



Quarterly Activities Report for the 3 Months Ended 31st December 2012

Review of Operations

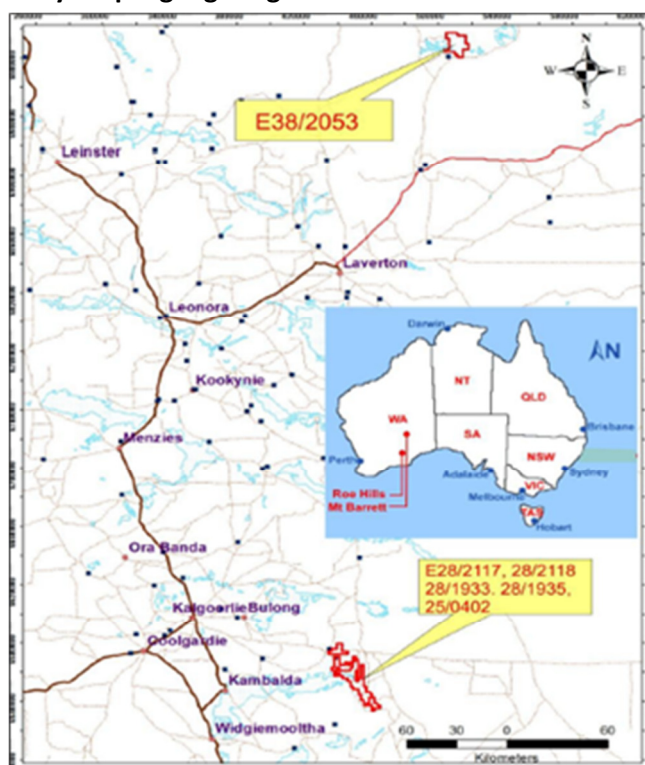
Mining Projects Group Limited (ASX : MPJ) (“MPJ” or “the Company”) over the quarter completed two Nickel sulphide focussed transactions which will provide exposure to a second commodity within the Company’s project portfolio.

Nickel Projects

Oroya Mining Limited Joint Venture – Kambalda nickel region, Western Australia

On 21st December 2012, MPJ executed a binding Heads of Agreement (“HoA”) to establish of two separate joint ventures with Oroya Mining Limited (ASX: ORO) (“Oroya”). The primary focus will be the prospective for Nickel tenement package at Talc Lake. Talc Lake is located in the Kambalda Nickel region and provides further expansion to the Company’s existing nickel portfolio which is located within the Fraser Range. As part of the agreement MPJ will also joint venture the Mt Barrett Project (“Mt Barrett”). The Mt Barrett Project is located in the Lake Wells Region and is an underexplored greenstone belt prospective for Gold (see Figure 1).

