ASX Release

31 October, 2012

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Projects:

Burkina Faso
8 gold exploration permits covering 1,178 km^2 in three prospective areas of Burkina Faso.

Western Australia
5 gold tenements located predominantly in the Mt Monger region east of Kalgoorlie covering an area of 2,610 ha

Directors:

***Kevin Dart** - Chairman*
***Sandy Barblett** - Director*
***John Hannaford** – Director*
***Andrew Habets** - Director*

Issued Capital:
37.9m Ordinary Shares
19m Unlisted Options

ASX Code:
MRY

Cash (30 Sept) - $1.7m

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 September 2012

Highlights

Burkina Faso gold tenements:

- ***Completion of project acquisitions, resulting in 100% rights to 8 permits covering 1,178km^2 of un-drilled prospective Birimian gold belt***
- ***Completion of MMI soil sampling program on Tigan permit identifying strong gold & multi-element anomaly over 2.8km.***

WA gold tenements:

- ***Approval to complete RC drilling program to follow up previous high grade granite hosted gold intercepts***

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Monteray Mining Group Ltd ("Monteray" and/or "the Company") is pleased to present its Quarterly Activities Report and Appendix 5B for the quarter ended September 30 2012.

Burkina Faso Gold Projects

Monteray previously announced two acquisitions covering a total of 8 gold exploration permits in Burkina Faso. Following shareholder approval in September, the Company completed both acquisitions subsequent to the end of the quarter.

Monteray's portfolio of gold permits in Burkina Faso now covers 8 permits in 3 regions of prolific gold endowment, covering a total of 1,178km^2 of highly prospective Birimian greenstone belt. The permits are all along known gold-bearing structures, and several have extensive artisanal workings. None have been subject to systematic exploration or drilling.

Why Burkina Faso?

Burkina Faso continues to distinguish itself as a premier destination for gold exploration in comparison to other areas, primarily due to:

- ❖ Low discovery costs (lowest in Africa at $19/ounce) => *More bang for your buck*
- ❖ Extensive Birimian greenstone belts => *the right rocks for world class discoveries*
- ❖ Little modern exploration => *low hanging fruit still there*
- ❖ Easy access to terrain, good infrastructure => *exploration program easy to conduct*
- ❖ Modern & transparent mining code => *security of tenure, mining licences granted*
- ❖ Stable democratic govt => *low sovereign risk*
- ❖ Service companies already there => *lower cost exploration, best practice available*

As a result, there has been a large amount of western exploration in recent years resulting in at least 6 new mines opened since 2007.

Monteray's Board believes this is the right destination for the Company's future direction and the exploration portfolio offers shareholders huge potential for a major discovery.

