



Mining Projects Group Limited
Quarterly Report for the 6 Months
Ended 31st December 2009

Highlights

- MPJ enters into a binding heads of agreement with Raptor Minerals (Pty) Limited to acquire a number of prospective uranium and gold tenements located within the Republic of South Africa
- MPJ appoints new Exploration Director, Mr Chris Taylor
- West Wits signs binding heads of agreement to purchase its own plant and ball mill as well as securing access to and use of, the North Sand Millsite, deposition facilities, servitudes and connections
- Mintails announces the commissioning of the company's first expansion project, Gold 2, officially commenced on 23 November 2009, with the first gold pour scheduled for early 2010
- Watermark confirms the commercial viability of treating Acid Mine Drainage water in South Africa through the completion of its Definitive Feasibility Study
- NTA as at 31 December 2009 was approximately \$7.755 million

Summary

During the period Mining Projects Group Limited ("MPJ" or "the Company") entered into a binding heads of agreement to acquire Raptor Minerals (Pty) Ltd ('Raptor'). Raptor has secured a number of granted prospecting rights strategically located in key regions of South Africa which MPJ considers have potential to host significant gold, uranium and molybdenum mineralisation (Figure 1).

Under the terms of the heads of agreement MPJ is to pay a consideration of AU\$ 1,890,000 comprising:

- a cash payment of no more than AU\$500,000 as reimbursement for verified exploration expenditure and transfer fees incurred in developing and procuring the prospecting rights; and
- the balance of the payments through the issue of fully paid MPJ shares at an issue price of AU\$0.002

The purchase of Raptor is subject to all relevant regulatory and shareholder approvals. Currently an Independent Expert is preparing a Competent Person's Report for shareholders to assess whether the transaction is considered fair and reasonable.

The MPJ exploration team is currently in South Africa meeting with the respective landowners of the Raptor tenements and planning an exploration program to commence as soon as shareholders approve the proposed Raptor acquisition.

+ See chapter 19 for defined terms.

The board of Mining Projects Group (“MPJ”) has evaluated a significant number of projects with an emphasis on uranium and gold and it believes the package of tenements assembled by Raptor offer the Company a unique opportunity in terms of exploration potential.

The board of MPJ was also pleased to announce the appointment to the board of Christopher Taylor in the capacity of Director of Exploration. Chris has previously held senior roles as Exploration Geologist and Consulting Geologist to a number of Australian and international mining companies including Newcrest Mining Limited, Delta Gold Limited and Gutnick Resources N.L.

It is proposed that Chris will take a leading role in directing and implementing the exploration activities of the Company and overseeing the introduction of new mining projects and opportunities. Chris was in South Africa in late December 2009 completing initial assessments of the prospects. Chris returned to South Africa in late January to begin developing initial exploration programs for the prospects in anticipation of shareholders approving the acquisition of Raptor.

Raptor Minerals (Pty) Limited

Raptor, through its subsidiary companies, have a 70-74% interest in 5 prospecting rights, with a further three prospecting rights to be granted by the Department of Mineral Resources. In total the rights cover approximately 44,209 hectares over gold, pyrite and uranium exploration tenements in the Free State Province and Uranium and Molybdenum tenements in the Western Cape Province of South Africa. The remaining equity is held by Raptor’s Black Economic Empowerment (BEE) partners. These prospects include underground mining targets for gold and uranium mineralisation within extensive flat dipping conglomerate reefs associated with the Central Rand Group of sediments and shallow Karoo Basin sandstone hosted uranium targets which generally offer opportunities amenable to open pit extraction.

Gold / Uranium Prospects:

- BoschKop and Wintershoek prospects: Gold and Uranium targets in the Free State Province adjacent to the mining town of Virginia

The gold and uranium prospects include two Prospecting Rights known as Boschkop and Wintershoek which are located close to the mining town of Virginia, within the Free State Province, approximately 300km to the southwest of Johannesburg. The Free State Goldfield is not only the southernmost but also one of the most productive goldfields along the margin of the Witwatersrand Basin having produced in excess of 311 million ounces of gold at an average grade of 8.4 g/t Au.

