus.

4.2 Objectives

The Board's primary objective is for the Company to generate value for Shareholders by:

- managing the Company's current portfolio of gold, base metals, diamonds and uranium assets in order to realise their full economic potential;
- utilising the accumulated knowledge and experience of its Directors and Management;
- implementing active and systematic exploration programs;
- seeking and acquiring new assets in Australia or internationally where considered appropriate, and
- divesting assets or seeking new joint ventures and alliances to manage investment risk where considered appropriate.

The Company may dispose of all or part of its interest in a project if it considers that the proceeds on disposal can be used to fund either acquisitions or development activities that may be more appropriate for the Company to pursue, or, if it considers the work undertaken indicates the project's prospectivity is too low to warrant further expenditure.

4.3 Company Projects

Mining Group's mineral assets comprise interests in the Boorara, Teutonic and Lake Christopher Projects, which are based in Western Australia and are, collectively, prospective for gold, base metals, diamonds and uranium. Mining Group intends to initially focus on the exploration and development of these Projects.

(a) BOORARA PROJECT (earning up to 70%)

The Boorara Project is located approximately 17 kilometres southeast of Kalgoorlie in the East Coolgardie Mineral Field in Western Australia. It comprises two granted Prospecting Licenses and covers an area of 206 hectares. The Company has entered into a Farm In and Joint Venture Agreement with the registered holder of the Boorara Project, pursuant to which it may earn an initial 70% interest in the tenements on meeting certain conditions. A summary of the Farm In and Joint Venture Agreement is included in Section 10.4 of this Prospectus.

The area has a long history of gold mining and exploration and the Project is located within one of the major gold producing belts in the Eastern Goldfields.

The Boorara Project area occupies a position favourable for gold mineralisation within what is known as the Boorara Fault/Shear Zone. There are a number of gold and base metal deposits associated with this wide fault/shear zone, both to the north and south of the Boorara Project. These include the Boorara Gold Mine (2.4Mt @ 1.66g/t gold), the Nimbus Mine (Zn, Ag, Pd), Golden Ridge (Ni, Au), and Blair (0.25Mt @ 2.6% Ni). Historical gold production from the area was reportedly estimated at 31,400 ounces, the majority of which was prior to 1916.

The Boorara area is not only prospective for gold, but also for base metals and silver mineralisation. The closed Nimbus Silver Mine is located outside of the Boorara Project tenements and immediately east of the Boorara Mining Centre. In 2004, Polymetals Mining Limited ("Polymetals") produced 3.2Mozs of silver from two open cut mines at Nimbus.

There are numerous other base metal and silver prospects in proximity to the Boorara Project area, namely Gretel, Condor, Brindabella, Tramways, Shamrock and Sovereign. Previous drill-testing, particularly at Shamrock and Sovereign, resulted in a number of low-grade base metal and gold intersections by various explorers. In general, the Project area appears underexplored utilising modern exploration techniques. The primary exploration targets at the Boorara Project are the sheared contact zone between sediments and the mafic rock units which have exhibited anomalism for gold and base metals from previous exploration.

(b) TEUTONIC PROJECT (earning up to 70%)

The Teutonic Project is located 30 kilometres north of the major mining town of Leonora in the Eastern Goldfields of Western Australia. It consists of one granted Exploration Licence covering an area of 1,613 hectares. The Company has entered into a Farm In and Joint Venture Agreement with the registered holder of the Teutonic Project, pursuant to which it may earn an initial 70% interest in the tenement on meeting certain conditions. A summary of the Farm In and Joint Venture Agreement is included in Section 10.4 of this Prospectus.

The gold endowment in the Eastern Goldfields is extensive, with Australia's five largest known deposits historically producing 13.5Mozs of gold from the region. The Teutonic Project is located 5 kilometres west of the Tarmoola Gold Deposit, 4 kilometres north of McGraths Gold Deposit, approximately 25 kilometres north of the Gwalia Gold Mine and processing plant and approximately 30 kilometres south of the Teutonic Bore, Jaguar and Bentley lead-zinc-silver deposits and processing plant.

The Teutonic Project is located in the Mt Margaret Mineral Field and covers part of the north-north-westerly trending Norseman to Wiluna Archean greenstone belt.

An anomalous gold trend within the Teutonic Project area is yet to be systematically tested below the weathered zone and the base metal potential of the property has yet to be tested using modern exploration techniques. This is despite the property being located in an emerging base metals province with significant resources being located 20 to 30 kilometres north of the Project at the Teutonic Bore, Jaguar and Bentley Deposits.

(c) LAKE CHRISTOPHER PROJECT (100%)

The Lake Christopher Project lies in the Musgrave Block, located 130 kilometres west of the border between Western Australia and the Northern Territory, and is made up of a single Exploration Licence application covering an area of 22,800 hectares.

The Project is located at the south western extremity of the Amadeus Basin and at the contact with igneous and metamorphic rocks of the Giles and Musgrave complex.

A gravity high and a coincident magnetic anomaly at Mt Forrest, within the Project area, was identified in the 1990's. This target has been identified on different geophysics data sets and remains a priority follow up target in the region, possibly representing mineralisation or a kimberlite intrusive (potential host rock for diamonds).

A significant radiometric anomaly, identified in 2007, occurs in the western part of the Project area and the strength and extent of the anomaly warrants further investigation to determine the source. This radiometric uranium anomaly, coincident with Lake Christopher, covers an area of approximately 7.5 x 1.5 kilometres. This feature may represent a palaeochannel hosted uranium deposit of some significance.



The Company plans to prudently explore the three Project areas in the near term and in multiple phases, with the intention of defining a JORC compliant Mineral Resource. The Company also intends to identify other mineral resource opportunities in Australia and overseas.

A full appraisal of all of Mining Group's Projects can be found in the Independent Geologist's Report in Section 5.

TENEMENT SCHEDULE

A summary of the Company's interest in the tenements comprising the Boorara, Teutonic and Lake Christopher Projects is set out below:

TENEMENT NUMBER	PROJECT	REGISTERED HOLDER/APPLICANT	COMPANY'S INTEREST	DATE GRANTED/APPLIED	EXPIRY DATE
P26/3621	Boorara	Clinton Dean Hood	Option to acquire 70% ¹	17/11/2008	16/11/2012 ³
P26/3622	Boorara	Clinton Dean Hood	Option to acquire 70% ¹	17/11/2008	16/11/2012 ³
E37/1037	Teutonic	Sammy Resources Pty Ltd	Option to acquire 70% ²	23/07/2010	22/07/2015
ELA69/2935	Lake Christopher	Mining Group Limited	100%	30/03/2011	N/A

Notes

1. Mining Group has entered into a Farm In and Joint Venture Agreement with the registered holder, Clinton Dean Hood, pursuant to which it may earn an initial 70% interest in the Boorara Project. Full details are included in Section 10.4 of this Prospectus.
2. Mining Group has entered into a Farm In and Joint Venture Agreement with the registered holder, Sammy Resources Pty Ltd, pursuant to which it may earn an initial 70% interest in the Teutonic Project. Full details are included in Section 10.4 of the Prospectus.
3. P26/3621 and P26/3622 may be extended at the discretion of the Minister of Mines for a period of 4 years and, in certain circumstances, by a further period or periods of 4 years.

4.4 Work Program

The proposed work programs and exploration budgets for each of Mining Group's Projects are detailed in the Independent Geologist's Report in Section 5 of this Prospectus and reflect the initial focus for the Company upon a successful listing and raising of capital. The Projects have a number of drill ready targets from previous exploration however more thorough reconnaissance will also assist in prioritising new targets in subsequent phases of follow-up work.

The suggested work is in multiple phases and subject to constant review based upon results, interpretations, development of exploration targets and models and target prioritisation. This is an evolving process and will be driven by many factors including success of the previous phase before moving on to subsequent stages. Therefore, some flexibility in changing the programs and budgetary requirements is needed as results are received. All tenements are granted for the Boorara and Teutonic Projects and work can commence without delay. With respect to the Lake Christopher Project, access for field work is also not guaranteed until grant of application ELA69/2935 and successfully negotiating access with the traditional owners.

Fieldwork in the first year for all Projects is expected to include detailed research of previous exploration, geological modelling and geophysical and

geochemical data acquisition. It is anticipated that this will be followed by more detailed geological and geophysical surveys, as appropriate, and drilling in areas of significant anomalism. Depending on the success of the first year exploration, it is anticipated that follow up work in the second year will consist primarily of closer spaced drilling and sampling to further define the mineralisation.

4.5 Exploration Budget

A total proposed exploration budget for Years 1 and 2 for all Projects is estimated to be \$1,610,000, with a large component of airborne and ground geophysics, RC and diamond drilling included.

The amount of capital Mining Group expects to raise from the IPO is considered sufficient and adequate to explore the three Projects effectively for the first two years of activity as shown by the expected exploration budgets in the table below:

PROJECT	YEAR 1	BUDGET YEAR 2	TOTAL
Boorara	\$260,000	\$295,000	\$555,000
Teutonic	\$310,000	\$355,000	\$665,000
Lake Christopher	\$100,000	\$290,000	\$390,000
Total	\$670,000	\$940,000	\$1,610,000

Independent Geologist's Report



Broad Tree Group

ABN 13 042 699 201

Geological Services – Global Mineral Exploration and Mining

3 May 2011

The Directors
Mining Group Limited
Level 1, 173 Mounts Bay Road
PERTH WA 6000, Australia

Dear Directors,

INDEPENDENT GEOLOGIST'S REPORT

I have been commissioned by Mining Group Limited ("Mining Group" or "the Company") to provide an Independent Geologist's Report ("IGR") on the Boorara, Teutonic and Lake Christopher Projects in Western Australia (collectively "the Projects"). This IGR is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC") by the Company on or around 6 May 2011, offering subscriptions of up to 12,500,000 Shares at an issue price of 20 cents per Share (the "Prospectus"), to raise up to \$2.5 million (before costs associated with the issue). The funds raised will be used primarily for the exploration and evaluation of the Projects and to review other potential mineral projects in Australia and overseas, in line with the strategy of the Company.

The IGR relates to the Boorara, Teutonic and Lake Christopher Projects in Western Australia. The Boorara Project consists of two (2) granted prospecting licences in the Eastern Goldfields. These two granted prospecting licences are P26/3621 and P26/3622. The Teutonic Project consists of one (1) granted exploration licence E37/1037, also in the Eastern Goldfields of Western Australia. The Lake Christopher Project consists of one (1) exploration licence application ELA69/2935 and is located in the Musgrave Block in the central east of Western Australia.

DECLARATIONS

Relevant codes and guidelines

This IGR has been prepared in accordance with the rules and guidelines issued by such bodies as the ASIC and the Australian Securities Exchange ("ASX"), which includes the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the Valmin Code). Where mineral resources have been referred to in this IGR, the classifications are consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2004. The IGR complies with section 716(2) of the Corporations Act 2001 where consent is required if statements have been attributed to third parties.

Under the definition provided by the ASX and in the JORC Code, the Projects are classified as 'Exploration Projects', which are inherently speculative in nature. The Projects are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Mining Group.



Sources of Information

The statements and opinion contained in this IGR are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the area. It should be noted that where information from a previous geological report has been included which has been submitted to the Department of Mines and Petroleum of Western Australia or the ASX, and is available in the public domain, the author of the previous report has not consented to its use in this IGR. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to Mining Group, along with a written request to identify any material errors or omissions prior to lodgement.

The independent technical report has been compiled based on information available up to and including the date of this IGR. Consent has been given for the distribution of this IGR in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this IGR is:

Donald V Horn

Donald V Horn has over 20 years experience as a geologist in the mineral exploration and evaluation industry since 1989 working on gold, diamonds and other precious stones, base metal and platinum group minerals, iron ore, coal, bauxite, uranium, mineral sands and industrial minerals projects (including rare earths). Mr Horn is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM), Member of the Australian Institute of Geoscientists (MAIG) and satisfies the ASX and ASIC regulations and requirements to provide independent expert reports for listed and unlisted public companies.

Mr Horn is the founder and Principal Consultant of Broad Tree Group and consults to the mineral exploration industry on Australian and overseas projects.

Independence

I am not, nor intend to be a Director, officer or other direct employee of Mining Group and have no material interest in the Projects or Mining Group. The relationship with Mining Group is solely one of professional association between client and independent consultant. The review work and this IGR are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this IGR.

Yours faithfully

D V HORN

BAppSc (Geology)

MAusIMM MAIG

INDEPENDENT GEOLOGIST'S REPORT

PREPARED FOR
MINING GROUP LIMITED
MAY 2011
DONALD V HORN

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FIGURE 1 : PROJECT LOCATION MAP

1. SUMMARY

This Independent Geologist's Report ("IGR") has been prepared for inclusion in a Prospectus to be issued by Mining Group Limited ("Mining Group" or "the Company") on or around 6 May 2011 offering for subscription up to 12,500,000 Shares at an issue price of 20 cents per Share. The Projects include the Boorara, Teutonic and Lake Christopher Projects located in Western Australia.

The Boorara and Teutonic Projects are prospective for gold and base metals and lie within the Eastern Goldfields of Western Australia. The Lake Christopher Project is prospective for gold, diamonds and uranium and lies in the Musgrave Block on the border between Western Australia and the Northern Territory. The locations of the Projects are shown in Figure 1.

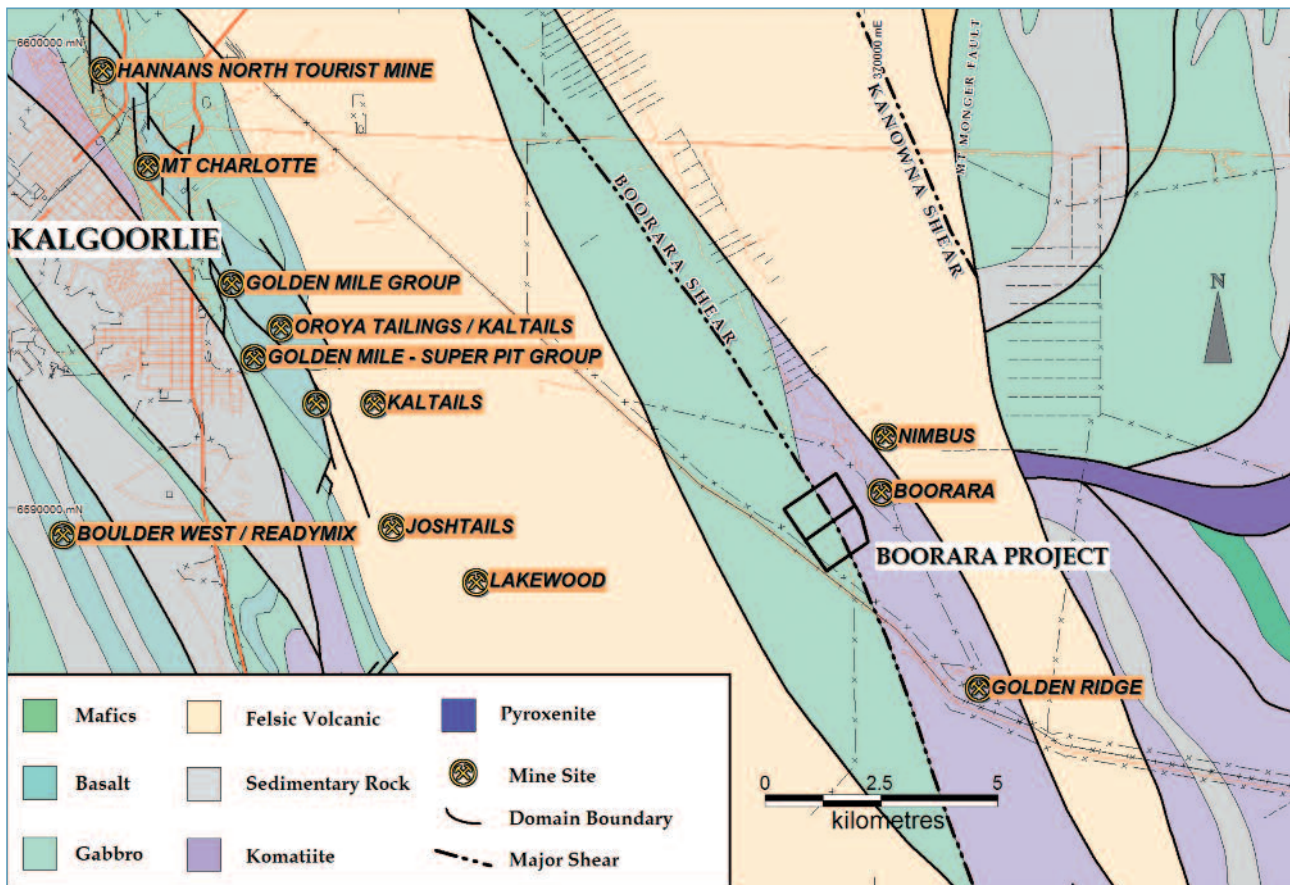


FIGURE 2 : GEOLOGY AT THE BOORARA PROJECT

2. BOORARA PROJECT

The Boorara Project is made up of two prospecting licences covering an area of approximately 206ha and is located some 17 km southeast of Kalgoorlie in the Eastern Goldfields Province, Western Australia (Figure 1).