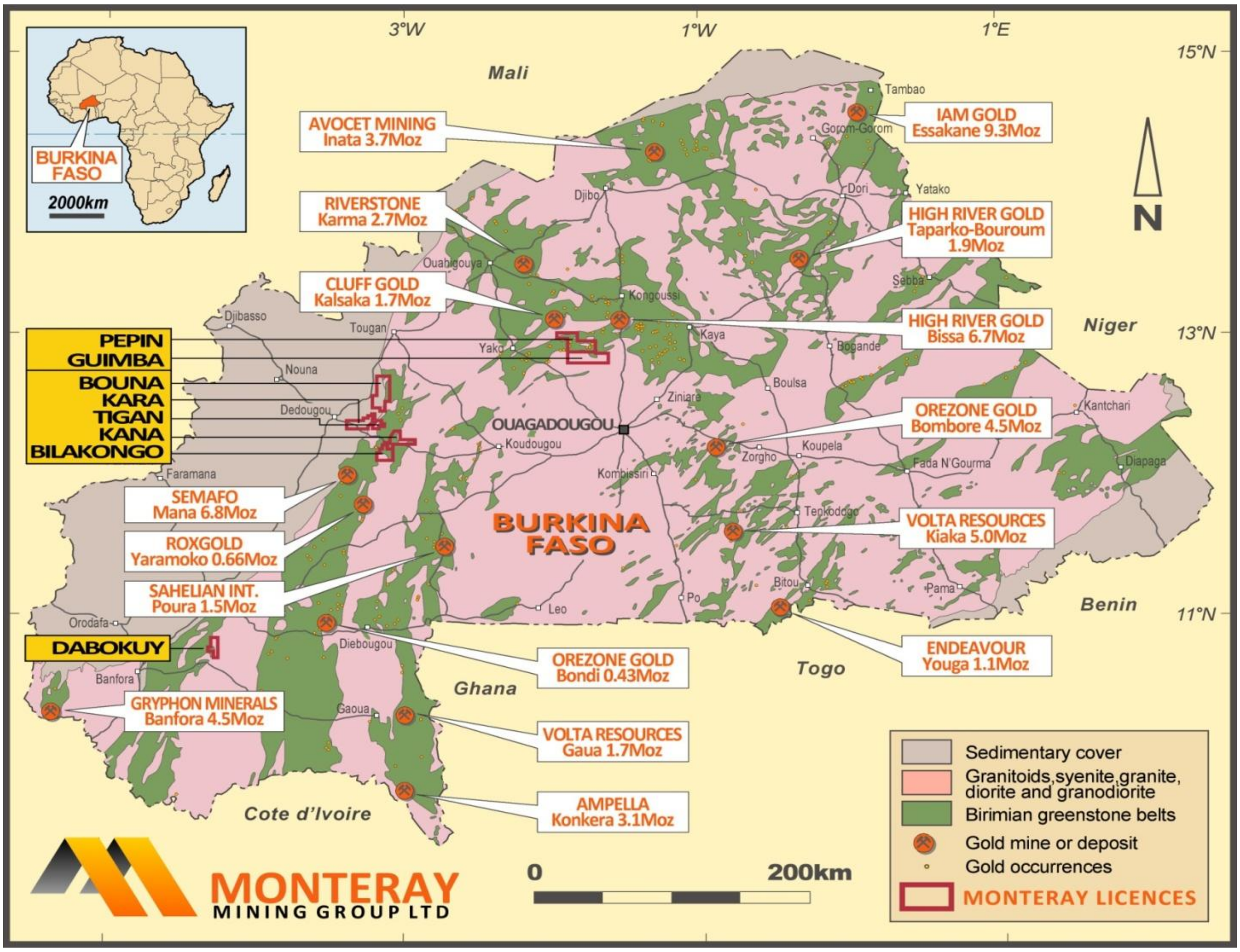


Figure 1: *Monteray's Burkina Faso portfolio, in regions of recent significant gold discovery*

Mana Region – 5 Permits covering 603 km^2

The Company has 5 permits covering 603km^2 in the Mana region of western Central Burkina Faso. The region is dominated by SEMAFO Inc's world class Mana project (6.8Moz Au, which is currently mining at a rate of 140,000 oz/per year, with plans to increase to over 300,000 oz per year. The Company's permits are adjacent to SEMAFO's ground holding and target the northern extensions of the Mana Shear Zone.

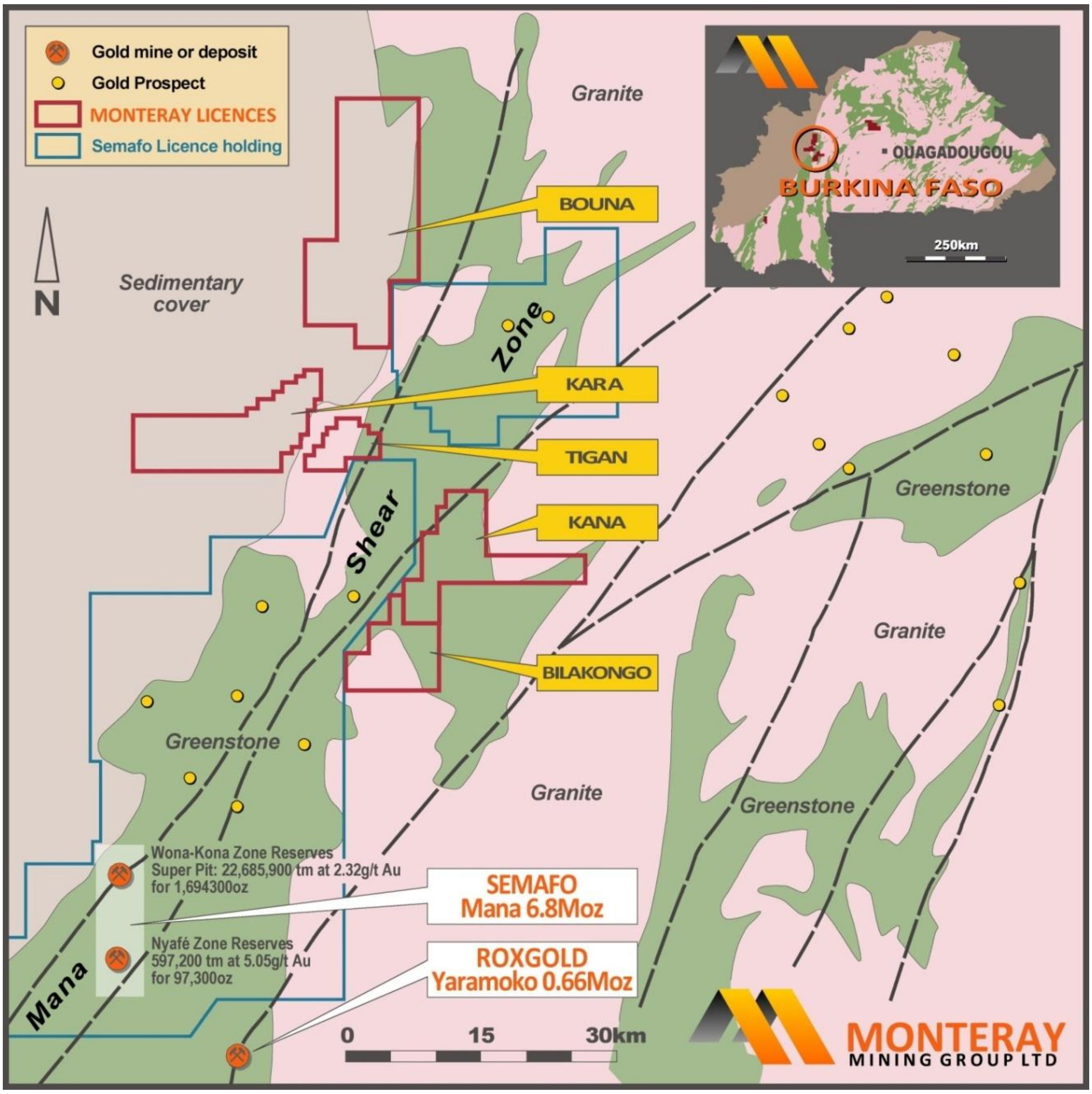


Figure 2: *Mana region map showing Monteray licences and SEMAFO licences along the NW/SE trending Mana Shear Zone*

