20 October 2003

ASX ANNOUNCEMENT

2003 ANNUAL REPORT

Pursuant to Listing Rule 4.7 we advise that the Company's 2003 Annual Report was despatched to shareholders on Friday 17 October, along with the Notice of Annual General Meeting.

Please find attached a copy of the Annual Report, Chairman's Letter to Shareholders, Notice of Annual General Meeting with Explanatory Statement, and Proxy form for release to the market.

Yours sincerely,
MONTO MINERALS LTD

GARRY M EDWARDS
Company Secretary

Head Office

Level 1, 109 Upton Street
Bundall QLD 4217 Australia
Telephone: 61 7 5574 3999
Facsimile: 61 7 5574-3833
Email: montogc@ozemail.com.au

Monto Minerals Ltd
ACN 063 144 865
PO Box 7467
Gold Coast Mail Centre
Bundall QLD 9726 Australia

Website: www.montominerals.com

Monto Office

5 Newton Street
Monto QLD 4630 Australia
Telephone: 61 7 4166 3500
Facsimile: 61 7 4166-3137

ACN. 063 144 865

Directorate and Administration

Directorate

Executive Chairman:	Peter J Slaughter
Non-executive Deputy Chairman:	Peter G Dowling
Executive Director - CEO:	Geoffrey P Moore
Non-executive Director:	Richard I Cottee

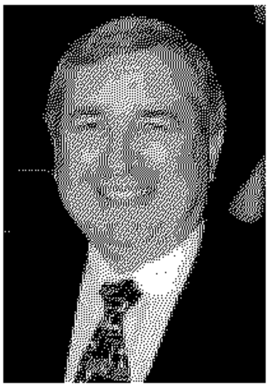
Administration

Company Secretary:	Garry M Edwards
Registered Office:	Level 1 109 Upton Street Bundall Qld 4217 Telephone: (07) 5574 3999 Facsimile: (07) 5574 3833
Web Site: Email:	www.montominerals.com admin@montominerals.com
Share Registry:	Computershare Investor Services Pty Ltd Level 27, Central Plaza One 345 Queen Street Brisbane Qld 4000 www.computershare.com
Auditors:	BDO Kendalls Level 16 300 Queen Street Brisbane Qld 4000
Solicitors:	Corrs Chambers Westgarth Level 35 Waterfront Place 1 Eagle Street Brisbane Qld 4000
Bankers:	Commonwealth Bank 240 Queen Street Brisbane Qld 4000
Stock Exchange Listing:	Australian Stock Exchange Limited Home Branch - Brisbane ASX Code (Shares) - MOO

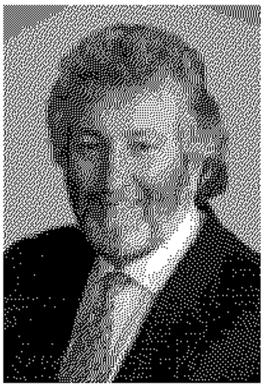
Contents

	Page
Chairman's Report	5
Market Development Report	7
Director's Report	9
Corporate Governance Statement	15
Statements of Financial Performance for the year ended 30 June 2003	17
Statements of Financial Position as at 30 June 2003	18
Statement of Cash Flows for the year ended 30 June 2003	19
Notes to the Financial Statements	20
Directors' Declaration	37
Independent Audit Report to the Members	38
Mineral Reserves and Resources Statement	40
Tenement Schedule	41
Shareholder Information	42

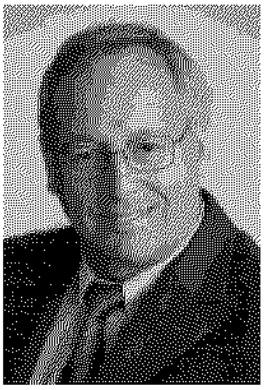
Directors and Company Secretary



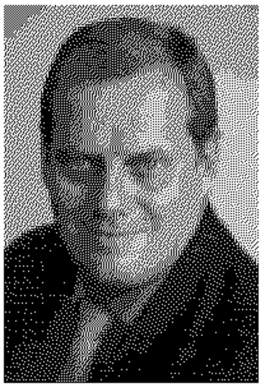
Peter J Slaughter
Executive Chairman



Peter G Dowling
Non-Executive Deputy Chairman

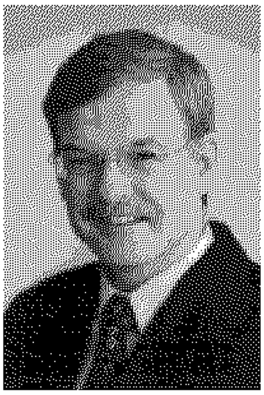


Geoffrey P Moore
Executive Director
(Appointed CEO 1 September 2003)

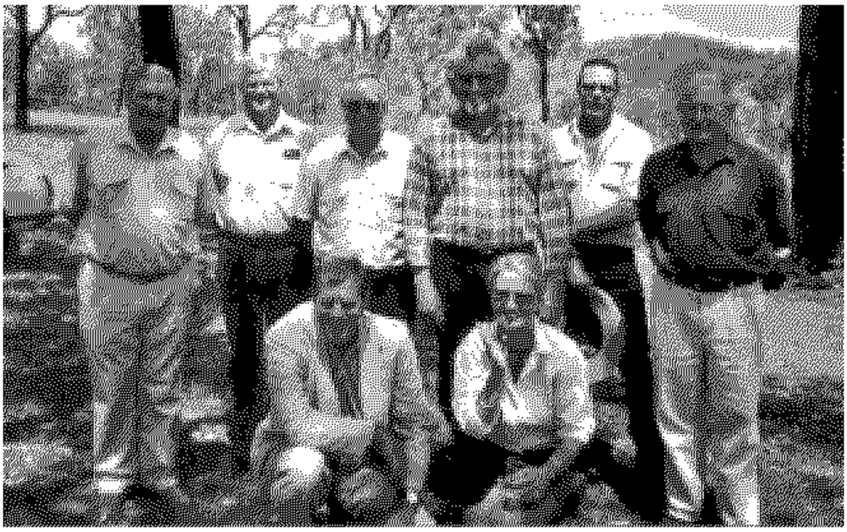


Richard I Cottee
Non-Executive Director

Laurie G Johnson
Executive Director – Operations
(Until 29 August, 2003)



Garry M Edwards
Company Secretary



Monto Board *at Goondicum with* **Warren McLauchlan** *– Gladstone Port Authority Member (standing 2nd from left),* **Robbie Campbell** *– son of Goondicum Landowner Roseanne Campbell (standing 2nd from right),* **Colleen Daly** *– Spin Business Solutions*

Doug Evans
– local earthmoving contractor and his dog, Billy

Kerri Williams
– former Monto office Manageress
– currently the Parthenium Inspector for the project

Chairman's Report

Dear Shareholder

At the time of compiling this report, your Company finds itself at an exciting time in its development.

The past financial year has been one of change and challenge as we sought to establish the marketability of feldspar and apatite from our Goondicum deposit. After considerable effort, we are now at a stage where we feel confident we will be able to construct and develop a plant to allow us to produce commercial sized samples of our three products – ilmenite, feldspar and apatite – for customers to trial.

Importantly, we have been focussing on ways to reduce the risks to the main project, and our market focus is a reflection of the need to deal with this particular risk effectively.

During the financial year we placed a significant if not dominant effort on meeting new customers and establishing relationships with companies and in markets where Monto had not previously had a coordinated strategy.

In addition, we maintained our focus on improving potential outputs from the plant. To this end we:

(a) Established definitively the feldspar and apatite resources on the mining lease (this resulted in a significant increase in the grades of feldspar and apatite over that previously assumed).

(b) Broadened the board skill base with the appointment of a qualified lawyer and senior manager in Richard Cottee.

(c) Sought and received positive indications that a three product strategy (ilmenite, feldspar and apatite) was (and is) appropriate.

(d) Defined a clear and simple development path.

(e) Sought (and by the end of August 2003 had entered into) an alliance and Project Cooperation Agreement with a reputable major construction and development company in John Holland Development and Investment Pty Ltd (JHDI), and

(f) Identified an enhanced tailings disposal regime.

To pursue our plans and following the agreement with JHDI, we announced that we were seeking to raise $5m to facilitate, together with JHDI's contribution, the construction and operation of a small plant, the purpose of which is to:

1. Provide bulk samples for plant trials for key potential customers.

2. Provide an opportunity to establish and refine appropriate metallurgical conditions for the main plant based on our laboratory test work.

One of the key issues is that we took a conscious decision to opt for a wet gravity and magnetic separation plant with no flotation (as was previously envisaged) for removal of apatite from feldspar.

The reasons for this are two fold. Firstly, we felt that a flotation regime would introduce undesirable chemicals into our tailings, which in turn, would have further environmental management and cost implications. The reality was that we had a choice that many mineral separation plants do not have. Secondly, the capital and operating costs for a flotation plant were more than projected for a gravity/magnetic plant. The downside for the latter is that it had not been utilised elsewhere to separate feldspar and apatite on any commercial site.

We needed to assure ourselves that we could achieve good efficiencies and consistent quality products; this we believe will be done in our pilot scale plant.

Our funds and the contribution from JHDI should be sufficient to take us through to completion of a Bankable Feasibility Study (BFS).

Following successful production of bulk samples and acceptance by key customers we expect to enter a BFS stage (to be conducted by JHDI) around May/June 2004, which will provide sufficient detail to allow us to obtain further equity and some debt finance. We expect to complete this phase (financing) if all goes according to our current plans by the end of November 2004.

The challenges ahead hold much promise for us if we can meet and address them in a timely fashion. Our choice of John Holland as a partner to assist us in this regard has not been made lightly. We had the opportunity to develop other relationships but focused on one which we feel would be best placed to deliver a profitable project and signal to the market that we had a reputable partner.

Since the close of the financial year, Laurie Johnson stood down as a director. Laurie was a key person in finding and recognising the potential of the Goondicum deposit. We greatly appreciate the dedication and effort he has demonstrated as a director of Monto Minerals and we wish him and his wife Julie a long and happy future together.

On September 1 2003, Geoff Moore accepted the challenge of taking on the CEO's role for Monto. Geoff and I have agreed to share certain duties and for Geoff to take the main running on marketing and the Demonstration Plant. My role will be to largely focus on funding, corporate governance and strategy as well as supporting Geoff on project management issues. This is not an ideal structure but will serve us until we get to completion of project finance.

I would also like to acknowledge and thank the staff, advisors and my fellow directors for their efforts in supporting the Company during the past twelve months.

Peter Slaughter
Executive Chairman

Market Development Report

The marketing strategy of defining the market segments for the mine products, establishing relationships with key potential customers, and providing bulk samples for plant trials has continued through the year. This strategy is aimed at securing sufficient supply contracts to proceed to a Bankable Feasibility Study and finance construction of a full-scale mining and processing operation based on the Mount Goondicum Industrial Minerals Deposit. The first two stages of the strategy have defined the appropriate markets, and have verified a strong interest in Monto Minerals' products. The next essential step is to provide 200-600 tonne bulk samples to targeted potential customers for plant trials, which must be completed successfully for the customers to commit to full-scale supply contracts. Monto Minerals must also be able to assure customers of the potential to supply consistent quality products for the long term. The Demonstration Plant to be partially funded, constructed and operated under a Project Cooperation Agreement with John Holland Group of Companies, is essential to the fulfilment of the next stage of the marketing strategy.