Gold and uranium in the Free State Goldfield are hosted by a sequence of quartz pebble conglomerates (locally called Reefs) developed on laterally continuous unconformity or erosional surfaces. The reefs are thought to have formed in a braided alluvial stream environment and then reworked and are part of the significant Central Rand Group which extends laterally for hundreds of kilometres. The mineralised reef sequences are overlain by younger geological units such as the Karoo Sequence of rocks which extend over the entire surface area and vary in thickness from 350m to 960m. It is because of this barren overburden material that the Free State Goldfield was discovered and developed well after the main Witwatersrand mines further north.

Locally the reefs can form as tabular bodies which form extensive continuous sheet-like conglomerate developed over large areas or as channelised deposits which have more irregular shapes but may be continuously parallel to the axis of the channel. Mining occurs on a number of these reef horizons which are generally 1m to 2.5m wide and extend to depths of about 2500m. These depths are considered shallow by South African standards and a number of producing gold operations are located adjacent to the Raptor Prospects including the Joel Mine owned and operated by Harmony Gold Mining Company Limited (“Harmony”), the Beatrix Mine owned and operated by Gold Fields Limited and an area covered by the Bloemhoek Project Pre-Feasibility Study completed by Witwatersrand Consolidated Gold Resources (“Wits Gold”).

+ See chapter 19 for defined terms.

The Joel Mine is focused on mining the Beatrix Reef and has measured, indicated and inferred gold resources of 28.2 million ounces of gold at 6.76 g/t. In addition to these resources it has Proven and Probable Reserves for a total of 565,000 ounces of gold at 5.58 g/t (Harmony Annual Report 2009, Reserve and Resource Statement, as per South African mineral reporting code, SAMREC).

Similarly, recent pre-feasibility studies completed by Wits Gold on its Bloemhoek Project, which is contiguous to the Raptor gold and uranium prospects, reported a JORC indicated mineral resource on all reefs of 10.6 million ounces of gold at 6.9 g/t Au. This was converted into a probable Reserve of 5.4 million ounces of gold at 5.33 g/t Au ranging in depth from 1300m to 2500m, which in Witswaterand terms is relatively shallow and amenable to established underground mining techniques. The uranium estimate includes 13,774 tonnes of U₃O₈ at 0.15kg/t. (Wits Gold Technical Report on the prefeasibility Study for Bloemhoek Project in compliance of the Canadian National Instrument 43-101, October 2009)

The Company believes that the stratigraphy and structure of the nearby mining operations of Harmony and the recent pre-feasibility studies completed by Wits Gold are strong indications that similar geology, reef structures and potential mineralisation could be present in the Raptor Prospects.

Uranium Prospects:

- Edenburg: two Uranium targets in the Karoo Basin sediments in the Free State Province, 80km south of Bloemfontein
- Uitkyk and Schietkop prospects: Uranium targets in the Karoo Basin near Beaufort West township in the Western Cape Province
- Laingsburg Project : two uranium prospects (Spitzekop and Farm 45) close to Laingsburg township in the Western Cape

South Africa has historically produced up to 8% of the world's uranium as a bi-product of gold mining predominately from mining the conglomerate reefs of the Witswatersrand Basin. Within the Permian-Triassic Karoo Basin of southern Africa, uranium mineralisation is widespread and MPJ believes that the uranium prospecting rights are strategically located within the main mineralised corridor as defined by previous explorers.

The Karoo Basin uranium mineralisation is generally contained within fine grained sandstone units deposited within meandering river channels and floodplains at continental margins. The fluvial sandstones can form discrete bodies up to 16km long, 3km wide and 60m thick and their morphology is either ribbonous or tabular. Anomalous uranium values are widespread within the tabular sandstone units but the thicker, narrower and more continuous mineralisation is often associated with ribbon type sandstones which have formed in the ancient river channels.

The Raptor uranium prospects have been strategically selected based on the potential indicated by exploration completed on the adjacent properties to host significant uranium mineralisation. Several significant uranium exploration and development operations are being established in the Karoo Basin and MPJ believes its Raptor prospects could be located within the next uranium hotspot.

Raptor's Beaufort West properties in the Western Cape are contiguous with AREVA Resources South Africa (AREVA), Rietkuil and Rystkuil uranium projects. 'A Lukisa', a subsidiary of AREVA is completing a feasibility study to verify the historical data and determine the viability of the Rystkuil deposit.

