Monto Minerals

5 April 2005

ASX ANNOUNCEMENT

RIGHTS ISSUE OF OPTIONS TO SHAREHOLDERS

Monto Minerals Ltd has today lodged a Prospectus with ASIC and the ASX. The Prospectus relates to:

- a non-renounceable offer to all registered shareholders as at 5pm Brisbane time on 14 April 2005 to acquire options to subscribe for ordinary shares in the capital of the company on a one for seven basis; and

- a non-renounceable offer to certain placees to acquire options to subscribe for ordinary shares in the capital of the company.

The offers of options will be made in or accompanied by a copy of the Prospectus. A copy of the Prospectus for this issue along with an application form will be mailed on 19 April to shareholders entitled to participate in the issue. Shareholders wishing to acquire options under the offer must complete the application form in or accompanying the Prospectus and return the application form and payment to the share registry not later than 5pm Brisbane time on 4 May 2005.

Attached to this announcement are the Appendix 3B for the issue and a copy of the Prospectus. The electronic copy of the Prospectus is for information purposes only. Applications for options cannot be made from the electronic copy of the Prospectus.

By Order of the Board

PETER J SLAUGHTER
EXECUTIVE CHAIRMAN

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

MONTO MINERALS LTD

ABN

71 063 144 865

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	OPTIONS EXERCISABLE AT $0.05 EACH ON OR BEFORE 29 SEPTEMBER 2006
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	APPROXIMATELY 72,333,232 OPTIONS (INCLUDED 17,500,000 OPTIONS ANNOUNCED 18 MARCH 2005)
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	OPTIONS EXERCISABLE AT $0.05 EACH ON OR BEFORE 29 SEPTEMBER 2006

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	OPTIONS DO NOT RANK EQUALLY UNLESS CONVERTED TO SHARES
5	Issue price or consideration	$0.001 PER OPTION (1/10 OF A CENT)
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	TO PROVIDE SHAREHOLDERS WITH AN OPTION TO ACQUIRE SHARES AT A FIXED FUTURE PRICE IF PROJECT DEVELOPMENT PROCEEDS AND THE SHARE PRICE INCREASES. THE NOMINAL CONSIDERATION IS DESIGNED TO COVER THE COST OF THE PROSPECTUS REQUIRED TO ISSUE THE OPTIONS
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	12 MAY 2005

		Number	+Class
8	Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)	SEE ATTACHED	

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)	SEE ATTACHED	

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NO DIVIDEND DISTRIBUTION IS ENVISAGED IN THE NEAR TERM

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	NO
12	Is the issue renounceable or non-renounceable?	NON-RENOUNCEABLE
13	Ratio in which the +securities will be offered	1 OPTION FOR EVERY 7 FULLY PAID ORDINARY SHARES
14	+Class of +securities to which the offer relates	OPTIONS
15	+Record date to determine entitlements	14 APRIL 2005
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	NOT APPLICABLE
17	Policy for deciding entitlements in relation to fractions	ALL FRACTIONS ROUNDED UP
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	ONLY COUNTRIES INCLUDED ARE AUSTRALIA, NEW ZEALAND, HONG KONG & UNITED KINGDOM. OTHER COUNTRIES EXCLUDED
19	Closing date for receipt of acceptances or renunciations	4 MAY 2005

+ See chapter 19 for defined terms.

20	Names of any underwriters	NOT UNDERWRITTEN
21	Amount of any underwriting fee or commission	NIL
22	Names of any brokers to the issue	NOT APPLICABLE
23	Fee or commission payable to the broker to the issue	NOT APPLICABLE
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	NIL $875 payable in respect of the options to be issued to placees only
25	If the issue is contingent on +security holders' approval, the date of the meeting	NOT APPLICABLE
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	19 APRIL 2005
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Already sent (to employee option holders) 30 March 2005
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements *in full* through a broker?	NON RENOUNCEABLE ISSUE
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	NON RENOUNCEABLE ISSUE

32	How do +security holders dispose of their entitlements (except by sale through a broker)?	NON RENOUNCEABLE ISSUE
33	+Despatch date	12 MAY 2005

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: (~~Director~~/Company secretary) Date: 5 APRIL 2005

Print name: GARRY M EDWARDS

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+ See chapter 19 for defined terms.

5 APRIL 2005

MONTO MINERALS LTD

SCHEDULE OF SECURITIES ON ISSUE

Quoted

Fully Paid Ordinary Shares
Number and class of all securities quoted on ASX (including the securities issued as per Clause 2 in the Appendix 3B incorporating this schedule:-

381,145,628	Fully Paid Ordinary Shares (MOO).
1,404,486	Maximum Shares remaining to be allocated - Equity Line of Credit Drawdown announced 21 September 2004
382,550,114	TOTAL

5c Options Expiring 29 September 2006

72,333,232	5 cent , 29 Sept 2006 Options

Unquoted

Number and class of all securities not quoted on ASX (including the securities issued as per Clause 2 in the Appendix 3B incorporating this schedule:-

9,000,000	Directors Options exercisable at $0.12 exercisable between 1 July 2004 and 30 June 2006 provided the Company, its subsidiary or descendent entity has produced and sold any mine products equal to or greater than $10,000,000 in value.
750,000	Employee Options exercisable at $0.10 on or before 31 December 2006

MONTO MINERALS LTD

ABN 71 063 144 865

PROSPECTUS

A non-renounceable rights issue of approximately 54,833,232 New Options to Shareholders on the basis of 1 New Option for every 7 Shares, at 0.1 cents per New Option

and

An offer of 17,500,000 New Options to Placees on the basis of 1 New Option for every 1 Placement Share, at 0.1 cents per New Option

This Prospectus is dated 5 April 2005

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR URGENT ATTENTION

PLEASE READ THIS PROSPECTUS CAREFULLY IN ITS ENTIRETY AND CONSULT YOUR STOCKBROKER, LEGAL OR FINANCIAL ADVISER IMMEDIATELY IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT. INVESTMENT IN THE COMPANY SHOULD BE CONSIDERED SPECULATIVE

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1. IMPORTANT NOTICE

This Offer does not take into account the investment objectives, financial situation and particular needs of any Shareholder Before making an investment in the Company, each Shareholder should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

There are risks associated with investing in New Options Please see section 9 for further information.