The Demonstration Plant will consist of a small mining operation excavating about 30,000 tonnes of ore, a processing facility to separate the products at the mine site, and a washing facility at Ipswich to remove iron staining on the feldspar grains thus reducing the iron (Fe_2O_3) content in the final product to less than 0.30%. Under the agreement with John Holland Development and Investment, site works will commence at the mine and at the Ipswich facility in late October 2003, with construction during November and December and commissioning in January. The mine and processing plant are fully approved by the Environmental Protection Authority, and the necessary permits for the feldspar washing facility will be lodged during October. Production of the planned 4,000 tonnes of the three products is anticipated to take about 12 weeks and be completed in May.

The design of the Demonstration Plant will utilise standard gravity and separation equipment from the Mineral Sands Industry, and with circuitry adapted to the unique mineral suite of the Mount Goondicum Deposit. Laboratory scale work has confirmed that the mineral products can be separated, but the Demonstration Plant is necessary to refine circuitry and to enable production on a continuous basis to consistent quality specifications. Additional research benefits of the Demonstration Plant will be evaluation of the tailings disposal and water re-circulation design, and rehabilitation of the tailings.

The products will be transported to selected customers in Brisbane, Asia, Japan and Europe from March until June, and results of the plant trials will become available from May through to June. Under the Project Cooperation Agreement with John Holland, a decision to proceed to a Bankable Feasibility Study is contingent on sufficient commercial supply contracts being obtained to cover the cost of finance and operation, with the remaining production being secured under contracts, prior to financial close.

Relationships with potential customers in Asia, Japan and Europe have been maintained through the year despite delays to the schedule for the Demonstration Plant. Titanium pigment and glass manufacturers in Japan, Korea, Taiwan and Europe were visited during the year and provided with Project data and representative samples of ilmenite and feldspar.

While the titanium pigment feedstock market has moved into oversupply, the sulphate-route pigment market, for which Monto ilmenite is suited, is not as tight as the chloride-route market and is expected to recover by 2006. Monto ilmenite is relatively low in titanium, but is attractive to consumers because of the very low levels of contaminants and the high FeO content. Monto is confident that it can sell up to 200,000 tonnes per annum when full-scale production commences in late 2005.

Container and sheet glass manufacturers are enthusiastic about Monto feldspar because of the high alumina content and potentially lower cost of alumina units. Large manufacturers in Australia, Japan, Taiwan, Philippines, Malaysia and Indonesia have expressed strong interest in testing bulk samples of 200-600 tonnes in their glass plants in order to evaluate the prospect of long-term supply contracts. Monto Minerals has estimated conservatively that it can market 70,000 tonnes per annum in the first three years of production, with potential to sell up to 250,000 tonnes per annum beyond 2008.

A major Japanese corporation has committed to investigate a long-term contract and commercial relationship to ship and market feldspar in Japan and Asia. No sales to this corporation have been included in the tonnages quoted above, nor assumed to date in base case financial modelling, but further meetings and negotiations are planned for the last quarter of 2003.

A French agency has been contracted to evaluate the glass industry in Europe and to analyse freight logistics and costs. The first stage of this program to be completed in October has given encouraging results after preliminary discussions with the main glass manufacturers.

Market Development Report (cont.)

Monto Minerals has received a conditional letter of intent from the SAFE Group of Companies committing to purchase all the apatite produced from the Demonstration Plant and to negotiate a long-term contract for all the apatite from a commercial plant. SAFE has also agreed to help finance and operate the feldspar washing facility at Ipswich on the outskirts of Brisbane with easy transport access to Brisbane Port facilities.

Geoff Moore
Chairman, Marketing Committee

Directors' Report

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2003.

Directors

The names of Directors in office at any time during or since the end of the year are:

P J Slaughter - (Executive Chairman)

P G Dowling - (Non-executive Deputy Chairman)

L G Johnson - (Executive Director – Operations) (Ceased 29 August 2003)

G P Moore - (Non-executive Director) (Appointed CEO 1 September 2003)

R I Cottee - (Non-executive Director) (Appointed 13 December 2002)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The Economic Entity's principal activities are directed towards the development of the deposits in the Goondicum and Eulogie Park areas. During the financial year these activities concentrated on progressing the development of the Goondicum Crater Project.

Operating Results

The consolidated loss of the Economic Entity after providing for income tax amounted to $787,152 (2002: $501,633). All Dollars mentioned are Australian Dollars unless otherwise stated.

Dividends Paid or Recommended

No amounts have been paid or declared by way of dividend since the end of the previous financial year and the Directors do not recommend the payment of any dividend.

Review of Operations

(i) Fund Raising During the Year

Monto Minerals Ltd raised $1,198,247 by way of placement, share purchase plan and exercise of options issuing 25,582,261 fully paid ordinary shares. Funds were applied to advancing the Goondicum Crater Project and working capital.

(ii) Goondicum Crater Project

In April 2003, potential project investors raised a number of due diligence matters in relation to the project and the board commissioned a team of independent experts to review the project and produce a report incorporating all current information on the project into one document. The Independent Experts Report delivered a favourable assessment of the project and has been the basis for discussions with potential investors and construction partners.

Subsequent to year end, on 28 August 2003, a Project Co-operation Agreement was signed by Monto Minerals Ltd with John Holland Development and Investment (JHDI) to advance the Goondicum Industrial Minerals Project.

JHDI will commit in cash and in kind a total of $1.37 million over the life of the agreement. Monto, with JHDI's support will design, construct and operate a Demonstration Plant at the Goondicum Crater project site, complete a Bankable Feasibility Study and secure finance for the main project.

This is a major milestone for the Company. The support of JHDI will allow the company to build an on-site Demonstration Plant to produce bulk mineral samples of between 200 and 500 tonnes each, to send to customers in Asia and Europe.

JHDI will receive a success fee of $1.35 million payable at the first draw down of finance for the main project, in addition to reimbursement of its contribution.

Monto Minerals Ltd will commit a total of $5.4 million over the life of the agreement, of which $4.95 million will be committed to the demonstration plant phase.

Metallurgical test work has produced samples of all four potential products; ilmenite, titano-magnetite, apatite and feldspar. Tailings produced during this testwork have been used successfully for rehabilitation trials the results of which form a data base for full-scale rehabilitation planning.

Flotation separation of feldspar and apatite has been eliminated by additional gravity and magnetic separation. A detailed mining and tailings placement plan within the Crater Lease has been completed on a quarterly basis.

The average grade of ilmenite for the first 8 years of mining is 5.1%. A "Life of Mine" plan has been developed to provide a 17 year mining operation based on known Reserves and Resources. Proved and Probable Reserves of 69 million tonnes have been calculated from 79 million tonnes of in-situ Measured and Indicated Resources.

Recent work has produced the following resources for feldspar and apatite:

In-situ material	34,600,000t
Feldspar	4,700,000t with a recovered grade of 13.6% at 4.0% cut-off
Apatite	665,000t with a recovered grade of 1.9% at 0.1% cut-off

All of these resources are within the ilmenite rich area determined at 3.0% of 5.5amp magnetics cut-off.

(iii) River Lease

Mining Lease Application 80040 on the northern section of the Burnett River contains significant ilmenite reserves. This lease has not proceeded to grant due to lease conditions concerning native title and rehabilitation. These matters are being addressed. Native Title issues have required that three portions of the Mining Lease Application be abandoned leaving only the rehabilitation to be resolved. Once granted the lease could contribute to the production of ilmenite and some other products from a small "satellite" mobile gravity plant.

(iv) Water Supply Studies

Monto Resources Pty Ltd, a subsidiary of Monto Minerals Ltd, has been granted Water Bore Licence 74220M for 21 years.

This is the first of three "in-conjunction" licences, which give a total nominal allocation of 3,000 megalitres of water annually. The allocation is sufficient for the mining and processing planned for the Goondicum Crater Project and resolves the critical issue of water supply for the Project.

Studies to reduce capital costs for the pipeline have been carried out and a reduction of 20% of the original estimation is expected.

(v) Eulogie Ilmenite and Titano-magnetite Project

The Monto Minerals Group holds EPM 9541 covering the Eulogie Park Gabbro and sediments derived from the weathering of the gabbro rock.

These deposits remain very attractive exploration targets. 10 Pits were excavated during the year within an area of similar geology to Goondicum to help evaluate the feldspar and apatite potential. Exploration and market evaluation will continue in conjunction with the work on the Goondicum project.

(vi) Product Marketing

Relationships with potential customers in Asia, Japan and Europe have been maintained through the year despite delays to the schedule for producing bulk samples from a Demonstration Plant. Approximately 4,000 tonnes of products will be produced from the Plant and is commited to targeted customers in 300-1,000 tonne lots. Plant trials will be completed by customers during the first half of 2004.

Titanium pigment and glass manufacturers in Japan, Korea, Taiwan and Europe were visited during the year and given Project data and representative samples of ilmenite and feldspar. A potential customer in Japan subsequently requested 25 kilograms of feldspar for further testing.

While the titanium pigment feedstock market has moved into over-supply, the sulphate-route pigment market is not as tight as the chloride- route market and is expected to recover by 2006. Monto ilmenite is low in titanium, but is attractive to consumers because of the very low levels of contaminants and the high FeO content. Monto is confident that it can sell up to 200,000 tonnes per annum when full-scale production commences in late 2005.

Container and sheet glass manufacturers are enthusiastic about Monto feldspar because of the high alumina content and the potentially lower cost of alumina units. Large manufacturers in Australia, Japan, Taiwan, Philippines, Malaysia and Indonesia have registered strong interest in testing bulk samples of 200-600 tonnes in their glass plants in order to evaluate the possibility of long term supply contracts. Monto Minerals Ltd has estimated very conservatively that it can market at least 70,000 tonnes per annum in the first three years of production from late 2005, with potential to sell up to 250,000 tonnes per annum beyond 2008.

A major Japanese corporation has committed to investigate a long-term contract and commercial relationship to ship and market feldspar in Japan and Asia. No sales have been included in the tonnages quoted above, nor assumed to date in financial modelling, but further meetings and negotiations with the corporation are planned for the last quarter of 2003.

A contract with a French Agency for evaluation of the glass industry in Europe and analysis of freight logistics and costs, has given encouraging results from the first stage to be completed in October.

Several shipping agents and consultants are reviewing shipping strategies to optimise costs for exporting ilmenite and feldspar firstly from the Demonstration Plant, and subsequently as bulk shipments from a commercial operation.

Monto Minerals Ltd has received a letter of intent from an Australian fertiliser company committing to purchase all the apatite produced from the Demonstration Plant and to negotiate a long-term contract for all the apatite from a commercial plant.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Economic Entity that occurred during the financial year under review, not otherwise disclosed in this report or the financial statements.

After Balance Date Events

There are no matters or circumstances, with the exception of Note 24, that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

Future Developments and Expected Results of Operations

The ability of the Economic Entity to construct and commence operations of the Goondicum mine, and hence the continued adoption of the going concern assumption, will depend upon the successful raising, in the future, of necessary funding for this aspect of the mine project. No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the Economic Entity's plans not eventuate.

Environmental Regulations

The Economic Entity's operations are subject to significant environmental regulation principally under the provisions of the Mineral Resources Act (1989) ("MRA"), the Code of Practice on Environmental Management for Exploration Permits and Mineral Development Licences and the Environmental Protection Act (1994) ("EPA"). The MRA provides the regulatory framework for mining and plant operations within the mining and exploration tenements and the EPA focuses more directly on environment related activities other than mining.

The Economic Entity believes it has met its obligations in all areas.