Exploration Program commenced

During the quarter the Company completed an MMI (Mobile Metal Ion) soil survey on the Tigan permit which were received from the Perth Laboratory and analysed by a Contract Geochemist appointed by the Company. A feature of MMI is that it analyses a total of 53 elements for each sample taken, resulting in a rich data set for analysis.

Results show that there is a large (2.8 km x 1.5 km), distinct and cohesive anomaly for gold in the eastern sector of the Tigan lease with a second separate and smaller anomaly below.

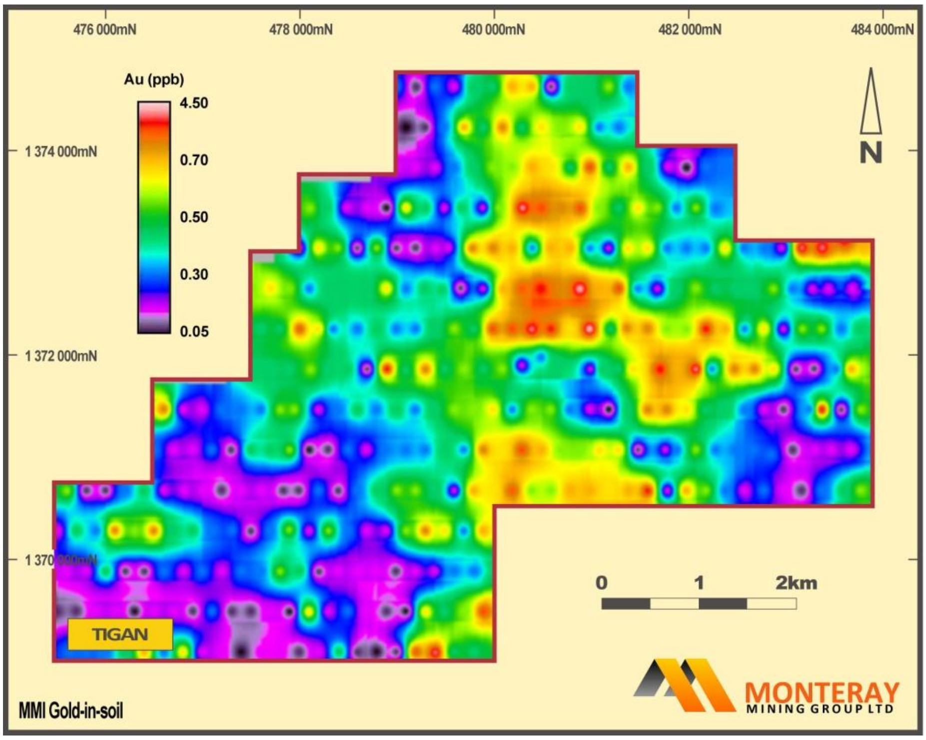


Figure 3: *The Tigan permit with MMI gold in soil results plotted showing two distinct anomalies highlighted in the hotter red and yellow colours showing a NW trend / orientation*

This MMI gold in soil anomalism is orientated in a north-westerly direction and likely related to tensional linkage structures formed between magnetic lineaments marking major structures that consistently trend to the north-east in the region. These postulated linkages can be zones of dilation that can result in deposition of mineralising fluids. The 6.8Moz SEMAFO Mana gold mine, located 60km to the south, as well as the adjacent *Oula* permit also being drilled by SEMAFO, is related to one of these strong north-east trending structures.

The MMI multi-element results confirm strong anomalism in the north and central part of the lease (see Figure 4). This is a significant model for gold mineralisation related to deep seated structures, because elements tend to occur together in the earth's crust when a geological event has occurred, whereby concentrating elements that are not normally so closely associated. Deep seated ultramafic associations are a significant model in most recent discoveries in Burkina Faso.

