



COMPANY ANNOUNCEMENT

Mining Projects Group to acquire coal tenements in Queensland

- **MPJ signs heads of agreement to acquire 100% of an entity that has filed two EPCA'S in Queensland**
- **Independent study provided to MPJ indicates EPCA area has demonstrated potential for high energy thermal coal and semi-soft coking coal**
- **Existing rail infrastructure runs through both EPCA's**
- **MPJ will continue to seek further opportunities to develop a prospective coal exploration portfolio**

7 February 2012

Mining Projects Group Limited (ASX : MPJ) ("the Company") announces it has executed a binding Heads of Agreement ("HoA") to acquire two prospective Exploration Permits for Coal applications (EPCAs) north and east of Kingaroy, Queensland. MPJ has reviewed a number of coal projects over the preceding two quarters. The Company will continue to seek further opportunities to develop a prospective portfolio of coal projects.

The HoA entered into by MPJ is to acquire 100% of Delcarmen Energy Limited ("Delcarmen") for \$1 million with consideration for the acquisition to be completed on a 50:50 equity and cash basis, subject to due diligence and subject also to the Company obtaining all necessary shareholder and regulatory approvals for the transaction. Delcarmen has filed two EPCA's north and east of Kingaroy (applications for EPC 2527 & EPC 2528), approximately 170kms west of Brisbane. The tenements combined area covers 1,030 km² with existing rail infrastructure running through the tenements (see figure 1).

The \$1 million consideration for the acquisition will be paid on the following basis;

- non-refundable deposit of \$20,000 paid on execution of the HoA;
- \$80,000 to be paid on completion of the acquisition of Delcarmen;

- 12,500,000 performance shares will be issued on completion of the acquisition of Delcarmen, each of the performance shares will convert to an ordinary fully paid share, at 2 cents per share, in the Company upon the later of completion of the acquisition of Delcarmen or the grant of EPCA 2527;
- \$200,000 to be paid on the later of completion of the acquisition of Delcarmen or the grant of EPCA 2527;
- 12,500,000 performance shares will be issued on completion of the acquisition of Delcarmen, each of the performance shares will convert to an ordinary fully paid share, at 2 cents per share, in the Company upon the later of completion of the acquisition of Delcarmen or the grant of EPCA 2528;
- \$200,000 to be paid on the later of completion of the acquisition of Delcarmen or the grant of EPCA 2528;
- milestone payment of \$250,000, satisfied through the issue of fully paid ordinary shares MPJ shares, based on a 30 day VWAP, to be issued following an announcement by MPJ of a JORC resource exceeding 100 million tonnes of coal within the EPCAs.

An initial study of the geological prospectiveness of the EPCA's provided to the Company suggests that the area demonstrates potential for high energy thermal coal as well as semi-soft coking coal, primarily located within the Triassic-age Esk and Gayndah Formations. Any potential quantity and grade is conceptual in nature and it is uncertain if further exploration will result in the determination of a coal resource. MPJ's first steps post acquisition will be to engage an independent consultant to develop a conceptual target and initial drill program for the Company.

MPJ believes this initial acquisition will provide a solid platform to develop a prospective coal portfolio due to the EPCA areas' potential and the existing rail infrastructure dissecting the tenement area.

On completion of this transaction Peregrine Corporate Limited, who managed this transaction, will receive 5,000,000 fully paid ordinary shares in MPJ. Each share issued shall have an attaching option with the same terms as the options issued as part of the recently completed rights issue. As such each attaching option shall have an exercise price of 2 cents (\$0.02) and an expiry date of 28 February 2013. Each option, upon exercise, will entitle the holder to one ordinary MPJ share and one further option exercisable at 3 cents (\$0.03) with an expiry date of 28 February 2014.

In addition 5,000,000 options will be issued to Merchant Group Pty Ltd for its role in introducing and developing this opportunity for the Company. These options shall have an exercise price of 2 cents (\$0.02) and an expiry date of 28 February 2013. Each option, upon exercise, will entitle the holder to one ordinary MPJ share and one further option exercisable at 3 cents (\$0.03) with an expiry date of 28 February 2014.

In addition to this transaction the Company intends to raise, subject to shareholder approval, up to \$800,000 via a private placement of up to 40,000,000 fully paid ordinary shares in MPJ at 2 cents per share (\$0.02) to sophisticated investors to provide further working capital. The terms of the issue will be the same as the shares offered under the recently completed rights issue. As such a free attaching option will be issued with each share subscribed in the placement, each attaching option having an exercise price of 2 cents (\$0.02) and an expiry date of 28 February 2013. Each option, upon exercise, will entitle the holder to one ordinary share in MPJ and one further option exercisable at 3 cents (\$0.03) with an expiry date of 28 February 2014. Further details of this capital raising to be provided.

A notice of meeting will be sent to shareholders in anticipation of completion of this transaction and will contemplate the various equity issues set out below;

	Ordinary Shares	Performance Shares	Options – Ex price 2 cents, expiry 28 Feb 2013 *
Existing ordinary shares and 2c options on issue	124,091,470	---	49,636,588
Delcarmen vendor issue	---	25,000,000	---
Placement	40,000,000	---	40,000,000
Merchant Group Pty Ltd	---	---	5,000,000
Peregrine Corporate Ltd	5,000,000	---	5,000,000
Total shares and 2 cent options post acquisition and placement	169,091,470	25,000,000	99,636,588 ⁺

If the performance shares have not converted to ordinary shares by the date which is 12 months from their issue, the Company may redeem and cancel the performance shares for a total sum of \$1.00.