The area has a long history of gold mining and exploration and the Boorara Project is located within one of the major gold producing greenstone belts of the Eastern Goldfields.

The Boorara Project area occupies a position favourable for gold mineralisation within what is known as the Boorara Fault/Shear Zone. There are a number of gold and base metal deposits associated with this wide fault/shear zone both to the north and south of the Boorara Project. These include the Boorara Gold Mine (2.4Mt @ 1.66g/t gold), the Nimbus Mine (Zn, Ag, Pd), Golden Ridge (Ni, Au), and Blair (0.25Mt @ 2.6% Ni). Historical gold production from the area was reportedly estimated at 31,400 ounces gold, the majority of which was prior to 1916.

The Boorara area is not only prospective for gold, but also for base metals and silver mineralisation. The closed Nimbus Silver Mine is located outside of the Boorara Project tenements and immediately east of the Boorara Mining Centre. Between 2004 and 2007, Polymetals Mining Limited ("Polymetals") produced 3.2Mozs of silver from two open cut mines at Nimbus (Bolger, 2007).

There are numerous other base metal and silver prospects in proximity to the Boorara Project area; namely Gretel, Condor, Brindabella, Tramways, Shamrock and Sovereign. Previous drill-testing, particularly at Shamrock and Sovereign, resulted in a number of low-grade base metal and gold intersections by various explorers. In general, the Project area appears underexplored utilising modern exploration techniques.



2.1 LOCATION AND TENURE

The Boorara Project is accessed by a bitumen road then gravel roads and tracks. It is located 17 km southeast of Kalgoorlie. The Boorara Project comprises Prospecting Licences P26/3621 and P26/3622, which secure an area of approximately 206ha (2.1km²) in the East Coolgardie Mineral Field of Western Australia. The two licences are held in the name of Clinton Dean Hood, and were applied for in July 2007. Mining Group has entered into a Farm-in and Joint Venture Agreement with Clinton Dean Hood pursuant to which it may earn an initial 70% interest in the Project.

Table 1 below shows the tenement details for the Boorara Project.

Table 1 : Boorara Project Tenement Details

TENEMENT	SIZE (HA)	GRANT DATE	EXPIRY DATE	EXPENDITURE COMMITMENT	RENT	HOLDER
P26/3621	99	17/11/2008	16/11/2012	\$3,960.00	\$228.69	HOOD, Clinton Dean
P26/3622	107	17/11/2008	16/11/2012	\$4,280.00	\$247.17	HOOD, Clinton Dean
Total	206 Ha			\$8,240.00	\$475.86	

2.2 GEOLOGICAL SETTING

Project Geology

The Boorara Project is located within the Boorara Domain close to the eastern boundary of the Kambalda Domain from which it is separated by the Boorara Fault/Shear Zone. The Boorara Domain consists of a lower basalt unit, overlain by komatiite ultramafics, which are overlain by felsic volcanic and sedimentary rocks. Within the Project tenements, these rock sequences are largely concealed beneath an extensive cover of recent soils and ferruginous laterites.

Gold mineralisation within the region is associated with several different host lithologies and mineral assemblages. High-Mg basalts, dolerites, quartz dolerites and minor quartz-feldspar porphyries contained within the Boorara-Menzies Shear Zone host gold mineralisation at the Corsair and Boorara mining centres. At Corsair, the regional chlorite-carbonate alteration has been overprinted by a silica-sericite-pyrite assemblage along with chalcopyrite and gold mineralisation. Gold mineralisation at Boorara is associated with silica-sericite-pyrite and arsenopyrite assemblages. At Golden Ridge the sheared basalts and sediments are intruded by quartz-albite porphyry. Gold mineralisation is associated with albite-silica-sericite-pyrite alteration and minor carbonate-pyrite-galena-sphalerite and rutile assemblages in quartzalbite veining (Hamill, 2003).

The Blair Nickel Mine deposits exhibit similar geological characteristics to other nickel sulphide deposits in the Kambalda region with massive or semi massive nickel-copper sulphides typically occurring at the footwall contact of an ultramafic unit with footwall carbonaceous sediments or basalt. The eastern part of both tenements is underlain by a highly prospective ultramafic unit.

2.3 PREVIOUS EXPLORATION

From 1906 to 1918, a total of 4,136,300g of gold was recovered from 244,000t (16g/t gold) of ore from the Golden Ridge/Waterfall Deposit (Davies, 1986). The major north-north-westerly trending structures in the region act as conduits for the gold mineralising fluids and associated cross-cutting structures in the area commonly provide favourable hosts for gold mineralisation.

Historically 80t of copper ore was mined from a gossan developed on pyrite, chalcopyrite and pyrrhotite quartz veins within fine grained clastic sediments at the Corsair Mine and 43 tons of manganese was mined from nearby manganese-enriched laterites (Davies, 1986). Significant nickel-sulphide mineralisation has been identified within ultramafics at the Blair Nickel Mine, 12km south of the tenement. Resources at the Blair Nickel Mine, which has a 6km decline to a depth of around 850m, have been estimated by Australian Mines Limited to be 113,000t @ 3.8% nickel for 4,300t nickel metal (33,000t @ 4.2% "Measured" category, 28,000t @ 4.1% "Indicated" category, 52,000t @ 3.8% "Inferred" category (Elias 2009)).

Between 1967 and 1994, the area was investigated by Western Mining Corporation Limited, Hunter Resources NL and BP Minerals, who carried out a program of mapping and rock-chip sampling of abandoned gold mining workings. More recently, Acacia Resources in joint venture with Richfield, carried out a program of shallow exploratory RAB drilling of previously identified gold-in-soil anomalies.

This work confirmed the presence of two north-north-westerly trending anomalous zones. These anomalies trend towards abandoned gold workings outside the lease area and are believed to indicate the presence of a mineralised contact between metasedimentary and mafic rock units, which are concealed beneath the soil cover. This contact was drill tested with shallow RAB drill holes. The drilling showed the area to be very deeply weathered with none of the drill holes terminating in bedrock (depth of oxidation interpreted to be greater than 75m). This deep weathering is associated with the sheared contact and may result in a subdued geochemical signature at surface. The gold anomaly also has associated anomalous nickel, zinc, copper, arsenic and lead values. While no ore grade gold values were intercepted in the RAB drilling, significant mineralisation may be present beneath the deeply leached profile and further investigation was recommended. No deep drilling was completed in this area (Cottrill, 1997).

Polymetals holds several adjoining mining and exploration tenements including the Boorara mining centre', which had considerable historical mining in the early 20th century. Historic gold production in the area has come largely from the Waterfall (Golden Ridge) Mine, which produced approximately 140,000oz of gold at a grade of 17.1g/t. Gold mineralisation is largely hosted in a north trending, sub-vertical quartz-feldspar porphyry unit, assumed to be the lateral equivalent to felsic schists which host gold in the Boorara area (Keats, 1987). Historical gold production reported from the Boorara Centre is 5.49t, although part of this figure is from the Waterfall Mine.

Four main areas at the Boorara mining centre contain significant gold mineralisation; namely the Southern and Northern Stockwork zones, Crown Jewel and Cataract-Digger Dam, and all have been drill-tested by Polymetals in the past years.

A Mineral Resource was estimated by Polymetals in 2006 with a total of 1.3Mt at an average grade of 1.3 g/t gold for 54,000 ounces in an Indicated Resource category and 0.6 Mt at an average grade of 1.5 g/t gold for 30,000 ounces in the Inferred Resource category (Bolger, 2007).

Polymetals report that there is good potential to expand the current Mineral Resource estimate. They have been testing the potential for depth extensions to the known deposits as they consider much of the current drilling to be relatively shallow.

Other gold anomalies include Chapple and Golden Ridge North, which are located to the south of the Southern Stockwork Zone. These two prospects are at an early stage of exploration and require further work. Limited drilling is planned at Boorara by Polymetals in 2011.

2.4 EXPLORATION POTENTIAL

The Boorara Project is located 1km southwest of the historic Golden Ridge Mining area. Recorded production up to 1993 from the Boorara mining centre, which includes the Golden Ridge gold mines, totalled 5,490.7kg of gold (Ahmat, 1995). A number of historical workings and shafts are situated within the Project area, however no production figures are recorded.

More recent exploration activities in the general area for extensions of the Kambalda-style nickel-copper deposits on soil and alluvium covered Archaean mafic and ultramafic rocks have been undertaken by Western Mining Corporation, Carpentaria Exploration Company and others.

Australian Mines Limited explored the area to the south for nickel sulphide and gold mineralisation. Western Nickel Pty Ltd and Australian Selection Pty Ltd explored the region for nickel, copper and zinc mineralisation from 1967 to 1974.

Exploration activities included geochemical soil sampling across the entire Project area, gossanous outcrop sampling, trench sampling and ground IP surveys near the Corsair copper mine. The geophysical targets were followed up with diamond drilling, and any Ni-Cu or Cu-Zn anomalies were followed up with RC drilling. No significant nickel-copper mineralisation was identified. (Western Nickel, 1967) During 1985, BP Minerals Australia explored the area as part of a much larger regional gold exploration program. Exploration activities within the Project area included geological mapping and rock chip and dump sampling. Geological mapping identified a number of historic gold workings and shafts along andesitic to felsic volcanic units within the tenements. Samples J32814, 18 and 21, of quartz filled fractures in sediments near the western ultramafic contact, 1km west of the Boorara Mine returned anomalous gold results (Davies, 1986).

Gold mineralisation within the Menzies-Boorara Shear Zone, Eastern Goldfields Province, Western Australia, is characterised by several similar features. These features have been used to constrain the regional gold mineralisation processes. The Menzies-Boorara Shear Zone is a wide zone of intense shearing constrained to a narrow north-north-westerly trending corridor bounded by granitic batholiths. Gold deposits within the Menzies-Boorara Shear Zone are geologically similar to the world-class gold deposits associated with the Boulder-Lefroy Shear Zone.

Gold within the Menzies-Boorara Shear Zone is predominantly associated with structurally-controlled lodes.

The primary exploration target at the Boorara Project is the sheared contact zone between sediments and mafic rock units which has exhibited anomalism for gold and base metals from previous exploration.



2.5 EXPLORATION PROGRAM AND BUDGET

The Boorara Project area is located within the Boorara Fault/Shear Zone, which elsewhere is host to a number of precious and base metal occurrences. Reconnaissance exploration has identified gold-in-soil anomalies which have been confirmed by a limited program of follow-up drilling.

Further work is warranted to identify the source of anomalous gold values found in the near-surface saprolitic zone.

This work will allow the Company to systematically explore the tenement group for both shallow and deeper mineralisation. The data sets produced from this work will allow continual prioritisation and re-rating of targets as each phase of work is completed. A large component of the budget is expected to be in direct drilling costs as well as geophysics.

Tenement monitoring and further ground acquisition in the region is also recommended to build on the ground holding currently secured by the two licences. With a number of gold plants in a 100km radius of the Project, opportunities also exist for joint ventures, strategic alliances or toll treatment arrangements with mill owners.

The budget for the Boorara Project reflects one of the key focus areas for Mining Group upon a successful listing and raising of capital. The Project has a number of drill ready targets from previous exploration however more thorough reconnaissance will assist in prioritising other targets before mobilising drilling equipment to site. A total proposed exploration budget for Year 1 and 2 at Boorara is estimated to be \$555,000, with a large component of airborne and ground geophysics, RC and diamond drilling planned.

The suggested work is in multiple phases and subject to constant review based upon results, interpretations, development of exploration targets and models and target prioritisation. This is an evolving process and will be driven by many factors including success of the previous phase before moving on to subsequent stages. Therefore some flexibility in changing the programs and budgetary requirements is needed as results are received.

Field work in the first year encompasses detailed research of previous exploration, geological modelling and geophysical and geochemical data acquisition. This will be followed by more detailed geological and geophysical surveys as appropriate and drilling in areas of significant anomalism. Depending on the success of the first year exploration, follow up work in the second year will consist primarily of closer spaced drilling and sampling to further define the mineralisation. The amount of capital Mining Group expects to raise from the IPO is considered sufficient and adequate to explore the Projects effectively for the first two years of activity as shown by the expected exploration budgets in Table 2 below.

Table 2 : Proposed Year 1-2 Exploration Budget for the Boorara Project

	PROJECT BUDGET, AUD		TOTAL
	YEAR 1	YEAR 2	
Data Review	10,000	10,000	20,000
Field Survey	45,000	55,000	100,000
Mapping, Prospecting	30,000	30,000	60,000
Geophysics	60,000	70,000	130,000
RC/DDH Drilling	75,000	80,000	155,000
Sampling / Assaying	40,000	50,000	90,000
Annual Total	\$260,000	\$295,000	\$555,000

3. TEUTONIC PROJECT

3.1 LOCATION AND TENURE

The Teutonic Project is located within the Leonora section of the Norseman-Wiluna Archaean greenstone belt of the Eastern Goldfields Granite-Greenstone Terrane. The Teutonic Project also falls within the Mt Malcolm District of the Mt Margaret Mineral Field. The Teutonic Project comprises one Exploration Licence, E37/1037, encompassing approximately 1,613ha and is located over the Clover Downs (3114/717) and Tarmoola (3114/968) pastoral leases.

The Teutonic Project is located approximately 30km north of the mining town of Leonora and is easily accessible by way of the Goldfields Highway. Thereafter, access to the Project is by way of exploration or station tracks. The Project area is located 5km west of the Tarmoola Gold Deposit (incorporating the now King of the Hills deposit), 4km north of the McGraths Gold Deposit, approximately 25km north of the Gwalia Gold Mine and processing plant, and approximately 30km south of the Teutonic Bore, Jaguar and Bentley lead-zinc-silver deposits and processing plant.

The Teutonic Project comprises one granted Exploration Licence held by Sammy Resources Pty Ltd, a wholly owned subsidiary of Cazaly Resources Limited. Mining Group has entered into a Farm-in and Joint Venture Agreement with Sammy Resources Pty Ltd pursuant to which it may earn an initial 70% interest in the Project.

Table 3 : Teutonic Project Tenement Details

TENEMENT	SIZE (HA)	GRANT DATE	EXPIRY DATE	EXPENDITURE COMMITMENT	RENT	HOLDER
E37/1037	1,613	23-July-10	22-July-15	\$20,000	\$1,089.99	Sammy Resources Pty Ltd

3.2 GEOLOGICAL SETTING

Regional and Local Geology

The Teutonic Project area is located in the Mt Margaret Mineral Field and covers part of the north-north-westerly trending Norseman to Wiluna Archean greenstone belt. The Leonora section of the greenstone belt is comprised of Archean mafic and ultramafic rocks, interbedded sedimentary units and felsic volcanics that have been intruded by plutons, dolerite-gabbro dykes, felsic-intermediate porphyries and stocks. The lithostratigraphy of the greenstone sequence in the Leonora district has further been subdivided into western and eastern successions, broadly separated by the Mount George Shear Zone (Hallberg, 1985). The western succession (Association 1/ Leonora Western Domain) is defined by a sequence of tholeiitic basalts and komatitic basalts with minor interbedded sedimentary rocks, whilst the eastern succession (Association 2/Leonora Eastern Domain) is dominated by andesitic and rhyolitic volcanoclastic rocks and sedimentary rocks, with lesser mafic and ultramafic components. The Mount George Shear Zone is marked by mylonitised rocks, magnetite bearing cherts, chloritic schist and quartz-sericite slate.

Regional metamorphic grades within the greenstone belt are mid to upper greenschist facies with amphibolite facies metamorphism occurring locally at greenstone-granitoid contacts.

