Monto Minerals

13 May 2003

ASX ANNOUNCEMENT

POSITIVE INDEPENDENT EXPERTS' REPORT HOWEVER ROCHE MINING DECIDES NOT TO TAKE AN EQUITY POSITION IN GOONDICUM PROJECT

The recently completed Independent Experts' Report, which was commissioned in response to issues raised in due diligence by Roche Mining, has delivered a favourable review of the Goondicum Project. This Report and recent keen interest by a major Japanese trading company in the Project, encourages the Board in its belief that the Project will be successfully developed. However, subsequent to a presentation of the Report by the Independent Experts, Roche Mining has advised that it will not take an equity position in the Project. Roche Mining remains very interested in the project and in providing services as required for the project.

The Executive Summary of the Independent Experts' Report is attached.

Monto has initiated discussions with other development companies and contractors in order to progress the demonstration plant and Bankable Feasibility Study.

In other developments, the SAFE Group of Companies has advised that it will make available, subject to satisfactory commercial terms, facilities at its Ipswich fertiliser plant to complete market preparation of Feldspar sample product from its proposed Demonstration Plant. This arrangement will assist Monto to achieve a speedier and lower cost outcome for production of Bulk samples.

In addition, an assessment by the EPA on a modified approach to Mine development is awaited but preliminary discussions indicate that there are only a limited number of issues to be addressed and that these can be dealt with from prior research and testwork with only minor exceptions.

PETER SLAUGHTER
EXECUTIVE CHAIRMAN

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EXECUTIVE SUMMARY

In his notice to Shareholders dated 31st March, the Executive Chairman of Monto Minerals Ltd, Mr Peter Slaughter, noted:

"From Monto's viewpoint, we believe some of the matters raised by Roche had considerable merit and offered a better way forward for the Project if they could be satisfactorily addressed. We therefore have put a team of independent experts together to deal expeditiously with the issues raised by Roche."

This document, in light of the above and mindful of a more general audience for this review, has been prepared as an Independent Experts Report by a team of independent consultants to assist the Board of Monto Minerals Ltd to demonstrate, or otherwise, that the Project is ready for the Demonstration Plant phase of the Project. This Independent Experts Report relates specifically to the pre-feasibility period, but covers in detail the currently expected life of the Project, so as to ensure that moneys spent in the next phase are not in vain.

On 28th May 2002 Peter Slaughter was appointed Executive Chairman and Geoff Moore was appointed a director of Monto Minerals Ltd. Following the appointment of Richard Cottee (13th Dec 2002) as a director, the new directors constituted a majority. Laurie Johnson, the former Managing Director, and Peter Dowling continued as directors, with Laurie Johnson actively involved in site matters and Peter Dowling moving to the position of Deputy Chairman. The new Board has plotted a new path for the Company.

The next step for the development of the company and the Monto Minerals Ltd industrial mineral deposit will be the funding of the Demonstration Plant, which will produce sample volumes for potential users to test in their plants and for the sample user to provide the company with contracts or expressions of interest. Clearly, securing of markets is fundamental to the development of the Project. When these are forthcoming, Monto Minerals Ltd will move to a Bankable Feasibility Study.

Prior to undertaking the construction of the Demonstration Plant, the Company seeks to raise \$6 million. Morris International and Roche Mining have indicated that, subject to specific conditions, they would be prepared to contribute \$4 million. One of the requirements is the preparation of this report. Another of these requirements was that \$2 million be sourced from a third party(s).

The IER has been prepared by the team of independent consultants based on prior professional consulting reports, market and company sourced data. A comprehensive review of the mining method, markets for the major products, environmental issues, costings and financial modelling have been undertaken. Major reports used have been cited.

Based on the assumptions contained and noted in this Independent Experts Report, and the attached model, the independent consultants believe that the Project should move to the next stage – Demonstration Plant operation and product testing. Following this we would expect the Project to move toward a Bankable Feasibility Study in the time set out in the Project Schedule. This would see the immediate commencement of the Bankable Feasibility Study, with financial close in December 2003.

The following table, extracted from the project model, demonstrates the robustness of the Project.

Goondicum Crater Project			Snapshot
ALL CHECKS OK?			**YES**
GO TO INDEX			
Basis of NPVs and IRRs			
- NPV and IRR Cashflow Stream			Nominal After Tax Cashflows from 2004 to 2024
- NPV and IRR Timing			as at 1 July, 2003
Terminal Value (Nominal)	A$m		-
Opening c/f Tax Losses (Operating)	A$m		9.0
Dividend Payment Assumptions			65% of Available Retained Earnings
Restrict Dividend Payments prior to			2004
Restrict Equity Redemptions prior to			2004
		Real (Unescalated)	Nominal (Escalated)
Ungeared Project NPV and IRR			
NPV of Ungeared Free Cashflow @ 10%	A$m	12.715	24.7
	$/Share	0.080	0.16
IRR (on Project Cashflows)	%	14.3%	17.2%
Geared Return to Equity NPV and IRR			
NPV of Cashflow to Equity @ 10%	A$m	19.3	29.5
	$/Share	0.12	0.19
IRR (on Cashflows to Equity)	%	20.3%	23.3%
Franking Credits included in Valuation	%	0.0%	0.0%