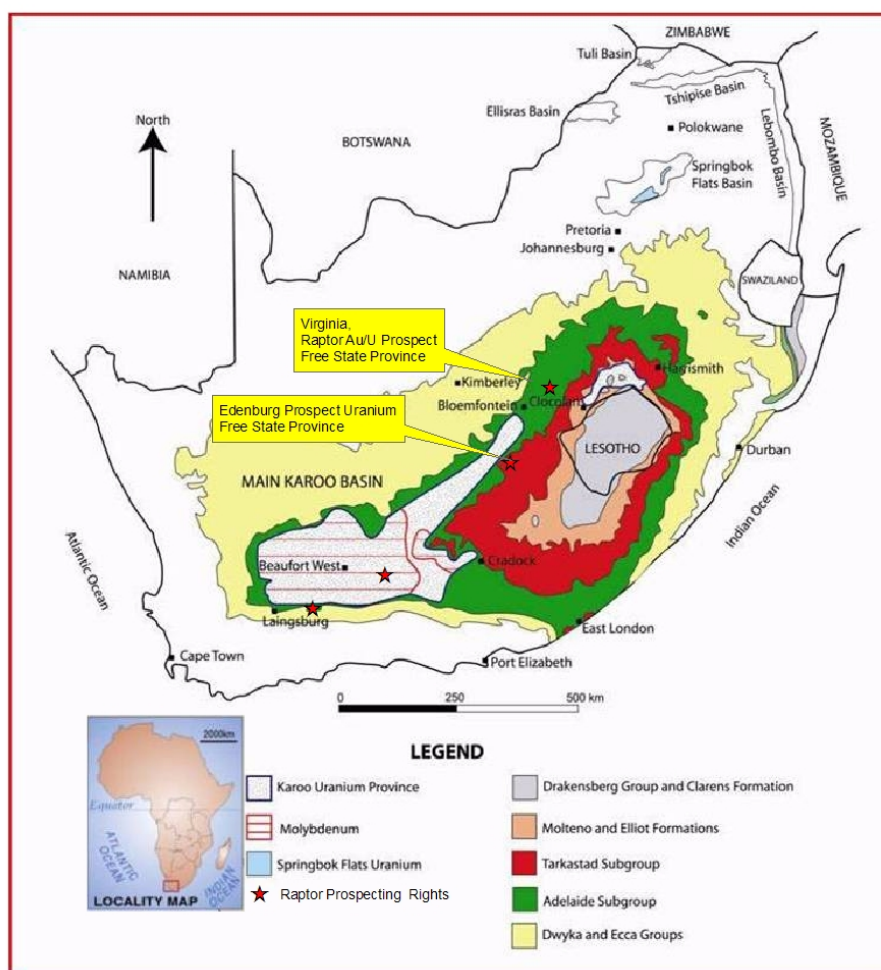
Other recent exploration activity in the region includes airborne radiometric surveys by Peninsula Minerals Ltd which has defined a number of anomalies on its Site 29 target and which has been ground proven with maximum grades of 2.1% U₃O₈ and 2430 ppm Mo. These radiometric anomalies indicate several areas with potential to host uranium mineralisation adjacent to Raptors' Schietkop uranium prospect.

+ See chapter 19 for defined terms.

Western Uranium, a subsidiary of Brinkley Mining, has the Waterval prospect on the western border with Northern Cape Province and in 2008 completed drilling and resource estimates over a shallow sandstone hosted uranium mineralised zone. SRK completed the resource estimate and reported an indicated and inferred resource of 933,800 tonnes @ 0.35 kg / t U₃O₈ equivalent to 721,000 pounds of U₃O₈ (as per South African mineral reporting code, SAMREC, Brinkley Mining 2007 Annual Report).

MPJ believes that it has positioned itself in a highly prospective uranium corridor associated with the sediments of the Karoo Basin and that recent exploration and development activity adjacent to the Raptor Prospect bodes well for exploration success.

Figure 1. Location map of proposed prospecting leases



+ See chapter 19 for defined terms.

Corporate

As at 31 December 2009 the net tangible asset position of the Company equated to approximately \$7.755m.

Mining Projects holds no debt or leveraged investment positions.