The Teutonic Project lies to the east of the Mount George Shear Zone within the north-northwest trending Keith-Kilkenny Tectonic Zone. Bedrock geology is comparable to the lithostratigraphy of the Eastern Succession of the greenstone belt, being largely composed of meta-sedimentary rocks and felsic-intermediate volcanic rocks. An eastern zone of moderately weathered, sheared, high magnesium basalt and ultramafic intrusive rocks has been interpreted in the Project area (Westaway, 2002). The bedrock sequence has undergone deep weathering and much of it is covered by geologically recent superficial materials including laterite, colluviums and alluvium.

Structurally, the Teutonic Project area is crosscut by north-north-westerly and northerly trending faults which have resulted from the four major regional deformation events recognised in the region. Shearing is widespread and the contacts of most rock assemblages are tectonic. The relationship between deformation and mineralisation, and the timing of mineralisation in the Leonora district is still debated. Nevertheless, most recent mineralisation models propose that mineralisation occurred at multiple timings throughout the deformation history even within single deposits.

Mineralisation

Poorly exposed Archean granite-greenstone terranes of the eastern Yilgarn Craton include some of the world's most highly mineralised belts hosting several world-class gold and nickel deposits. The Yilgarn Craton is also known to host iron, base metal (Cu, Zn, Pb), silver and uranium resources.

Gold endowment in the Eastern Goldfields Province is extensive, with Australia's five largest known deposits historically producing a total of 13.5Mozs of gold from the region. Within the Eastern Goldfields Province, gold mineralisation is hosted by a wide variety of rock types including mafic and ultra-mafic extrusive and intrusive rocks, auriferous quartz veins in felsic schist, carbonated

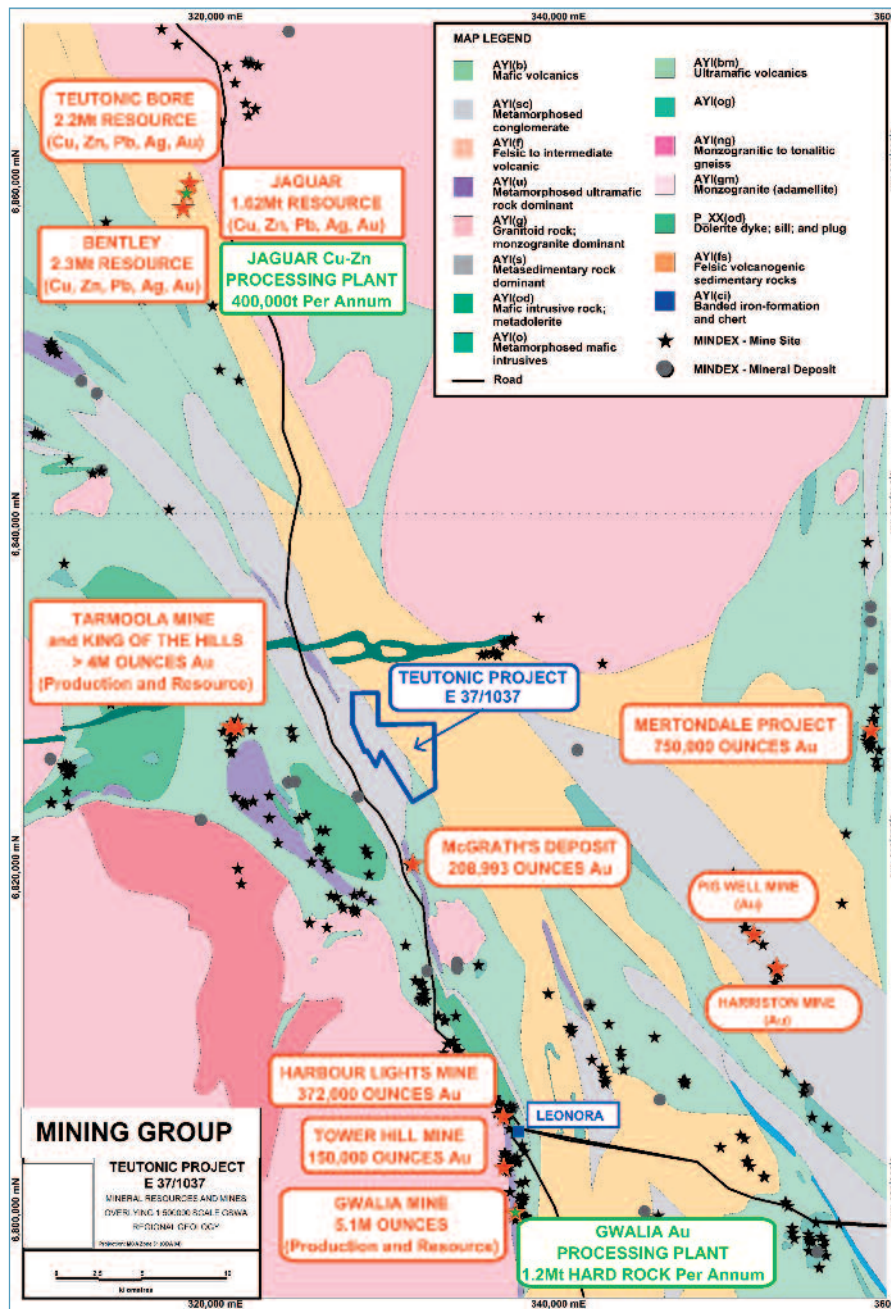


FIGURE 3 : REGIONAL GEOLOGY AND SURROUNDING PROJECTS – TEUTONIC PROJECT

meta-dolerite, silicified phyllite and meta-shale, quartz-feldspar porphyry, meta-gabbro, polymictic conglomerate, felsic volcanoclastic rocks and granitoids. Historically, gold has also been produced from laterite and palaeo-alluvial deposits, known as deep leads. A variety of mineralisation styles are evident within the Eastern Yilgarn region including brittle-ductile shear zones with quartz vein systems, disseminated lodes associated with shear zones or fault systems, sheeted quartz vein sets or stockworks, and quartz reefs. Typically, individual deposits contain more than one mineralisation style, and mineralisation overprinting is common (Figure 3).

Nickel mineralisation in the region is associated with komatiites (Mt Keith, Kambalda) or as lateritic deposits (Murrin Murrin). Base metal copper-zinc-lead-silver mineralisation in the region is associated with volcanic massive sulphides (VMS) (Teutonic Bore, Jaguar, Bentley).

Figure 3 shows the location of the Teutonic Project in relation to the regional geological setting and other operations.

3.3 PREVIOUS EXPLORATION

Exploration completed on and adjacent to tenement E37/1037 of the Teutonic Project has been ongoing since the early 1970's. The Project area was initially explored for base metals (nickel and copper-zinc mineralisation) during the 1970's and early 1980's, before the late 1980's saw a shift in exploration focus, and the region was primarily explored for gold. Exploration works in the Project area have included geological mapping, rock chip sampling, RAB and RC drilling and geophysical surveying including EM and IP surveys.

It is unclear from some historical reports how much of the work undertaken was completed on the area now defined as tenement E37/1037 however, all works outlined below were undertaken either on the area now denoted as tenement E37/1037 or on adjacent tenements.

Exploration (1972 – 1989)

Western Mining Corporation Limited (1972 – 1984), Asarco Australia Pty Ltd (1972 – 1973), Esso Exploration Australia Incorporated (1983 – 1985) and BP Minerals Australia (Seltrust Mining Corporation and Mt Isa Mines) (1979 – 1989) explored the Project area for base metals, and to a lesser extent gold mineralisation from the early 1970's to late 1980's. Exploration included EM, IP and magnetic geophysical surveys, geological mapping and surface rock chip sampling, and RAB, RC and diamond drilling. It is unclear what works were completed over the area now forming tenement E37/1037 however, no anomalous results for base metals or gold mineralisation were reported.

Sons of Gwalia had significant tenement holdings in the Leonora district, including the area now delineated as tenement E37/1037, and completed multiple drilling programs over the Project area and adjacent tenements between 1991 and 2002. Interpretation of aeromagnetic datasets identified north to northwest striking faults across the region, and these structures were targeted for gold mineralisation. Geological mapping was also completed over portions of the Project area.

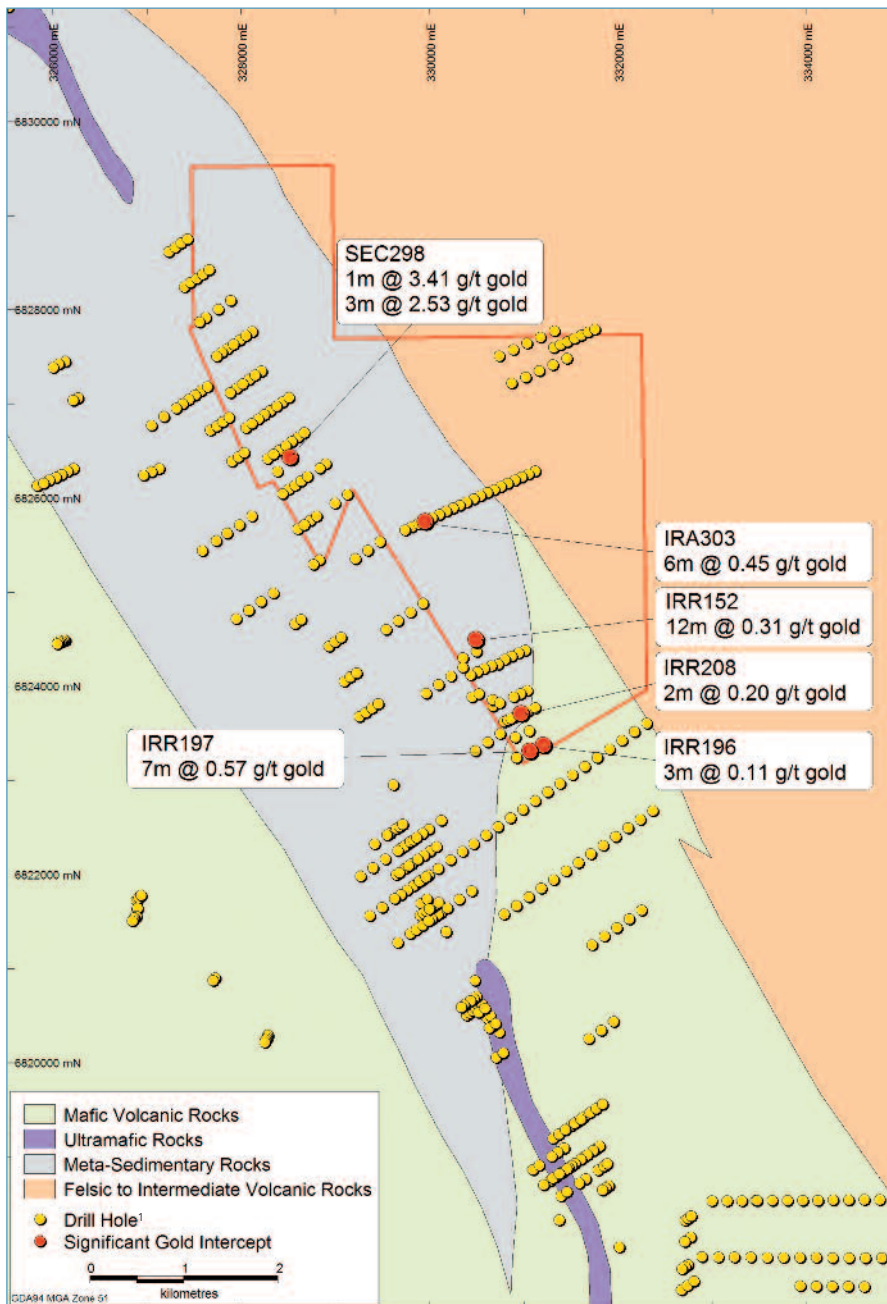
Between 1991 and 1993, two phases of RAB drilling were completed targeting north to north-west striking faults interpreted from aeromagnetic surveys. First pass drilling consisted of 99 RAB holes for 977m targeting upper saprolite lithologies. Drilling was completed on a 320m x 80m grid and 99 samples were taken during the program and analysed for gold and arsenic (Gold Fire-Assay and Carbon-Rod finish, Arsenic XRF). Down hole geology was interpreted to represent a folded sequence of strongly weathered and sheared, mafic volcanics and felsic meta-sedimentary rocks intruded by an ultramafic sill, and minor felsic porphyry. Little alteration was evident. Geochemical results returned generally low gold values (≤ 5 ppb), with above background gold values associated with weathered felsic meta-sedimentary rock. Arsenic values were found to not correlate to higher gold values, and elevated arsenic values were interpreted to be associated with basal felsic meta-sedimentary rocks. A northeast trending zone of weakly anomalous gold was identified from the program (Warren, 1994).

A second phase of RAB drilling was completed to follow up gold anomalous zones. 46 holes for 1,613m were drilled and all samples were analysed for gold, nickel, copper, zinc, bismuth, molybdenum and chromium. Significant gold responses were detected near the clay saprolite/saprolite interface in deeper drill holes, representing an interpreted sub-horizontal blanket of supergene gold accumulation. High magnetic susceptibilities were found to correlate strongly with accumulations of maghemite pisolites with relatively deep (>40m) transport cover. Geochemical anomalism was interpreted to be controlled by either north north-west trending stratigraphy or by north east to east north-east trending cross-cutting structures (Warren, 1994).

The Sons of Gwalia exploration drill program (between 1994 and 1995) targeted the north strike extension of an interpreted northwest striking splay off the McGraths Trend (which occurs south of the Project area). 42 RAB holes and 7 air-core holes for a total of 1,875m were drilled during the program. 3m composite samples were taken for all drilled meters during the program. A north-south anomalous corridor of elevated gold-arsenic values located at a contact between sedimentary and mafic sequences was detected during the program. A best intersection of 12m @ 310ppb gold and 140ppb arsenic was returned (drill hole IRR152). The north-south trending Au and As anomalous zone coincides with a broader 130-500ppm arsenic halo which is confined to a fine-grained sedimentary sequence. Figure 4 shows significant RAB drill results and geology at the Teutonic Project (Warren, 1995). No other significant intercept was returned from this round of drilling at the Teutonic Project. All other intercepts returned results of <100ppb gold and were considered not significant.

Infill RAB drilling of the gold-arsenic anomalous zones in the southwest and central portions of the Project area were completed between 1995 and 1996. 56 holes for 3,948m were drilled. Weak to strong gold anomalism results were returned for the southwest RAB drilling program, including 3m @ 0.11g/t gold (IRR196), 7m @ 0.57 g/t gold (IRR197) and 2m @ 0.20 g/t gold (IRR208). These results are shown in Figure 4 below and no other significant gold intercepts were returned within the Teutonic Project for this drilling. All other intercepts returned results of <100ppb gold and were considered not significant. (Warren, 1995).

Early in 1996, a regional multi-client aeromagnetic survey was flown over the Leonora region. The Sons of Gwalia project area was included in the area covered. A flight line spacing of 100m and terrain clearance of 50m were used. In late 1996, detailed aeromagnetic surveying was completed by Sons of Gwalia over their project area. Flight line spacing of 20m and a terrain clearance of 20m were used. This survey covers approximately fifty percent of the Teutonic Project (Warren, 1996).



Note 1:

Unless noted as a Significant Gold Intercept, all other drill intercepts returned results of <100ppb gold and were considered not significant.

FIGURE 4 : GEOLOGY AND SIGNIFICANT ANOMALIES AT THE TEUTONIC PROJECT

In 1997, selected stored pulp samples from the 1995/1996 RAB program targeting the Projects south western anomalous gold zone were re-assayed using multi-element analysis. Various units of the regolith profile, including end of hole samples, were selected for analysis for secondary base metal dispersion associated with gold mineralisation. 96 pulp samples from 21 RAB holes located along the felsic volcanic-shale contact were selected for this analysis. No anomalous results were detected. This is the only modern base metal exploration completed within the Project area and is not considered to have effectively tested the potential of the entire Teutonic Project (Davies, 1997).

Exploration in the Project area by Sons of Gwalia between 1999 and 2002 comprised 1:10,000 scale geological mapping and the drilling of 20 Aircore and 1 RC drill holes. RC drill hole SEC298 (1999) was the only hole recorded within the Project. It was drilled to 180m in the north-western portion of the Teutonic Project area and returned a single gold intercept of 1m @ 3.41g/t gold from 69m (Figure 4). The remaining 20 Aircore drill holes (2001-2002) targeted the north strike extension of a felsic/sediment-mafic contact from which anomalous results were previously returned. A total of 690m were drilled. The only significant intersection returned was 6m @ 446ppb gold from 24m in hole IRA303 along the felsic/volcaniclastic sediment-mafic contact (Figure 4) (Westaway, 2002).