Information on Directors

Directors of the Company in office at the date of the Directors' Report are:

Peter John Slaughter
EXECUTIVE CHAIRMAN

Mr Peter Slaughter is well known in the mining industry and financial community and worked for MIM Holdings Limited in Australia and internationally over a period of 30 years. In addition to his operating experience Mr Slaughter's international background as a senior manager and non-executive director provides valuable experience and insights for Monto Minerals Ltd. More recently, Peter has undertaken management consulting and advisory work and is closely associated with Wilson HTM Corporate Finance Limited and Brisbane management consulting group Competitive Dynamics Pty Ltd. He is also on the Advisory council of the Sporting Wheelies, he is President of the Qld and NT division of the Australian Institute of Management and is a Director of India Gold Limited.

Chairman Finance & Risk Management Committee, Member of Audit and Remuneration Committees.

Peter George Dowling
NON-EXECUTIVE DIRECTOR

Mr Dowling is a Chartered Accountant and former Ernst & Young Partner. At Ernst & Young he specialised in the tax and business advisory areas and had responsibility for the minerals and energy practice. He also worked with BHP Coal for 2 years. More recently, he completed a four year term as a Director with State electricity GOC Stanwell Corporation Limited.

Mr Dowling is currently a consultant to investment bankers InterFinancial Limited, a Director of Credit Union Australia, Paridian Property Development Fund Limited, Bonny View Corporation Limited, Spyrus Pty Limited, the Queensland Ballet and the Australian Tax Research Foundation. He is also a member of the Advisory Panel to State Government incubator ilab incubator Pty Ltd and was a member of the panel appointed by the Minister for Natural Resources and Mines to review coal seam gas and coal tenement overlap issues.

Chairman of Remuneration and Audit Committees and member of Finance & Risk Management Committee.

Geoffrey Preston Moore
CEO AND EXECUTIVE DIRECTOR

Mr Geoff Moore was General Manger of Consolidated Rutile Limited until the end of 2001. Prior to that he worked for the Iluka Resources/RGC group of companies for 29 years managing mineral sand mines and projects in the USA and various exploration and mining projects in Australia. Mr Moore has an excellent grasp of issues associated with production and international marketing of ilmenite and other mineral sand commodities. Since leaving Consolidated Minerals, Geoff has undertaken consulting assignments in the mining sector.

Chairman of Marketing Committee and Member of the Remuneration Committee.

Richard Ian Cottee
NON-EXECUTIVE DIRECTOR

Mr Cottee is a lawyer with broad experience in commercial and management roles. He is currently Managing Director of Queensland Gas Company and previously held positions as Managing Director UK and Eire for NRG Energy Limited, CEO of CS Energy, Executive Director of Cyprus Australia Coal, Commercial Manager Santos and Business Development Manager of Itochu.

Member of Marketing and Finance & Risk Management Committees.

Shares and Options

Directors' Interests in Shares and Options

At the date of this report, Directors held a relevant interest in the following securities of the Company:

	Ordinary Shares	Options
P J Slaughter	724,100	2,000,000
G P Moore	399,297	2,000,000
P G Dowling	1,604,830	2,000,000
R I Cottee	291,118	2,000,000

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:-

Date of Issue	No. of Options Outstanding	Expiry Date	Exercise Price $
20/11/2002	4,250,000	31/12/2003	0.08 – 0.12
20/11/2002	4,000,000	30/6/2004	0.16
6/3/2003	1,000,000	31/12/2003	0.08 – 0.12
6/3/2003	1,000,000	30/6/2004	0.16
1/4/2003	2,250,000	31/3/2005	0.075 – 0.10
6/8/2003	875,000	6/8/2004	0.075
12/8/2003	250,000	12/8/2004	0.075

Mr G M Edwards, being an officer of the Company, was issued 250,000 options on 20 November 2002 with an exercise price of 8 cents and with an expiry date of 31 December 2003.

Options granted on 20 November 2002 and 6 March 2003 were to Directors in consideration of certain milestones being achieved. Individual details are reflected in Note 15.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation.

684,375 shares were issued during the year ended 30 June 2003 by virtue of the exercise of options raising $38,006. No amounts remain unpaid in relation to these shares.

Directors' and Executive Officers' Emoluments

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

Emoluments are designed to attract, retain and motivate directors and senior executives of appropriate skills through remuneration packages, which are competitive and representative of best practice and are designed to enhance the Economic Entity's performance.

Directors' and Executives' Remuneration for 2003

The emoluments of each Director of the Parent Entity received directly or indirectly and each of the five officers receiving the highest emoluments for the Parent Entity and Economic Entity are as follows:

Name	Salary/ Consulting Fees $	Directors fees $	Total Fees and Salary $	Other Compensation $	Options $	Total Compensation $
P J Slaughter and related entities - Executive Chairman	63,250	40,000	103,250	3,265	282	106,797
P G Dowling Non – executive Director	17,804	25,000	42,804	3,865	282	46,951
L G Johnson – Executive Director – Operations - resigned 29 August 2003	130,000	-	130,000	24,734	282	155,016
G P Moore – Non - executive Director	125,906	25,000	150,906	3,365	282	154,553
R I Cottee – Non – executive Director	-	13,542	13,542	865	282	14,689
G M Edwards (executive)	42,784	-	42,784	3,851	480	47,205

The above includes the following amounts accrued at 30 June 2003 but not paid at the date of this report:

P J Slaughter and related entities	$ 61,828
P G Dowling	$ 1,284
L G Johnson	$ 103,800
G P Moore	$ 59,028
R I Cottee	$ 1,155

The options relate to those granted to directors as noted on page 12 of the Directors' Report. All options have been valued using the Block and Scholes Option Pricing Model after applying a probability of the options being exercised.

Directors remuneration above includes the issuing of shares to Directors and related entities in relation to unpaid salaries and fees as follows on 1 April 2003:

Director	Shares
P J Slaughter	350,877
P G Dowling	191,885
L G Johnson	1,315,789
G P Moore	219,297
R I Cottee	41,118
TOTAL:	**2,118,966**

Other compensation includes contractual obligations being:

a) Superannuation

b) Motor vehicles including Fringe Benefits Tax. These benefits were only applicable to L G Johnson as Executive Director.

Meetings of Directors

The following table sets out the number of meetings of Directors (including meetings of Committees of Directors) held during the year ended 30 June 2003 and the number of meetings attended by each Director:

Director	Directors		Audit Committee		Finance & Risk Management Committee		Remuneration Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Attended	No. eligible to attend	Attended	No. eligible to attend	Attended	No. eligible to attend	Attended	No. eligible to attend
P J Slaughter	14	14	2	2	1	1	1	1
P G Dowling	13	14	2	2	1	1	1	1
L G Johnson	14	14	2	2	1	1	-	-
G P Moore	13	14	-	-	-	-	1	1
R I Cottee	9	9	-	-	1	1	-	-

The Risk Management Committee changed its name to the Finance & Risk Management Committee effective 29 April 2003.

Indemnifying Officers or Auditors

The Company has paid premiums in respect of liability insurance for Directors, Former Directors and Officers. Further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors' Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than Directors' remuneration shown in Note 16 of the Financial Statements) because of a contract made by the Company, a controlled entity, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest other than:

(i) Benefits which may arise in the future from royalty agreements dated 13 December 1993 entered into by a Controlled Entity with Mr L G Johnson and former Directors, Messrs J W Bailey and J L Goody to pay royalties ranging from .25% - 1.25%, on the gross income of the Company and its related entities on its mineral resource assets. Messrs Johnson, Bailey and Goody subsequently agreed to convey, transfer, assign and make over to Mr J W Cornelius, a former Director, a 1/10th part or share of their original royalty payment contracts.

(ii) On 31 October 1995 each of the parties entitled to royalties entered into royalty variation agreements with the Controlled Entity whereby each agreed that no royalties would be payable on the gross income derived with respect to the sale of ilmenite from the Goondicum deposit for the period to 31 December 2001 or the first five years of production, whichever is the earlier. (Refer Note 17 (b)(i) of the Financial Statements.)

Signed in accordance with a resolution of the Board of Directors.

P J Slaughter
Executive Chairman

P G Dowling
Deputy Chairman

Dated this 26th day of September 2003.

Corporate Governance Statement

This Statement contains the main corporate governance practices that were in place during the financial year.

The Board does not have a Corporate Governance Committee as it believes that corporate governance is best addressed by the entire Board.

Board of Directors

The Constitution (adopted June 1995) authorises a Board of not less than 3 nor more than 7. Board members should have a range of experience and expertise appropriate to, and which will benefit, the business of the Economic Entity. Whilst the Company currently has an Executive Chairman this is a temporary situation until project bankable feasibility stage when appointment of a new Chief Executive Officer will be considered.

Composition of Board

At least annually, the Board will review the mix of experience, expertise and other qualities of the Directors. If a vacancy occurs on the Board or if the Board is to be increased, the Board will identify the experience, expertise and other qualities sought and identify appropriate candidates. As the full Board considers these matters the Company does not have a Board nomination committee. Any Directors appointed by the Board must retire at the next General Meeting and may offer themselves for election by the members.

Independent Professional Advice

Normally, when advice is required by Board members, it is sought as advice for the full Board and each member has unrestricted access to that advice and may suggest issues on which such advice should be sought. However, if an individual Director requires separate advice then, with the prior approval of the Chairman, which must not be unreasonably withheld, that Director may seek that advice at the Company's expense. The Director should obtain a quote and advise the Chairman of the cost of such advice.

Remuneration

The Board has established a Remuneration Committee consisting of the following Directors for the year ended 30 June 2003:

P G Dowling	(Non-executive Chairman)
P J Slaughter	(Executive member)
G P Moore	(Non-executive member)

The Remuneration Committee makes recommendations to the Board on remuneration packages and other terms of employment for Executive Directors and senior executives.

The aggregate of Directors' fees must not exceed $300,000 per annum. This amount was determined by members at a General Meeting on 26 June 1995 and any increase must be approved by members. The Board decides how that aggregate, or a lesser amount, is divided between the Directors. Directors fees are currently:

Chairman	-	$40,000 p.a.
Non-executive Director	-	$25,000 p.a.

that is, current payment of Directors' fees will not exceed $115,000.

Remuneration levels for Executive Directors and management are reviewed annually.

Directors are not required to hold shares in the Company. In addition to observing legal and ethical requirements, Directors must advise the Board or the Chairman of any proposed dealing in Company shares.

The Board has power to pay a benefit to a retiring Director, however, the Constitution limits the amount of such benefit to that permitted or approved in accordance with the Corporations Act 2001.

Audit

The Board has established an Audit Committee, consisting of the following members for the year ended 30 June 2003:

P G Dowling	(Non-executive Chairman)
P J Slaughter	(Executive member)
L G Johnson	(Executive member)
G M Edwards	(Member and Secretary)

The audit partner or his representative is in attendance at all meetings.

The Committee has written terms of reference, the adequacy of which is reviewed at least annually by the Committee, and which the Board may review at any time. The Committee is chaired by a Non-executive Director. The other members are selected to provide the Committee with qualifications, skills and experience appropriate to its role.

The principal function of the Committee is to assist the Board in the adoption of the six-monthly and annual financial report. The Committee meets with management and reviews the financial statements and reports prepared by them, meets with external auditors and reviews the proposed financial statements with them, and reviews the audit plan and performance of the external auditors.

The Committee requires written responses from management to a questionnaire prepared by the Committee. In doing so the Committee reviews the appropriateness of the Economic Entity's internal controls and invites the external auditors to comment on the adequacy of these internal controls.

The Committee requests the external auditors to comment on any unsatisfactory response they receive from management and employees and invites the external auditors to meet with the Committee in the absence of management and employees. The Committee Chairman conducts interviews with senior management and reports the results of these meetings to the Committee.