Unaudited Balance Sheet as at 31st December 2009

<u>Investment</u>	<u>Share Holding (approximate) (m)</u>	<u>Price at 31 December 2009 (\$)</u>	<u>Value at 31 December 2009 (approximate) \$m</u>
MLI	10.60	0.036	0.38
WWI	8.01	0.099	0.79
WET-AIM (\$A equivalent)	17.86	0.014	0.26
Other listed and unlisted investments			4.550
Total Investments			5.980
Cash and cash equivalents as at 31 December 2009			1.555
Other Assets			0.290
Total Tangible Assets			7.825
* Current and Non- Current Liabilities			0.073
Net Tangible Assets			7.755

+ See chapter 19 for defined terms.

West Wits Mining Limited (ASX : WWI)

West Wits Mining Limited (West Wits) continued over the quarter to focus on the development of its Emerald Gold Project. During the period West Wits signed a binding Heads of Agreement to purchase a CIL Plant and ball mill (including ancillary equipment) and secured access to and use of, the North Sand mill site, deposition facilities, servitudes and connections. This agreement enabled the Company to acquire its own gold processing plant which will be based at the North Sands site, adjacent to the Emerald Gold Project.

The aggregate consideration for the provision of these assets is ZAR37,500,000 (~A\$5.58m), which was payable by a deposit of ZAR7,500,000 (~A\$1.11m), an instalment of ZAR5,000,000 (~A\$0.75m) payable upon West Wits taking possession of the plant and land with the balance staged in instalments over the proposed production life of the Emerald Gold Project.

Establishment of the Company's own gold plant is considered by management as the best processing option. The plant, to be acquired under this agreement, has 40,000 tonne per month processing capacity. The mill site is considered ideal as it is located approximately 1km from both the Emerald Gold Project and the Company's next most prospective near surface target, the Elder Target.

During the quarter a 1km southern extension at the Emerald Gold Project was confirmed with initial sample program returning high grade gold values of WRCKG02 6.72 g/t Au, WRCKG03 5.91 g/t Au & WRCKG10 11.9 g/t Au

A channel sampling program was also completed at the Elder Target which returned high grade gold results including; 5.30m @ 8.01 g/t Au (including 2m @15.84g/t). The Elder Target has the potential to host significant near surface gold mineralisation over a strike distance of at least 4.5 kilometres and is being targeted to potentially provide additional feedstock to the plant

MPJ currently holds 8m WWI shares.

Mintails Limited (ASX : MLI)

MPJ continues to persevere with its strategic investment in Mintails Limited ("MLI") which has continued to underperform despite the intrinsic value of its underlying assets. At the MLI AGM held on 30 November 2009, the Company received shareholder approvals facilitating the completion of the A\$15m capital raising now being applied towards the completion of the expanded gold production capacity at Gold 2.

During the quarter, MLI has made significant progress towards its refocused objective of cash generation from increased gold production. The Gold 2 plant is currently being commissioned. The hydraulic reclamation site, the associated pipelines and the CIL circuit have been commissioned. Reagents have been introduced to the circuit in early January 2010, and will be followed by the commissioning of the elution and regeneration sections. Gold 2 has a design capacity to process a further 350 000 tonnes per month and the Company is targeting an increase in production by approximately 20,000 ounces of gold per year once the circuit is fully commissioned. The first gold from this expanded circuit is expected to be poured in late January 2010.

MPJ currently holds 10.6 million shares in MLI.

Watermark Global PLC (AIM : WET)

Watermark Global Plc (Watermark), on 30 October 2009, announced that the Definitive Feasibility Study ("DFS") being conducted into the possibility of commercially treating AMD within South Africa was completed by its wholly owned subsidiary, Western Utilities Corporation (Pty) Ltd ("WUC").

+ See chapter 19 for defined terms.

The DFS, led by independent consultants confirmed the project's viability in five main areas: (1) the verification and securing of AMD for treatment; (2) the selection, design and costing of the scheme; (3) the completion of the Integrated Regulatory Process; (4) the signing of a binding off-take agreement; (5) the economic and financial analysis of the project.

Focus now turns to the Integrated Regulatory Process which requires completion of the Environmental Impact Assessment ("EIA") for the entire scheme. Approval of a Final Scoping Report was required from Gauteng Department of Agriculture and Rural Development before WUC could submit its EIA report for public review. Watermark received this approval on 21st December 2009. The EIA will be submitted to the relevant authorities and the final Record of Decision expected to be received by the 15th of February 2010 assuming no further delays from the South African Government.