Mining Activities

No historical production is known from within the Teutonic Project area, however, the Mt Margaret Mineral Field has plentiful mineral resources and deposits. Below is a summary of selected historical and current mining operations located within 30km of the Project area within the Leonora district.

McGraths Deposit (Gold)

The McGraths gold deposit is located approximately 4km south of the Teutonic Project and 20km north of Leonora and is owned by St Barbara Limited. Sons of Gwalia completed various aircore, RAB, RC and Diamond drilling campaigns at the McGraths Deposit between 1993 and 2002, concurrent with the timing of exploration within the Teutonic Project area. The McGraths Deposit is found within the McGraths Trend, a 10km linear feature that runs parallel to the Mt George Shear Zone. The bulk of gold mineralisation within the McGraths Deposit is associated with a footwall ultramafic and overlying mafic sequences (southern end of prospect), within a gabbro intrusive (at the northern end of prospect) and hanging wall mafic mineralisation. However, the origin of hanging wall mineralisation remains unknown, and is not associated with any visual veining, alteration or structure.

Mining commenced at the McGraths Deposit in March 2000, where 35,773t of ore grading 4.32g/t gold was extracted. Geotechnical problems forced the cessation of mining in August 2000. New resource modelling of the McGraths Deposit took place in late 2002 and a Total Estimated Resource of 3.67Mt @ 1.77g/t gold for 208,993 oz. was reported (using a 1.0g/t gold cut-off below the pit) (Mukherji, 2003).

Tarmoola Mine and King of the Hills Resource (Gold)

The world-class Tarmoola Gold Mine is located approximately 5km west of tenement E37/1037, and 30km northwest of Leonora and is owned by St Barbara Limited. Gold mineralisation at the Tarmoola Deposit is located adjacent to the Keith Kilkenny lineament (which has Cosmos, Leinster and Mt Keith nickel sulphide mineralisation structurally associated with it). The Tarmoola Mine is approximately 2km in length, up to 250m deep and once produced 150,000 ounces of gold a year (Eshuys, 2005) with a resource over 4Mozs gold (Cassidy and Hagemann, 2001). The dominant host to gold mineralisation at Tarmoola is a trondhjemite pluton which intrudes a sequence of shallowly dipping supercrustal rocks and is cut by intermediate to acidic dykes. Major ore zones are located within 80m of the supercrustal-trondhjemite contact (on both sides) with associated pervasive hydrothermal alteration. The Tarmoola Mine was closed in September 2004. Exploration work continues at the Tarmoola Mine however, reopening of the mine site remains uncertain (Eshuys, 2005). (Source: St Barbara - June 2010 Ore Reserves and Mineral Resources Statements).

The King of the Hills resource was formerly referred to as the Tarmoola higher grade, underground project. Gold mineralisation of the King of the Hills resource is predominantly associated with sheeted and faulted quartz vein sets within a granodiorite stock, with carbonaceous ultramafic rocks enveloping mineralisation where intersected by the Sons of Gwalia Shear. Gold production is scheduled to commence at the King of the Hills resource in the June quarter of 2011, and exploration targeting in the area surrounding the deposit is ongoing.

Pig Well/Flying Pig and Harriston Mining Centres (Gold)

The Pig Well and Harriston mining centres are located approximately 20km southeast of tenement E37/1037 and 18km northeast of Leonora. The Pig Well (or Flying Pig) mining centre consists of eight small mines that were operated between 1898 and 1909, whilst the Harriston mining centre consists of six small mines that were operated between 1903 and 1919. Gold mineralisation at the Pig Well and Harriston mining centres is hosted by quartz veins within an Archaean volcanoclastic sediment package within the Pig Well Graben, which is part of the prospective Keith-Kilkenny Tectonic Zone. High-grade gold mineralisation was mined from this region, with values of up to 108g/t gold.

Mertondale Project (Gold)

The Mertondale Project is located approximately 25km east of tenement E37/1037 and 30km northeast of Leonora and is owned by Navigator Resources Limited. Gold mineralisation at the Mertondale Project is structurally controlled within the Mertondale Shear Zone, a northerly striking structure linking the Keith-Kilkenny and Celia Lineaments. Gold mineralisation is associated with dilational, flat-dipping inter-shear quartz-sulphide lodes, zones of high competency contrast along a porphyry-metabasalt contact and steeply dipping dilational zones along branches of the shear zone. Both primary and supergene gold mineralisation are recognised in the Project. The Leonora Project resource is calculated at 12.4Mt @ 1.9g/t gold for 750,000 oz (which includes the Mertondale Project). A trial mining and milling program was scheduled to commence at the project during 2010 to verify ore grade and recovery, and determine optimum material blends (Source : Navigator Resources website – Leonora Resources September 2009).



Gwalia Gold Mine (Gold)

The Gwalia Gold Mine is located approximately 25km south of tenement E37/1037 and 3km south of Leonora and is currently owned by St Barbara Limited. The Gwalia Gold Mine was established in 1987 and the ore body has already produced four million ounces from open cut and underground operations. The Gwalia Deposit is located on the Sons of Gwalia Shear and hosted within a series of east-southeast-dipping basalts and dolerite that have been isoclinally folded, and possibly sheath folded. Multiple north-northeast trending gold lodes within pervasive quartz veining strike for over 500m and maintain strong down-plunge continuity. It is estimated that 1.8Mozs of gold at a grade of 9 g/t are in reserves at the Gwalia Gold Mine, with an indicative mine life of 9 years (Source: St Barbara - June 2010 Ore Reserves and Mineral Resources Statements).

Teutonic Bore, Jaguar and Bentley Deposits (Cu, Zn, Pb, Ag)

All three Projects are owned by Jabiru Metals Limited. The Teutonic Bore Deposit is located 30km north of tenement E37/1037. The copper, zinc, lead and silver deposit was discovered in 1974 and mined between 1980 and 1985 using open cut and underground mining. 1.6Mt @ 3.5% Cu, 11.2% Zn and 146g/t Ag was mined from a calculated resource of 2.2Mt @ 3.5% Cu, 11.1% Zn, 0.9% Pb, 52g/t Ag and 0.2 g/t Au.

The Teutonic Bore Deposit consists of a single steeply west dipping massive sulphide lens containing pyrite, pyrrhotite, sphalerite, chalcopyrite, galena and minor sulphosalts. Semi-massive and stringer mineralisation are located laterally and below the main massive sulphide lens. The Teutonic Bore Deposit's massive sulphide lens is generally located above the basalt-felsic contact within the lower part of the basaltic to andesitic volcanic succession. However, at depth the lens is located at the stratigraphic contact. Pervasive chlorite-silica alteration occurs in the immediate footwall, surrounded by a pervasive halo of sericite-carbonate alteration.

The Jaguar Deposit was discovered in 2002 and is located approximately 4km south of the Teutonic Bore Deposit. The Jaguar Deposit initial resource was calculated at 1.62Mt @ 3.4% Cu, 12.8% Zn, 132g/t Ag and 0.8% Pb and is currently being mined at a rate of 400,00 tonnes per annum. Similarly to the Teutonic Bore Deposit, the Jaguar Deposit is defined by a single west dipping massive sulphide lens consisting of pyrite, pyrrhotite, sphalerite, chalcopyrite, galena and minor sulphosalts. The Jaguar Deposit is hosted by a sedimentary-volcanic package towards the base of the basaltic to andesitic volcanic succession. The upper termination of the deposit is approximately 250m below the surface. The footwall to the Jaguar Deposit is a thick intrusive gabbro that is interpreted to have been emplaced post-mineralisation and splits the massive lens apart.

The Bentley Deposit is located 4.5km south of the Jaguar Deposit and was discovered in 2008. Massive sulphide mineralisation at the Bentley Deposit occurs as three principle lenses separated by a late dolerite sill and is located at a rhyolite-andesite contact. Stringer-style mineralisation is recognized for up to 30m below the massive sulphide. Mineralisation is strongly zoned both vertically and laterally, and carbonate and sericite form a wide alteration halo in both the foot wall and hanging wall. Mineralisation was intersected at 370m depth underlying a zone of near surface zinc anomalism. The Bentley Deposit has a resource estimate of 2.3Mt @ 1.8% Cu, 9.8% Zn, 1.0% Pb, 121g/t Ag and 0.6g/t Au (Source: Jabiru Metals Limited website – Jaguar Project Ore Reserves September 2010, Jaguar Project Mineral Resources by Deposit – July 2010).

3.4 EXPLORATION POTENTIAL

Since the 1970's exploration and mining companies have been aggressively exploring the Leonora section of the Eastern Goldfields for economic base metals and gold mineralisation. Five of the largest known gold deposits historically producing a total of 13.5Mozs of gold are located in the Eastern Goldfields region, and the mining of gold, nickel, copper-lead-zinc and silver resources from the region is ongoing today.

Exploration opportunities have been recognised within the Teutonic Project and include:

- A defined anomalous gold trend that has not yet been systematically tested below the weathered zone;
- The base metal (Cu, Zn, and Pb) potential of the property is yet to be tested using modern exploration techniques, despite the property being located in an emerging base metals province.

The Teutonic Project is located in an area of favourable infrastructure including a network of established highways and bitumen roads, proximal to established mining supply networks, existing gold and base metal processing plants are located in the region, and there is an airstrip with regular services from Leonora to Perth.

The Teutonic Project attracted historical exploration for gold and base metal mineralisation by numerous mining and exploration companies, followed by modern gold exploration investigations by Sons of Gwalia prior to their surrender of the property in 2004. Whilst multiple RAB and aircore drilling campaigns (with lesser RC drilling) have covered portions of the property with limited success in intersecting significant gold mineralisation, the Teutonic Project is located directly adjacent to significant gold endowment at the Tarmoola Mine and the McGraths Deposit indicating significant gold mobilisation in close proximity to the Project. Gold mineralisation at the McGraths Deposit, specifically mafic hosted mineralisation, further indicates that mineralisation may not be associated with any visual veining, alteration or structure, hindering exploration targeting.

Much of the drilling completed across the Project has been shallow with aircore and RAB drill hole depths between 5m and 100m. The opportunity for the Project to contain deeper mineral resources within less weathered rocks has not yet been sufficiently tested. The central to eastern portions of the Project appear to have received significantly less exploration focus compared to the west.

In conjunction with shallow drilling, modern exploration drill hole samples were typically only analysed for gold $\pm$ arsenic, with only limited samples (mostly end of hole) being analysed for copper, lead, zinc, silver, nickel and pathfinder elements. Due to this, geochemical anomalies potentially associated with mineralisation halo signatures may not have been recognised during previous drilling campaigns to assist with mineralisation targeting. Currently, a northwest-southeast anomalous zone of significant gold intercepts has been highlighted along the western boundary of the Project area from previous mineral exploration. This is likely to be an initial focus for exploration targeting within the Project (Figure 4).

Whilst modern gold exploration has been extensive in the region, there appears to not have been any systematic modern exploration for base metal mineralisation on the Project to date. This is despite there being significant base metal resources located 20-30km north of the Project at the Teutonic Bore, Jaguar and Bentley Deposits.

3.5 EXPLORATION PROGRAM AND BUDGET

Further work is warranted to identify the source(s) of anomalous gold values found in the western part of E37/1037. Exploration for base metals in the central and eastern parts of the Project is also warranted.

This work will allow the Company to systematically explore the Teutonic Project for both shallow and deeper mineralisation. The data sets produced from this work will allow continual prioritisation and re-rating of targets as each phase of work is completed. A large component of the budget is expected to be in direct drilling costs as well as geophysics.

There is good infrastructure in the area including a number of gold and base metal plants. This presents opportunities for possible joint ventures, strategic alliances or toll treatment arrangements with mill owners.

The exploration budget for the Teutonic Project reflects another key focus area for Mining Group upon a successful listing and raising of capital. The Project has a number of drill ready gold targets from previous exploration however more thorough reconnaissance will assist in prioritising new targets before mobilising drilling equipment to site. A total proposed exploration budget for Year 1 and 2 at the Teutonic Project is estimated to be \$665,000, with a large component of airborne and ground geophysics, RC and diamond drilling planned.

The suggested work is in multiple phases and subject to constant review based upon results, interpretations, development of exploration targets and models and target prioritisation. This is an evolving process and will be driven by many factors including success of the previous phase before moving on to subsequent stages. Therefore some flexibility in changing the programs and budgetary requirements is needed as results are received.

Field work in the first year encompasses detailed research of previous exploration, geological modelling and geophysical and geochemical data acquisition. This will be followed by more detailed geological and geophysical surveys as appropriate and drilling in areas of significant anomalism. Depending on the success of the first year exploration, follow up work in the second year will consist primarily of closer spaced drilling and sampling to further define the mineralisation. The amount of capital Mining Group expects to raise from the IPO is considered sufficient and adequate to explore the projects effectively for the first two years of activity as shown by the expected exploration budgets in Table 4 below.

Table 4 : Proposed Year 1-2 Exploration Budget the Teutonic Project

	PROJECT BUDGET, AUD		
	YEAR 1	YEAR 2	TOTAL
Data Review	20,000	20,000	40,000
Field Survey	40,000	65,000	105,000
Mapping, Prospecting	40,000	45,000	85,000
Geophysics	80,000	75,000	155,000
RC/DDH Drilling	80,000	90,000	170,000
Sampling / Assaying	50,000	60,000	110,000
Annual Total	\$310,000	\$355,000	\$665,000



4. LAKE CHRISTOPHER PROJECT

4.1 LOCATION AND TENURE

The Lake Christopher Project is located 900km north east of Kalgoorlie on the Gunbarrel Highway and 130km west of the border between Western Australia and the Northern Territory. The Project is on both the Rawlinson (SG52-2) and Cobb (SG52-1) 1:250,000 map sheets and is 650km west south west of Alice Springs.

Vehicle access to the area is via dirt tracks off the Gunbarrel Highway which cuts through the southern part of the Project area. The nearest township is situated 80km to the east at the Warakurna Community and Giles Meteorological Station.

The Project is made up of a single exploration licence application, ELA69/2935 in the name of Mining Group as shown in Table 5 below.

Table 5 : Lake Christopher Project Tenement Details

TENEMENT	AREA (SQ.KM)	APP DATE	AREA (BLOCKS)	RENT	HOLDER
ELA69/2935	228	30/03/2011	73	\$8,037.30	Mining Group Pty Ltd

4.2 GEOLOGICAL SETTING

The Project is located at the south western extremity of the Amadeus Basin and at the contact with igneous and metamorphic rocks of the Giles and Musgrave Complex, which are on-lapped by the far eastern part of the Canning Basin.

The Rawlinson Range is located in the east of the Project and is an Upper Proterozoic unit named the Dean Quartzite consisting of fine to coarse grained quartzite, sandstone, conglomerate and sericite-quartz schist. At the western edge of the Rawlinson Range and almost entirely within the Project is the playa lake "Lake Christopher". The remainder of the Project area is dominated by Quaternary dune fields.

The Geological Survey of Western Australia ("GSWA") Minedex database contains a reference to a Gypsum occurrence on Lake Christopher.

4.3 PREVIOUS EXPLORATION

Early explorer Ernest Giles explored the area in 1872-3. (Giles, 1889) A number of other exploration and gold prospecting expeditions were completed without any significant mineralisation being discovered.

Geologists Ian Gillespie and Bob Leslie of Frome Broken Hill Company in 1958-59 carried out reconnaissance geological traverses for petroleum. This targeted the Amadeus Basin sediments in the area.

Between 1960 and 1966, geologists and geophysicists from the Bureau of Mineral Resources ("BMR") and the GSWA carried out reconnaissance mapping and gravity traverses and collected field data which formed the basis for the Rawlinson and Cobb 1:250,000 scale geological map sheets.

Between 1992 and 1994, Goldsearch Limited completed a number of data compilation exercises over the region generating targets for gold and diamond exploration. The targets were based on regional gravity and magnetic data, Landsat imagery and aerial photography. One of the targets identified was a gravity high and coincident magnetic anomaly at Mt Forrest and within the Lake Christopher Project. This target had been confirmed on different geophysics data sets and remains a priority follow-up target in the region, possibly representing mineralisation or a kimberlite intrusive (potential host rock for diamonds). Unfortunately, ground access to the area was not achieved due to the company being unable to finalise negotiations with the traditional owners, the Ngaanyatjarra Council.