The Board has not delegated any of its decision-making powers to the Committee but requires the Committee to make recommendations to the Board on the financial statements and matters investigated by the Committee.

Marketing

Since the formation of the new Board in May 2002, renewed emphasis was placed on marketing issues.

The Marketing Committee deals with issues and strategy associated with the establishment of markets for feldspar, apatite and ilmenite.

A market development report will now be included as a separate section in the Annual Report due to the importance placed by the Board on this matter.

The Board has established a Marketing Committee consisting of the following members for the year ended 30 June 2003:

G P Moore	(Chairman)
L G Johnson	(Executive member)
R I Cottee	(Non-executive member)

Finance & Risk Management

The members of the Board have experience and qualifications appropriate to the business of the Economic Entity. The Board meets at approximately monthly intervals. Board members and senior management communicate between meetings.

Executive Directors must submit a report to each Board meeting and also address the Board on the activities for which that executive is responsible.

This system of managerial responsibility is structured to bring business risks to the attention of the Board.

The Board has established a Finance and Risk Management Committee, consisting of the following members for the year ended 30 June 2003:

P J Slaughter	(Executive Chairman)
P G Dowling	(Non-executive member)
L G Johnson	(Executive member)
G P Moore	(Non-executive member)
R I Cottee	(Non-executive member)

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity when dealing with each other, shareholders, regulators, business associates, competitors, consumers and the public in general.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Statements of Financial Performance for the year ended 30 June 2003

	Note	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Revenue from ordinary activities	2	4,981	6,795	4,981	6,795
Borrowing cost expenses	3	(2,812)	(1,688)	(2,812)	(1,688)
Employee benefits expenses		(282,556)	(281,906)	(282,556)	(281,906)
Depreciation and amortisation expenses	3	(1,400)	(2,851)	(1,400)	(2,851)
Accounting and audit expenses		(36,421)	(32,208)	(36,421)	(32,208)
Legal expenses		(14,583)	(26,978)	(14,583)	(26,978)
Listing and shareholder expenses		(40,624)	(30,617)	(40,624)	(30,617)
Rental expenses		(43,607)	(29,606)	(43,607)	(29,606)
Consulting expenses		(229,502)	(38,586)	(229,502)	(38,586)
Insurance expenses		(60,716)	(36,963)	(60,716)	(36,963)
Office expenses		(25,946)	(16,971)	(25,946)	(16,971)
Other expenses from ordinary activities		(53,966)	(10,054)	(53,966)	(10,054)
Loss from ordinary activities before income tax expense		(787,152)	(501,633)	(787,152)	(501,633)
Income tax expense relating to ordinary activities	4	-	-	-	-
Net loss attributable to members of Monto Minerals Ltd		(787,152)	(501,633)	(787,152)	(501,633)
Total change in equity other than those resulting from transaction with owners as owners	26	(787,152)	(501,633)	(787,152)	(501,633)
		Cents	Cents		
Basic Earnings Per Share	20	(0.52)	(0.39)		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Statements of Financial Position as at 30 June 2003

	Note	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
CURRENT ASSETS					
Cash Assets	5	117,113	231,419	117,111	231,417
Receivables	6	-	13,388	-	13,388
Other	7	9,996	9,996	-	-
Total Current Assets		127,109	254,803	117,111	244,805
NON-CURRENT ASSETS					
Receivables	8	40,000	40,000	10,962,889	10,356,759
Other Financial Assets	9	-	-	102	102
Property, plant and equipment	10	-	1,400	-	1,400
Other	11	10,657,311	10,051,181	-	-
Total Non-Current Assets		10,697,311	10,092,581	10,962,991	10,358,261
TOTAL ASSETS		10,824,420	10,347,384	11,080,102	10,603,066
CURRENT LIABILITIES					
Payables	12	335,519	453,848	335,519	453,848
Provisions	13	18,428	23,993	18,428	23,993
Total Current Liabilities		353,947	477,841	353,947	477,841
NON-CURRENT LIABILITIES					
Provisions	14	-	21,131	-	21,131
Total Non-Current Liabilities		-	21,131	-	21,131
TOTAL LIABILITIES		353,947	498,972	353,947	498,972
NET ASSETS		10,470,473	9,848,412	10,726,155	10,104,094
EQUITY					
Contributed equity	15	17,399,591	15,990,378	17,399,591	15,990,378
Accumulated losses	26	(6,929,118)	(6,141,966)	(6,673,436)	(5,886,284)
TOTAL EQUITY		10,470,473	9,848,412	10,726,155	10,104,094
COMMITMENTS	22				
CONTINGENT LIABILITIES	23				

The above statements of financial position should be read in conjunction with the accompanying notes.

Monto Minerals Ltd and Controlled Entities - ACN 063 144 865

Statements of Cash Flows for the year ended 30 June 2003

	Note	Economic Entity 2003 $ Inflows/(Outflows)	Economic Entity 2002 $ Inflows/(Outflows)	Parent Entity 2003 $ Inflows/(Outflows)	Parent Entity 2002 $ Inflows/(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees (inclusive of goods and services tax)		(460,891)	(361,640)	(460,891)	(361,640)
Interest received		4,982	6,841	4,982	6,841
GST Refunds		79,920	61,609	79,920	61,609
Interest and other costs of finance paid		(2,812)	(1,688)	(2,812)	(1,688)
Net cash outflow from operating activities	21	**(378,801)**	**(294,878)**	**(378,801)**	**(294,878)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration and Evaluation Expenditure		(906,854)	(293,523)	-	-
Refund tenement security deposit		-	-	-	-
Net cash outflow from investing activities		**(906,854)**	**(293,523)**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of securities		1,194,417	682,142	1,194,417	682,142
Loans made to controlled entities		-	-	(906,854)	(293,523)
Costs associated with raising capital		(23,068)	(6,483)	(23,068)	(6,483)
Net cash inflow/(outflow) from financing activities		**1,171,349**	**675,659**	**264,495**	**382,136**
Net increase/(decrease) in cash held		(114,306)	87,258	(114,306)	87,258
Cash at the beginning of the financial year		231,419	144,161	231,417	144,159
Cash at the end of the financial year	5	**117,113**	**231,419**	**117,111**	**231,417**

The above statements of cash flows should be read in conjunction with the accompanying notes.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Policies

In order to assist in the understanding of the figures presented in the financial statements, the following summary explains the significant accounting policies that have been adopted in the preparation of the financial statements. Unless otherwise stated, such accounting policies are consistent with those used in the previous year.

(b) Basis of Accounting

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on the historical cost convention of accounting and does not purport to show current values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report covers the Economic Entity of Monto Minerals Ltd and controlled entities, and Monto Minerals Ltd as an individual Parent Entity. Monto Minerals Ltd is a listed public company, incorporated and domiciled in Australia.

The ability of the Economic Entity to construct and commence operations of the Goondicum mine, and hence the continued adoption of the going concern assumption, will depend upon the successful raising, in the future, of necessary funding for this aspect of the mine project.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the Company's plans not eventuate.

(c) Principles of Consolidation

A controlled entity is any entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company. A list of controlled entities is contained in Note 18 to the financial statements. All inter-company balances and transactions between entities in the Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Economic Entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(d) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Employees' Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(f) Amortisation and Depreciation

Expenditure carried forward will be amortised from the commencement of commercial production of the product to which it relates on a straight line basis according to the rate of depletion of the economically recoverable reserves. Depreciable assets are depreciated at rates of 20% and 33.33% using both the prime cost or diminishing value methods over their expected economic lives to the Economic Entity. All plant and equipment is measured on the cost basis.

(g) Income Tax

Monto Minerals Limited and its wholly-owned Australian subsidiaries intend to form an income tax consolidated group under the Tax Consolidation Regime. In addition, the principles of tax effect accounting have been adopted. No future income tax benefit has been brought to account as an asset. In the opinion of the Directors, the realisation of future income tax benefits, such as tax losses, exploration and allowable capital expenditure or reversal of timing differences, are not virtually certain.

(h) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits.

Where non-current assets are acquired by means of finance leases, the present value of minimum lease payments is established as a non-current asset at the beginning of the lease term and amortised on a straight line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between such liability and interest expense. Operating lease payments are charged to the statement of financial performance in the years in which they are incurred.

(i) Non-current Assets

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

(j) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Goods & Services Tax

All receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST. The net amount of GST receivable from or payable to the Australian Taxation Office at balance date is included in either current assets or current liabilities, as appropriate, in the Statement of Financial Position. All other items in the Statement of Financial Position are stated exclusive of GST. All elements in the Statement of Financial Performance are stated exclusive of GST.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Restoration, Rehabilitation and Environmental Expenditure

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
NOTE 2 REVENUE				
Operating activities:				
(i) Interest received – Other Parties	4,981	6,841	4,981	6,841
(ii) Sundry Income	-	(46)	-	(46)
Total Revenue	4,981	6,795	4,981	6,795
NOTE 3 LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax expense has been determined after:				
Expenses				
Movements in Provisions:				
Depreciation of Property, Plant & Equipment	1,400	2,851	1,400	2,851
Employee benefits	(26,695)	2,279	(26,695)	2,279
Borrowing cost expense				
Interest paid to other corporations	2,812	1,688	2,812	1,688
Remuneration to Auditors:				
Audit/review of the Financial Statements	14,184	15,438	14,184	15,438
Other services	-	1,690	-	1,690
Rental on operating leases	43,607	29,606	43,607	29,606

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 4 INCOME TAX

The prima facie income tax on the loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
The prima facie income tax benefit (30%) (2002 : 30%) on loss from ordinary activities before income tax	236,146	150,490	236,146	150,490
Tax effect of permanent differences				
Future income tax benefit not brought to account	(236,146)	(150,490)	(236,146)	(150,490)
Income Tax Expense	-	-	-	-

No provision for income tax is required by the Economic Entity for the year. The estimated income tax losses available and exploration and allowable capital expenditure are as follows:

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Income tax losses including exploration and allowable capital expenditure	15,504,706	14,092,047	4,984,655	4,180,844

The future income tax benefit arising from the preceding items will only be obtained if:

(a) the Economic Entity continues to comply with the relevant provisions of the income tax legislation;

(b) it earns sufficient assessable income to enable benefits to be realised; and

(c) there are no changes in tax legislation adversely affecting the Economic Entity in realising the benefits.

Accordingly, the Directors believe it is prudent that the future income tax benefit described above not be brought to account until the Economic Entity generates future income streams.

There are no franking credits available to shareholders of the Parent Entity.

Monto Minerals Ltd and Controlled Entities - ACN 063 144 865

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 5 CASH ASSETS				
Cash on hand and at bank	117,113	231,419	117,111	231,417
NOTE 6 RECEIVABLES				
Sundry debtors	-	13,388	-	13,388
NOTE 7 OTHER ASSETS				
Prepayments	9,996	9,996	-	-
NOTE 8 RECEIVABLES				
Security deposits	40,000	40,000	-	-
Amount owing by controlled entities (Note 17(a))	-	-	10,962,889	10,356,759
	40,000	40,000	10,962,889	10,356,759
NOTE 9 OTHER FINANCIAL ASSETS				
Shares in controlled entities - unlisted at cost (Note 18)	-	-	102	102
NOTE 10 PROPERTY, PLANT AND EQUIPMENT				
Plant and Equipment				
At cost	2,615	2,615	2,615	2,615
Accumulated depreciation	(2,615)	(2,267)	(2,615)	(2,267)
	-	348	-	348
Office Equipment				
At cost	57,152	57,152	57,152	57,152
Accumulated depreciation	(57,152)	(56,629)	(57,152)	(56,629)
	-	523	-	523
Furniture and Fittings				
At cost	44,005	44,005	44,005	44,005
Accumulated depreciation	(44,005)	(43,476)	(44,005)	(43,476)
	-	529	-	529
Net Book value	-	1,400	-	1,400

The movement in the carrying amount of Property, Plant and Equipment from 1 July 2002 to 30 June 2003 was a reduction of $1,400 being depreciation.