Figure 1 **Locality Map highlighting Talc Lake and Mt Barrett**



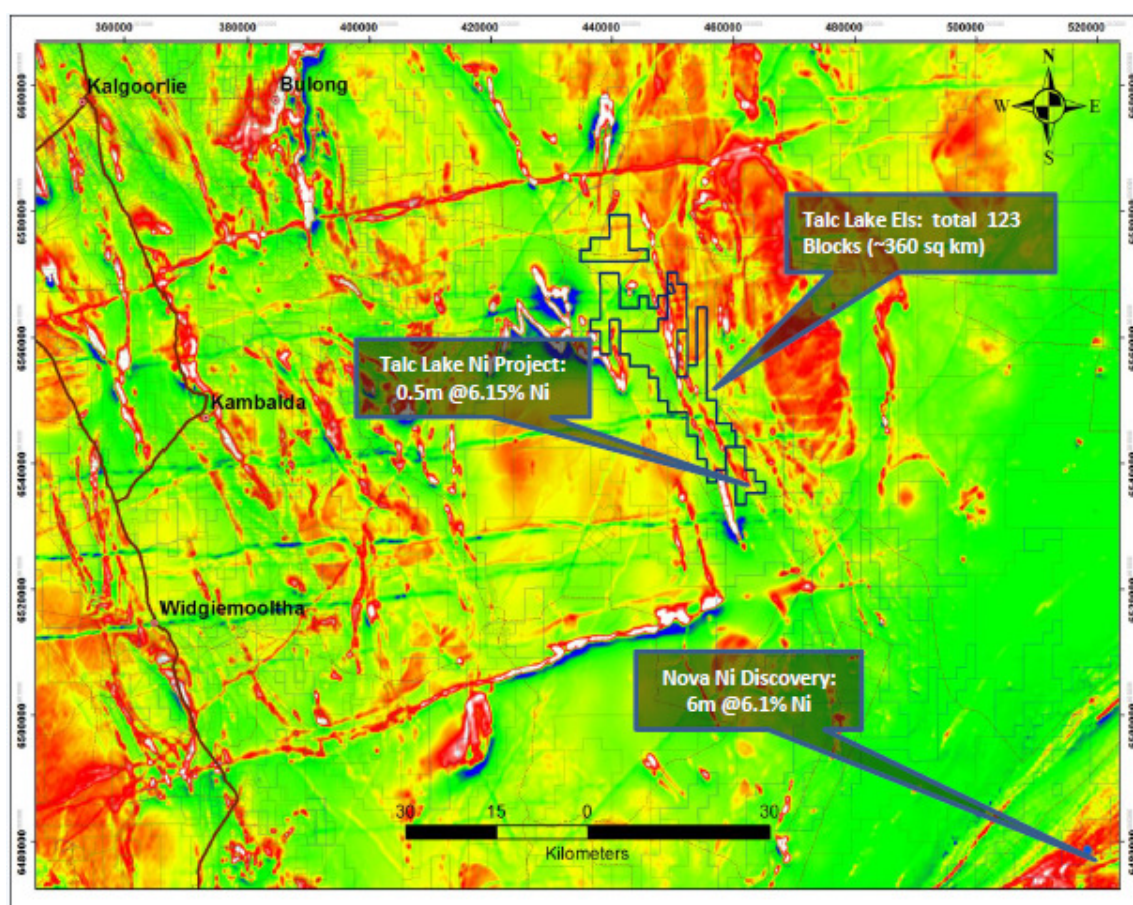
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➤ **Talc Lake**

The Talc Lake nickel project covers a 30km belt of ultramafic rocks, 85 kms east of the Kambalda nickel mining centre in Western Australia (Figure 2). Oroya holds 5 exploration licences covering the Talc Lake ultramafic sequences. Previous work includes regional geochemistry, air core, RC and diamond drill testing, electromagnetic geophysical surveys and IP (Induced Polarisation) surveys. Gossans, geochemistry, geophysics, petrology and known nickel sulphide positions suggest strong potential for Kambalda-type komatiite nickel deposits. Previous drill intersections include 0.5 metres of 6.15% nickel and 0.38% copper from 155 metres hole depth in diamond drill hole ROE 114 at Talc Lake.

The mineralisation conforms to the Kambalda style where nickel sulphides are characteristically located in embayments or troughs under the channel flow facies' of the host komatiite. A review of the project data has identified numerous nickel targets to be evaluated.