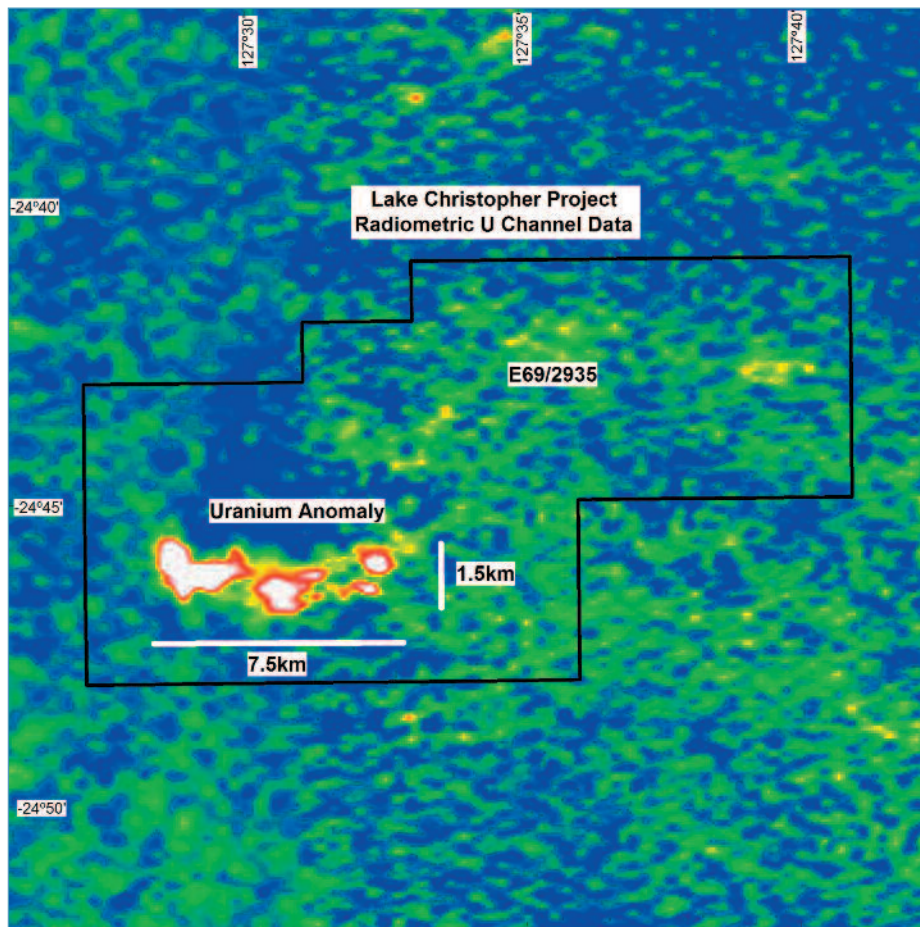


FIGURE 5 : RADIOMETRIC (U CHANNEL) IMAGE AT THE LAKE CHRISTOPHER PROJECT

In 2007, the GSWA released regional airborne geophysics data over the area. This survey data set included 400m spaced magnetic, radiometric and Digital Elevation Model (DEM) data. Radiometric data shows a uranium anomaly coincident with Lake Christopher over an area of approximately 7.5 x 1.5km (Figure 5).

4.4 EXPLORATION POTENTIAL

The Lake Christopher Project has been the subject of a number of attempts to explore for gold and diamonds in the past. Recent data also indicates that a significant radiometric anomaly occurs in the western part of the Project over the playa lake, Lake Christopher. This feature may represent a palaeochannel hosted uranium deposit of some significance.

Surficial uranium deposits are broadly defined as young (Cainozoic), near surface uranium concentrations within sediments and soils, although they also occur in peat bogs and karst caverns (McKay and Mieztis 2001). Uranium mineralisation is typically carnotite and is commonly cemented by secondary minerals including calcite, gypsum, dolomite, ferric oxide and halite. Uranium deposits in calcrete (calcium and magnesium carbonates) are the largest of the surficial deposits. These usually form in regions where deeply weathered, uranium-rich granites occur in a semi-arid to arid climate. Examples of these within Western Australia occur in valley-fill sediments along Tertiary drainage channels (e.g. Yeelirrie) and in playa lake sediments (e.g. Lake Maitland). These overlie and are adjacent to Archaean granite and greenstone basement of the northern Yilgarn Craton that provide a source of vanadium necessary to form carnotite.

The strength and extent of the uranium anomaly at the Lake Christopher Project warrants further investigation to determine the source of the anomaly.



4.5 EXPLORATION PROGRAM AND BUDGET

Further work is warranted to investigate the uranium anomaly within the Lake Christopher Project. Other gravity and structural anomalies within the Lake Christopher Project have been highlighted for potential to represent possible gold mineralisation or diamond bearing kimberlite intrusions.

Access to the area is subject to negotiations with the traditional owners. These negotiations have proven to be difficult in the past and should be a priority for the Company upon successful listing. The exploration budget for the Lake Christopher Project reflects mostly desk top studies collating the numerous data sets available on open file as well as negotiations with the traditional owners.

A total proposed exploration budget for Year 1 and 2 at the Lake Christopher Project is estimated to be \$390,000, with a component of airborne and ground geophysics, RC and diamond drilling planned in Year 2 on successfully negotiating ground access.

The total exploration budget for the Lake Christopher Project (Years 1 and 2) is shown in Table 6 below.

Table 6 : Proposed Year 1-2 Exploration Budget for the Lake Christopher Project

	PROJECT BUDGET, AUD		
	YEAR 1	YEAR 2	TOTAL
Data Review	20,000	10,000	30,000
Access Negotiations	60,000	40,000	100,000
Field Survey	-	20,000	20,000
Mapping, Prospecting	-	30,000	30,000
Geophysics	20,000	75,000	95,000
RC/DDH Drilling	-	70,000	70,000
Sampling / Assaying	-	45,000	45,000
Annual Total	\$100,000	\$290,000	\$390,000

5. TOTAL PROPOSED EXPLORATION BUDGET

The proposed exploration budget for all of the Mining Group Projects detailed in this IGR reflects the initial focus for Company upon a successful listing and raising of capital. The Projects have a number of drill ready targets from previous exploration however more thorough reconnaissance will also assist in prioritising new targets in subsequent phases of follow-up work. A total proposed exploration budget for Years 1 and 2 for all Projects is estimated to be \$1,610,000 with a large component of airborne and ground geophysics, RC and diamond drilling included.

The suggested work is in multiple phases and subject to constant review based upon results, interpretations, development of exploration targets and models and target prioritisation. This is an evolving process and will be driven by many factors including success of the previous phase before moving on to subsequent stages. Therefore some flexibility in changing the programs and budgetary requirements is needed as results are received. With respect to the Lake Christopher Project, access for field work is also not guaranteed until grant of application ELA69/2935 and successfully negotiating access with the traditional owners. All tenements are granted for the Boorara and Teutonic Projects and work can commence without delay.

Fieldwork in the first year for all Projects is expected to include detailed research of previous exploration, geological modelling and geophysical and geochemical data acquisition. It is anticipated this will be followed by more detailed geological and geophysical surveys as appropriate and drilling in areas of significant anomalism. Depending on the success of the first year exploration, it is anticipated that follow up work in the second year will consist primarily of closer spaced drilling and sampling to further define the mineralisation.

The amount of capital Mining Group expects to raise from the IPO is considered sufficient and adequate to explore the Projects effectively for the first two years of activity as shown by the expected exploration budgets in Table 7 below.

Table 7 : Combined Total Proposed Year 1-2 Exploration Budget – All Projects

	EXPLORATION PROJECT BUDGET, AUD		
	YEAR 1	YEAR 2	TOTAL
Data Review	50,000	40,000	90,000
Access Negotiations	60,000	40,000	100,000
Field Survey	85,000	140,000	225,000
Mapping, Prospecting	70,000	105,000	175,000
Geophysics	160,000	220,000	370,000
RC/DDH Drilling	155,000	240,000	395,000
Sampling / Assaying	90,000	155,000	245,000
Annual Total	\$670,000	\$940,000	\$1,610,000



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7. GLOSSARY OF TECHNICAL TERMS

<i>aeolian</i>	Formed or deposited by wind.
<i>aeromagnetic</i>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
<i>Ag</i>	Silver.
<i>aircore</i>	A drilling technique used for mineral exploration which utilises high pressure air, rotation and sometimes percussion hammer tools. Drill chips are collected via a 'closed sample return' similar to RC systems and are therefore less likely to be contaminated. A 'core' shaped sample is often returned in competent rock types.
<i>alluvial</i>	Pertaining to silt, sand and gravel material, transported and deposited by a river.
<i>alluvium</i>	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
<i>alteration</i>	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
<i>amphibolite facies</i>	An assemblage of minerals formed at moderate to high temperatures (450°C to 700°C) during regional metamorphism.
<i>andesite</i>	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
<i>anomalies</i>	An area where exploration has revealed results higher than the local background level.
<i>anticline</i>	A fold in the rocks in which strata dip in opposite directions away from the central axis.
<i>antiformal</i>	An anticline-like structure.
<i>Archaean</i>	The oldest rocks of the Precambrian era, older than about 2,500 million years.
<i>Au</i>	Gold.
<i>basalts</i>	A volcanic rock of low silica (less than 55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
<i>BIF</i>	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
<i>BLEG sampling</i>	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
<i>chert</i>	Fine grained sedimentary rock composed of cryptocrystalline silica.
<i>chlorite</i>	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
<i>colluvium</i>	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
<i>conglomerate</i>	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
<i>Cu</i>	Copper.
<i>dacite</i>	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
<i>diamond drilling</i>	A drilling technique used for mineral exploration which uses rotation and diamond bits to cut through rock. Produces a semicontinuous 'core' of rock.
<i>dilational</i>	Open space within a rock mass commonly produced in response to folding or faulting.
<i>dolerite</i>	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
<i>dykes</i>	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
<i>EM</i>	Electromagnetic – an electrical geophysics exploration survey method based on measuring alternating magnetic fields associated with currents artificially or naturally maintained in the subsurface.
<i>erosional</i>	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
<i>fault zone</i>	A wide zone of structural dislocation and faulting.
<i>felsic</i>	An adjective indicating that a rock contains abundant feldspar and silica.

<i>foliated</i>	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
<i>g/t</i>	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
<i>gabbro</i>	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
<i>geochemical</i>	Pertains to the concentration of an element.
<i>geophysical</i>	Pertains to the physical properties of a rock mass.
<i>gneissic</i>	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
<i>g</i>	Gram.
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>greenschist</i>	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
<i>greenstone belt</i>	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
<i>ha</i>	Hectare.
<i>igneous</i>	Rocks that have solidified from magma.
<i>infill</i>	Refers to sampling or drilling undertaken between pre-existing sample points.
<i>intermediate</i>	A rock unit which contains a mix of felsic and mafic minerals.
<i>intrusions</i>	A body of igneous rock which has forced itself into pre-existing rocks.
<i>intrusive contact</i>	The zone around the margins of an intrusive rock.
<i>IOCG</i>	Iron Oxide Copper Gold – A geological model or group of deposits typically associated with magmatic hydrothermal gold and copper mineralisation
<i>IP</i>	Induced Polarisation – an electrical geophysics exploration survey method based on the production of electric charge displacement brought about by application of an electric or magnetic field
<i>ironstone</i>	A rock formed by cemented iron oxides.
<i>kimberlite</i>	An ultramafic igneous rock with potential to host diamonds
<i>km</i>	Kilometre.
<i>laterite</i>	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
<i>lineament</i>	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
<i>lithological contacts</i>	The contacts between different rock types.
<i>metamorphic</i>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
<i>m</i>	Metre.
<i>Mg</i>	Magnesium.
<i>Mozs</i>	Million ounces.
<i>Mt</i>	Million tonnes.
<i>Nickel (Ni)</i>	Silvery-white metal used in alloys.
<i>oz</i>	Ounces.
<i>outcrops</i>	Surface expression of underlying rocks.
<i>palaeochannels</i>	An ancient preserved stream or river.
<i>Pb</i>	Lead.



<i>pegmatite</i>	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
<i>playa lake</i>	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
<i>ppm</i>	Parts per million.
<i>ppb</i>	Parts per billion.
<i>porphyries</i>	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
<i>ppb</i>	Parts per billion; a measure of low level concentration.
<i>pyroxenite</i>	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
<i>quartz reefs</i>	Old mining term used to describe large quartz veins.
<i>RAB drilling</i>	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
<i>RC drilling</i>	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
<i>Rare Earth Elements (REE)</i>	A collection of seventeen chemical elements in the periodic table which exhibit similar properties useful in modern technologies and super conductors, batteries and magnets.
<i>regolith</i>	The layer of unconsolidated material which overlies or covers in situ basement rock.
<i>residual</i>	Soil and regolith which has not been transported from its point or origin.
<i>rhyolite</i>	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
<i>rock chip sampling</i>	The collection of rock specimens for mineral analysis.
<i>schist</i>	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
<i>sedimentary</i>	A term describing a rock formed from sediment.
<i>shale</i>	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
<i>sheared</i>	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
<i>soil sampling</i>	The collection of soil specimens for mineral analysis.
<i>stratigraphic</i>	Composition, sequence and correlation of stratified rocks.
<i>stream sediment sampling</i>	The collection of samples of stream sediment with the intention of analysing them for trace elements.
<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>sulphide</i>	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
<i>supergene</i>	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
<i>syncline</i>	A fold in rocks in which the strata dip inward from both sides towards the axis.
<i>t</i>	tonne.
<i>tholeiitic</i>	A descriptive term for basalt with little or no olivine.
<i>ultramafic</i>	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
<i>veins</i>	A thin infill of a fissure or crack, commonly bearing quartz.
<i>volcaniclastics</i>	Pertaining to clastic rock containing volcanic material.
<i>volcanics</i>	Formed or derived from a volcano.
<i>XRF</i>	X-Ray Fluorescence – a type of X-ray emission spectroscopy in which the characteristic X-ray spectrum of a substance is measured to identify the concentration of each element.
<i>Zn</i>	zinc.

Solicitors' Report on Mining Tenements

BLAKISTON & CRABB LAWYERS

Your Ref:
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5 May 2011

The Directors
Mining Group Limited
Level 1, 173 Mounts Bay Road
PERTH WA 6000

Dear Sirs

SOLICITORS' REPORT ON MINING TENEMENTS

This report is prepared for inclusion in a prospectus to be dated on or about 6 May 2011 to be issued by Mining Group Limited (**Company**) for the issue of 12,500,000 shares at 20 cents each to raise up to \$2.5 million.

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**).

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 12 April 2011;
- (b) quick appraisal searches of the Tenements obtained on-line from the Department dated 12 April 2011;
- (c) searches of the native title application summaries maintained by the National Native Title Tribunal (**NNTT**) on 13 April 2011 in relation to those registered and determined native title claims which affect the Tenements; and
- (d) an online search of the National Estate Register obtained on 12 April 2011.

On the basis of the searches we consider that this report provides an accurate statement as to the status of the Tenements as at 12 April 2011.

2. MINING TENEMENTS GENERALLY

The Tenements comprise two granted prospecting licences, one granted exploration licence and one exploration licence application, granted or applied for (as applicable) 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 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 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.

3. URANIUM MINING

The current State Government supports uranium mining and in 2009 introduced a stringent approvals process for the grant of both new exploration licences and mining leases for uranium. Exploration involving radioactive material now requires approval of both a programme of works and a radiation management plan and the Department inspects all uranium exploration sites within 12 months of drilling.

4. PRIVATE AND PASTORAL LAND AND ACCESS

As noted in the notes to the Schedule, one of Tenements, being prospecting licence 26/3621 encroaches to a small degree on freehold land which is classified as "private land" for the purposes of the WA Mining Act, and another of the Tenements, being exploration licence 37/1037 encroaches 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.

Most grants of freehold which were made prior to 1899 in Western Australia included the grant of minerals other than gold, silver and precious metals, which were reserved to the Crown. This land is commonly referred to as "minerals to owner" land, as the landowner owns all other minerals and has the right to deal with those minerals as it sees fit. We have not undertaken the detailed land searches to determine whether any of the private land that the Tenements encroach upon is "minerals to owner" land.

