

MINING GROUP LIMITED

ACN 149 230 811

SUPPLEMENTARY PROSPECTUS

Important Information

This Supplementary Prospectus is dated 12 April 2013 and is supplementary to the Prospectus dated 28 March 2013 issued by Mining Group Limited (ACN 149 230 811) (**Company**) (**Prospectus**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 12 April 2013. The ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.mininggroup.net.au. The Company will send a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

1. GENERAL

Under the Corporations Act, the Company has an obligation to update a disclosure document if it becomes aware of new information that is material to investors.

This Supplementary Prospectus has been prepared to provide additional information to investors on items that the Company considers may be material.

2. VALUE OF OFFER

On the date immediately prior to the date of this Supplementary Prospectus, the closing price of Shares as traded on ASX was \$0.03.

Under the Offer, the Company is offering two (2) new Shares for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.035 per Share to raise up to \$2,481,665 (based on the number of Shares on issue as at the date of this Prospectus) (**New Shares**) (together with one (1) free attaching option exercisable at \$0.06 each on or before 30 June 2015 for every two (2) New Shares subscribed for and issued (**New Option**)).

The issue price for the package of New Shares and New Options is therefore more than the current trading price of the Company's Shares on ASX. However, the New Option being offered under the Offer has a value which is not readily attainable with reference to the market/ASX (because the New Options are not trading on ASX as yet).

In light of this, the Company considers it prudent to make available to Shareholders an independent valuation of the New Options using the Black & Scholes option valuation model.

Based on the assumptions set out below and using this model, the New Options have a potential value as follows:

Assumptions:	
Valuation date	12 April 2013
Market price of Shares	3 cents
Exercise price	6 cents
Expiry date (length of time from issue)	30 June 2015 (approximately 26 months)
Risk free interest rate	2.83%
Volatility (discount)	140%
Indicative value per New Option	1.7701 cents

Note: The valuation noted above is not necessarily the market price that the New Options could be traded at and is not automatically the market price for taxation purposes.

Based on the above, the total value of one (1) New Share and one half (1/2) of a New Option is \$0.0388505, which is more than the issue price for the package,

of \$0.035. This is effectively what each Shareholder will be acquiring when applying for New Shares and New Options under the Offer.

However, Shareholders should be aware that the value of the New Shares and New Options will fluctuate with changes in the market price for the New Shares and the assumptions set out in the Option valuation model above.

3. SUBUNDERWRITERS

As stated in section 4.8 of the Prospectus, the Underwriter has entered into sub-underwriting arrangements with a number of third parties, none of whom will receive a controlling interest in the Company on completion of the Offer (regardless of the amount of Shares available under the Shortfall Offer).

The Underwriter has entered into arrangements with 7 entities to sub-underwrite the Offer (**Sub-underwriters**).

None of these Sub-underwriters will acquire a voting power in the Company in excess of 20%, even if there is a 100% Shortfall (which is considered unlikely). As such, there will be no change in control event in favour of any Sub-underwriter.

Colin Johnstone is the only Sub-underwriter who is also a related party of the Company and no substantial Shareholders have entered into sub-underwriting arrangements with the Underwriter. Mr Johnstone has agreed to sub-underwrite up to \$25,000 of the Offer and will be entitled to a cash fee of 4% of this amount as a sub- underwriting fee.

4. UNDERWRITING AGREEMENT

Section 8.5 of the Prospectus summarises the terms of the Underwriting Agreement.

The Underwriting Agreement has now been amended to provided that the Underwriting Agreement cannot be terminated after the Closing Date.

5. CONSENTS

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take 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.

Cygnnet Capital Pty Limited has given its written consent to being named as underwriter to the Offer in this Supplementary Prospectus, in the form and context in which it is named.

Colin Johnstone has given his written consent to being named as a Sub-underwriter to the Offer in this Supplementary Prospectus, in the form and context in which he is named.

6. APPLICATIONS

As the Prospectus has not been sent to Shareholders as yet, no applications have been received.

Shareholders can therefore subscribe for New Shares and New Options on the basis set out in the Prospectus.

7. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



ZEFFRON REEVES
Managing Director
For and on behalf of
Mining Group Limited

Note: All other details in relation to the terms of the Offer and other matters under the Prospectus remain unchanged.