Mining Group signs production lease agreement over the Paraguay Mine

ASX ANNOUNCEMENT **28 May 2014**

Highlights

- **Mining Group has entered into its second production lease agreement over the Paraguay Copper Mine at the El Roble Copper Project, Chile**
- **High-grade copper zone identified from sampling at Paraguay Mine ready for immediate extraction**

Perth-based copper developer **Mining Group Limited (ASX: MNE)** is pleased to advise that it has signed a second production lease agreement at the El Roble Copper Project, Chile, over the Paraguay Mine.

The Paraguay Mine is located approximately 1km south west of the Panga Mine (Figure 1) where Mining Group has an existing production agreement to extract up to 5,000 tonnes of copper-bearing material per month. The Company is currently carrying out underground mining activities at Panga. The Paraguay Mine is interpreted to be the same copper-bearing structure that the Panga Mine is currently exploiting.

The signing of a second production agreement at the Paraguay Mine is in line with the Company's strategy to fund long-term growth from small-scale production at the El Roble Copper Project.

The agreement gives Mining Group exclusive access to mine on the Paraguay concession which consists of approximately 5 hectares and covers approximately 500m of the strike extent of the mapped copper-bearing vein.

Mining Group Managing Director Mr Zeff Reeves said: "The signing of the agreement over Paraguay is another step forward for the Company in executing its strategy of funding long term growth through small-scale production.

"The agreement gives us access to a second mining area where we have already defined quite a prospective zone of high grade mineralisation which is open along strike displays grades and widths within our target range for extraction.

"The next step for Paraguay is to get our 5000t per month operating licence granted and commence work there as quickly as possible."

The El Roble Copper Project is approximately 25km east of the port city of Caldera, within Region III of Chile. It is in the vicinity of an operating port, within 80km of Copiapo, a major regional mining centre, and within 80km of three copper toll treatment plants. The El Roble Copper Project consists of more than 6,000 hectares of granted concessions and applications covering a strike extensive, IOCG associated copper/gold vein system. The project produced between 500,000 and 1 million tonnes of copper-bearing ore at a cut-off grade of 9% copper during the latter half of the 19th century.

Mining Group identified the Paraguay Mine within the El Roble project area as a high priority target, and this second agreement allows the Company to extract up to 5,000t per month of copper-bearing material as soon as an operating licence is granted by Chilean authorities. It should be noted that the extraction of 5,000 tonnes of copper-bearing rock per month is not a production target.

Paraguay Production Lease Agreement

The Paraguay production lease agreement grants Mining Group exclusive access to extract copper-bearing material from the concession, once an operating licence has been granted. The production lease agreement is subject to the following material conditions:

- minimum monthly payment of US$2,000 per month, per concession;
- first US$200,000 of revenue per month will be subject to a 10% royalty;
- every subsequent dollar of revenue over US$200,000 per month will be subject to a 5% royalty;
- royalty payments will be made in lieu of the minimum monthly payment when royalty payments exceed US$2,000 per month; and
- Mining Group will be liable for the minimum monthly payments from June 2014.

Paraguay Mine

The Paraguay Mine consists of a single, approximately 80m long, strike drive, following the mineralised vein, which is the south-west extension of the Panga vein, approximately 1km to the north-east. The Company has identified a high-grade zone (Figure 2) from detailed sampling carried out previously (ASX announcements 18 February 2014 and 14 March 2014) which has returned single assays of up to 17.50% Cu and a consistent 1.50m to 3.20m of mineralised width ranging in grade from 2.00%Cu to 6.89% Cu exposed within the tunnel developed along the vein.

The mineralised zone is open along strike in both directions and provides the Company with immediate access to high-grade copper-bearing material for extraction. The Company plans to submit applications to the Chilean authorities to obtain an operating licence to extract up to 5000t per month of copper-bearing material from the Paraguay Mine.