5. 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.

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 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.

6. AUSTRALIAN HERITAGE DATABASE

One of the Tenements, being application for exploration licence 69/2935, encroaches upon a site that is in the Register of the National Estate and is recorded in the Australian Heritage Database. Sites recorded in this Database are sites considered to be of national significance and any proposals for development of such sites will be referred to the appropriate government authority.

It is likely that additional conditions will be imposed on this Tenement at the time of grant and/or that access to the Tenement area will be restricted due to the existence of this heritage site, particularly as it is described in the Register as a site of Indigenous values and is located within an Aboriginal Reserve.

7. 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;
- (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.

8. 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 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.

Three of the Tenements relate to land which is currently the subject of either a registered native title claim and/or a determination of native title. The Tenements affected by these claims and determination 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.

9. 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 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.



(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.

10. 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
- (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.

11. 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; and
- (c) 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 deregistered or unregistered native title claims with NNTT; and
- (c) historic land tenure searches to determine if the Tenements encroach on any "minerals to owner" private land.

Yours faithfully

Blakiston & Crabb

SCHEDULE OF MINING TENEMENTS

TENEMENT NO AND TYPE	HOLDER/ APPLICANT	GRANT DATE	EXPIRY DATE	REGISTERED DEALINGS	REGISTERED OR DETERMINED NATIVE TITLE CLAIMS	NOTES
Boorara Project						
P26/3621	CD Hood	17/11/08	16/11/12	None	Widji WC98/027	1, 2, 7, 10
P26/3622	CD Hood	17/11/08	16/11/12	None	Widji WC98/027	1, 8, 10
Teutonic Project						
E37/1037	SRPL	23/07/10	22/07/15	None	None	3, 9, 11
Lake Christopher Project						
E69/2935	Mining Group Pty Ltd	Pending application Application lodged 30/03/11		None	Ngaanyatjarra Lands WC04/003 Note: this is a determined claim	4, 5, 6



KEY TO ABBREVIATIONS USED IN THIS SCHEDULE:

Parties:

CD Hood	=	Clinton Dean Hood
SRPL	=	Sammy Resources Pty Ltd

Tenement types:

E	=	Exploration Licence
P	=	Prospecting Licence

NOTES USED IN THE SCHEDULE

Encroachments

1. Part of the tenement encroaches on a grazing lease (Lease 332/1909) which is managed by the Department of Regional Development and Lands.
2. The south west corner, being 3.2% of the tenement, encroaches on Crown Grant 32 which is classified as private land. The private land is the railway corridor for the Trans Australian Railway.
3. Part of the tenement encroaches on pastoral lease land.
4. All of the tenement encroaches on a National Estate registered site, being the Ranges of the Western Desert, Laverton, which has been determined to be a place with Indigenous values of National Estate significance.
5. All of the tenement encroaches on an Aboriginal Reserve which is vested in the Aboriginal Affairs Planning Authority.
6. All of the tenement encroaches upon General Lease 1798552. This is a lease from the Aboriginal Lands Trust, in whom the land is vested, to the Ngaanyatjarra (Land Council) Aboriginal Corporation for a term of 99 years from 29 November 1988.

Endorsements and Conditions:

7. The prior written consent of the Minister responsible for the Mining Act 1978 is required prior to entry on Racecourse Reserve 4356.
8. The prior written consent of the Minister responsible for the Mining Act 1978 is required prior to commencing any prospecting activities on Boorara Townsite.
9. Consent to conduct exploration activities on Water Reserve 65 has been granted subject to compliance with various conditions to ensure water quality protection.

General:

10. This tenement is the subject of a farmin agreement between the Company and CD Hood dated 4 May 2011 under which the Company is entitled to earn a 70% interest in the tenement.
11. This tenement is the subject of a farmin agreement between the Company and SRPL dated 4 May 2011 under which the Company is entitled to earn a 70% interest in the tenement.

Investigating Accountant's Report

Stantons International Pty Ltd trading as

Stantons International Securities

ABN 41 103 088 697

AFS Licence No. 319600

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5 May 2011

The Directors
Mining Group Limited
Level 1, 173 Mounts Bay Road
PERTH WA 6000

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. INTRODUCTION

This report has been prepared at the request of the Directors of Mining Group Limited ("Mining Group" or "the Company") for inclusion in a Prospectus to be dated on or around 6 May 2011 ("the Prospectus") relating to the proposed issue by Mining Group of up to 12,500,000 shares to be issued at a price of 20 cents per share to raise \$2,500,000.

2. BASIS OF PREPARATION

This report has been prepared to provide investors with information on historical results, the statement of financial position of Mining Group and the pro-forma consolidated statement of financial position of Mining Group as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities has not been requested to consider the prospects for Mining Group, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stantons International Securities accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 8 of the Prospectus.

3. BACKGROUND

Mining Group was incorporated in Australia on 9 February 2011 as Mining Group Pty Ltd with an issued capital of one share at \$1 each. In April 2011, following shareholder approval, the Company converted to a public company, altered its constitution and changed its name to Mining Group Limited. ASIC approved the change of name on 29 April 2011. In March 2011, the Company issued 10,900,000 shares at \$0.00001 each to various promoters of the Company to raise a gross \$109. In March 2011, the Company issued a total of 1,500,000 share options to the three directors of the Company (or their nominees) (500,000 each) and each share option is exercisable at 20 cents each, on or before 1 July 2014. The assessed fair value is nil as the Company had virtually no assets at the time of the issue of the share options. On 8 April 2011, the Company issued a further 2,500,000 shares to seed investors at 10 cents each to raise \$250,000. Thus as at 3 May 2011, the issued capital is \$250,110 and 13,400,001 shares are on issue.



Pursuant to a Farm In and Joint Venture agreement dated 4 May 2011, the Company has the option ("Boorara Option") to acquire up to a 70% interest in prospecting licences P26/3621 and P26/3622 from Clinton Dean Hood ("Hood"). The Boorara Option fee was the payment of \$5,000 in cash. Mining Group will acquire a 70% interest upon satisfying the following conditions:

- Completing a minimum of 1,000 metres of RC, RAB and/or diamond core drilling within two years of admission of Mining Group to the Official List of ASX; and
- On the date Mining Group receives in principle approval from ASX for admission to the Official List on conditions acceptable to Mining Group, paying \$20,000 (plus GST) cash to Hood and issuing \$20,000 worth of shares (100,000 shares) at a deemed issue price of 20 cents each.

Pursuant to a Farm In and Joint Venture agreement dated 4 May 2011, the Company has the option ("Teutonic Option") to acquire up to a 70% interest in the exploration licence E37/1037 from Sammy Resources Pty Limited ("Sammy"). Mining Group will acquire a 70% interest upon satisfying the following conditions:

- Completing a minimum of \$1,000,000 in exploration expenditure in relation to the Teutonic Project within three years of admission of Mining Group to the Official List of ASX; and
- On the date Mining Group receives in principle approval from ASX for admission to the Official List on conditions acceptable to Mining Group, paying \$2,000 (plus GST) cash to Sammy and issuing \$10,000 worth of shares (50,000 shares) at a deemed issue price of 20 cents each.

Further details are outlined in the Material Contracts Section 10.4 of the Prospectus.

The Company had also made application for E69/2935 and has paid application fees and rent totalling \$9,177 and has paid the monies by borrowing \$9,177 from a third party. The monies were repaid to the third party on 16 April 2011.

On 11 March 2011, the Company entered into a mandate with Evolution Capital Partners Pty Ltd ("Evolution") for Evolution to act as the Project Manager with respect to the capital raising/IPO process. In addition, from listing, Evolution will provide company secretarial services for a minimum twelve month period at \$5,000 plus GST per month. The terms of the mandate and consultancy with Evolution are set out in section 10.4 of the Prospectus. Cygnet Capital Pty Ltd is acting as the Broker to the Issue and will receive brokerage and management fees as set out in section 10.4 of the Prospectus.

On 14 March 2011, the Company entered into an Executive Employment Agreement with Andrew Maurice to act as the Managing Director of the Company at the rate of \$1,200 per day plus statutory superannuation. The term expires on 14 March 2013.

Potential investors should read the Prospectus in full, including the Independent Geologist's Report and the Solicitors' Report on Mining Tenements. We make no comments as to ownership or values of the proposed mineral tenement interests of Mining Group. Further details on all significant contracts entered into by the Company since incorporation are referred to in the Material Contracts Section 10.4 of the Prospectus.

4. SCOPE OF EXAMINATION

You have requested Stantons International Securities to prepare an Investigating Accountant's Report on:

- a) the results (statement of comprehensive income) of Mining Group from incorporation to 3 May 2011;
- b) the statement of financial position of Mining Group as at 3 May 2011; and
- c) the pro-forma statement of financial position of Mining Group as at 3 May 2011 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited however has been subject to audit review. The directors of Mining Group are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- a) discussions with directors and other key management of Mining Group;
- b) a review of contractual arrangements;
- c) a review of publicly available information; and
- d) a review of work papers, accounting records and other documents.

5. OPINION

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly the pro-forma balance sheet of Mining Group as at 3 May 2011 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and balance sheets, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statement of financial position as at 3 May 2011 and the results of the period identified. To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 3 May 2011 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. OTHER MATTERS

At the date of this report, Stantons International Securities does not have any material interest in Mining Group either directly or indirectly, or in the outcome of the offer. Stantons International, Audit and Consulting Pty Ltd (trading as Stantons International) a firm that is affiliated with Stantons International Securities were appointed as auditors of Mining Group in April 2011. Stantons International Securities and Stantons International were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES



J P VAN DIEREN – FCA

Director



APPENDIX 1

INVESTIGATING ACCOUNTANT'S REPORT

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	MINING GROUP 9 FEBRUARY 2011 TO 3 MAY 2011 \$
Interest income	-
Option issue costs	-
Exploration costs written off	-
Other costs	(5,658)
Net (loss) before tax	(5,658)
Income tax expense attributable to net loss	-
Net (loss) after tax	(5,658)
Other comprehensive income net of tax	-
Net (loss) and other comprehensive income	(5,658)

APPENDIX 2

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	NOTE	MINING GROUP 3 MAY 2011 \$	PRO-FORMA MINING GROUP 3 MAY 2011 \$
Current Assets			
Cash assets	3	237,050	2,326,511
Total Current Assets		237,050	2,326,511
Non Current Assets			
Capitalised acquisition costs	4	14,177	66,177
Total Non Current Assets		14,177	66,177
Total Assets		251,227	2,392,688
Current Liabilities			
Trade payables	5	6,775	-
Total Current Liabilities		6,775	-
Total Liabilities		6,775	-
Net Assets		244,452	2,392,688
Equity			
Issued capital	6	250,110	2,428,346
Option Reserve	7	-	-
Accumulated losses	8	(5,658)	(35,658)
Total Equity		244,452	2,392,688

Notes forming part of the unaudited statement of comprehensive income and statements of financial position are set out in Appendix 3.

INVESTIGATING ACCOUNTANT'S REPORT – APPENDIX 3

NOTES TO THE UNAUDITED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

The unaudited Statement of Comprehensive Income and unaudited Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the IPO being successful and/or the Company raising additional seed capital to continue in business.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and acquisition expenditure on areas of interest will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(d) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.



(e) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(h) Issued Capital

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(j) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

(k) Share Based Payments

The Group provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

2. ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Actual and proposed transactions adjusting the 3 May 2011 unaudited Statement of Financial Position of Mining Group in the pro-forma Statement of Financial Position of Mining Group are as follows:

- (a) The issue of 12,500,000 shares at 20 cents each to raise a gross \$2,500,000 pursuant to the Prospectus;
- (b) The payment of \$20,000 to Hood, the issue of 100,000 shares to Hood at a deemed cost of \$20,000, the payment of \$2,000 to Sammy and the issue of 50,000 shares to Sammy at a deemed cost of \$10,000;
- (c) The payment of 3 May 2011 accounts payable of \$6,775;
- (d) The payment of expenses of the Prospectus issue totalling an estimated \$351,764 and offset against share equity;
- (e) The incurring of additional administration and corporate expenses of approximately \$30,000.

	NOTE 2	UNAUDITED MINING GROUP 3 MAY 2011 \$	UNAUDITED MINING GROUP PRO-FORMA 3 MAY 2011 \$
3. CASH ASSETS			
The movements in cash assets are as follows:			
Unaudited 3 May 2011		237,050	237,050
Issue of shares pursuant to the Prospectus	(a)		2,500,000
Payment of cash to Hood and Sammy	(b)	-	(22,000)
Payment of payables	(c)	-	(6,775)
Prospectus issue costs	(d)	-	(351,764)
Administration costs	(e)	-	(30,000)
		<u>237,050</u>	<u>2,326,511</u>
4. CAPITALISED ACQUISITION COSTS			
Capitalised exploration costs		14,177	14,177
Payment of cash and issue of shares	(b)	-	52,000
Capitalised exploration costs		<u>14,177</u>	<u>66,177</u>
5. TRADE AND OTHER PAYABLES			
Trade and other payables		6,775	6,775
Less: Payment of trade creditors	(d)	-	(6,775)
		<u>6,775</u>	<u>-</u>
6. ISSUED CAPITAL			
Ordinary Shares			
13,400,001 shares at 3 May 2011		250,110	250,110
12,500,000 shares pursuant to the Prospectus	(a)	-	2,500,000
100,000 shares to Hood	(b)	-	20,000
50,000 shares to Sammy	(b)	-	10,000
			<u>2,780,110</u>
Less: estimated share issue costs	(d)	-	(351,764)
Pro-forma (26,050,001 shares)		<u>250,110</u>	<u>2,428,346</u>
7. OPTION RESERVE			
Issue of options		-	-



As at 3 May 2011 there are 1,500,000 share options exercisable at 20 cents each and all options are to be exercisable before 1 July 2014. It is proposed that approximately three months after commencement of trading of the Company's shares on ASX an offer will be made to all shareholders to subscribe for one new ordinary share option in Mining Group for every four shares held on the record date at an issue price of 1 cent per share option. Each share option will be exercisable at 20 cents each, on or before 1 July 2014. In addition, Cygnet Capital will be issued 5,000,000 share options for nil consideration as part payment as fees to underwrite the share option issue (they will also receive commissions and fees totalling 6% on the funds raised from the share option issue). The Company will account for the fair value of the 5,000,000 share options at the time of issue to Cygnet Capital Pty Ltd.

	NOTE 2	UNAUDITED MINING GROUP 3 MAY 2011 \$	UNAUDITED MINING GROUP PRO-FORMA 3 MAY 2011 \$
8. ACCUMULATED LOSSES			
Balance 3 May 2011		5,658	5,658
Administration and corporate costs	(e)	-	30,000
		<u>5,658</u>	<u>35,658</u>

9. CONTINGENT LIABILITIES AND COMMITMENTS

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Solicitor's Report on Mining Tenements and the Independent Geologist's Report for further possible contingencies and commitments.

For details on proposed exploration commitments on mineral tenements, refer to the Independent Solicitor's Report in the Prospectus and sections 1.6 and 4.5 of the Prospectus.

10. EMPLOYMENT AND MANAGEMENT AGREEMENTS

The Company has entered into an employment contract with Andrew Maurice as Managing Director effective from 14 March 2011. A summary of the financial details on the employment agreement and other service type agreements are outlined in the Background Section of this report and/or in the Material Contracts section 10.4 of the Prospectus. Winton Willesee and Shannon Coates are to be paid non executive director fees of \$30,000 per annum from the date the Company achieves an ASX listing.

Risk Factors

Investors should be aware that an investment in the Company involves risks that may be higher than risks associated with an investment in some other companies. Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for Shares offered for subscription under this Prospectus. Some of these risks can be mitigated by the use of appropriate safeguards and actions, but some are outside the control of the Company and cannot be mitigated. Prospective investors in the Company should consider the risk factors described in this section, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

8.1 General Risks

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, and war may have an impact on prices, operating costs and market conditions generally. Accordingly, the Company's future possible revenue and operations can be affected by these factors, which are beyond the control of the Company.

General movements in local and international stock markets, and economic conditions could all affect the market price of the Shares.

8.2 Exploration Success

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high risk undertakings.

There can be no assurance that exploration of the project areas described in this Prospectus, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. 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, which may materially and adversely affect the Company's viability.