Figure 2 **Locality of high grade results at Talc Lake**

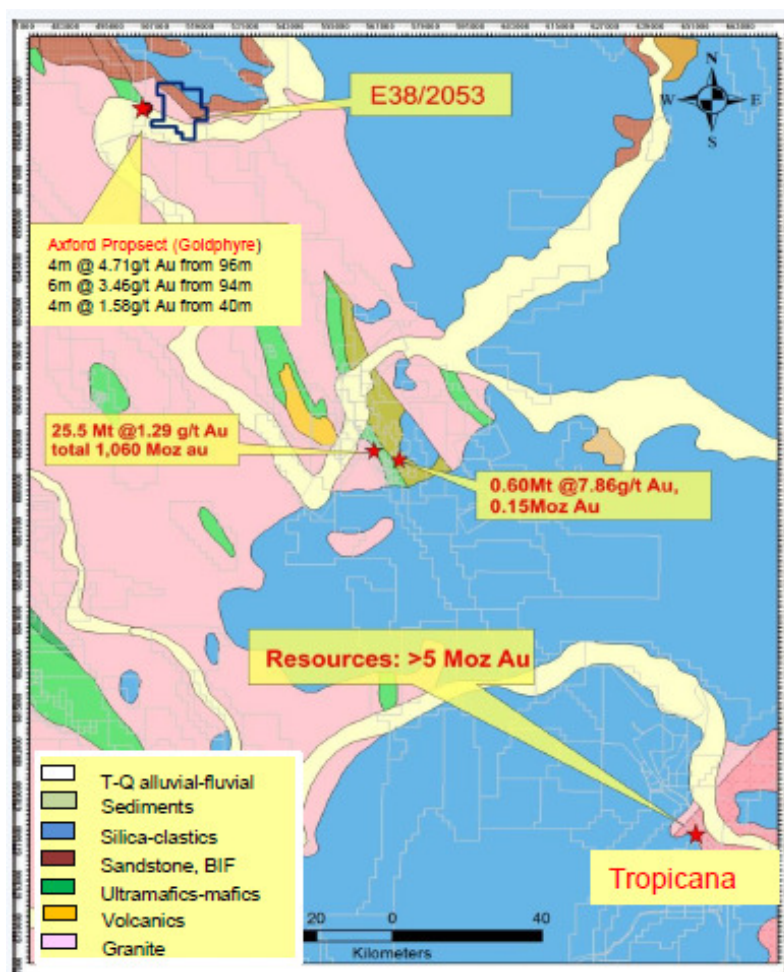


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➤ **Mt Barrett**

The Mt Barrett Project is located in the Lake Wells Region is a highly prospective greenstone belt with minimal previous exploration (see Figure 3). Recent drilling on the immediately adjacent tenement (Goldphyre Limited's -Axford Prospect) returned several high grade gold intercepts. Further south on the belt significant JORC resources have been discovered by Gold Road Resources Limited.

Figure 3 **Locality of Mt Barrett Project within Lake Wells Region**



➤ **Joint Venture Agreement**

The HoA provides for the establishment of the joint ventures conditional upon:

- each party successfully completing due diligence programs by 31 March 2013;
- \$1.6 million being raised through by CPS Securities Ltd and Melbourne Capital Ltd
- the Company obtaining all necessary shareholder and regulatory approvals; and
- both parties entering into formal joint venture agreements by not later than 31 March 2012.

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Subject to satisfactory completion of due diligence and the Company obtaining all necessary shareholder and regulatory approvals, the HoA provides for the establishment of a joint venture for Talc Lake and Mt Barrett Projects. The key terms are as follows:

- MPJ will issue Oroya 50,000,000 fully paid ordinary shares in MPJ and 30,000,000 options with an exercise price of 1 cent and an expiry date at 30 June 2016, as reimbursement for expenditure undertaken at Talc Lake and Mt Barrett thus far.
- MPJ will hold the right to earn a 75% participating interest in the Talc Lake Project by expending a minimum of \$800,000 during the initial 12 month period from signing and then continue to solely fund Talc Lake until completion of a Bankable Feasibility or decision to mine.
- MPJ will hold the right to earn an 80% participating interest in Mt Barrett by completing all required expenditure until completion of a Bankable Feasibility Study.
- MPJ may, at its discretion, withdraw from either or both Joint Ventures at any time prior to earning its participating interest. Upon withdrawal the Company will have no further expenditure obligations or commitments in respect of the either or both Joint Ventures
- Once MPJ has earned a participating interest in either or both Joint Ventures, MPJ and Oroya will thereafter contribute to expenditure in proportion to their respective participating interests.

Option Agreement - Fraser Range, Western Australia

On 5 November 2012, MPJ announced it had entered an option agreement with Epi Energy Pty Ltd to acquire a 70% interest in three exploration lease applications located in the Fraser Range, Western Australia (see figure 4). MPJ may exercise the option to acquire a 70% interest in the project at its discretion and will do so having regard to results from its due diligence investigations including preliminary exploration activities. The exploration lease applications, identified by application numbers EL28/2271, EL69/1594 and EL69/3082, cover approximately 566km² in this prospective nickel-copper and gold province in south-east Western Australia.

The areas of interest occur along the south-east margin of the Archean Yilgarn Craton within the Albany-Fraser Province.

Locally, the nickel copper sulphides are represented by pyrrhotite, pentlandite and chalcopyrite which are hosted in strongly metamorphosed rocks called granulites and are interpreted to be the end product of altered and metamorphosed precursor mafic-ultramafics rocks. The ultramafic lithologies are contained in a sequence of ultramafic to felsic volcanics and sediments. The Fraser Range zone has a north-east southwest trend.

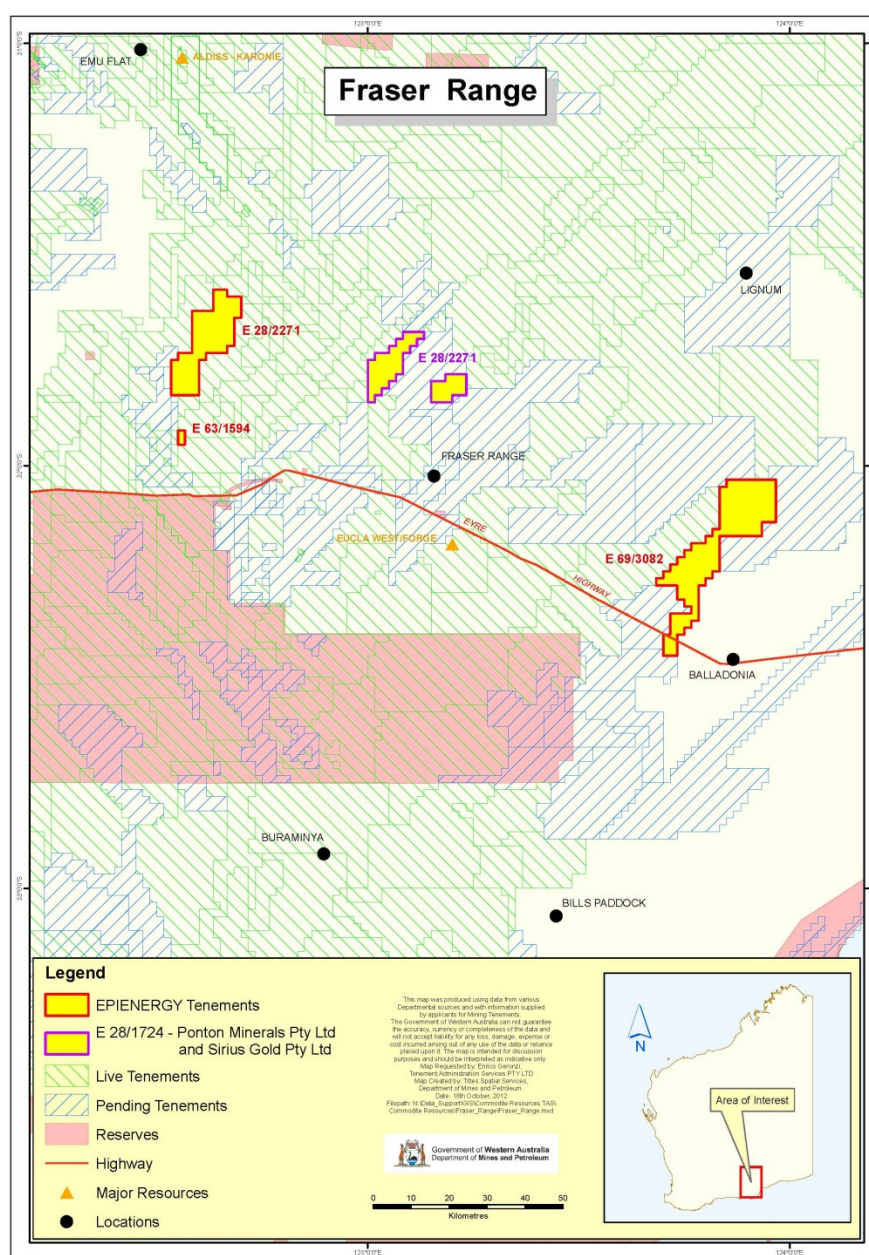
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Recent nickel discoveries have been made in the Fraser Range through drilling programs following up on prospective targets identified from extensive geo-physics and soil geochemistry. This will be the process used for identifying prospective drilling targets within the Epi exploration lease applications.

E28/2271 and E63/1594 are located 60 kilometres SE of Kambalda.

E69/3082 60 is located in the heart of the Fraser Range Orogeny and will be assessed also for nickel, copper and gold mineralisation potentially under sedimentary cover.

Figure 4



➤ **Terms Of the Option**

- An upfront payment to Epi (or its nominee/s) was made through the issue of 15,000,000 ordinary fully paid MPJ shares which were issued at 1 cent each
- Option allows MPJ to complete due diligence, including exploration works, for a period of not less than 6 months to determine prospectivity of the exploration leases.
- Exploration work is planned to include an aeromagnetic survey as well as mapping and soil sampling programs.