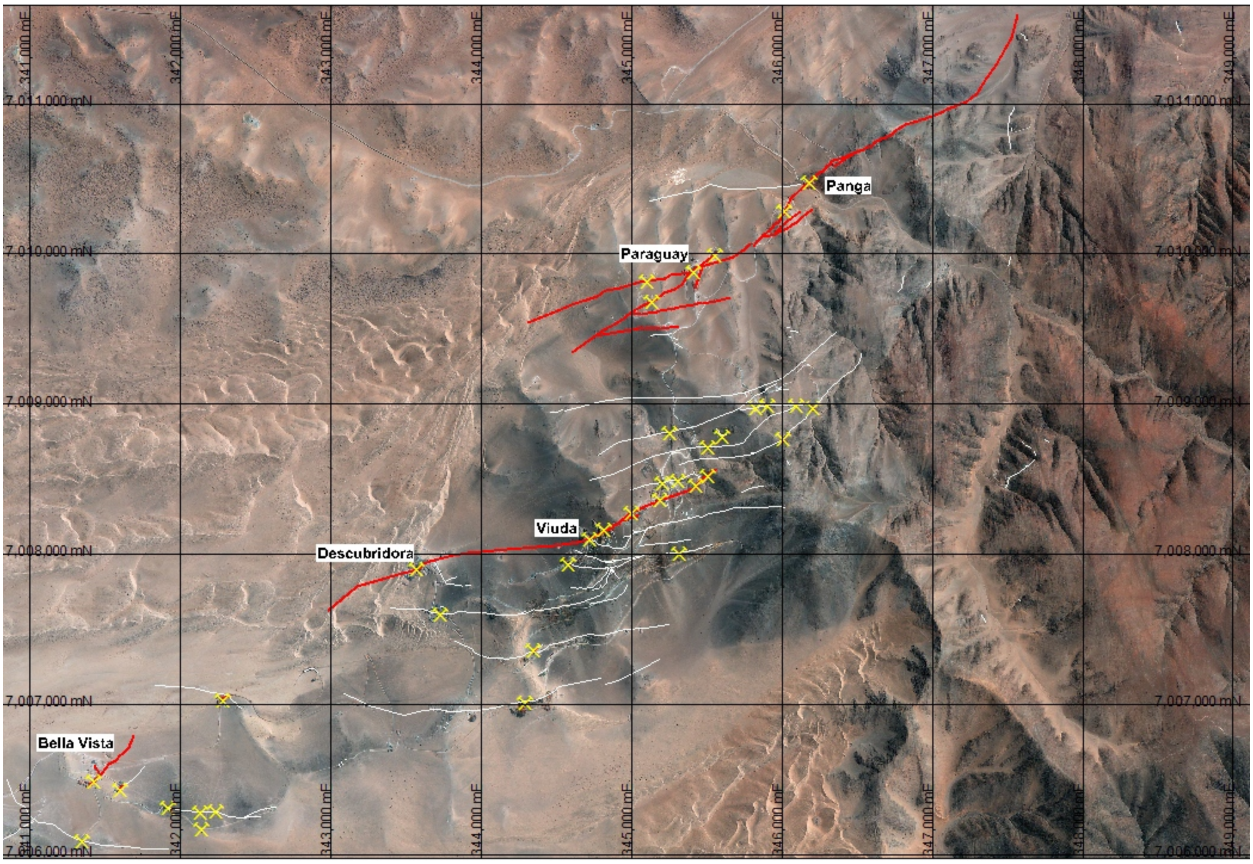

Figure 1 – Overview satellite image of El Roble Copper Project showing location of the Paraguay Mine along strike from the Panga Mine. Red lines are interpreted major mineralised structures, white lines secondary mineralised structures. Grid is 1km x 1km.