NOTE 11 OTHER ASSETS

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Exploration and Evaluation Expenditure Costs carried forward in respect of areas of interest still in the exploration and evaluation phase				
Balance at 1 July	10,051,181	9,400,418	-	-
Add amount expended in the year in respect of areas in which an interest is retained	606,130	650,763	-	-
Balance at 30 June	10,657,311	10,051,181	-	-

Monto Minerals Ltd and Controlled Entities - ACN 063 144 865

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 11 OTHER ASSETS (continued)				
The Economic Entity has a number of areas of interest which have or are being explored or evaluated by the Economic Entity. The following represents the allocation of the Exploration and Evaluation expenditure between these areas of interest:				
Goondicum Crater Area	5,754,780	5,188,957	-	-
Jack Goody (River) Area	4,902,531	4,862,224	-	-
Total Exploration and Evaluation	10,657,311	10,051,181	-	-
NOTE 12 PAYABLES				
Unsecured Liabilities				
Current				
Trade and Other Creditors	108,654	295,273	108,654	295,273
Owing to Directors (ref note 17 (b) ii)	226,865	158,575	226,865	158,575
TOTAL	335,519	453,848	335,519	453,848
NOTE 13 PROVISIONS				
Annual Leave	18,428	23,993	18,428	23,993
NOTE 14 PROVISIONS				
Long Service Leave	-	21,131	-	21,131
Aggregate employee benefits liability	18,428	45,124	18,428	45,124
Number of employees at year end	3	3	3	3
NOTE 15 CONTRIBUTED EQUITY				
(a) Issued and paid up capital				
Paid up Capital				
Balance 1 July	15,990,378	14,533,719	15,990,378	14,533,719
Shares Issued	1,432,206	1,463,142	1,432,206	1,463,142
Costs of Issue	(22,993)	(6,483)	(22,993)	(6,483)
Paid up Capital 30 June	17,399,591	15,990,378	17,399,591	15,990,378

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

	Economic Entity		Parent Entity	
	2003 No.	2002 No.	2003 No.	2002 No.
NOTE 15 CONTRIBUTED EQUITY (continued)				
Balance 1 July	138,016,621	109,629,028	138,016,621	109,629,028
Shares Issued During Year				
16 July 2001	-	2,800,000	-	2,800,000
20 July 2001	-	2,250,000	-	2,250,000
11 September 2001	-	6,000,000	-	6,000,000
15 October 2001	-	5,500,000	-	5,500,000
28 November 2001	-	3,087,500	-	3,087,500
1 March 2002	-	1,571,429	-	1,571,429
26 March 2002	-	7,178,664	-	7,178,664
9 September 2002	250,000	-	250,000	-
26 September 2002	10,387,886	-	10,387,886	-
20 November 2002	1,578,860	-	1,578,860	-
20 January 2003	2,000,000	-	2,000,000	-
29 January 2003	150,000	-	150,000	-
18 February 2003	300,000	-	300,000	-
1 April 2003	6,618,966	-	6,618,966	-
15 April 2003	234,375	-	234,375	-
1 May 2003	6,510,000	-	6,510,000	-
2 June 2003	1,000,000	-	1,000,000	-
Balance 30 June	167,046,708	138,016,621	167,046,708	138,016,621

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the year the following shares were issued:

(i) 250,000 fully paid ordinary shares at 5 cents each to a consultant in satisfaction of unpaid consultancy fees on 9 September, 2002.

(ii) 10,387,886 fully paid ordinary shares at 3.8 cents each which raised $391,534 after costs on 26 September 2002.

(iii) 811,010 fully paid ordinary shares at 5.6 cents each to a Director and past Director in satisfaction of unpaid salary on 20 November 2002.

(iv) 267,850 fully paid ordinary shares at 5.6 cents each in settlement of landowners compensation payment on 20 November 2002.

(v) 500,000 fully paid ordinary shares at 5 cents each which raised $24,330 after costs on 20 November 2002.

(vi) 2,000,000 fully paid ordinary shares at 7 cents each which raised $131,528 after costs on 20 January 2003.

(vii) 150,000 fully paid ordinary shares at 4.8 cents each as a result of the exercise of 150,000 options which raised $6,530 after costs on 29 January 2003.

(viii) 300,000 fully paid ordinary shares at 4.8 cents each as a result of the exercise of 300,000 options which raised $13,730 after costs on 18 February 2003.

(ix) 4,500,000 fully paid ordinary shares at 5 cents each which raised $225,000 after costs on 1 April 2003.

(x) 2,118,966 fully paid ordinary shares at 7.6 cents each to Directors in satisfaction of unpaid salary on 1 April 2003.

(xi) 234,375 fully paid ordinary shares at 7 cents each as a result of the exercise of 234,375 options which raised $15,736 after costs on 15 April 2003.

(xii) 6,510,000 fully paid ordinary shares at 5 cents each which raised $322,285 after costs on 1 May 2003.

(xiii) 1,000,000 fully paid ordinary shares at 5 cents each which raised $48,738 after costs on 1 June 2003.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 15 CONTRIBUTED EQUITY (continued)

(b) Share Options

As at 30 June 2003 the number of unissued shares in respect of which options were outstanding was 12,500,000 (2002: 4,743,750):

(i) 5,000,000 Director A options have an exercise price of between 8 and 12 cents, subject to certain milestones being achieved and expire on 31 December 2003.
(ii) 5,000,000 Director B options have an exercise price of 16 cents, subject to certain milestones being achieved and expire on 30 June 2004.
(iii) 250,000 options have an exercise price of 8 cents and expire on 31 December 2003.
(iv) 2,250,000 options have an exercise price of between 7.5 and 10 cents and expire on 31 March 2005

4,059,375 options which had an exercise price of 7 cents each expired on 15 April 2003.

684,375 fully paid ordinary shares have been issued during the year ended 30 June 2003 by virtue of the exercise of options.

(c) Share Option Plan

The Monto Minerals Employee Option Plan allows Directors from time to time to invite eligible persons to participate in the Plan and offer options to those eligible persons.

The options shall be issued in multiples of not less than 1,000 with an exercise price determined by the Directors. The exercise price shall not be less than 80% of the weighted average sale price of a share on the ASX on the last five trading days preceding the offer of the options. The total number of shares which would be issued were each option exercised under the Plan together with shares issued under all employee shares schemes during the previous five years shall not exceed 5% of the number of issued shares in that class at the date of offer.

The options will not be listed, have no voting rights and will not be able to participate in new issues without exercising the options.

Presently 250,000 options with an exercise price of 8 cents and an expiry date of 31 December 2003 are on issue under this Plan.

(d) Employee Benefit Share Options

(i) Movement in the number of share options held by employees (including executive directors) are as follows:

	Economic Entity		Parent Entity	
	2003 No.	2002 No.	2003 No.	2002 No.
Opening Balance	1,025,000	-	1,025,000	-
Granted during Year	4,250,000	1,025,000	4,250,000	1,025,000
Exercised during Year	(450,000)	-	(450,000)	-
Lapsed during Year	(575,000)	-	(575,000)	-
Closing Balance	**4,250,000**	**1,025,000**	**4,250,000**	**1,025,000**

The closing share market price of an ordinary share of Monto Minerals Limited on the Australian Stock Exchange at 30 June 2003 was $0.043 (30 June 2002 $0.03).

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 15 CONTRIBUTED EQUITY (continued)

(ii) Details of share options exercised during the year are as follows:

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Proceeds from shares issued	21,600	-	21,600	-
Fair value at issue date of shares issued during the Year	38,250	-	38,250	-

The fair value of shares issued during the reporting period was estimated to be the market price of shares of the parent entity on the Australian Stock Exchange as at close of trading on the issue dates. The fair value of shares at the date of issue was:

Issue Date	Fair Value	Number of Shares Issued
29 January 2003	$0.09	150,000
18 February 2003	$0.075	300,000

Details of share options outstanding as at 30 June 2003:

Grant Date	Exercise Date	Exercise Price	Economic Entity 2003 No.	Economic Entity 2002 No.	Parent Entity 2003 No.	Parent Entity 2002 No.
8/11/01	15/4/03	4.8 cents	-	450,000	-	450,000
28/11/01	15/4/03	7 cents	-	575,000	-	575,000
20/11/02	31/12/03	8 cents	250,000	-	250,000	-
20/11/02	31/12/03	8-12 cents	2,000,000	-	2,000,000	-
20/11/02	30/06/04	16 cents	2,000,000	-	2,000,000	-

NOTE 16 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
(a) Directors' Remuneration Income paid or payable, or otherwise made available to all Directors of each entity in the Economic Entity by the entities of which they were a director and any related parties.	478,006	265,480	478,006	265,480

The total amount of remuneration includes share options valued using the Black & Scholes model.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 16 REMUNERATION OF DIRECTORS AND EXECUTIVES (continued)

The above amounts include a total of $103,542 Directors fees (2002: $90,000). The amounts include accrued fees as noted in the Directors Report and note 17b(ii).

Number of Directors of the Company where income from the Company and any related parties was within the following bands:	No.	No.
$ 0 - $ 9,999	-	3
$ 10,000 - $ 19,999	1	-
$ 20,000 - $ 29,999	-	2
$ 30,000 - $ 39,999	-	1
$ 40,000 - $ 49,999	1	-
$100,000 - $109,999	1	-
$150,000 - $159,999	2	-
$160,000 - $169,999	-	1

The names of Directors of the Company who have held office at any time during the financial year:

P J Slaughter
P G Dowling
L G Johnson (ceased 29 August 2003)
G P Moore
R I Cottee (appointed 13 December 2002)

(b) Executives' Remuneration

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Aggregate remuneration received, or due and receivable, from the Economic Entity and any related parties by executive officers (including Directors) in connection with the management of the affairs of the Economic Entity whose remuneration equals or exceeds $100,000.	261,813	162,905	261,813	162,905

The total amount of remuneration includes share options valued using the Black & Scholes model.

Number of executive officers (including Directors) whose total remuneration from the Economic Entity and any related parties was within the following bands:	No.	No.	No.	No.
$100,000 - $109,999	1	-	1	-
$150,000 - $159,999	1	-	1	-
$160,000 - $169,999	-	1	-	1

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 17 RELATED PARTY DISCLOSURES				
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
(a) Transactions with controlled entities				
Provision of interest free unsecured loans (non-current)	-	-	10,962,889	10,356,759

The Company pays certain administrative expenses on behalf of its controlled entities.

(b) Transactions with Directors and Director-Related Entities

(i) Benefits may arise in the future from royalty agreements dated 13 December 1993 entered into by a controlled entity with Mr L G Johnson and former Directors, Messrs J W Bailey and J L Goody to pay royalties ranging from .25% - 1.25%, on the gross income of the Company and its related entities on its mineral resource assets. Messrs Johnson, Bailey and Goody subsequently agreed to convey, transfer, assign and make over to Mr J W Cornelius, a former Director, a 1/10th part or share of their original royalty payment contracts.