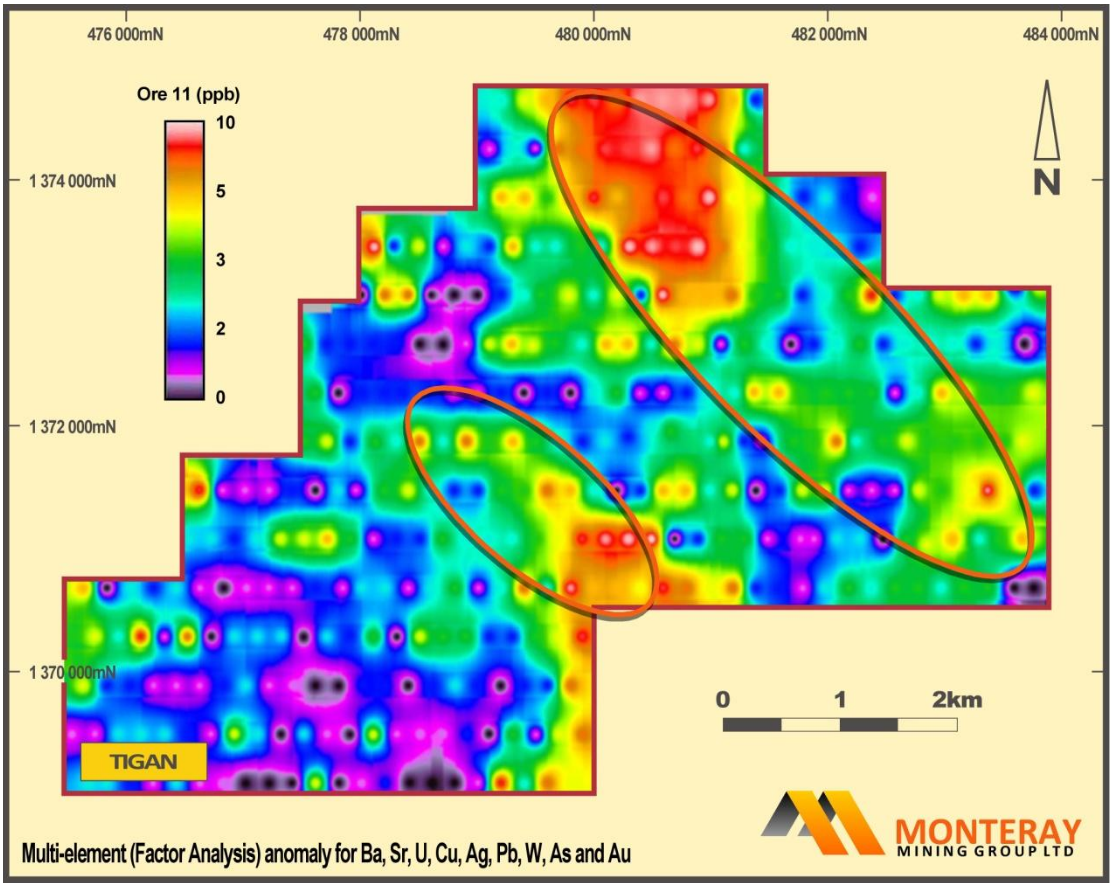


Figure 4 *MMI multi-element results on the Tigan project*

There also appears to be a subtle zonation developed with a central gold core and multi-element anomalism developed on the fringes, especially in the north of the lease area. The anomalism displayed by the MMI soil survey has been successful in delineating robust targets for further follow up by auger drilling.

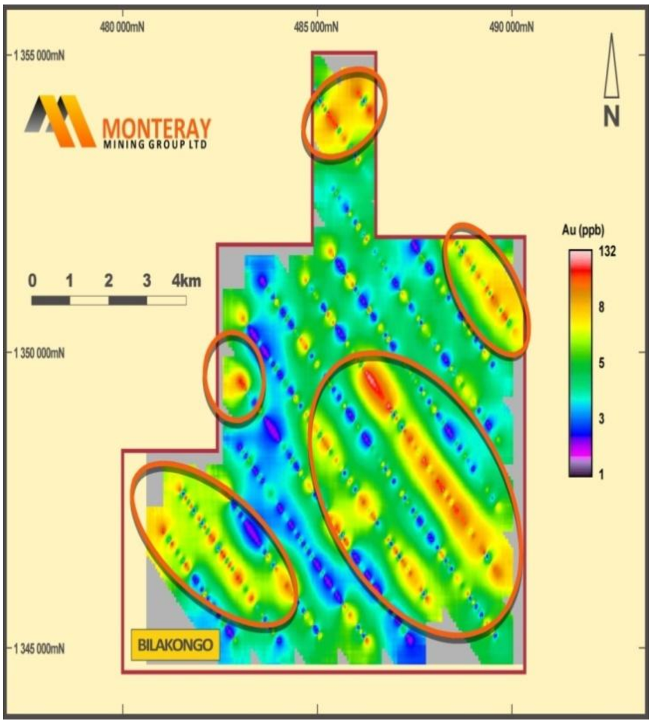
Duplicate samples were collected every 20th sample and this QAQC data was reviewed with no significant issues raised.

The Company plans to carry out an auger drilling program in the coming quarter to further define drilling targets for an RC drilling program to be conducted in early 2013.

Eburnean Permit Soil Sample Results Analysed

The Kana, Bilakongo and Dobokuy permits held by Eburnean Resources SARL, and acquired by Monteray subsequent to the end of the quarter (as previously stated), were the subject of soil sampling by Eburnean personnel using the conventional, whole fraction method in 2011. This data was also reviewed and analysed by Monteray's Geochemist during the quarter. This data was levelled using the provided geological information accompanying the results and then plotted as an image.

Results show that there are four anomalous areas on the Kana and Bilakongo leases and that the northernmost half of the Dobokuy lease is anomalous for gold (see Figure 5). These results coincide with structural features outlined in completed regolith mapping. These results will be followed up with infill soil sampling and auger drilling later in the year.