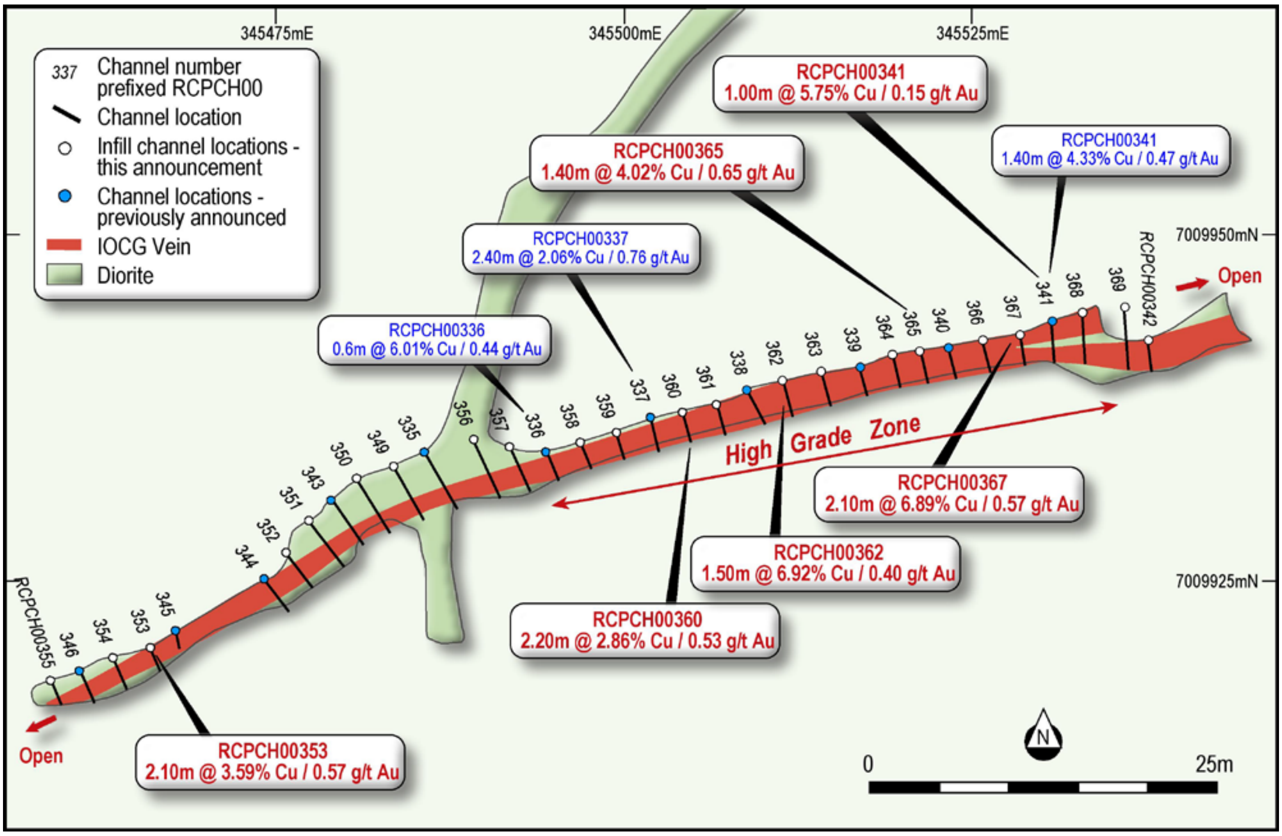

Figure 2 – Plan view of the Paraguay Mine showing high grade results. Results in red announced to ASX on 18 February 2014, results in blue announced 14 March 2014.

Panga Mine Update

The Company is continuing to install along-strike development tunnels at the Panga Mine to expose the mineralised vein. As previously announced (ASX announcement 30 March 2014), several high-grade zones have been located within the vein and the Company intends to begin vertical extraction (stoping) of this material in the coming weeks. A number of grade control assays remain outstanding, which will provide better delineation of the high-grade copper zones.

The Company plans to truck material to the nearby toll treatment facilities as soon as possible. This material will not constitute a bulk sample but will simply mark the commencement of what the Company hopes is continuous trucking of material from the Panga Mine, with material from the Paraguay Mine to be trucked as soon as an operating licence is obtained.

The Company was granted an operating licence to extract 5,000t of copper bearing material from the Panga Mine in late April (ASX announcement 23 April 2014) and has subsequently applied to the ENAMI toll treatment plant in Copiapo for an allotment of space to deliver copper-bearing material. This process is considered an administrative formality and the Company expects the allotment of space at the plant to be granted within the month. It should be noted that the extraction of 5,000 tonnes of copper-bearing rock per month is not a production target.

For further information please contact:

Zeffron Reeves
Managing Director
Mining Group Ltd
zreeves@mininggroup.net.au
P: + 61 8 9322 4328

Robert Gundelach
Investor Relations
NWR Communications
robert@nwrcommunications.com.au
P: +614 51 896 420

About Mining Group Limited

Mining Group Limited (ASX: MNE) is an Australian-based company that acquires and develops copper and gold projects around the world, with a focus on Chile. The Company has an interest in the highly prospective, high-grade El Roble Copper Project in Region III of Chile, targeting IOCG-style copper and gold mineralisation. The Company is focused on achieving growth and shareholder value through the development of near-term, small-scale mining operations at El Roble which will enable self-funded growth into the future. El Roble is ideally located 25km from the port of Caldera and within 80km of three copper toll treatment plants within the world class Atacama IOCG region, which has a history of high-grade copper production.

Mining Group also has an interest in the Comval Copper Project in the Philippines, and its Australian-based projects, Boorara and Teutonic Projects, are prospective for gold and base metals.

Mining Group has a strong Board and management team with considerable technical, commercial and corporate experience in the resources sector.

For more information visit the Mining Group website at www.mininggroup.net.au

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), a member of the Australian Institute of Geoscientists and is an employee of the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. The Company confirms that the form and context of previously reported information has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement.