24 October 2011

Ms Kylie Barrie
ASX Melbourne
By email: kylie.barrie@asx.com.au

Dear Kylie,

RE: Appendix 3Y

We refer to your letter dated 20 October 2011 referring to an Appendix 3Y lodged for Mr John Hannaford on 17 October 2011.

The facts in relation to the late lodgement of the Appendix 3Y for Mr Hannaford are as follows:

1. The company prepared an Appendix 3Y for Mr Hannaford on 28 September 2011 including share transactions up to 23 September 2011.
2. Also that morning (28 September 2011) a further share purchase occurred. Mr Hannaford advised the Company Secretary by email that the purchase had occurred and that a further Appendix 3Y needed to be lodged.
3. The Company Secretary amended the Appendix 3Y and lodged it later on 28 September 2011.
4. Mr Hannaford went on leave on 30 September 2011. Upon returning from leave on 17 October 2011, Mr Hannaford received a contract note for the share purchase on 28 September and thought it had not been included in the Appendix 3Y lodged on 28 September 2011. He then advised the Company Secretary that a further 20,000 shares had been purchased, and an Appendix 3Y advising of the purchase was lodged on 17 October 2011.
5. The lodgement on 17 October 2011 was in error. An Appendix 3Y correcting the error has been lodged on 24 October 2011.

The company has policies and procedures in place to ensure that all share transactions are notified to the Company Secretary as soon as possible. In future, the directors will confirm details in the Appendix 3Y with the Company Secretary prior to lodgement.

The company has reinforced to Directors and officers the importance of timely and accurate reporting of share transactions in accordance with the Listing Rules. The company is of the view that the procedures are adequate and appropriate to ensure compliance with the listing rules.

Yours sincerely

John Hannaford

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20 October 2011

Mr Steve Allan Cole
Company Secretary
Monterary Mining Group Limited
Surfers Paradise QLD

By Email

Dear Steve

Monterary Mining Group Limited (the "Company")

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX on 17 October 2011 for Mr John Andrew Hannaford;

2. Listing rule 3.19A which requires an entity to tell ASX the following:

   3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
   - *On the date that the entity is admitted to the official list.*
   - *On the date that a director is appointed.*

   The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

   3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

   3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

3. Listing rule 3.19B which states as follows.

   An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed

Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that a change in Mr John Andrew Hannafords's notifiable interest occurred on 28 September 2011. It appears that Mr Hannaford's Notice should have been lodged with ASX by 5 October 2011. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the directors concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix was lodged late.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at kylie.barrie@asx.com.au or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. A.E.S.T.) on Tuesday, 25 October 2011.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Kylie Barrie
Adviser, Listings (Melbourne)