Although these leases are currently under application, initial limited exploration programs are able to be undertaken prior to their grant.

➤ **Terms of Acquisition upon Exercise of Option**

MPJ may exercise the option to acquire a 70% interest in any or all of the leases at any time prior to the later of the expiration of the due diligence period or the date which is 14 days after the grant of the last of the exploration licence applications. Upon exercise of the option MPJ shall:

- Make a cash payment of \$250,000 to Epi (or its nominee/s).
- Issue of 17,500,000 fully paid ordinary MPJ shares at a deemed issue price of 2 cents per share to Epi (or its nominee/s), subject to shareholder approval if required.
- Issue of 8,750,000 options to acquire ordinary MPJ shares exercisable at 3 cents with an expiry date of 30 July 2017, subject to shareholder approval if required.
- A further milestone payment of \$2 million is payable in cash, shares or a combination of cash and shares if the option is exercised and a JORC Resource of 30,000t Ni or a JORC Resource of 250,000ozs Au is achieved within the exploration licences and a decision to mine is made.

Under the terms of the option, prior to selling all or any part of its remaining 30% interest in the exploration licences to a third-party, Epi must first offer that interest for sale to MPJ on terms which are no less favourable to MPJ than those contained in any third-party offer made or received by Epi.

Capital Raising

As part of the Oroya Joint Venture transaction the Company intends to raise, subject to shareholder approval, up to \$1,600,000 via a private placement of 200,000,000 fully paid ordinary shares in MPJ at 0.8 cents per share (\$0.008) to professional and sophisticated investors of CPS

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Securities and Melbourne Capital Limited. The purpose of the issue is to undertake initial exploration programs at Talc Lake and Mt Barrett as well as the Fraser Range tenements and also for working capital requirements. A free attaching option will be issued for every two shares subscribed in the placement, each attaching option having an exercise price of 1 cents (\$0.01) and an expiry date of 30 June 2016. Each option, upon exercise, will entitle the holder to one ordinary share in MPJ.

Board Restructure

As part of the Oroya transaction the Board of MPJ will also undertake restructure with Messers Revelins, Babbage and Hains standing down on completion.

Mr Joshua Wellich has been nominated by Oroya to join the board and become Managing Director post the completion of this transaction. Mr Wellisch is currently Managing Director of Oroya and has held several private and public board positions over the past 7 years. Mr Wellisch has a breadth of experience in capital raisings, corporate structuring and public company transactions in the resource exploration sector.

In addition there will be a further independent director nominated in due course.

Coal Projects

➤ Delcarmen – Post Balance Date

On 30 January 2013, MPJ announced exploration for coal permit (“EPC”) 2527 has been granted. EPC 2527 and EPC 2528 are collectively referred to as the Delcarmen Coal Project (“Delcarmen”). EPC 2528 remains in the process of being granted but the Company does not anticipate any impediments to its grant. Delcarmen holds two prospective EPCs north and east of Kingaroy, Queensland, which are located approximately 170kms west of Brisbane and cover a combined area of 1,030 km².

In addition to the granting of EPC 2527 an independent geological report assessing the prospectivity of Delcarmen has established an exploration target range of between 30 and 140^{1,2} million tonnes of which up to 60 million tonnes has been identified as potentially semi soft coking coal.

The report identified the project area as demonstrating potential for coal deposits of potentially high energy thermal or a semi-soft coking coal product, located within the Triassic-age Esk and Gayndah Formations, and suggests previous exploration 35 years ago was neither extensive nor intensive enough to discount the existence of economic coal and further exploration is warranted.

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The tenures underlie formations in the Triassic Esk Basin or Esk Trough and the Tarong Basin. The prospective coal-bearing units, in descending stratigraphic order, are the:

- Main Range Volcanics (lignite);
- Tarong Beds;
- Gayndah Formation; and
- Esk Formation.

Based on exploration drilling conducted by New Hope Collieries and Mobil Energy, and coal intersections encountered in registered water bores, Exploration Targets^{1,2} (Table 1) for the three main coal target formations have been calculated using conservative values for coal thickness and density.

