



UNITED MINING GROUP EXECUTES TERM SHEET WITH SPROTT RESOURCE LENDING PARTNERSHIP FOR \$10 MILLION STANDBY LOAN FACILITY

VANCOUVER, BRITISH COLUMBIA, May 18, 2011 - United Mining Group, Inc. ("UMG" or the "Company") (TSX:UMG) (OTCQX:UMGZF) (FRANKFURT:UM8) is pleased to announce that it has signed a term sheet with respect to entering into a secured standby loan facility agreement for up to \$10 million with Sprott Resource Lending Partnership (SRLP).

Charles Pitcher, Chief Executive Officer, UMG, comments "this facility will allow us to continue our aggressive pre-production mine development program where, to date, we have incurred approximately \$12 million in exploration and development expenditures on the Crescent Silver Mine project and are on track to meet our first quarter 2012 commercial production start date. We are certainly pleased to introduce the Sprott team to the Silver Valley, historically one of the largest silver mining regions in the world."

Closing of the secured standby loan facility is subject to the satisfaction of terms and conditions standard for such transactions, including, among other things, completion of the definitive documentation and satisfactory due diligence. Pursuant to the term sheet and subject to certain conditions subsequent, UMG will have the ability to draw down on the standby loan facility in two tranches; the initial draw of \$6 million and final draw of \$4 million up to March 31, 2012. Any amounts drawn under the standby loan facility will be due and payable on or before September 30, 2013. Upon draw down, interest will be charged at a rate of 9.75% per annum calculated and paid monthly.

In consideration for entering into the term sheet, UMG has agreed that it will (i) pay a \$200,000 cash structuring fee on the earlier of closing of the definitive documents or termination of the term sheet; and (ii) make a standby bonus payment to SRLP payable in common shares of UMG at closing, subject to regulatory approval, at a price equal to a 10% discount to the 10-day weighted average closing price of UMG's common shares as they trade on the Toronto Stock Exchange prior to the day of signing of the term sheet, in an amount equal in value to \$500,000 (equal to 5% of the principal amount of the standby loan facility). In addition, if funds are drawn under the standby loan facility, UMG will pay a fee of 5% of the initial and any subsequent draw to SRLP payable in common shares of UMG at a price equal to a 10% discount to the 10-day weighted average closing price of UMG's common shares as they trade on the Toronto Stock Exchange prior to the day of drawdown.

ABOUT SPROTT RESOURCE LENDING PARTNERSHIP

Sprott Resource Lending ("SRL") specializes in bridge and mezzanine lending to precious and base metal mining, exploration and development companies and energy companies on a global basis. Headquartered in Toronto, SRL seeks to generate income from lending activities as well as

the upside potential of bonus arrangements with borrowers generally tied to the underlying property or shares of the borrower.

SRL (www.sprottlending.com) was founded by Quest Capital Corp. and Sprott Lending Consulting Limited Partnership. Sprott Lending Consulting LP is a wholly owned subsidiary of Sprott Inc., the parent of Sprott Asset Management LP (www.sprott.com), a leading Canadian independent money manager.

ABOUT UNITED MINING GROUP

United Mining Group is a vertically integrated mining company with operations in Idaho, USA. The Company is currently earning, through development and operations, an 80% interest in the Crescent Silver Mine project in Idaho's prolific Silver Belt - directly between two of the world's historically largest silver producing properties, the Sunshine and Bunker Hill mines. The Crescent Mine has historically produced 25 million ounces of silver at an average grade of 27.3 opt (SRK Consulting 43-101 report, March 1, 2010). The Company also offers a full suite of mining services including contract mining and mine machine repair and fabrication services to silver miners in the district. UMG is committed to building a senior silver-producing mining company based on aggressive exploration and development of the highly-prospective current land position at the Crescent Silver Mine project and through the acquisition of additional precious metals interests. The Company trades on the Toronto Stock Exchange under the symbol "UMG". For more information about the Company, please visit: www.unitedmininggroup.com.

ON BEHALF OF UNITED MINING GROUP, INC.

"Charles Pitcher"

Chief Executive Officer

FOR MORE INFORMATION, PLEASE CONTACT:

Cathy Hume

CHF Investor Relations

Tel. (416) 868-1079 x231

Email: cathy@chfir.com

FORWARD LOOKING STATEMENTS: This press release contains forward-looking statements, which address future events and conditions, which are subject to various risks and uncertainties. Forward looking statements in this press release include that we will build a second access slot to the west half of the South Vein resource area at the same elevation; that the South Vein is completely open to depth from previous drilling; that stope testing and pre production development will continue on the current resource; that we can build a senior silver-producing mining company based on aggressive exploration and development of the Crescent Silver Mine project and through the acquisition of additional precious metals interests; The Company's actual results and financial position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, some of which may be beyond the Company's control. These factors include: results of exploration activities and development of mineral properties, fluctuations in the marketplace for the sale of minerals, the inability to implement corporate

strategies, the inability to obtain financing, currency fluctuations, general market and industry conditions and other risks disclosed in the Company's filings with Canadian Securities Regulators.

Forward-looking statements are based on the expectations and opinions of the Company's management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.