The topic of environmental rehabilitation and consequences for ecological damage from acid mine drainage are matters that are being strongly debated in South Africa. The likely imposition of strong government sanctions on South African Mining companies implicated in contributing to this problem, places Watermark in an ideal situation to provide a commercial and environmentally friendly solution to a major environmental problem that has existed and continues to grow within the country. At the moment there is no other commercial solution. The current estimate of this water resource is in excess of 50 years.

MPJ holds 17.86 million WET shares.

For And On Behalf Of The Board



Richard Revelins
Director

The information in this report in relation to Mintails Limited was extracted from previous ASX announcements released by Mintails Limited.

The information in this report in relation to West Wits Mining Limited was extracted from previous ASX announcements released by West Wits Mining Limited.

The information in this report in relation to Watermark Global Plc was extracted from previous AIM announcements released by Watermark Global Plc.

Rule 5.3

Rule 5.3

Appendix 5B – 2nd Quarter

Mining Exploration Entity Quarterly Report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of Entity:

MINING PROJECTS GROUP LIMITED

ABN:

84 006 189 331

Quarter Ended ('Current Quarter')

31st December 2009

Consolidated Statement of Cash Flows

	Current Quarter \$A '000	Year to Date (6 months) \$A '000
<u>Cash Flows Related to Operating Activities</u>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation	(39)	(58)
(b) development	-	-
(c) production	-	-
(d) administration	(363)	(628)
(e) contract services	(174)	(254)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Legal Fees)	-	-
Net Operating Cash Flows	(564)	(921)
<u>Cash Flows Related to Investing Activities</u>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(3,201)	(5,115)
(c) other fixed assets	(20)	(20)
1.9 Proceeds from sale of:		
(a) businesses	-	-
(b) equity investments	3,567	4,720
(c) intellectual property	-	-
1.10 Loans to other entities	-	(50)
1.11 Loans repaid by other entities	-	100
1.12 Option Fee on Tenements	20	20
Net Investing Cash Flows	366	(345)
1.13 Total Operating and Investing Cash Flows	(198)	(1,266)

+ See chapter 19 for defined terms.

	Current Quarter \$A'000	Year to Date (6 months) \$A'000
1.13 Total Operating and Investing Cash Flows (Carried Forward)	(198)	(1,266)
<u>Cash Flows Related to Financing Activities</u>		
1.14 Proceeds from issues of shares, options, etc.	(20)	2,904
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other – Capital Raising Costs	(65)	(268)
Net Financing Cash Flows	(85)	2,636
Net Increase / (Decrease) in Cash Held	(283)	1,370
1.20 Cash at beginning of quarter/year to date	1,838	185
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at End of Quarter	1,555	1,555

Payments to Directors of the Entity and Associates of the Directors
Payments to Related Entities of the Entity and Associates of the Related Entities

	Current Quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	174
1.24 Aggregate amount of loans to the parties included in item 1.10	
1.25 Explanation necessary for an understanding of the transactions	
Salaries, directors' fees, corporate advisory & consulting fees at normal commercial rates	

Non-Cash Financing and Investing Activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- | |
|---|
| - |
|---|
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- | |
|---|
| - |
|---|

+ See chapter 19 for defined terms.

Financing Facilities Available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount Used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total:	200

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	1,555	1,838
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: Cash at End of Quarter (item 1.22)	1,555	1,838

Changes in Interests in Mining Tenements

	Tenement Reference	Nature of Interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E52/1402	Relinquished	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and Quoted Securities at End of Current Quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total Number	Number Quoted	Issue Price Per Security (cents) (see note 3)	Amount Paid Up Per Security (cents) (see note 3)
7.1	Preference +Securities <i>(Description)</i>	-	-		
7.2	Changes During Quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3	+Ordinary Securities	3,497,671,398	3,497,671,398		
7.4	Changes during quarter (a) Increases through issues	500,000,000	500,000,000		
	(b) Decreases through returns of capital, buy- backs				
7.5	+Convertible debt securities <i>(Description)</i>	-	-		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(Description and Conversion Factor)</i>	2,065,030,602	2,065,030,602	<i>Exercise Price</i> \$0.002	<i>Expiry Date</i> 06/07/2014
7.8	Issued during quarter	500,000,000	500,000,000	\$0.002	06/07/2014
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign Here:

Director

Date: 29th January 2010

Print Name: **Richard Revelins**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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The CFO Solution
29/01/10