Predictions about coal quality have been based on historical analysis, however a drilling program following the outcrop of the north-west-trending Esk Formation has been recommended. The objective of this drilling program will be to add confidence to the exploration target to establish a JORC category resource over the deposit over the project area.

An initial exploration plan will be based on rotary chip holes, followed by downhole logging using the standard geophysical tools: density, gamma, sonic and caliper. This information will allow the correlation of the seams, the precise thickness of the coal seams, and can indicate the relative quality of the coal seams. A total of seventeen (17) holes have been recommended with three (3) holes in the southwest corner of the EPC, designed to contribute to a possible Inferred Resource tonnage after databasing and modelling. Several holes are planned in the northeast of the EPC to establish coal intersections recorded in registered water bores.

Before initial exploration programs are undertaken the Company will wait for EPC 2528 to be granted thus allowing for an inclusive program over the entire project area rather than two individual programs which will increase the cost of exploration. The Company is in consultation with the department in order to help facilitate its granting.

The board is very pleased with the confirmation of the prospectivity at Delcarmen given it is located only 170kms from Brisbane, historical rail infrastructure exists within its tenements, several major deposits sits in close proximity and 85kms south within the Tarong Basin lies the major Meandu mine and the Tarong and Tarong North Power stations.

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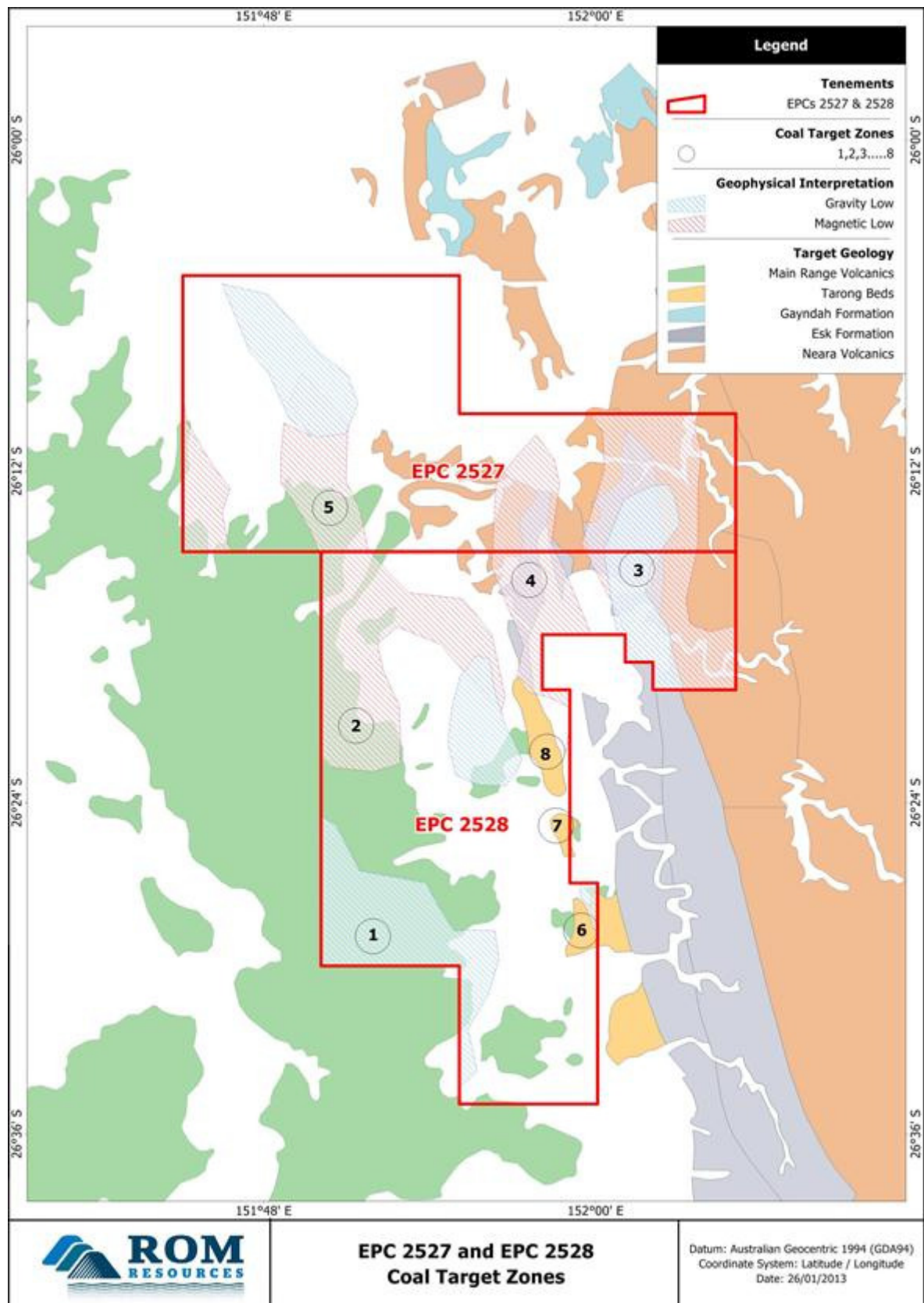
Table 1: EPC 2527 and 2528 Exploration Targets