Caveats over the Economic Entity's mining tenements have been registered with the Department of Natural Resources and Mines recording the interest of Royalty Holders in the tenements.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

NOTE 17 RELATED PARTY DISCLOSURES (continued)

(ii) Aggregate amounts payable to Directors and their Director-related entities at balance date:				
Current Liabilities - Payables	226,865	158,575	226,865	158,575

(c) Share Transactions of Directors and Director-Related Entities

(i) Directors and Director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the Company:

	Number of Shares and Options	
- Ordinary Shares	16,960,404	13,964,020
- Options	10,000,000	809,375

(ii) There were no Ordinary Shares or Options to acquire Ordinary Shares acquired by Directors or their Director-related entities from the Company during the year except as follows:

The movement in ordinary shares and options held is the result of:

1. 10,000,000 options were issued by the Company to directors as noted at Note 15 (b) (i) and (ii).
2. 575,000 options held at 30 June 2002 expired on 15 April 2003.
3. 234,375 options were exercised on 15 April 2003 resulting in the issue of 234,375 shares.
4. Directors were issued or purchased 3,876,384 shares during the year.
5. Directors sold 880,000 shares during the year.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 18 INVESTMENT IN CONTROLLED ENTITIES

Details of Controlled Entities

Name of Entity	Country of Incorporation	Class of Shares	Cost of Parent Entity's Investment 2003	Cost of Parent Entity's Investment 2002	Equity Holding 2003	Equity Holding 2002
			$	$	%	%
Parent Entity						
Monto Minerals Ltd	Australia					
Controlled Entities						
Monto Resources Pty Ltd	Australia	Ordinary	100	100	100	100
Eulogie Resources Pty Ltd	Australia	Ordinary	2	2	100	100
			102	102		

All controlled entities are directly controlled by Monto Minerals Ltd

NOTE 19 SEGMENT INFORMATION

The Economic Entity operates predominantly in one business and geographical segment being in the mining industry in Australia. No revenue from this activity has been earned to date as the Economic Entity is still in the exploration and evaluation stage.

	Exploration & Evaluation And Economic Entity 2003	2002
Primary Reporting – Business Segments		
Revenue	$	$
External Sales	-	-
Other Segments	-	-
Unallocated Revenue	4,981	6,795
Total Revenue	**4,981**	**6,795**
Result		
Segment Result	(787,152)	(501,633)
Profit from Ordinary Activities before Income Tax Expense	(787,152)	(501,633)
Income Tax Expense	-	-
Net Loss	(787,152)	(501,633)
Assets		
Segment & Total Assets	10,824,420	10,347,384
Liabilities		
Segment & Total Liabilities	353,947	498,972
Other		
Acquisition of non-current segment assets	606,130	650,763
Depreciation and amortisation of segment assets	1,400	2,851
Other non-cash segment expenses (income)	(26,695)	2,279
Secondary Report – Geographical Segments		
Segment revenues from external customers	-	-
Carrying amount of segment assets	10,824,420	10,347,384
Acquisition of non-current segment assets	606,130	650,763

There is no policy in relation to the basis of pricing intersegment transfers as the Economic Entity only has the one business and geographical segment.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NOTE 20 EARNINGS PER SHARE				
(a) Basic negative earnings per share - cents per share.	(0.52)	(0.39)		
(b) It is considered that the potential ordinary shares are not dilutive due to the operating loss and, therefore, no separate calculation has been made for diluted negative earnings per share.				
(c) Negative earnings used in the calculation of negative earnings per share.	(787,152)	(501,633)		
(d) Weighted Average number of ordinary shares used in the calculation of basic negative earnings per share.	150,942,568	127,339,904		
NOTE 21 CASH FLOWS INFORMATION				
(a) **Reconciliation of Cash** For the purposes of the Statements of Cash flows, cash includes cash on hand and at bank.				
(b) **Reconciliation of net cash outflows from operating activities to Loss from ordinary activities after tax**				
Loss from ordinary activities after tax	(787,152)	(501,633)	(787,152)	(501,633)
Add back/(deduct) items not involving cash flows:				
Depreciation	1,400	2,851	1,400	2,851
Changes in assets and liabilities:				
- (Increase)/Decrease in receivables	13,388	-	13,388	-
- Increase/(Decrease) in creditors and borrowings, including settlement of creditors by share issue	420,259	201,625	420,259	201,625
- Increase/(Decrease) in provisions	(26,696)	2,279	(26,696)	2,279
Net cash outflows from operating activities	**(378,801)**	**(294,878)**	**(378,801)**	**(294,878)**

(c) **Non cash financing and investing activities**

Non cash flows from investing activities relate to shares issued as per note 15(a),(i), (iii), (iv) and (x)

Notes to the Financial Statements

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
NOTE 22 COMMITMENTS FOR EXPENDITURE				
Future Exploration				
The Economic Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Economic Entity. The commitments to be undertaken are as follows:				
Payable - within one year	210,000	210,000	-	-
- between one and two years	-	50,178	-	-
	210,000	260,178	-	-

NOTE 23 CONTINGENT LIABILITIES

Landowner Compensation
The compensation agreement in relation to ML80044 requires payment of $147,963 to be made subject to commencement of construction activities.

The compensation agreement in relation to ML80075 requires payments of $15,000 to be made annually over the life of the lease provided the lease is maintained. In November 2002 it was agreed that this be reduced to $1,000 annually until full-scale production begins.

Compensation agreements have been signed in relation to MLA80040 being the River Lease Application or Jack Goody Lease Application. These agreements are contingent upon the issue of the Mining Lease.

Royalty Agreements
Royalties will be payable when gross income is derived in the future from the Economic Entity's mineral resource assets. Refer Note 17(b)(i).

Native Title
The area covering the Crater Mining Lease, the MSP Mining Lease and the proposed River Mining Leases is part of an area that is the subject of a native title claim by the Goreng Goreng People. Monto Minerals has received legal advice that on current law, it is likely that the land the subject of the Crater Mining Lease and the MSP Mining Lease is native title clear and therefore it is not likely that the native title claim would be successful in relation to land the subject of the Crater Mining Lease or MSP Mining Lease.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 24 EVENTS OCCURRING AFTER BALANCE DATE

(a) On 28 August 2003 a Project Cooperation Agreement was announced with John Holland Development and Investment (JHDI). JHDI will commit cash and in kind a total of $1.37 million over the life of the agreement. JHDI will receive a success fee of $1.35 million payable at the first draw down of finance for the main project, in addition to the reimbursement of its contribution. As a result of this agreement, Monto Minerals Ltd will undertake construction of a Demonstration Plant subject to the raising of sufficient funds.

(b) An agreement has been entered into with the SAFE Group of Companies to construct and operate a small feldspar washing facility. The feldspar is to be forwarded to customers for plant trials. SAFE will operate the facility and will receive as part payment, the apatite produced from the Demonstration Plant.

(c) On 12 September 2003 the company gave notice of a General Meeting to be held on 13 October 2003 to ratify share issues since 1 April 2003. In addition the meeting will ask shareholders to approve the further issue of shares to various parties to enable the company to raise the necessary funds to construct the Demonstration Plant, produce and distribute bulk product samples for trial production run assessment by potential customers, and for working capital.

(d) On 28 August 2003 the Board approved a success fee of $50,000 each to the Executive Directors on production of bulk samples from the Demonstration Plant. This will be payable when the financial resources of the company allow. A termination payment of $30,000 in addition to accrued salary and annual leave for Laurie Johnson was also approved.

NOTE 25 FINANCIAL INSTRUMENTS

(a) **Interest Rate Risk**
The Economic Entity's exposure to interest rate risk which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:

	Weighted Avg Int Rate		Floating Int Rates		Non Int Bearing		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	%	%	$	$	$	$	$	$
Cash	4.25	4.25	117,113	231,419	-	-	117,113	231,419
Receivables (Current)	-	-	-	-	-	13,388	-	13,388
Receivables (Non-current)	-	-	-	-	40,000	40,000	40,000	40,000
Sundry Creditors (Current)	-	-	-	-	335,519	453,848	335,519	453,848

(b) **Credit Risk**
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions, as disclosed in the statement of financial position and notes to the financial statements.

The Economic Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Economic Entity.

(c) **Net Fair Values**
The net fair values for Cash, Receivables Current and Non-current and Trade and Other Creditors approximates their carrying value.

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Notes to the Financial Statements

NOTE 25 FINANCIAL INSTRUMENTS (cont'd)

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	Carrying Amount 2003 $	Net Fair Value 2003 $	Carrying Amount 2002 $	Net Fair Value 2002 $
Cash	117,113	117,113	231,419	231,419
Receivables (Current)	-	-	13,388	13,388
Receivables (Non-current)	40,000	40,000	40,000	40,000
	157,113	**157,113**	**284,807**	**284,807**
Sundry Creditors (Current)	335,519	335,519	453,848	453,848
Sundry Creditors (Non-current)	-	-	-	-

NOTE 26 ACCUMULATED LOSSES

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Accumulated losses attributable to members of Monto Minerals Ltd at beginning of the financial year	(6,141,966)	(5,640,333)	(5,886,284)	(5,384,651)
Operating Losses after income tax	(787,152)	(501,633)	(787,152)	(501,633)
Accumulated losses attributable to members of Monto Minerals Ltd at the end of the financial year	**(6,929,118)**	**(6,141,966)**	**(6,673,436)**	**(5,886,284)**

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Directors' Declaration

The Directors of the Company declare that:

(1) the financial statements and notes, as set out on pages 17 to 36:

(a) comply with Australian Accounting Standards, the Corporations Act 2001, and the Corporations Regulations 2001.

(b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the year ended on that date of the Company and Economic Entity; and

(2) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

As set out in Note 1 the financial statements have been prepared on a going concern basis. The ability of the Economic Entity to construct and commence operations of the Goondicum mine, and hence the continued adoption of the going concern assumption, will depend upon the successful raising, in the future, of necessary funding for this aspect of the mine project.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the Company's plans not eventuate.

This declaration is made in accordance with a resolution of the Directors.

Signed this 26th day of September 2003.

P J Slaughter
Executive Chairman

P G Dowling
Deputy Chairman

Monto Minerals Ltd and Controlled Entities – ACN 063 144 865

Independent Audit Report to the Members

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Monto Minerals Ltd (the Company) and its controlled entities (the Consolidated entity), for the year ended 30 June 2003. The Consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Monto Minerals Ltd and Controlled Entities is in accordance with:

a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements.

Emphasis of Matter Regarding Going Concern

Without qualification to the opinion expressed above attention is drawn to the following matter. As set out in Note 1 the financial statements have been prepared on a going concern basis. The ability of the Economic Entity to construct and commence operations of the Goondicum mine, and hence the continued adoption of the going concern assumption, will depend upon the successful raising, in the future, of necessary funding for this aspect of the mine project.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the Company's plans not eventuate.

