3 August 2012

Dear Shareholder

Notice to Overseas Shareholders of Entitlement Issue

We write to you as the registered holder of Mining Group Limited (**Mining Group** or **Company**) shares (ASX code: MNE) as at today's date. As announced on 31 July 2012, the Directors of Mining Group have resolved to undertake a renounceable entitlement issue of up to approximately 50,202,344 fully paid ordinary shares (**Shares**) on the basis of one new Share for every one Share held by shareholders on the Record Date at an issue price of $0.10 per new share to raise up to approximately $5,020,234 (**Entitlement Offer**).

The Entitlement Offer is conditionally partially underwritten to the extent of 25,000,000 Shares (**Underwritten Shares**) by Patersons Securities Limited (**Underwriter**). The Company must pay the Underwriter a corporate advisory fee of $75,000, an underwriting fee of 6% of the total amount raised pursuant to the Underwritten Shares, and a placement fee of 6% in relation to any shortfall shares placed by the Underwriter.

In addition, the Prospectus covers the issue of up to 12,500,000 options to acquire Shares at an exercise price of 20 cents (**Listed Options**) to the Underwriter (or its nominees) in consideration for the services provided by the Underwriter in relation to the Entitlement Offer (**Listed Options Offer**). The issue of any Listed Options under the Listed Options Offer is subject to Shareholder approval at a general meeting.

The funds raised from the Entitlement Offer are being used for:

(a) repayment of a $500,000 loan to White Swan Nominees Pty Ltd;
(b) exploration activities on Mining Group's mining tenements;
(c) expenses incurred in undertaking the Entitlement Offer; and
(d) general working capital.

The Entitlement Offer is available to Mining Group shareholders registered on the record date of 13 August 2012 (**Record Date**) and who reside in Australia or New Zealand.

The Entitlement Offer is being made pursuant to a prospectus which was lodged with the Australian Securities and Investments Commission on 1 August 2012 (**Prospectus**). The Prospectus is available at the Company's website: www.mininggroup.net.au or on the ASX website (company announcements section, ASX code: MNE) at www.asx.com.au.

Ineligible shareholders

In accordance with the Listing Rules of the Australian Securities Exchange, the Company has considered the number of shareholders with registered addresses outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking into consideration the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to shareholders with registered addresses outside of Australia and New Zealand, the

Company has formed the view that it is unreasonable to extend the Offer to those shareholders (**Ineligible Shareholders**).

Accordingly, Mining Group will not be sending you a copy of the Prospectus as Mining Group is unable to extend to you the opportunity to participate in the Entitlement Offer.

The Company has appointed the Underwriter as nominee to sell the rights to subscribe for Shares pursuant to the Prospectus (**Entitlements**) to which Ineligible Shareholders are entitled. The Underwriter will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Underwriter may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Underwriter will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Underwriter take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any questions in relation to the above, please do not hesitate to contact the Company Secretary on (61 8) 9322 6424.

Yours sincerely

Shannon Coates
Company Secretary