8.3 Tenement Title

The Lake Christopher Project, comprising ELA69/2935, is an application for exploration licence awaiting grant and not a granted licence. There is a risk that this application will not be granted.

Mining Group is not the registered holder of the tenements comprising the Boorara and Teutonic Projects. While Mining Group has entered into Farm In and Joint Venture Agreements with each of the registered holders, pursuant to which it may earn an initial 70% interest in each of the Projects, there is a risk that it may fail to satisfy the conditions precedent to acquiring the initial 70% interest and consequently forfeit its right to the tenements. Full details are included in Section 10.4 of this Prospectus.



In addition, continuing title to the Tenements is conditional on the Company meeting the requirements under which the tenement title is granted and failure to meet those requirements places the Company's on-going rights to that title and therefore the tenement at risk.

8.4 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated in February 2011, the Company has only a short operating history. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

8.5 Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to the Tenements or tenements which the Company has an interest in or will in the future acquire an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining the consent of any relevant landowner), or to progress from the exploration phase to the development and mining phase of operations may be adversely affected.

Further information in relation to the Tenements and native title claims is set out in the Solicitor's Report on Tenements in Section 5 of this Prospectus.

8.6 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 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.

8.7 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

8.8 Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

8.9 Gold Mining

The success of the Company may be primarily dependent on the price of gold as a substantial proportion of the Company's potential revenues may be derived from the sale of gold.

Gold prices are volatile and may fluctuate as a result of numerous factors, which are beyond the control of the Company.

Such factors include, but are not limited to:

- speculative positions taken by investors or traders in gold;
- changes in global demand for gold (as an investment and/or for other uses);
- global and regional recessions or reduced economic activity and/or inflationary expectations;
- financial market expectations regarding the rate of inflation;
- the strength of the U.S. dollar (the currency in which gold trades internationally);
- gold hedging and de-hedging by gold producers;
- decisions made by central banks and multilateral organisations to purchase, hold or sell portions of their gold reserves; and
- changes in production costs in major gold producing regions.

The price of gold has fluctuated widely in recent years and is currently trading significantly above long-term historical average prices. The possible adverse consequences of future price declines could include the following:

- the Company's projects may become uneconomic because the projected future revenues no longer justify the cost of development;
- the Company may be unable to raise finance to construct or complete the Project on acceptable terms, or at all;
- after production has commenced, the Company's revenues may decline to a point at which its operations are unprofitable, as a result of which the Company may cease production;
- the value of the Company's assets may decline, causing it to write down asset values and thereby incur losses;
- the Company may not have enough cash to fund its exploration program; and
- the Company's Projects may experience delays while the Company reassesses the economics of the Project under different gold price assumptions.

Any of these effects could result in a decline in the Company's share price or even the loss of your investment.

8.10 Uranium Mining

(a) APPROVAL PROCESS

The approval processes for uranium mining are more rigorous than conventional mines, with both Federal and State government legislation to satisfy. There is a risk that, should economic deposits of uranium be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

(b) GOVERNMENT POLICY

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular, government policies and regulations vary in different States and with different governing parties in relation to uranium exploration, mining and marketing.

The Company's activities will require compliance with various laws, both State and Federal, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection of workers and the public against the dangers of radiation and the export of uranium. Changes in government, government policies and legislation could have a material adverse affect on the Company.

(c) REGULATION AND POLITICS

In Australia, mining in general and uranium mining in particular, is regulated by State and Federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and a range of other matters. Compliance with these laws and regulations impacts on the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and exporting of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

The Western Australian State Government allows the mining of uranium provided certain conditions are adhered to.



(d) PUBLIC PERCEPTION

Debate on the relative dangers and benefits of uranium as an energy source will continue into the foreseeable future and may result in statutory and/or regulatory changes which impact the Company operations.

(e) EXPORT POLICY

The Australian Commonwealth Government maintains tight control over the export of uranium through its licensing process.

Currently there are no nuclear power stations operating within Australia and therefore almost all uranium produced from Australian mines is exported. Federal legislation (including the Customs (Prohibited Exports) Regulations and the Nuclear Nonproliferation (Safeguards) Act) currently ensures that Australian uranium is only exported to countries that undertake to use it for peaceful purposes. The physical mining of uranium is also extensively regulated.

Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

(f) ALTERNATIVE ENERGY SOURCES

Uranium is used primarily as a fuel source for electricity generation. Other sources of fuel available for power generation include coal, gas and hydro-electricity. Factors that influence the decision of power producers to choose uranium rather than other fuels include political, technological and environmental considerations (both locally and globally). While these, to date, have impacted negatively on the growth of the uranium industry, recent concerns in relation to carbon-based emissions have strengthened the case for the use of uranium. However, sufficient advances in the technology associated with other carbon-efficient power generation (such as wind, solar or geo-thermal power generation) could see the demand for uranium as a fuel source decrease, which would be likely to have a negative impact on the Company and the value of the Shares.

8.11 Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

8.12 Additional Financing Requirements

The Directors expect that the proceeds of the public capital raising will provide sufficient capital resources to enable the Company to achieve its initial business objectives. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

8.13 Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and share price can be affected by these factors which are beyond the control of the company and its Directors.

8.14 Government Policy Changes

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

At present, the Company is not aware of any reviews or changes that would affect its Tenements. However, changes in community attitudes on matters such as taxation, competition policy, environment and indigenous lands right issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's exploration plans or its rights and obligations in respect of its Tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

8.15 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for gold, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

8.16 Legal Risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

8.17 Stock Market Conditions

Stock market conditions may affect the listed shares regardless of the operating performance. Stock market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- demand for, and supply of, capital.

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many factors outside the operations of the Company will affect the price of the Shares including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, recent world events have affected the price of shares in various sectors. Such events are unpredictable and their impact on the individual companies or markets is beyond the control of the Company.

8.18 Uninsured Loss and Liability

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of the Company's assets may be at risk.

8.19 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.



Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable and appropriate for a company of Mining Group's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (2nd Edition) ("Recommendations") as published by ASX Corporate Governance Council.

A summary of the Company's main corporate governance policies and practices are outlined below. The Company's full Corporate Governance Plan is available from its website, www.mininggroup.net.au

■ SUMMARY OF BOARD CHARTER

The role of the Board is to provide leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and ensures resources are available to meet objectives and monitor management's performance. The Board is responsible for promoting the success of the Company through its oversight role. The Board also reviews the Company's systems of risk management, internal compliance and control, its Code of Conduct, and legal compliance. The Board approves items such as major capital expenditure, capital management, significant acquisitions and divestures, the budget, adequacy and integrity of financial and other reporting, statutory accounts, and issues of securities.

The Board delegates to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility.

The Board Charter also includes the procedure for selection, appointment and rotation of external auditor, procedure for selection and re-appointment of Directors, composition of the Board, the role of the Chairman and Board committees and Board performance review.

■ SUMMARY OF CODE OF CONDUCT

The Code of Conduct provides a framework for decisions and actions in relation to ethical conduct by Directors, officers and employees of the Company. It sets out the principles covering appropriate conduct in a variety of contexts, including conflicts of interest, public and media comment, protection of the Company's assets, confidentiality, discrimination and harassment and fair dealing, and outlines the minimum standard of behaviour expected from Board, officers and employees.

The Company is to comply with all legislative and common law requirements which affect its business. The Company will deal with others in a way that is fair and will not engage in deceptive practices.

■ SUMMARY OF AUDIT COMMITTEE CHARTER

The role of the Audit Committee is to assist the Board to monitor and review the integrity of the financial reporting of the Company and to review any matters of significance affecting financial reporting and compliance. The Audit Committee is also to review the Company's internal financial control system and risk management systems and to monitor, review and oversee the external audit function.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibilities and has the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

The Audit Committee also assesses whether external reporting is consistent with Audit Committee members information and knowledge and is adequate for shareholder needs and assesses the management processes supporting external reporting.

SUMMARY OF REMUNERATION COMMITTEE CHARTER

The function of the Remuneration Committee is to review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders. The Remuneration Committee is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

SUMMARY OF REMUNERATION POLICY

Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and executives.

The Company's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company. From time to time the Company may grant options to Non-Executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide Non-Executive Directors with additional incentive to continue those efforts for the benefit of the Company.

Executive pay and reward consists of a base salary and performance incentives.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

SUMMARY OF NOMINATION COMMITTEE CHARTER

The primary purpose of the Nomination Committee is to support and advise the Board in maintaining an appropriate mix of skills and experience to be an effective decision making body and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

The Nomination Committee also regularly reviews the time required from Non-Executive Directors to properly fulfil their duty to the Company and reports this to the Board. The Nomination Committee is responsible for induction procedures for new appointees to the Board and annual performance evaluation of the Board, Board committees and individual Directors.

Initial Director appointments are made by resolution of the Board. The new Director will be required to stand for election at the Company's next annual general meeting.

SUMMARY OF PROCESS FOR PERFORMANCE EVALUATION

The Nomination Committee will arrange an annual performance evaluation of the Board, its Committees and its individual Directors. To assist in this process, an independent adviser may be used. The review will include, amongst other things, comparing the performance of the Board with the requirements of its Charter.

The Remuneration Committee will oversee the performance evaluation of the executive team. This will be based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management and personnel.

CONTINUOUS DISCLOSURE POLICY

The Company has in place a written policy on information disclosure and relevant procedures. The focus of these procedures is on continuous disclosure compliance and improving access to information for investors. The Company Secretary is responsible for overseeing and co-ordinating disclosure of information to the relevant stock exchanges and Shareholders and providing guidance to Directors and employees on disclosure requirements and procedures.

SUMMARY OF RISK MANAGEMENT POLICY

The Board has adopted a Risk Management Policy. Under the Policy, the Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board has delegated to the Audit Committee responsibility for implementing the risk management system, while the responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management.

SUMMARY OF SECURITIES TRADING POLICY

The Board has adopted a policy which prohibits dealing in the Company's securities by Directors, officers and employees when those persons possess inside information. The Policy generally provides that the written acknowledgement of the Chair must be obtained prior to trading.

SUMMARY SHAREHOLDER COMMUNICATIONS STRATEGY

The Board aims to ensure that the Shareholders are informed of all major developments affecting the Company. All Shareholders are entitled to receive the Company's annual report. The Company also maintains a website on which the Company makes certain information available on a regular basis.



SUMMARY OF DIVERSITY POLICY

The Board has adopted a Diversity Policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

Departures from the Recommendations

The Board sets out below its “if not, why not” report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Principle 2: Structure the Board to Add Value

Recommendation 2.1: A majority of the Board should be independent directors.

Notification of departure:

Company does not have a majority of independent directors. Currently the Board is comprised of one independent Director, Winton Willesee, and two non independent Directors, Andrew Maurice who acts in an executive capacity as the Managing Director, and Shannon Coates, who also provides company secretarial consultancy services to the Company.

Explanation for departure:

The Board considers that the composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

Recommendation 2.4: The Board should establish a Nomination Committee.

Notification of departure:

There is no separate Nomination Committee.

Explanation for departure:

The full Board considers those matters that would usually be the responsibility of a Nomination Committee. Given that the Board comprises only 3 Directors, the Board considers that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted a Nomination Committee Charter which it applies, as relevant.

Principle 4: Safeguard Integrity in Financial Reporting

Recommendations 4.1 and 4.2: The Board should establish an Audit Committee and structure it in accordance with Recommendation 4.2.

Notification of departure:

There is no separate Audit Committee and therefore it is not structured in accordance with the compositional recommendation.

Explanation for departure:

The role of the Audit Committee is carried out by the full Board. The Board considers that given its size and composition, no efficiencies or other benefits would be gained by establishing a separate committee. When considering audit related matters, the Board functions in accordance with its Audit Committee Charter. The Audit Committee Charter also provides that the Board may meet with the external auditor, without management present, as required.

Principle 8: Remunerate Fairly and Responsibly

Recommendations 8.1 and 8.2: The Board should establish a Remuneration Committee and structure it in accordance with Recommendation 8.2.

Notification of departure:

There is no separate Remuneration Committee and therefore it is not structured in accordance with the compositional recommendation.

Explanation for departure:

The role of the Remuneration Committee is carried out by the full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. However, the Board has adopted a Remuneration Committee Charter, which it applies when convening as the Remuneration Committee. No Directors participate in any deliberations regarding their own remuneration or related issues.

Additional Information

10.1 Registration

The Company was incorporated on 9 February 2011.

10.2 Rights Attaching to Shares

There is only one class of shares on issue in the Company being fully paid ordinary shares. The rights attaching to Shares are:

- (a) set out in the Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

VOTING

Subject to any rights restrictions for the time being attached to any class or classes of shares (at present there is only one class) every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

A poll may be demanded before or immediately upon the declaration of the voting results on a show of hands by the chairman of the meeting, by any five Shareholders present in person or by proxy, attorney or representative and entitled to vote on the resolution, or by any one or more Shareholders who together hold not less than 5% of the total voting rights of all those Shareholders having the right to vote on the resolution.

DIVIDENDS

Subject to the rights of persons (if any) entitled to Shares with special rights to dividends, the Directors may declare a dividend out of profits in accordance with the Corporations Act. The Directors may authorise the payment to Shareholders of an interim dividend as the Directors may determine. Interest may not be paid by the Company on any dividend.

TRANSFER OF SHARES

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares including a transfer that may be effected pursuant to the SCH Business Rules (superseded by the ATSC Settlement Rules) or some other electronic transfer process or by an instrument in writing, in a form sufficient for transfer of the marketable securities under the Corporations Act, or approved by ASX, or in any other usual or common form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, other than a market transfer, where permitted or required by the Listing Rules or the SCH Business Rules (superseded by the ATSC Settlement Rules) or where the transfer would breach the Listing Rules. Where the Directors exercise their right to refuse a transfer, they must give written notice in accordance with Listing Rules to the transferee and lodging broker (if any). Failure to give notice will not invalidate the decision of the Directors. The Company must not



refuse to register or give effect to or delay or in any way interfere with the registration of a market transfer where to do so would be contrary to the Listing Rules or any of the SCH Business Rules (superseded by the ASTC Business Rules).

MEETINGS AND NOTICE

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

WINDING UP

Subject to the rights of Shareholders entitled to Shares with special rights in winding up (at present there are none), all monies and property to be distributed between Shareholders shall be distributed to them in proportion to the Shares held by them (irrespective of the amount paid up or credited as paid upon the Shares). A liquidator may, with the sanction of special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be divided and may determine how the division is to be carried out between Shareholders or different classes of Shareholders (presently there are none). The liquidator may, with the sanction of special resolution of the Company, vest the whole or any part of the property of the Company in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but that no Shareholder is compelled to accept shares or other securities in respect of which there is any liability.

SHAREHOLDER LIABILITY

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

ALTERATION TO THE CONSTITUTION

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX LISTING RULES

If the Company is admitted to the Official List, notwithstanding anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

10.3 Terms and Conditions of Options

The terms of the Options are set out below.

a) Exercise Price

The exercise price of each Option is 20 cents.

b) Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

c) Option Period

The Options will expire at 5.00pm WST on 1 July 2014. Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

d) Ranking of Share Allotted on Exercise of Option

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of allotment.

e) Voting

A registered owner of an Option ("Option Holder") will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

f) Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

g) Method of Exercise of an Option

- (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options ("Notice of Exercise of Options"). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
- (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of 20 cents (\$0.20) per Share.
- (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (iv) Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (v) If the Company is listed on the ASX, the Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

- (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

h) ASX Listing

The Company will apply for Quotation of the Options on the ASX.

i) Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

j) Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least six (6) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

k) No Change of Options' Exercise Price or Number of Underlying Shares

Subject to clause (i), there are no rights to change the exercise price of the Options or the number of underlying Shares.



10.4 Summary of Material Contracts

Set out below is a summary of the more important provisions of contracts to which the Company is a party which may be material in terms of the Offer or the operation of the Company's business, or otherwise may be relevant to a potential investor in the Company.

(a) FARM IN AND JOINT VENTURE AGREEMENT – BOORARA PROJECT

On 4 May 2011, Mining Group entered into a Farm In and Joint Venture Agreement with Clinton Dean Hood ("Vendor") to acquire up to 70% of the Boorara Project. The Boorara Project comprises Prospecting Licences P26/3621 and P26/3622.