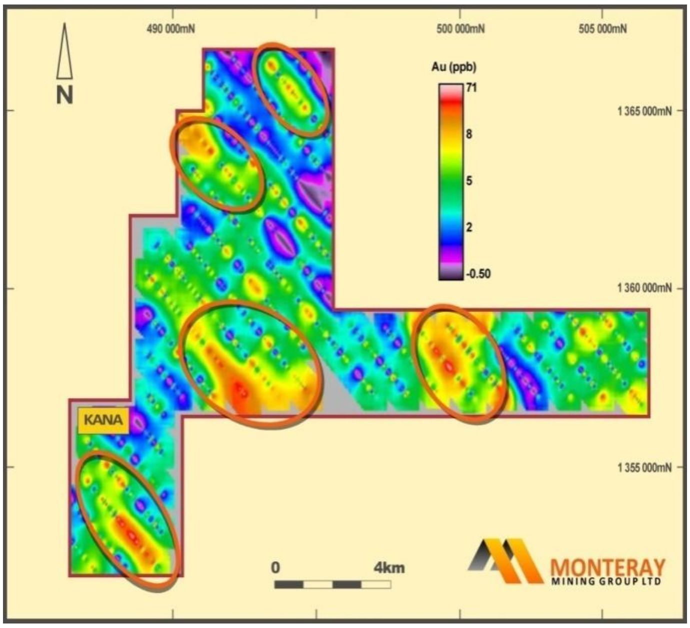


Figure 5: *Gold in soil results at the Kana and Bilakongo permits, showing four distinct anomalous target areas.*

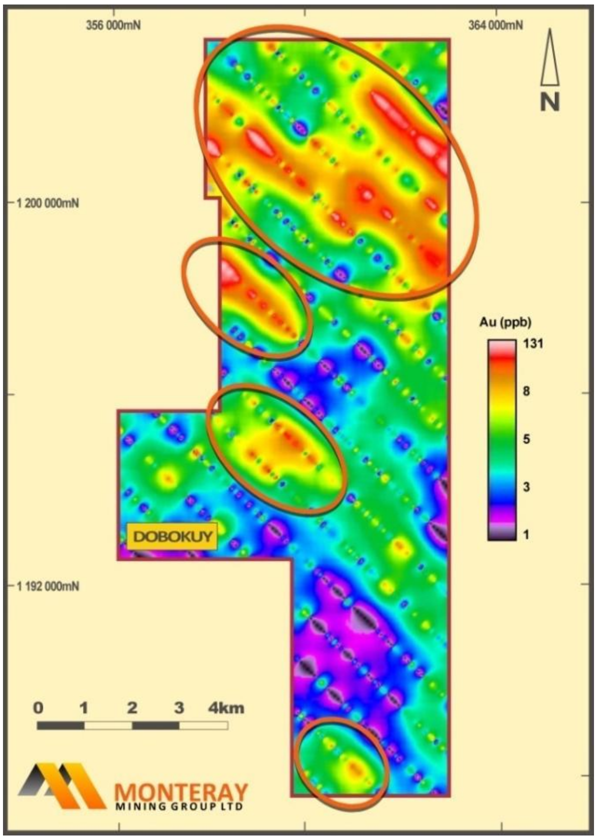


Figure 5: *Dabokuy permit located in the Banfora region, south west Burkina Faso. Image shows strong soil anomalism in the northern part of the permit.*

Results show that there are four anomalous areas on the Kana and Bilakongo leases and that the northernmost half of the Dobokuy lease is anomalous for gold. These results coincide with structural features outlined in completed regolith mapping. These results will be followed up with infill soil sampling and auger drilling later in the year.

Pepin & Guimba Permits

A review of adjacent explorers on the Sebacé Shear Zone during the quarter identified extensive structures trending NE/SW along and to the south of the shear zone thought to extend into a large portion of both permits. High River Gold, with adjacent permits to the east have made significant discoveries along the Sebacé Shear Zone including the +1.3Moz Bissa project.

