

19 August 2014

<Holder Name>
<Address Line 1>
<Address Line 2>
<Address Line 3>

Dear Shareholder,

PRO-RATA NON-RENOUNCEABLE ENTITLEMENTS ISSUE

On 19 August 2014 Monteray Mining Group Limited ("**Monteray**" or the "**Company**") announced a pro-rata non-renounceable entitlements issue ("**Entitlements Issue**") to Eligible Shareholders (as defined below) on the basis of one (1) new fully paid ordinary share ("**New Share**") in the Company for every one (1) share held as at 5:00pm (WST) on 26 August 2014. New Shares will have an issue price of \$0.01 each.

Monteray wishes to advise shareholders of the Entitlements Issue and to invite Eligible Shareholders who are registered at 5.00pm WST on 26 August 2014 ("**Record Date**") with a registered address in Australia or New Zealand ("**Eligible Shareholders**") to participate in the Entitlements Issue. The Entitlements Issue will result in the issue of up to approximately 65,400,355 New Shares and if fully subscribed will raise up to approximately \$654,004 before costs. The Entitlements Issue is not being extended to any Shareholder whose registered address is outside Australia and New Zealand.

Capital raised under the Entitlements Issue will be used by the Company to fund its:

- Continued exploration of the Company's portfolio of gold projects in Burkina Faso, specifically its Pepin and Guimba permits;
- Due diligence on potential projects for acquisition;
- Working capital and Corporate Overhead requirements; and
- Paying the costs of the Entitlements Issue.

An Offer Document relating to the Entitlements Issue ("**Offer Document**") was lodged with ASX Limited ("**ASX**") on 19 August 2014, and is available on the Company's ASX platform at the ASX website (www.asx.com.au) and on the Company's website (www.monteraymining.com.au). The Offer Document will be mailed to Eligible Shareholders on or about 29 August 2014. Full details of the Entitlement Issue are contained in the Offer Document, and Eligible Shareholders should carefully consider the Offer Document before deciding whether to acquire New Shares. Applications for New Shares can only be made on the personalised Entitlement and Acceptance form that will accompany the Offer Document.

The Offer Document will not constitute an offer in any place in which or to any person to whom it would be unlawful to make such an offer.

No shareholder approval is required for the Entitlements Issue.

Capital Structure

The capital structure of the Company following completion of the Entitlements Issue is summarised below¹:

¹ Assuming no options are exercised prior to the Record Date and full participation in the Entitlements Issue

Ordinary Shares	Number
Ordinary Shares on issue at the date of the Entitlements Issue	65,400,355
New Shares to be issued under the Entitlements Issue	65,400,355
Total Ordinary Shares on issue	130,800,710
Options	Number
Options on issue at the date of the Entitlements Issue	19,145,000
New Options to be issued under the Entitlements Issue	-
Total Options on issue	19,145,000
Performance Shares	Number
Performance Shares on issue at the date of the Entitlements Issue	2,000,000
Performance Shares to be issued under the Entitlements Issue	-
Total Performance Shares on Issue	2,000,000

Underwriting

The Entitlements Issue is partially underwritten by Ventnor Securities Pty Ltd (CAR#408858 of AFSL#279099) ("**Underwriter**") up to a total of 20,000,000 Shares. The Underwriter will be paid fees of approximately \$16,540 (plus GST) plus 5% of the value of any shortfall shares placed by the Underwriter in relation to its services as underwriter to the Entitlements Issue.

The Underwriter has entered into various sub-underwriting agreements pursuant to which sub-underwriters will sub-underwrite the Underwriter's underwriting commitment. One of the sub-underwriters is Mr John Hannaford, who is a Director of the Company. Mr Hannaford's sub-underwriting commitment is 8,205,415 Shares and he will be paid a sub-underwriting fee of approximately \$4,100.

Timetable

The Entitlements Issue is proposed to be conducted according to the following timetable:

Lodgment Date	19 August 2014
"Ex" date	22 August 2014
Record date to determine Entitlement	26 August 2014
Offer Document with Entitlement and Acceptance Form dispatched	29 August 2014
Offer opens for receipt of Applications	29 August 2014
Closing date for acceptances	9 September 2014
Securities quoted on a deferred settlement basis	10 September 2014
Notify ASX of under subscriptions	12 September 2014
Issue of New Shares	16 September 2014
Dispatch of shareholding statements	16 September 2014
Trading of New Shares expected to commence	17 September 2014
Closing date for applications for Shortfall Shares	3 months from the Closing Date

Note: All of the abovementioned dates are indicative only and may be subject to change. The Company reserves the right to amend this timetable including, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date.

On or about 29 August 2014 Monteray will dispatch the Offer Document and personalised Entitlement and Acceptance Form to Eligible Shareholders. If you are eligible and wish to participate in the Entitlements Issue, it will be necessary for you to complete the Entitlement and Acceptance Form and return it, with the appropriate application monies to the Company's share registry, or arrange payment of the application monies by BPAY, to be received before 5.00pm AEST on the anticipated closing date of 9 September 2014.

In calculating entitlements under the Entitlements Issue, fractions will be rounded up to the nearest whole number.

The Company does not currently have a dividend policy, and no dividends have been paid by the Company since it was listed on ASX.

Shareholders may view the Company's ASX releases and Offer Document on the ASX website asx.com.au (ASX code: MRY) and information on the Company and its projects (including ASX releases) at www.monteraymining.com.au.

If you have any questions in relation to the Entitlements Issue, please do not hesitate to contact the Company on **+61 8 9482 0560** or consult with your stockbroker or professional adviser.

Yours Sincerely,



Brett Tucker
Company Secretary