Mining Group paid the Vendor of the Boorara Project an option fee of \$5,000 for the sole and exclusive right to farm into the Boorara Project. Mining Group will acquire an initial 70% interest upon satisfying the following conditions:

1. Completing a minimum of 1,000 metres of RC, RAB and/or diamond core drilling within 2 years of admission of Mining Group to the Official List; and
2. on the date that Mining Group receives in principle approval from the ASX for admission to the Official List on conditions acceptable to Mining Group, paying \$20,000 (plus GST) cash to the Vendor and issuing \$20,000 worth of Shares at a deemed issue price of 20 cents per Share.

Failure to list on the ASX by 31 July 2011 will result in the Purchaser being deemed to withdraw from the Project and have no further interest in the Project.

The Agreement is conditional upon the receipt of any necessary approval from the Minister under the Mining Act.

Standard dilution clauses apply once the initial 70% interest is obtained, except where the Vendor dilutes to less than a 10% interest, in which case, the Vendor is deemed to dilute to a 2% net smelter royalty.

The Farm In and Joint Venture Agreement contains additional provisions, including warranties and indemnities in favour of Mining Group considered standard in an agreement of this type.

(b) FARM IN AND JOINT VENTURE AGREEMENT – TEUTONIC PROJECT

On 4 May 2011, Mining Group entered into a Farm In and Joint Venture Agreement with Sammy Resources Pty Ltd ("Vendor") to acquire up to 70% of the Teutonic Project. The Teutonic Project comprises Exploration Licence E37/1037.

Mining Group acquired the sole and exclusive right to farm into the Teutonic Project and will acquire an initial 70% interest upon satisfying the following conditions:

1. Completing a minimum of \$1,000,000 in exploration expenditure in relation to the Project within 3 years of listing on the ASX; and
2. on the date that Mining Group receives in principle approval from the ASX for admission to the Official List on conditions acceptable to Mining Group, paying to the Vendor \$2,000 in cash (plus GST) and issuing to the Vendor \$10,000 in shares (at a deemed issue price of \$0.20 per share).

Failure to list on the ASX by 31 July 2011 will result in the Purchaser being deemed to withdraw from the Project and have no further interest in the Project.

The Agreement is conditional upon the receipt of any necessary approval from the Minister under the Mining Act.

Standard dilution clauses apply once the initial 70% interest is obtained, except where the Vendor dilutes to less than a 10% interest, in which case, the Vendor is deemed to dilute to a 2% net smelter royalty.

The Farm In and Joint Venture Agreement contains additional provisions, including warranties and indemnities in favour of Mining Group considered standard in an agreement of this type.

MANDATE – EVOLUTION CAPITAL PARTNERS

On 11 March 2011, the Company entered into a Mandate with Evolution Capital Partners Pty Ltd (“Evolution”) pursuant to which Evolution agreed to act as Project Manager with respect to the Company’s Prospectus preparation process and ASX listing (“Evolution Mandate”). Non-Executive Director and Company Secretary, Ms Shannon Coates, is employed by Evolution.

The Evolution Mandate commenced on 11 March 2011 and will terminate on the date that the Company is admitted to the Official List of the ASX.

In consideration for the services provided by Evolution pursuant to the Evolution Mandate, the Company has agreed to pay Evolution a fee of \$19,000, payable monthly in arrears on a time costed basis (with any remainder payable upon admission of the Company to the Official List of the ASX) plus the right to:

- 2.5% of any promoter shares; and
- 2.5% of any seed shares;
- allocate 5% of the IPO 20 cent shares to Evolution clients (20 names minimum) on the opening day of the Prospectus.

The Evolution Mandate also contains other provisions which are standard for an agreement of this nature.

MANDATE – CYGNET CAPITAL

The Company has engaged Cygnet Capital as Lead Manager to the Offer and Corporate Advisor for a period of 12 months post listing on ASX (“Cygnet Mandate”). Under the terms of the Cygnet Mandate, dated 8 April 2011, Cygnet Capital will provide capital raising and corporate advisory services.

Pursuant to the terms of the Cygnet Mandate, Mining Group will pay the following fees to Cygnet Capital:

1. Capital Raising Fee: 5% plus a management fee of 1% on all capital raised by Cygnet Capital, which includes any capital raised prior to and under the Offer;
2. Success Fee: \$50,000 upon successful listing of the Company on the ASX;
3. Corporate Advisory Fee: \$7,000 (plus GST) per month for a period of 12 months post listing of the Company on the ASX. This corporate advisory retainer may be terminated by either party on one month’s written notice;
4. Out of Pocket Expenses: expenses reasonably incurred in connection with the Offer.

Cygnet Capital has assumed the responsibility to pay handling fees in respect of Applications submitted by other licensed dealers and may pass on up to 5% of the Capital Raising Fee to other stock broking/advisory groups with an appropriate AFSL who participate in the Offer.

Cygnet Capital will be granted first right over all capital raising initiatives undertaken by the Company for a period of 12 months from the date the Company is admitted to the Official List of the ASX. Cygnet Capital has also agreed to underwrite the Company’s entitlement issue of Options, proposed to be offered within three months after the commencement of trading of the Company’s Shares on ASX, in consideration for which it will receive, subject to shareholder approval if required, a minimum subscription of 5,000,000 Options, together with a 5% capital raising fee and 1% management fee calculated on total funds raised via the entitlement issue. For clarity, if all Shareholders entitled to participate in the entitlement issue take up their Options, Cygnet Capital will still receive 5,000,000 Options.

The Cygnet Mandate also contains standard representations and warranties for an agreement of this nature.

CONSULTANCY AGREEMENT – EVOLUTION CAPITAL PARTNERS

On 11 March 2011, the Company entered into a Consultancy Agreement with Evolution pursuant to which Evolution has agreed to provide company secretarial services to the Company for a minimum initial term of 12 months from the date the Company is admitted to the Official List of the ASX (“Consultancy Agreement”).

In consideration for the services provided by Evolution pursuant to the Consultancy Agreement, the Company has agreed to pay Evolution a monthly fee of \$5,000 (plus GST). After the initial term, the Consultancy Agreement may be terminated by either party at any time by providing 3 months written notice.

The Consultancy Agreement also contains other provisions which are standard for an agreement of this nature.



10.5 Interests of Directors

DIRECTORS' SHARE AND OPTION HOLDINGS

At the date of this Prospectus, the Directors interests in the Company are as follows:

DIRECTORS	SHARES	OPTIONS
Andrew Maurice	150,000	500,000 ¹
Winton Willesee	150,000	500,000 ¹
Shannon Coates	343,751	500,000 ¹

Notes:

- Options exercisable on or before 1 July 2014 at an exercise price of 20 cents each. The terms and conditions of the Options are detailed in Section 9.3 of this Prospectus. The Company intends to apply for quotation of these Options at the time of the proposed entitlement issue of options detailed in Section 2.13.

DIRECTORS' REMUNERATION

The names and descriptions of the Directors are set out in the Corporate Directory and Section 3 of this Prospectus.

Directors' fees to be paid by the Company are as follows:

DIRECTOR	ROLE	DIRECTORS' FEES ¹
Andrew Maurice	Managing Director	\$1,200 per day ²
Winton Willesee	Non-Executive Chairman	\$30,000 per annum ³
Shannon Coates	Non-Executive Director	\$30,000 per annum ³

- Non-Executive Directors' fees not exceeding an aggregate of \$200,000 per annum have been approved by the Company in general meeting.
- Mr Maurice is paid a daily rate for actual hours worked. See below for a summary of the terms and conditions of Mr Maurice's Executive Employment Agreement.
- Non-Executive Director's fees are only payable from the date the Company lists on the ASX.

EXECUTIVE EMPLOYMENT AGREEMENT

On 14 March 2011, the Company entered into an Executive Employment Agreement ("Executive Employment Agreement") with Managing Director, Mr Andrew Maurice, ("Executive") on the following material terms and conditions. Terms defined in this Section have the same meaning as contained in the Executive Employment Agreement:

- Remuneration:** Daily Rate of \$1,200 per day, based on actual days worked, plus any applicable superannuation.
- Termination date:** 14 March 2013.
- Termination by the Executive:** The Executive may terminate the Executive Employment Agreement by:
 - giving written notice to that effect in the event of any breach, non-observance or non-performance by the Company of any provision of the Executive Employment Agreement and the failure by the Company to remedy or adequately respond to the breach, non-observance or non-performance within 10 business days of written notice requiring it to remedy such breach; or
 - giving one months' written notice to the Company without providing a reason for termination.
- Termination by the Company:** The Company may terminate the Executive Employment Agreement by the Company giving one months' written notice to the Executive without needing to provide any reason for termination.

If notice is given by either party to terminate, the Company may make a payment of \$1,200 in lieu of the notice period.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Non-Executive Directors' Letters of Appointment provide that Winton Willesee and Shannon Coates will respectively receive Director's fees of \$30,000 per annum (inclusive of superannuation), effective from the date the Company is admitted to the Official List of the ASX.

DEEDS OF INDEMNITY

The Company intends to enter into Deeds of Indemnity and Access with each of its Directors (Deeds) following listing of the Company on the ASX.

Pursuant to the Deeds, the Company will indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company will be required under the Deeds to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of 7 years after the relevant Director's retirement or resignation.

The Deeds will also provide for the Director's right of access to Board papers.

MANDATE AND CONSULTANCY AGREEMENT WITH EVOLUTION CAPITAL PARTNERS

The Company has engaged Evolution to act as Project Manager with respect to the Company's Prospectus preparation process and ASX listing and to provide company secretarial services to the Company, for an initial term of 12 months from the date the Company is admitted to the Official List of the ASX. Non-Executive Director and Company Secretary, Ms Shannon Coates, is employed by Evolution. Full details of the Evolution Mandate and Consultancy Agreement are included in Section 10.4 of this Prospectus.

INTERESTS OF DIRECTORS

Other than as set out above or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its promotion or formation or the Offer; or
- (c) the Offer.

Except as set out above, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

10.6 Interests of Persons Named

Other than as set out below or elsewhere 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, promoter or broker to the Company has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Cygnnet Capital and the Company have entered into the Cygnnet Mandate pursuant to which Cygnnet Capital will act as Lead Manager to the Offer and Corporate Advisor. See Section 10.4 for details of the amounts agreed to be paid to Cygnnet Capital.

Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) has been appointed as auditor to the Company for which it will be paid usual commercial rates.

Stantons International Pty Ltd (trading as Stantons International Securities) has prepared the Investigating Accountant's Report in Section 7 of this Prospectus. The Company has paid or will pay approximately \$8,000 for these services. Stantons International Securities has not provided any other professional services to the Company since the incorporation of the Company.

Donald Horn (trading as Broad Tree Group) will receive professional fees of approximately \$10,000 for consultancy services in connection with this Prospectus including the provision of the Independent Geologist's Report in Section 5 of this Prospectus. Broad Tree Group has not provided any other professional services to the Company since the incorporation of the Company.



Blakiston & Crabb have acted as solicitors to the Company in providing general advice in relation to this Prospectus. Blakiston & Crabb will receive professional fees of approximately \$40,000 for providing general advice in relation to this Prospectus and for the preparation of the Solicitors' Report on Mining Tenements contained in this Prospectus. Blakiston and Crabb have not provided any other professional services to the Company since the incorporation of the Company.

Evolution has entered into the Evolution Mandate, pursuant to which Evolution will provide corporate advisory services in connection with this Prospectus and the Consultancy Agreement, pursuant to which Evolution will provide company secretarial services to the Company following admission of the Company to the Official List of the ASX. See Section 10.4 for details of the amounts agreed to be paid to Evolution.

10.7 Consents

Each of the parties referred to in this Section 10.7:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 10.7; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 10.7.

Stantons International Pty Ltd (trading as Stantons International Securities) has given its written consent to the inclusion in Section 7 of this Prospectus of its Investigating Accountant's Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Donald Horn (trading as Broad Tree Group) has given written consent to the inclusion in Section 5 of this Prospectus of the Independent Geologist's Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Blakiston & Crabb has given its written consent to the inclusion in Section 6 of this Prospectus of their Solicitors' Report on Tenements and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (c) Blakiston & Crabb, as the Solicitor reporting on the Tenements;
- (d) Stantons International Pty Ltd (trading as Stantons International Securities), as the Investigating Accountant of the Company;
- (e) Stantons International Audit and Consulting Pty Ltd (trading as Stantons International), as auditor of the Company;
- (f) Donald Horn (trading as Broad Tree Group), as the Independent Geologist;
- (g) Computershare Investor Services Pty Ltd, as the share registry to the Company;
- (h) Cygnet Capital Pty Ltd, as Lead Manager and Corporate Advisor; and
- (i) Evolution Capital Partners Pty Ltd, as Corporate Advisor.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

10.8 Expenses of the Offer

It is estimated that the Company will pay the following costs in connection with the preparation and issue of this Prospectus (exclusive of GST and assuming that the full subscription is reached):

SERVICE	ESTIMATE OF COST (\$)
Legal Fees	40,000
Geological Expert	10,000
Prospectus Costs	15,500
ASIC and ASX Fees	32,904
Share Registry	7,360
Broker Fees	200,000
Corporate Advisory Fees	19,000
Investigating Accountant's Report	8,000
Other	19,000
Total	351,764

10.9 Company Tax Status

The Directors expect the Company will be taxed in Australia as a public company.

10.10 Litigation

The Company is not involved in any litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

10.11 Electronic Prospectus

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper prospectus lodged with the ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company (at email: admin@mininggroup.net.au or telephone +61 8 9322 6424) and the Company will send to you free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.



Definitions

"\$A" or "\$"	means Australian Dollars.
"Applicant"	means a person who submits an Application.
"Application"	means a valid application to subscribe for Shares.
"Application Form"	means the form so described which is attached in this Prospectus.
"Application Monies"	means monies paid under an Application.
"ASIC"	means Australian Securities and Investments Commission.
"ASTC"	means ASX Settlement and Transfer Corporation.
"ASTC Settlement Rules"	means the settlement rules of the ASTC as amended from time to time.
"ASX"	means ASX Limited ACN 008 624 691, and where the context permits, the Australian Securities Exchange operated by ASX Limited.
"Auditor"	means Stantons International Audit and Consulting Pty Ltd (trading as Stantons International).
"Board"	means the Board of Directors of the Company unless the context indicates otherwise.
"Business Day"	means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.
"CHESS"	means the ASX Clearing House Electronic Sub-register System.
"Closing Date"	means 3 June 2011.
"Company"	means Mining Group Limited ACN 149 230 811.
"Constitution"	means the constitution of the Company.
"Corporations Act"	means the Corporations Act 2001 (Cth).
"Cygnet Capital"	means Cygnet Capital Pty Ltd, Lead Manager to the Offer and Corporate Advisor.
"Cygnet Mandate"	means the mandate letter dated 8 April 2011 between the Company and Cygnet Capital.
"Director"	means a director of the Company.
"Electronic Prospectus"	means the electronic version of this Prospectus.
"Entitlement Date"	means a date to be announced by the Company by at least 5 Business Day's Notice.
"Exposure Period"	means the period of 7 days after lodgement of this Prospectus which may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.
"Evolution"	means Evolution Capital Partners Pty Ltd ACN 093 485 128.

"Independent Geologist"	means Broad Tree Group.
"Independent Geologist's Report"	means the report contained in Section 5 of this Prospectus.
"Investigating Accountant"	means Stantons International Pty Ltd (trading as Stantons International Securities).
"Investigating Accountant's Report"	means the report contained in Section 7 of this Prospectus.
"Issue"	means the issue of Shares pursuant to this Prospectus.
"Issuer Sponsored"	means shares issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
"JORC Code"	means the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves.
"Listing Rules"	means the Listing Rules of the ASX.
"Mining Group"	means Mining Group Limited ACN 149 230 811.
"Mozs"	means million ounces.
"Offer"	means the invitation to apply for Shares pursuant to this Prospectus.
"Offer Period"	means the period commencing on the Opening Date and ending on the Closing Date.
"Official List"	means the Official List of the ASX.
"Official Quotation"	means quotation of the Shares on the Official List.
"Opening Date"	means the 20 May 2011.
"Option"	means an option to acquire one Share.
"Prospectus"	means this prospectus dated 6 May 2011 for the Offer and includes an Electronic Prospectus.
"Share"	means one fully paid ordinary share in the Company.
"Shareholder"	means a holder of Shares.
"Tenements"	means those tenements referred to in the tenement schedule in Section 4.3 of this Prospectus.
"WST"	means Australian Western Standard Time.



Directors' Statement

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 6 May 2011

Signed for and on behalf of the Company

ANDREW MAURICE
Managing Director

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