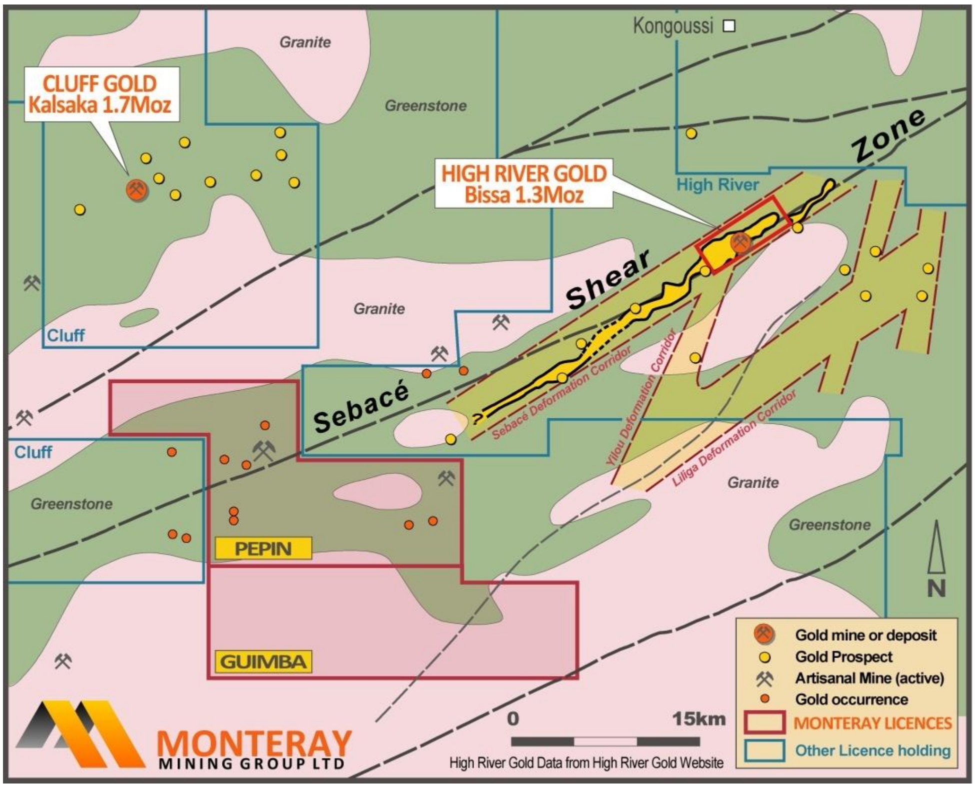


***Figure 6**: Pepin & Guimba permits covering 500km of unexplored ground dominated by the Sebacé Shear Zone, host of High River Gold's Bissa project.*

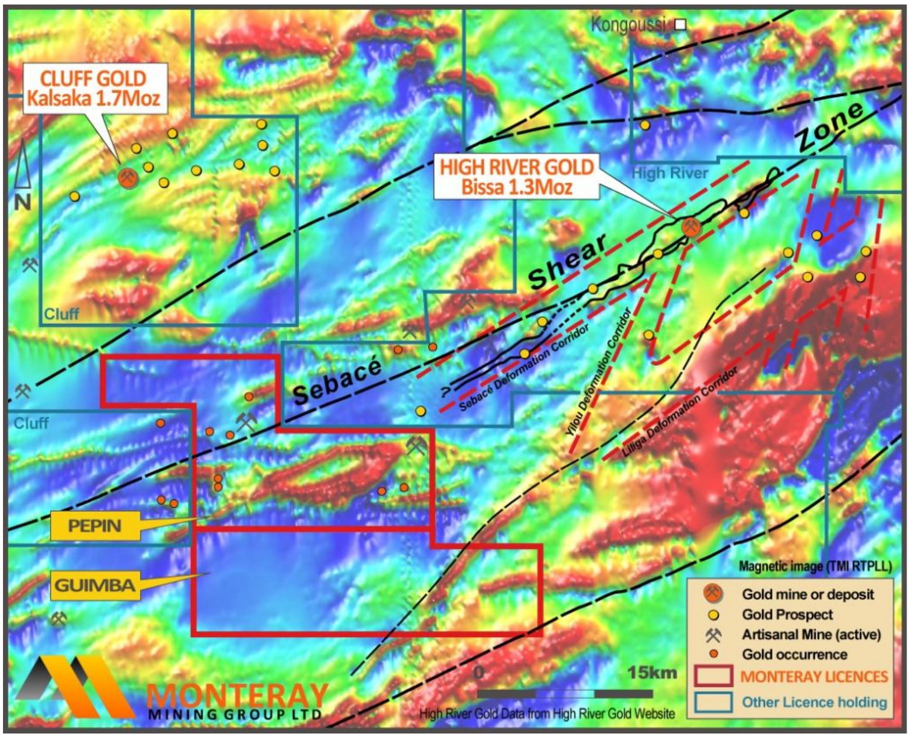


***Figure 7**: Regional aeromagnetic image covering the Sebacé Shear Zone and the Liliga Deformation Corridor, showing extensions into the Pepin & Guimba permits. The large magnetic feature in the Pepin permit with corresponding extensive artisanal workings represents major regional anomaly that will be the subject of auger & RC drilling campaigns in the coming exploration season.*

During the coming quarter the Company plans to carry out an extensive auger drilling program to identify drill locations for a subsequent RC drilling campaign. The commencement of the auger program has been delayed until the local villages have completed their annual crop harvest, likely to finish in early November.

West Australian Projects

The Western Australian gold project portfolio comprises five exploration tenements covering 2218 hectares. With the exception of the Malcolm King tenement, all tenements are located east of Mt Monger in an area proximal to Integra's Majestic gold project (see Figure 8).

E25/333 – 'Triple 3' Prospect

During the previous quarter the Company applied for an extension to the term of E25/333 containing the Triple 3 prospect, submitting a proposal to re-drill the previous high-grade gold discovery. During the quarter, the Company submitted a POW for a 13 hole RC drill program to re-drill areas not assayed by previous explorers, with a focus on granite-hosted gold mineralisation.

Subsequent to the end of the quarter the Company announced *(refer announcement to ASX dated 29 October 2012)* it had received approval for the program and was planning commencement of drilling in early November.