BDO Kendalls

BDO KENDALLS
Chartered Accountants

C J SKELTON
Partner

Brisbane: 26 September 2003

Mineral Reserves and Resources Statement

Goondicum Crater Ilmenite Reserves

Proved and Probable Reserves:-

69,000,000 tonnes of ore at 4.9% Ilmenite (3.4 million tonnes of Ilmenite)

Derived from:

Goondicum Crater Ilmenite & Titano-magnetite Resources

ELUVIUM		ILMENITE		TITANO-MAGNETITE	
	(tonnes)	(%)	(tonnes)	(%)	(tonnes)
Measured	57,678,000	5.2	3,002,000	3.1	1,773,000
Indicated	21,334,000	4.4	934,000	2.2	477,000
TOTAL:	79,012,000	5.0	3,936,000	2.8	2,250,000

Total Ilmenite Resources (including Ilmenite Resources above)

GOONDICUM ILMENITE RESOURCES	ALLUVIUM (M^3)	ILMENITE (tonnes)	ILMENITE (%)
Measured C Alluvial	1,900,000	150,000	4.5
Indicated C Alluvial	20,000,000	1,700,000	5.0
Inferred C Alluvial	48,000,000	3,030,000	3.6
Inferred B Alluvial	14,000,000	1,200,000	4.6
Inferred A Alluvial	33,000,000	2,200,000	4.2
Measured Eluvium Crater	31,506,000	3,002,000	5.2
Indicated Eluvium Crater	12,016,000	934,000	4.4
TOTAL:	160,422,000	12,216,000	

Goondicum Crater Apatite and Feldspar Resources within ML 80044

ELUVIUM		RECOVERED APATITE		RECOVERD FELDSPAR	
	(tonnes)	(%)	(tonnes)	(%)	(tonnes)
Indicated	18,000,000	2.09	377,000	14.7	2,650,000
Inferred	16,600,000	1.73	288,000	12.3	2,050,000
TOTAL:	34,600,000	1.92	665,000	13.6	4,700,000

General

This statement complies with the "1999 Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves Report prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia" as set out in Appendix 5A of the Listing Rules of the Australian Stock Exchange. The statements are based on, and fairly reflect, mineral resources and/or ore reserve reports compiled by Mr L G Johnson, a full-time employee of the Company, who is a Fellow of the Australasian Institute of Mining and Metallurgy and who has a minimum of five years of appropriate experience.

Tenement Schedule

Monto Minerals Ltd – ACN 063 144 865

Exploration Tenements

PROJECT/AREA OF INTEREST	REGISTERED HOLDER	GEOGRAPHICAL LOCATION	TENURE STATUS	INTEREST
GOONDICUM EPM 9100	Monto Resources Pty Ltd	110 km S of Gladstone	Application lodged for renewal 06.10.2003	100%
EULOGIE PARK EPM 9541	Eulogie Resources Pty Ltd	50km W of Gladstone	Application lodged for renewal 26.06.2003	100%

Mining Leases

PROJECT/AREA OF INTEREST	REGISTERED HOLDER	GEOGRAPHICAL LOCATION	TENURE STATUS	INTEREST
ML 80044	Monto Resources Pty Ltd	30km E of Monto	Current to 1.9.2011	100%
ML 80075	Monto Resources Pty Ltd	17km NE of Monto	Current to 18.8.2029	100%
MLA 80040	Monto Resources Pty Ltd	30km E of Monto	Applied for 29.05.96	100%

Note: Applications for extensions of EPM Terms are lodged as they fall due.

EPM = Exploration Permit - Minerals
ML = Mining Lease
MLA = Mining Lease Application

Water Bore Licences

LICENCE NUMBER	REGISTERED HOLDER	LOCAL BORE NAME	EXPIRY DATE	INTEREST
74220M	Monto Resources Pty Ltd	Mt Goondicum Bore No. 1	31.07.2023	100%
74221M	Monto Resources Pty Ltd	Mt Goondicum Bore No. 2	31.05.2004	100%
74222M	Monto Resources Pty Ltd	Mt Goondicum Bore No. 3	31.05.2004	100%

Monto Minerals Ltd – ACN 063 144 865

1. DISTRIBUTION OF QUOTED EQUITY SECURITY HOLDERS

As at 30 September 2003, the distribution of equity security holders was as follows:

Category Ordinary Shares Fully Paid	Number of Shareholders
1 - 1,000	10
1,001 - 5,000	152
5,001 - 10,000	232
10,001 - 100,000	511
100,001 and over	175
	1080
Holding less than a marketable parcel (5,682 Shares)	171

2. TWENTY LARGEST EQUITY HOLDERS

As at 30 September 2003, the twenty largest equity holders of ordinary shares were as follows:

(a) Ordinary Shares

	Ordinary Shares	No. of Shares	Percentage
1	Aperchance Company Limited	12,846,920	7.55%
2	Terry Morris Pty Ltd (Morris Family Super Fund)	12,622,392	7.41%
3	Global Profit Ltd	11,174,114	6.56%
4	ILA Limited	10,031,700	5.89%
5	Harmoro Pty Ltd <Superannuation Fund A/c>	7,979,960	4.69%
6	Monadelphous Group Limited	6,000,000	3.52%
7	Tara Shore Pty Ltd	5,000,000	2.94%
8	Mr Clement Theodore Brown	4,638,970	2.72%
9	Mr Terence Edward Morris	3,801,190	2.23%
10	Mr Laurie Glen Johnson	2,640,819	1.55%
11	Mr Chan Yiu Fai	2,614,376	1.54%
12	Harmoro Pty Ltd	2,385,250	1.40%
13	Lynch Mining Pty Ltd	2,160,000	1.27%
14	LSD Services Pty Ltd (SAFE Super Fund)	2,000,000	1.17%
15	Mr Neil Robert Buckley	1,950,000	1.15%
16	JP Morgan Nominees Australia	1,877,273	1.10%
17	Mr Phillip M Wright	1,700,000	1.00%
18	Mr Peter Dowling	1,604,830	0.94%
19	Mr Kenneth R Deayton	1,542,660	0.91%
20	Aftmont Pty Ltd	1,380,323	0.81%
	TOTAL	95,950,777	56.35%

3. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, the number of Ordinary Shares held by Substantial Shareholders as disclosed in Substantial Shareholder notices received by the Company were as follows:

		No. of Shares
1	Global Profits Limited (Hong Kong)	23,820,190
2	Terry Morris Pty Ltd (ATF Morris Family Super Fund Unit Trust)	16,986,082
3	Harmoro Pty Ltd	13,941,059
4	Aperchance Company Limited (Hong Kong)	12,846,920

4. VOTING RIGHTS

Voting rights of members are governed by the Company's Constitution. In summary, every member present in person or by proxy, attorney or representative has one vote on a show of hands and one vote for each share on a poll. Options do not carry any voting rights.

Monto Minerals Ltd – ACN 063 144 865

5. UNQUOTED SECURITIES

As at 30 September 2003, there were on issue the following unquoted securities (options):

250,000 Employee options to acquire one Ordinary share at an exercise price of $0.08 on or before 31 December 2003.

5,000,000 Directors' options to acquire one Ordinary share at an exercise price of $0.08 - $0.12 on or before 31 December 2003.

5,000,000 Directors' options to acquire one Ordinary share at an exercise price of $0.16 on or before 30 June 2004.

2,250,000 Options to acquire one Ordinary share at an exercise price of $0.075 - $0.10 on or before 31 March 2005. Of these 1,500,000 (66.67%) are held by Terence Edward Morris.

875,000 Options to acquire one Ordinary share at an exercise price of $0.075 on or before 6 August 2004. Of these 375,000 (42.86%) are held by Phillip M Wright.

250,000 Options to acquire one Ordinary share at an exercise price of $0.075 on or before 12 August 2004.

500,000 Options to acquire one Ordinary share at an exercise price of $0.075 on or before 5 September 2004.

NOTES

MONTO MINERALS LTD

ABN 71 063 144 865

Notice of Annual General Meeting

NOTICE is hereby given that the Tenth Annual General Meeting of Members of Monto Minerals Ltd will be held at the Australian Stock Exchange Lecture Theatre Level 5, Riverside, 123 Eagle Street, Brisbane on Tuesday 18 November 2003 at 11:00am.

ORDINARY BUSINESS -

Financial Report and Audit Reports
To receive and consider the Financial Report and the Audit Report in respect of the year ended 30 June 2003.

Resolutions

1. **Re-election of Director**
That Mr Peter Dowling who retires by rotation in accordance with Article 14.4 of the Company's Constitution and, being eligible, and having offered himself for re-election, be re-appointed a Director of the Company.

SPECIAL BUSINESS

2. **Ratification of Previous Share Issues**
To consider and if thought fit, pass, an ordinary resolution in accordance with Australian Stock Exchange Listing Rule 7.4 to ratify the issue of shares by the Company as detailed in the following table.

Date	Issued to	Number of Securities Issued	Terms of Securities	Price Securities Issued	Gross Amount Raised
14 October 2003	Brosmeda Pty Ltd	909,090	Fully Paid Ordinary Shares	$0.055	$50,000
14 October 2003	L A Armstrong & D C Ward	2,000,000		$0.055	$110,000
14 October 2003	D S A H Holdings Pty Ltd	2,000,000		$0.055	$110,000
14 October 2003	Glennfield Pty Ltd	4,000,000		$0.055	$220,000
14 October 2003	John W Harris	6,200,000		$0.055	$341,000
14 October 2003	Joffax Pty Ltd	4,000,000		$0.055	$220,000
14 October 2003	Anthony J Keller	2,000,000		$0.055	$110,000
14 October 2003	Richard Polkinghorne	1,000,000		$0.055	$55,000
14 October 2003	Steven Sandor	2,000,000		$0.055	$110,000
14 October 2003	Timeline Investments Pty Ltd	2,000,000		$0.055	$110,000
14 October 2003	Yarraandoo Pty Ltd (Yarraandoo Super Fund)	6,200,000		$0.055	$341,000
14 October 2003	M Hutchinson & Brunel Trustees Ltd ,ATF The Hutchinson Executive Plan	1,818,181		$0.055	$100,000
	TOTAL	**34,127,271**			**$1,877,000**

Funds raised by the above issues will be used for Construction and Operation of a Demonstration Plant and Working Capital.

The Company will disregard any votes cast on these resolutions by:
- *any person who participated in the issue; and*
- *any associate of those persons.*

However, the Company need not disregard a vote if:
- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

3. **Approval for the Issue of Options to Related Parties (Directors)**
That in accordance with the provisions of Listing Rules 7.1 and 10.11 of the Official Listing Rules of the Australian Stock Exchange Limited and Section 208(1) of the Corporations Act 2001, and for all other purposes, the Company and the Directors of the Company are hereby authorised:

To issue a maximum of nine million (9,000,000) options to acquire fully paid ordinary shares in the Company on the terms and conditions attached to this Notice of Meeting and to issue those options to related parties (Directors) as follows:-

DIRECTOR	**Options**
P J Slaughter	3,000,000
G P Moore	3,000,000
P G Dowling	1,500,000
R I Cottee	1,500,000
TOTAL	**9,000,000**

The options are to be issued within one month from the date of this meeting and for no consideration. The exercise price of the options is to be:

DIRECTORS OPTIONS
$0.12 (twelve cents) between 1 July 2004 and 30 June 2006 PROVIDED The options cannot be exercised unless the Company, its subsidiary or descendent entity has produced and sold any mine products equal to or greater than $10,000,000 in value.

An explanatory statement relating to this resolution, as required by Section 219 of the Corporations Act 2001, is attached.

The Company will disregard any votes cast on this resolution by:

- *P J Slaughter, P G Dowling and G P Moore; and R I Cottee*
- *any associate of those persons.*

However, the Company need not disregard a vote if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

OTHER BUSINESS

To deal with any other business which may be legally brought before the meeting in accordance with the Company's Constitution and the Corporations Act 2001.

By Order of the Board

GM Edwards

G M Edwards
Company Secretary
14 October 2003

Proxies:
A member entitled to attend and vote may appoint not more than two proxies to attend and vote instead of the member. Where two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member. To be valid, proxies must be lodged at the registered office of the Company at Level 1, 109 Upton Street, Bundall not less than 48 hours before the time appointed for the meeting. A facsimile of the proxy will be accepted if it is received by the Company on facsimile number 07-5574-3833 A proxy form is attached.

Voting Entitlement:
For the purposes of the meeting, shares will be taken to be held by the persons who are registered holders at 7.00pm on Sunday, 16 November 2003. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

14 October 2003

Dear Shareholder

Enclosed is the Annual Report for the Company and Notice of Annual General Meeting ("AGM") with associated explanatory material.