Formation	Area (km ²)	Thickness (m)	Unexpected Geological Loss (% vol)	Size (Mt) ^{1, 2}	Washed Product (@ CF 1.60)	Calorific Value (Kcal/kg)	Crucible Swell Number
Tarong Beds	12.0	3.0	15	15-60	Thermal	5,000	0
Esk Formation	48.0	0.9	20	10-60	Semi-soft coking	5,700	1-3
Gayndah Formation	5.0	2.0	15	5-20	Thermal	5,200	0.5
Total				30-140			

¹ A relative density of 1.40 g/cc has been assumed from historical coal quality analyses. Allowance made for unexpected geological loss due to seam discontinuity and unexpected structure.

² It should be noted that the potential quantity and grade quoted in Table 2 are conceptual in nature, that there has been insufficient exploration to define a Coal Resource and that it is uncertain if further exploration will result in the determination of a Coal Resource.

Figure 5 Coal Target Zones



+ See chapter 19 for defined terms.

For And On Behalf Of The Board



Bryan J. Frost
Executive Chairman

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 (ASX:MPJ)

ABN:

84 006 189 331

Quarter Ended ('Current Quarter')

31st December 2012

Consolidated Statement of Cash Flows

Cash Flows Related to Operating Activities		Current Quarter \$A'000	Year-to-Date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(37)	(49)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(79)	(146)
	(e) contract services	(113)	(437)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(226)	(626)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(24)
	(b) equity investments	(50)	(50)
	(c) other fixed assets	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	(3)	(3)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	16	(79)
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	(4)
1.11	Loans repaid by other entities	62	62
1.12	Option Fee on Tenements	-	-
Net Investing Cash Flows		25	(98)
1.13	Total Operating and Investing Cash Flows	(201)	(724)

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		Current Quarter \$A'000	Year-to-Date (6 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(201)	(724)
	Cash Flows Related to Financing Activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,053
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	-	(100)
	Net Financing Cash Flows	-	953
	Net Increase / (Decrease) in Cash Held	(201)	229
1.20	Cash at beginning of quarter/year to date	631	204
1.21	Exchange rate adjustments to item 1.20	(1)	(4)
1.22	Cash at End of Quarter	429	429

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	91
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	
	-	

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	40
4.2	Development	-
4.3	Production	-
4.4	Administration	120
4.5	Contract Services	120
Total:		280

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	429	631
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: Cash at End of Quarter (item 1.22)		429	631

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	-	-	-	-
6.2	Interests in mining tenements acquired or increased	EPC 2527	Via the acquisition of Delcarmen Energy Limited	Pending	Granted
		EPC 2528	Via the acquisition of Delcarmen Energy Limited	Pending	Pending

+ 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	257,623,154	257,623,154	-	-
7.4	Changes during quarter				
	(a) Increases through issues	a) 15,000,000 b) 6,308	a) 15,000,000 b) 6,308	a) \$0.01 b) \$0.015	a) \$0.01 b) \$0.015
	(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>	59,616,588 41,299,175 105,282,868	59,616,588 41,299,175 105,282,868	\$0.02 \$0.10 \$0.015	28/02/2013 6/07/2014 30/11/2014
7.8	Issued during quarter	-	-	-	-
7.9	Consolidation during quarter	-	-	-	-
	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: _____
Executive Director

Date: Thursday 31st January 2013

Print Name: **Bryan Frost**

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

31.01.2013