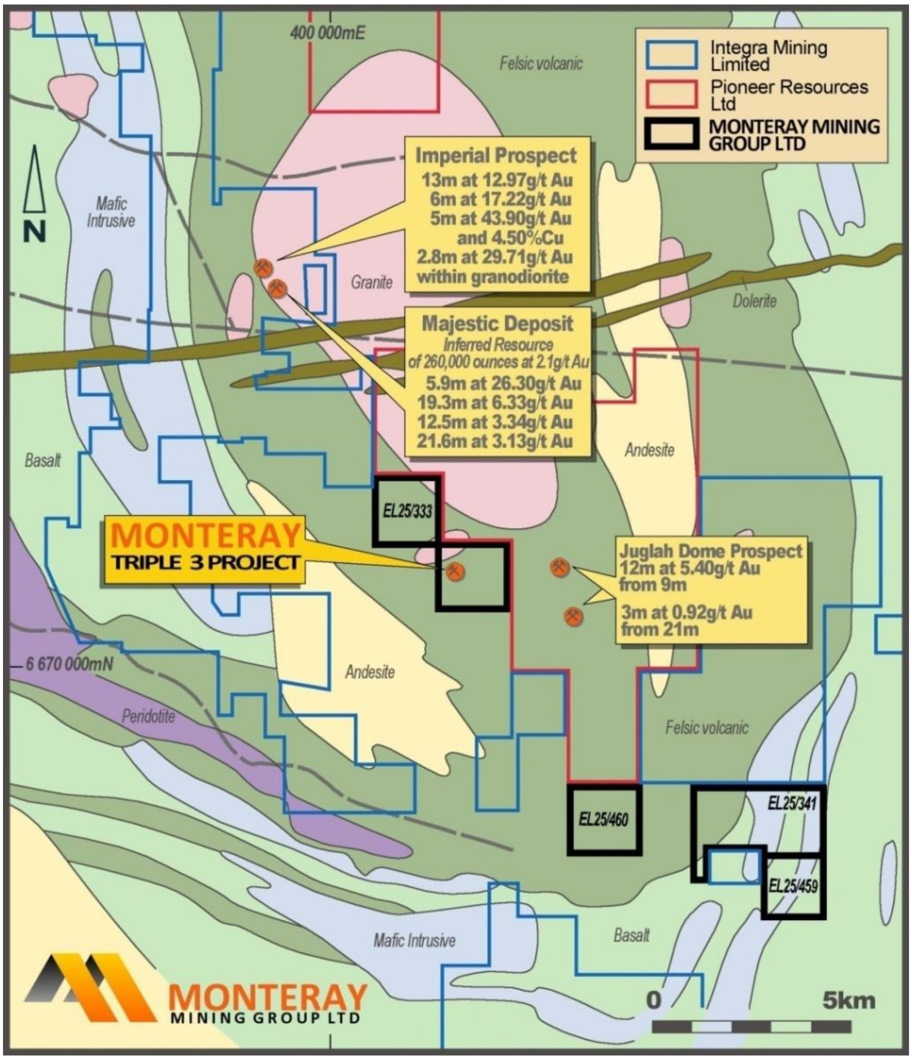


Figure 8: *'Triple 3' Prospect location in relation to Integra's Majestic deposit and Pioneer Resources tenements in the east goldfields region*

Location and Geology

The Triple 3 prospect is located approximately 70 km ESE of Kalgoorlie. The tenement lies within the Archaean Norseman – Wiluna Greenstone belt, which is highly mineralised and includes the Kalgoorlie and Kambalda deposits.

Nearby operating mines include the Mount Monger project area 8km to the SW that includes the Daisy Milano mine operated by Silver Lake Resources that has a total JORC resource inventory of 1.7Moz of gold. Also the Randalls Project located 22km to the SE that has a JORC total resource of 30Mt at 2.6g/t for 2.5Moz of gold operated by Integra Mining.

Historical drilling

Aurion Gold and Placer Dome Asia Pacific explored the Triple 3 tenement area from 2001 to 2003 as part of the Greater Monger Project, drilling 110 RAB holes and 2 Diamond holes drilled on the tenement. Best RAB results were:

On line 220mN

- ***4m @ 4.33g/t Au (from 32m)***
- ***6m @ 12.75 g/t Au (from 40m), incl.***
    - ***1m @ 20.5 g/t Au (at BOH 46m)***

On Line 180mN

- ***4m @ 4.6g/t Au from 32m***

Subsequent diamond holes HRDD001 was not able to replicate grade or width of the RAB results. The second diamond hole HRDD002 drilled to a depth of 153m under the RAB intercept on line 200nM was not assayed apart from a 13m section from 57-70m which recorded two 1m intercepts. See further on Figure 9, below.