Your Company has seen the fruits of a significant effort by my fellow directors and staff and our advisers in advancing its prospects over the past year. We look forward to your presence at our AGM where you will have the opportunity to raise any questions with your directors.

The AGM this year will consider a number of Special Business items including:

◆ ratification of previous share issues necessary to raise the funding for the Demonstration Plant

◆ the issue of options to Directors

The options proposed for Directors are based on a project milestone that has been carefully designed to include a significant achievement hurdle, which, if met, will benefit both shareholders and the holders of the options.

I urge you to read the information, carefully consider the resolutions and attend the AGM or complete a proxy form. The Explanatory Statement attached to the Notice of Meeting gives more detailed information on the resolutions and should be read in conjunction with the notice. However, I invite you to contact the Company Secretary or myself if you wish to discuss any of the agenda items prior to the meeting.

I look forward to seeing as many shareholders as possible at the AGM.

Yours faithfully
MONTO MINERALS LTD

PETER J SLAUGHTER
Executive Chairman

Head Office

Level 1, 109 Upton Street
Bundall QLD 4217 Australia
Telephone: 61 7 5574 3999
Facsimile: 61 7 5574-3833
Email: montogc@ozemail.com.au

Monto Minerals Ltd
ACN 063 144 865
PO Box 7467
Gold Coast Mail Centre
Bundall QLD 9726 Australia

Website: www.montominerals.com

Monto Office

5 Newton Street
Monto QLD 4630 Australia
Telephone: 61 7 4166 3500
Facsimile: 61 7 4166-3137

MONTO MINERALS LTD

ABN 71 063 144 865

Annual General Meeting – 18 November 2003

Explanatory Memorandum

In this explanatory memorandum, the following terms have these meanings:

"**ASX**" means Australian Stock Exchange Limited.

"**Company**" or "**Monto Minerals**" means Monto Minerals Ltd ACN 063 144 865.

"**Constitution**" means the approved constitution of the Company.

"**Directors**" means the directors of the Company.

"**Listed Company**" means a company which has been admitted to the official list of ASX.

"**Listing Rules**" means the listing rules of ASX.

"**Mining Purposes**" means any or all of the following purposes:

(a) prospecting for ores, metals or minerals;

(b) obtaining by any mode or method, ores, metals or minerals;

(c) the sale or other disposal of ores, metals, minerals or other products of mining;

(d) the carrying on of any business or activity necessary for or incidental to, any of the foregoing purposes;

whether in Australia or elsewhere, but does not include quarrying operations for the sole purpose of obtaining stone for building, roadmaking or similar purposes.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR

Mr Peter Dowling has been a Director of the Company since October 1999. and Deputy Chairman of the Board of Directors since May 2002. Mr Peter Dowling was last re-appointed as a Director at the 2002 Annual General Meeting.

Mr Dowling is a Chartered Accountant and former Ernst & Young Partner. At Ernst & Young he specialised in the tax and business advisory areas and had responsibility for the minerals and energy practice. He also worked with BHP Coal for 2 years. More recently, he completed a four year term as a Director with State electricity GOC Stanwell Corporation Limited.

Mr Dowling is currently a consultant to investment bankers InterFinancial Limited, a Director of Credit Union Australia, Paridian Property Development Fund Limited, Bonny View Corporation Limited, Spyrus Pty Limited, the Queensland Ballet and the Australian Tax Research Foundation. He is also a member of the Advisory Panel to State Government incubator Ilab Incubator Pty Ltd and was a member of the panel appointed by the Minister for Natural Resources and Mines to review coal seam gas and coal tenement overlap issues.

Mr Dowling is Chairman of Remuneration and Audit Committees and member of Finance & Risk Management Committee for Monto Minerals Ltd.

RESOLUTION 2 – RATIFICATION OF PREVIOUS SHARE ISSUES

If the issues of shares described in the table in the Notice of Meeting under Resolution 2 are approved by shareholders in accordance with the proposed resolution, those share issues will be treated as having been made with approval of shareholders for the purpose of Australian Stock Exchange Listing Rule 7.1.

The result of this approval would be that the Directors will be entitled to exercise in appropriate circumstances the power to issue further new shares, numbering in aggregate up to 15% of the shares currently on issue in a twelve month period, without offering them pro rata to existing shareholders or obtaining prior approval of existing shareholders.

RESOLUTION 3 – APPROVAL FOR THE ISSUE OF OPTIONS TO RELATED PARTIES (DIRECTORS)

Explanatory statement in accordance with Section 219 of the Corporations Law:

It is proposed that options to acquire fully paid ordinary shares in the Company be issued to directors of the Company to create greater incentives for the directors to achieve results for the Company, with the prerequisite that sales of mine products must exceed $10 million before the options can be exercised.

Full terms and conditions of the options are attached, however in summary:

Directors' Options are
- issued for no consideration.
- not listed.
- exercisable at
  - $0.12 (twelve cents) between 1 July 2004 and 30 June 2006

    PROVIDED

    The options cannot be exercised unless the Company, its subsidiary or descendent entity has produced and sold mine products equal to or greater than $10,000,000 in value.
- due to expire on 30 June 2006 unless cancelled earlier by the Directors.

Directors Proposed Benefit, Interest in the Resolution and Recommendation to Members

Director		Director' Options	Option value Calculation using Black-Scholes model
P J Slaughter	***Interest:*** The Director will be issued options over shares in the Company if the resolution is passed. ***Recommendation:*** Refrains from making a recommendation because of his interest in the resolution.	3,000,000	$111,000
G P Moore	***Interest:*** The Director will be issued options over shares in the Company if the resolution is passed. ***Recommendation:*** Refrains from making a recommendation because of his interest in the resolution.	3,000,000	$111,000
P G Dowling	***Interest:*** The Director will be issued options over shares in the Company if the resolution is passed. ***Recommendation:*** Refrains from making a recommendation because of his interest in the resolution.	1,500,000	$55,000

R I Cottee	***Interest:*** The Director will be issued options over shares in the Company if the resolution is passed. ***Recommendation:*** Refrains from making a recommendation because of his interest in the resolution.	1,500,000	$55,000
	TOTAL	**9,000,000**	**$330,000**

Other Information on the Resolution

Options valuation calculation

The Black -Scholes model has been used to arrive at a value for the options for the purpose of this notice. The valuation uses a number of factors such as the volatility of the share price to arrive at a theoretical value for the options. In reality the options can only deliver a benefit if the condition precedent is met and the share price exceeds the exercise price.

Using a 75% probability that the qualifying conditions of the options will be met the Black-Scholes model values the options at $0.037 each.

The effect of passing this resolution on the Company would be:

- to increase the number of options over ordinary shares in the Company from 6,125,000 to 15,125,000.;
- to increase the relevant interest of Directors in options over shares in the Company as follows:

DIRECTOR	CURRENT RELEVANT INTEREST IN OPTIONS IN THE COMPANY	POTENTIAL RELEVANT INTEREST IF THIS RESOLUTION IS PASSED
P J Slaughter	0	3,000,000
G P Moore	0	3,000,000
P G Dowling	0	1,500,000
R I Cottee	0	1,500,000
TOTAL	**0**	**9,000,000**

- to increase the potential amount of cash which the Company may receive from the exercise of options in the future.

If the options proposed this Resolution are issued and those options were subsequently exercised, it would have the effect, based on current issued capital:

- of increasing the shareholding by Directors from 3,119,345 (1.19%) to 12,119,345 (4.48%); and
- reducing the shareholding by non-related parties from 98.81% to 95.52%.

Over the six months preceding the preparation of this notice on 2 October 2003, the Company's ordinary shares have traded as high as 11 cents and as low as 3 cents. On 2 October 2003 the last price paid was 11 cents.

MONTO MINERALS LTD

ABN 71 063 144 865

PROXY FORM

(For information on how to complete please see the reverse of this form)

PLEASE PRINT WHEN COMPLETING THIS FORM

NAME AND ADDRESS

SHAREHOLDER REFERENCE NUMBER/HIN

❶ ***Please insert your telephone number (business hours)***

( )

❷ **I/WE APPOINT**

Name of Proxy:	

or failing the person so named, or if no person is named, **the Chairman of the Meeting** to vote in accordance with the following directions or, if no directions have been given, as the proxy or the Chairman sees fit at the Annual General Meeting of the Company to be held on 18 November 2003 commencing at 11.00 am and at any adjournment thereof.

❸ **VOTING DIRECTIONS**

Should you desire to direct your proxy how to vote on any Resolution, please insert a tick (4) in the appropriate box below.

	For	Against	Abstain
1. Re-Election of Mr Peter Dowling as Director	☐	☐	☐
2. Ratification of previous share issues	☐	☐	☐
3. Approval for the issue of options to related parties	☐	☐	☐

☐ If you do not wish to direct your proxy how to vote, please place a tick (4) in the box.^

^ The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Resolution and that votes cast by him, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes in respect of those Resolutions and your votes will not be counted in computing the required majority if a poll is call on a Resolution.

APPOINTMENT OF A SECOND PROXY Note this section is only to be completed if two proxies are being appointed

Name of Second Proxy:	

or failing the person so named, **the Chairman of the Meeting** to vote in accordance with the abovestated directions or, if no directions have been given, as the proxy or the Chairman sees fit at the Annual General Meeting of the Company to be held on 18 November 2003 commencing at 11.00 am and at any adjournment thereof.

% *First Proxy*	% *Second Proxy*

State here the percentage of your voting rights applicable to the first and second proxy

❹ **SIGNATURE(S)**

(If a corporation please refer to Note 4 on the reverse of this form.)

MONTO MINERALS LTD

ABN 71 063 144 865

PROXY FORM INFORMATION

Please direct your proxy how to vote

For your vote to be counted, the Proxy form, duly completed, must be received not later than 11.00 am on 16 November 2003.

INSTRUCTIONS ON HOW TO COMPLETE THE PROXY FORM

❶ Insert your business hours telephone number in case we need to contact you.

❷ Insert here the name of the person you wish to appoint as proxy; shareholders cannot appoint themselves. **The Chairman of the meeting** will act as your proxy if you do not appoint someone. You can vote your shares by proxy even if you plan to attend the meeting.

A shareholder is entitled to appoint up to two persons (whether shareholders or not) to attend the meeting and vote. If you wish to appoint two proxies please enter the second proxy's name and complete the section indicating the percentage of your voting rights each proxy is to represent. Note the aggregate % total must equal 100.

❸ **Voting Directions**

If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate boxes. The vote will be invalid if a mark is made in more than one box for a particular item or if the total shareholding shown in the 'FOR', 'AGAINST' and 'ABSTAIN' boxes is more than your total registered shareholding at the time when entitlements for voting purposes are determined. The "snapshot" time for determining entitlements for voting purposes will be 7.00pm on 16 November 2003.

❹ **Shareholders must sign here**

This proxy must be signed by the shareholder, or if a Corporation, under its Common Seal, or under the hand of an authorised officer or attorney. If this proxy is signed by a person who is not the registered member then the relevant authority must be enclosed with this proxy.

Corporate shareholders should note that to be eligible to vote the Company must either lodge a proxy form nominating an individual or individuals as proxies or must present a duly completed "notice of appointment of corporate representative" form prior to the commencement of the meeting. These forms can be obtained from the share registry.

FURTHER IMPORTANT INFORMATION

To be valid, the proxy must be received at the registered office of the Company, Level 1, 109 Upton Street, Bundall QLD 4217, not less than 48 hours before the time of the meeting. A facsimile of the proxy will be accepted if received by the Company on fax number (07) 5574 3833 not less than 48 hours before the time of the meeting.