REPORT ON ACTIVITY FOR THE PERIOD ENDED 30 SEPTEMBER 2003

Highlights

- **Project Co-Operation Agreement reached with John Holland Development and Investment to advance the Company's Goondicum Industrial Minerals Project.**
- **Plans announced to raise approximately $5million for construction of Demonstration Plant.**
- **Discussions continued with major trading company in relation to feldspar.**
- **Agreement with SAFE Group of companies to provide feldspar washing facilities.**
- **Changes in the Company's Management Structure including appointment of Director Geoff Moore as CEO.**
- **MOU with CS Energy Limited renewed (August 29).**
- **Share Placements raised $160,000.**

MONTO MINERALS LIMITED
REPORT FOR THE QUARTER ENDED
30 SEPTEMBER 2003

Project Co-Operation Agreement with John Holland Development & Investment

Monto Minerals has moved a significant step closer to production stage after securing the backing of Australian engineering and construction company. John Holland Development and Investment (JHDI).
JHDI has entered into a Project Cooperation Agreement, to advance the Company's Goondicum Industrial Minerals Project.

JHDI will commit in cash and in kind approximately $1.4 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.

$5 million fundraising for Demonstration Plant Construction

Plans were announced for the raising of approximately $5million, primarily for the construction and operation of the Demonstration Plant referred to above. The funds were successfully raised after the end of the quarter.

Agreements – SAFE Group of Companies

Monto Minerals entered into an agreement with the SAFE Group of Companies, to construct and operate a small feldspar washing facility at SAFE's Ipswich plant. The feldspar will then be forwarded to customers for plant trials. SAFE will operate this facility and will receive as part payment, the apatite produced from the demonstration plant. SAFE produces Alroc mineral fertilisers and has previously offered Monto Minerals a conditional Letter of Intent to purchase all apatite from the Goondicum Project

Changes to Management Structure

Monto Minerals as part of a restructuring of its key personnel announced the following changes effective from 1 September 2003:

Laurie Johnson stood down as a director and executive of the Company. He will be retained on a part-time basis to provide on going advice and continuity regarding past activities of the company. Mr Johnson's efforts and vision have played an important part in getting the Company to this point in its development.

Respected mineral sands industry figure, Geoff Moore was appointed CEO of Monto Minerals and will also continue as a director. Mr Moore was previously General Manager of Consolidated Rutile and he has spearheaded recent efforts to explore global markets for Monto Minerals' expanded range of products.

Peter Slaughter will continue as Executive Chairman on a part time basis. Peter Dowling will remain Deputy Chairman and Richard Cottee will continue as a non-executive director.

It is the view of the Board, that the existing company personnel, together with their current advisers, can advance the project to the point where finance for the main project is secured. At that point the current arrangements will be reviewed with the objective of adopting a more conventional governance structure.

Office Relocation

In November Monto will move its head office from Bundall, to facilities nearby JHDI offices in Milton, Brisbane.

Operating Permits

A Plan of Operations for the proposed Demonstration Plant under the existing EMOS was submitted and approved by the QEPA. This approval is current for twelve months from commencement of site activities anticipated in November 2003.

Proposed amendments to the Environmental Management Overview Strategy (EMOS) were lodged with respect to the full-scale mining and processing operation on the Crater Mining Lease. These amendments reflect the simplified mine plan and tailings disposal developed for the Independent Experts Report. The amendments were accepted by the QEPA after the end of the quarter and will now be drafted into conditions for a new Environmental Authority for the full scale operations.

MOU with CS Energy renewed

Monto Minerals renewed its MOU with CS Energy Ltd on August 29. The MOU reflects the intention of each party to support the potential development of a Titanium beneficiation plant at Callide Energy Park.

Funding

During the Quarter share placements raised $160,000 before costs.

By Order of the Board

P.J. SLAUGHTER FAIM FAICD FAusIMM
Executive Chairman
28 October 2003

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

MONTO MINERALS LTD

ACN or ARBN: 063 144 865

Quarter ended ("current quarter"): 30 SEPTEMBER 2003

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors			
1.2	Payments for	(a) exploration and evaluation	(112)	(112)
		(b) development		
		(c) production		
		(d) administration	(121)	(121)
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		1	1
1.5	Interest and other costs of finance paid			
1.6	Income taxes paid			
1.7	Other (provide details if material)			
	Net Operating Cash Flows		(232)	(232)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects		
		(b)equity investments		
		(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of:	(a)prospects		
		(b)equity investments		
		(c)other fixed assets		
1.10	Loans to other entities			
1.11	Loans repaid by other entities			
1.12	Other (provide details if material)			
	Net investing cash flows		(1)	(1)
1.13	Total operating and investing cash flows (carried forward)		(233)	(233)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(233)	(233)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	160	160
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Capital Raising Costs	(4)	(4)
	Net financing cash flows	156	156
	Net increase (decrease) in cash held	(77)	(77)
1.20	Cash at beginning of quarter/year to date	117	117
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	40	40

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	26
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Refer attached note

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	2,000
4.2	Development	
	Total	2,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	40	118
5.2	Deposits at call	0	0
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	40	118

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EPM 10262	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	Nil	Nil	Nil	Nil
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil	Nil	Nil	Nil
7.3	**+Ordinary securities**	170,246,708	170,246,708		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,200,000 Nil	3,200,000 Nil	5c	5c
7.5	**+Convertible debt securities** *(description)*	Nil	Nil	Nil	Nil
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil Nil	Nil Nil	Nil Nil	Nil Nil
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		5,000,000	Nil	16 Cents	30/6/2004
		5,000,000	Nil	8 – 12 Cents	30/6/03 to 31/12/2003
		250,000	Nil	8 Cents	31/12/2003
		2,250,000	Nil	7.5 – 10 Cents	31/3/2005
		875,000	Nil	7.5 Cents	6/8/2004
		250,000	Nil	7.5 Cents	12/8/2004
		500,000	Nil	7.5 Cents	5/9/2004
7.8	Issued during quarter			*Exercise price*	*Expiry date*
		875,000	Nil	7.5 Cents	6/8/2004
		250,000	Nil	7.5 Cents	12/8/2004
		500,000	Nil	7.5 Cents	5/9/2004
7.9	Exercised during quarter	Nil	Nil		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	Nil	Nil		
7.11	**Debentures** *(totals only)*	Nil	Nil		
7.12	**Unsecured notes** *(totals only)*	Nil	Nil		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: . ...Date 29 October 2003
(Company Secretary)

Print name: .....GARRY MICHAEL EDWARDS....................................

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Appendix 5B - Notes

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

MONTO MINERALS LTD

ACN or ARBN: 063 144 865

Quarter ended ("current quarter"): 30 SEPTEMBER 2003

ITEM 1.25 PAYMENTS MADE TO DIRECTORS AND RELATED ENTITIES

		Current Quarter $	Year to Date $
(a)	Reimbursement of out of pocket expenses	8,296	8,296
(b)	Directors fees	0	0
(c)	Office administration costs	0	0
(d)	Consulting fees	14,520	14,520
(e)	Salary and Wages	0	0
(f)	Superannuation Contributions	3,467	3,467
	TOTAL	**26,283**	**26,283**

N.B. Some of the above amounts have been capitalised as part of the exploration and evaluation expenditure.