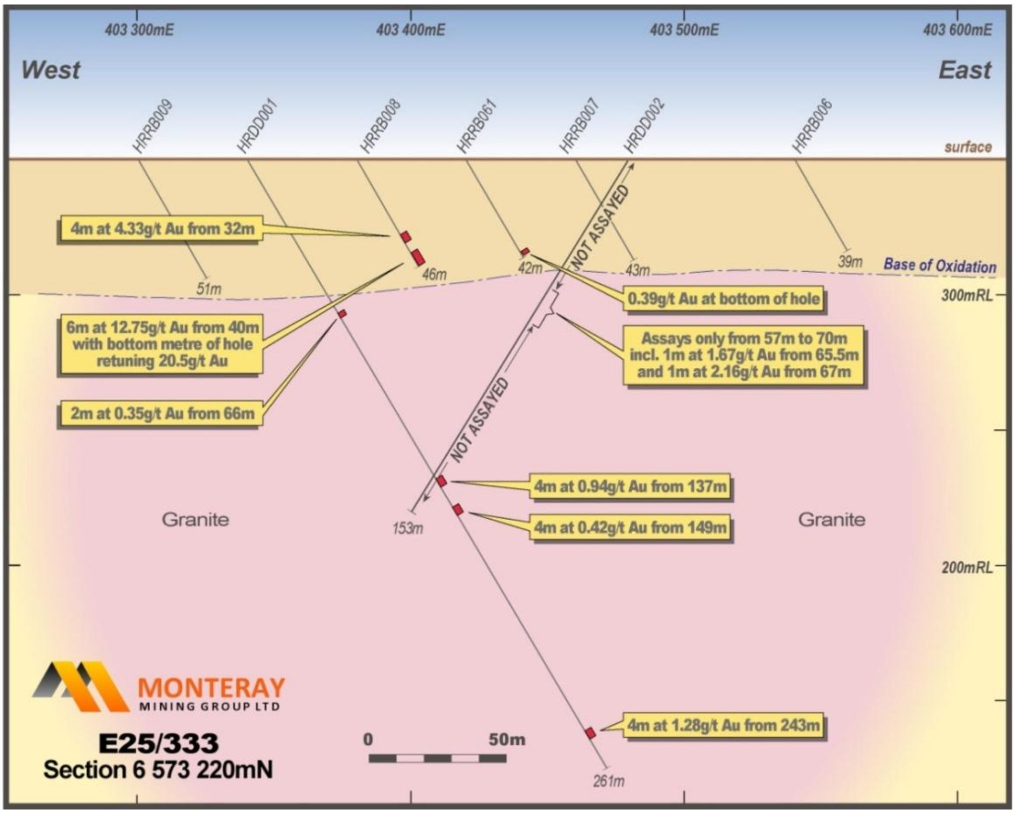


Figure 9 – previous RAB and Diamond drilling results on line 220nM

Corporate

The Company has total cash reserves at 30 September, 2012 of $1.7 million. Subsequent to the end of the quarter, the Company expended cash consideration for project acquisitions previously announced, totalling $690,000.

Shareholders Meeting

On September 7, 2012, the Company held a shareholders' meeting to approve the Vema and Eburnean Acquisitions. All resolutions were approved on a show of hands.

Board and Management Appointments

Subsequent to the end of the quarter, the Company appointed Mr Andrew Habets as Non Executive Director. Mr Habets joined the board upon completion of the acquisition of Eburnean Resources SARL.

Subsequent to the end of the quarter, the Company appointed Mr Mike Edwards to the position of Chief Executive Officer. Mr Edwards is a geologist and economist who brings a broad range of experience to the position.

ASX Announcements

The Company made the following announcements to ASX during the quarter up to the date of this report.

30/10/2012	Notice of Annual General Meeting and Proxy Form
30/10/2012	Monteray Annual Report 2012
29/10/2012	Monteray Company Presentation October 2012
29/10/2012	WA Drilling Program to Commence
25/10/2012	Initial Director's Interest Notice
24/10/2012	Director Appointment/Resignation
19/10/2012	Change in substantial holding
18/10/2012	Change in substantial holding
18/10/2012	Change of Director's Interest Notice
15/10/2012	Amended Appendix 3B
15/10/2012	Monteray Completes Eburnean Gold Exporation Acquisition
15/10/2012	Appendix 3B
10/10/2012	Appendix 3B
09/10/2012	Amended Appendix 3B
09/10/2012	Appendix 3B
09/10/2012	Acquisition of Vema Resources Completed
04/10/2012	Change of Director's Interest Notice
28/09/2012	Burkina Exploration update
26/09/2012	Annual Report to shareholders
07/09/2012	Results of Meeting
07/08/2012	Notice of Extraordinary General Meeting/Proxy Form
31/07/2012	Quarterly Activities Report
31/07/2012	Quarterly Cashflow Report
24/07/2012	Additional Burkina Faso Gold Portfolio Acquisition

For and on behalf of Monteray Mining Group Ltd

John Hannaford
Director

Competent Person's Statement

The information in this report accurately reflects information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves). It is compiled by Mr Simon Omotosho, a consultant to the Company who is a Member of The Australasian Institute of Mining and Metallurgy with the requisite experience in the field of activity in which he is reporting. Mr Omotosho has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Omotosho consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Monteray Mining Group Ltd

Monteray Mining Group Ltd was relisted on ASX in February 2011 following the acquisition of a portfolio of gold licences located in the goldfields region of Western Australia, and the raising of $3.5 million. During 2012 the Company completed two acquisitions comprising 100% interests in eight newly granted gold exploration permits located in western & central Burkina Faso covering a total area of 1,178km^2.