* *Each option entitles the holder, upon exercise, to one ordinary share and one further option exercisable at 3 cents (\$0.03) with an expiry date of 28 February 2014.*

+ *Does not include 41,299,588 options exercisable at \$0.10 on or before 6 July 2014 (MPJOA).*

^ *Above table does not include the \$250,000 milestone payment, approval for the shares to be issued in satisfaction of this payment will be sought at later date when (and if) required.*

MPJ looks forward to completing both the acquisition of Delcarmen and the placement and will update the market if negotiations for further opportunities result in agreements being entered.

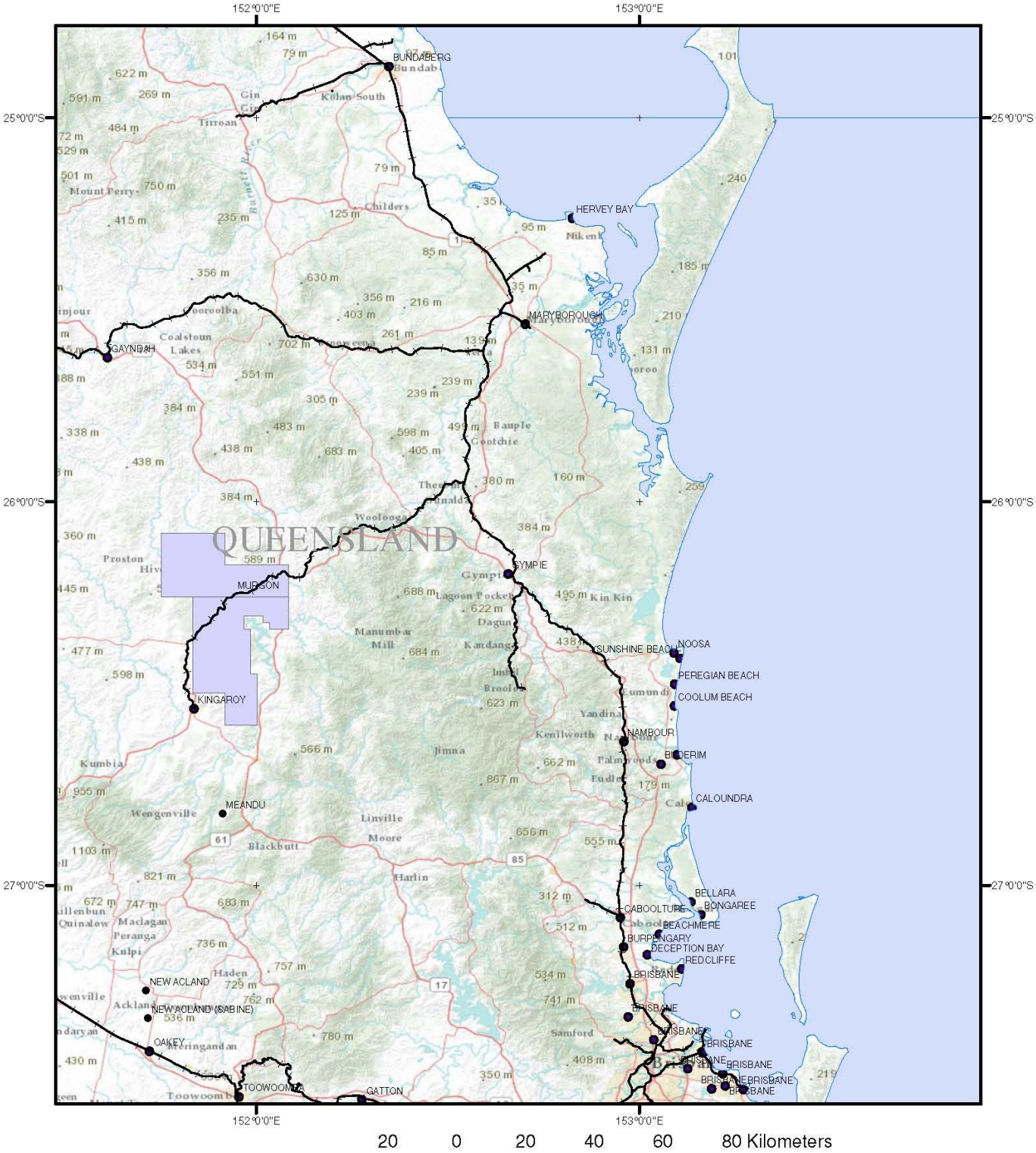
For And On Behalf Of The Board



Bryan Frost
 Chairman
 Mining Projects Group Limited

For further Information visit: www.miningprojectsgroup.com.au

Figure 1



Projection: GCS_GDA_1994

1:1,500,000



DRAFTED BY P.DAVIS
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Legend

- Declarmen Energy Limited EPC's
- Railway
- Major Coal Mines