

7 March 2005

Dear Shareholder,

Attached is a presentation entitled "Countdown to Production" outlining our progress towards completing our feasibility study and the realisation of our target of building a profitable industrial minerals business based on our Mount Goondicum deposit.

We plan to keep the market fully informed of the progress towards final feasibility, and we shall be ensuring that the updates are drawn directly to the attention of shareholders.

As the presentation shows, we are in the final phase of the feasibility study the completion of which is less than two months away.

The design of the main plant and the plant at Gladstone port plant is on schedule, as are the infrastructure studies on road, rail, power and water.

On marketing development, while we have much of the planned initial production already committed, considerable work particularly on the use of our feldspar is being undertaken. Glassmaking tests are nearing completion at ACI in Brisbane, further bulk samples are being shipped to a customer in Manila for testing, and a European customer is considering the use of our feldspar in paint manufacture.

In the past week, we have received an indication that some of the titano-magnetite may be suitable for use as a dense medium in coal washeries. Australia currently consumes in excess of 200,000 tpa of magnetite for such applications.

I trust this proves to be of value and interest to you. If you have any questions, please contact me or our CEO, Geoff Moore, at our office on (07) 3858 6100. Overseas shareholders should call + (617) 3858 6100.

Yours sincerely,

**MONTO MINERALS LTD**

A handwritten signature in black ink, appearing to read 'Peter J Slaughter', written over a white background.

**PETER J SLAUGHTER**  
Executive Chairman

**Head Office**

Level 6, 303 Coronation Drive  
Milton Qld 4064  
Telephone: 61 7 3858 6100  
Facsimile: 61 7 3858 6199  
Email: [admin@montominerals.com](mailto:admin@montominerals.com)

**Monto Minerals Ltd**  
ABN 71 063 144 865

PO Box 1791  
MILTON BC QLD 4064

Website: [www.montominerals.com](http://www.montominerals.com)

**Monto Office**

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

# Monto Minerals Limited

The next 12 months...

## Countdown to Production

Peter Slaughter Executive Chairman  
Geoff Moore CEO  
March, 2005



# Countdown to Production

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- Monto plans to be producing and marketing ilmenite, feldspar and apatite within 12 months

# Countdown to Production

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Commercial production by early 2006 based on:

- Established minerals resource in Central Queensland
- Proven production technology
- Confirmed by a successful demonstration plant
- Bulk samples well received by major customers
- Multi-product marketing strategy – ilmenite, feldspar, apatite
- Feasibility study in progress
- Significant growth potential

# Schedule on track

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- ↪ June 2004 – bulk samples to major customers (DONE)
- ↪ November 2004 – decision to proceed to full feasibility study (DONE)
- ↪ Late-April 2005 - complete feasibility study
- ↪ July 2005 - commence project construction
- ↪ Early 2006 - commercial production
- ↪ Expansion to meet markets

# Project developments

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- Agreement with John Holland terminated amicably
  - no significant schedule slippage
  - other project options being developed
- Final EMOS (Environmental Management Overview Strategy) prepared for submission by March 16; expect EPA approval and Plan of Operations acceptance early May
- Feasibility study commenced

# Feasibility study - production

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- Critical path items commenced Nov 2004 – resource upgrade, metallurgical testwork
- Mine plan - work commenced
- Main plant process flowsheet confirmed by Roche testwork and demonstration plant experience
- Design of main plant and Gladstone port facilities to +/- 15%, commenced by R.J. Robbins
  - Flexible high and low iron feldspar plant at port, utilising existing sheds

# Feasibility study - infrastructure

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- Water supply - Cardno MBK commenced preliminary design - Sunwater to provide a BOO (Build Own Operate) model
- Power –
  - Ergon to advise on timing of connection
  - On-site power generation being assessed separately
- Road - Qantec McWilliam commenced design from mine to rail siding; discussions on use of existing private road; could save \$0.5m to \$1m
- Land transport - study commenced to optimise logistics to port

# Feasibility study – port, shipping

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- Port logistics – likely manage own material handling – to agree with Port Authority
- Shipping – consultants' report on logistics for Europe being reviewed

# Production and marketing

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- Initial annual production and sales - more than 200K tpa comprising
  - 100K tpa ilmenite
  - 100K tpa feldspar
  - 20K tpa apatite
- Staged expansion to meet market demand

# Production and marketing

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- Letters of Intent for more than 60% of initial two years' production
- Targeting 70% by end April
- Expect increase with positive steps in marketing:
  - ACI glass making test results by 14<sup>th</sup> March 2005
  - Bulk shipment going to a customer in Manila on 9<sup>th</sup> March
  - Major customer discussing application of feldspar in paint
  - Use of titano-magnetite as coal washery dense medium being evaluated by ACIRL (Aust. Coal Ind. Research Laboratory)

# Financial Evaluation

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- **Financial Evaluation.** Consultant John Hammond, currently enhancing financial models to improve functionality. (Two ore types, four feldspar products.) Model will be independently audited.

# Capital Requirements

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Project is 100% MML

- July 2005 - \$25-27m plant and infrastructure (incl. \$2m working capital)
- 2006 - \$8m working capital

# Possible Capital Structures

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- Negotiations well advanced
- Options
  - Joint venture
  - BOO or BOOT
  - Equity
  - Part Selldown, and
  - Debt