This Prospectus is dated 5 April 2005 and a copy was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus. This Prospectus expires 13 months after the date of this Prospectus No New Options will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply to ASX for quotation of the New Options within seven days after the date of this Prospectus

Continuous Disclosure

The Company has been listed on ASX since 7 March 1996. During this time the Company has been subject to disclosure requirements under the *Corporations Act* and the Listing Rules. The Company has, since listing, provided ASX with information regarding its activities and that information is publicly available. This Prospectus is intended to be read in conjunction with that publicly available information. Shareholders considering the acceptance of their Entitlements should therefore also have regard to that publicly available information before making an investment decision.

Foreign Shareholders

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, it is not practicable for the Company to offer New Options to Shareholders in countries other than Australia, New Zealand, the United Kingdom and Hong Kong for the reasons set out in section 5 11.

No action has been taken to register or qualify the New Options or otherwise permit an offering of them in any jurisdiction other than Australia, New Zealand, the United Kingdom and Hong Kong. This Prospectus is not to be distributed in, and no offer of New Options is to be made in, the United States of America. The Options have not been, nor will they be, registered under the *United States Securities Act* 1933 (as amended).

This Prospectus will be distributed to Shareholders in the United Kingdom under Article 43 of the *Financial Services and Markets Act* 2000 *(Financial Promotion) Order* 2001. The contents of this Prospectus have not been approved by an authorised person under section 21 of the *Financial Services and Markets Act* 2000

Electronic copy of Prospectus

This Prospectus is available for inspection at the Company's registered office at Level 6, 303 Coronation Drive, Milton, Queensland. The Prospectus has also been placed on the Company's website at www.montominerals.com for information only. Shareholders will be mailed a copy of this Prospectus with an Entitlement and Acceptance Form. New Options will only be issued on receipt of an Entitlement and Acceptance Form or, in the case of Placees, a Placing Entitlement and Acceptance Form issued with this Prospectus This Prospectus in electronic form does not constitute an offer of New Options

Definitions

Some capitalised words or terms used in this Prospectus have defined meanings which appear in the glossary in section 11. All references to $ in this Prospectus are references to Australian currency, unless otherwise stated. All references to time in this Prospectus are to the time in Brisbane, Queensland, Australia.

2. IMPORTANT DATES

SUMMARY OF PRINCIPAL DATES FOR RIGHTS ISSUE	
Announcement of the Offer and Date of Prospectus	5 April 2005
Record Date to determine Entitlements	14 April 2005
Prospectus and Entitlement and Acceptance Forms despatched	19 April 2005
Offer closes – last date for lodgement of Entitlement and Acceptance Forms and payment of application money (5 pm Brisbane time)	4 May 2005
New Options issued and holding statements despatched	12 May 2005

These dates and the dates referred to throughout this Prospectus (except the date of this Prospectus) are indicative only. The Company reserves the right to change the dates without notice. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue or the Placement Issue any time prior to allotment. If that occurs the relevant application money will be returned without interest.

3. SUMMARY OF OFFERS

Number of New Options under Rights Issue:	At least 54,833,232 New Options[1]
Basis of allotment of Entitlement under Rights Issue:	1 New Option for every 7 Shares held on 14 April 2005
Number of New Options under Placement Issue:	17,500,000
Basis of allotment of Entitlement under Placement:	One New Option for every one Placement Share issued on 1 April 2005
Total Number of New Options under Offer:	At least 72,333,232 (see footnote 1)
Subscription price:	0.1 cents per New Option payable in full on acceptance
Exercise price:	5 cents per New Option payable in full on exercise
Underwriting:	The Issue is not underwritten
Listing status of New Options:	The New Options are intended to be listed and quoted on the Official List of ASX. Application for quotation will be made on the date of this Prospectus and in any event, not later than seven (7) days from the date of this Prospectus.
Governing law:	The laws applicable in Queensland, Australia

[1] There are 750,000 vested Options on issue which may be exercised before the Record Date. If all vested Options are exercised prior to the Record Date the New Options issued under the Rights Issue will increase by 107,143. The Company will round up the number of New Options to be issued under the Rights Issue to the nearest whole number in respect of each Shareholder. Given the exercise prices of the Options currently on issue it is unlikely any Options will be exercised unless the Company's share price increases significantly before the Record Date.

4. LETTER FROM THE CHAIRMAN

5 April 2005

Dear Shareholder,

Rights Issue

On behalf of the Directors, I am pleased to offer you the opportunity to participate in a non-renounceable rights issue that entitles you to subscribe for one New Option for every seven Shares held by you on 14 April 2005.

The New Options will be issued at a price of 0.1 cents per New Option.

Your entitlement to take up New Options in the Issue is set out on your Entitlement and Acceptance Form. You may apply for New Options in addition to your Entitlement. If the Issue is not fully subscribed, the shortfall will be allocated at the Directors' discretion. In particular, the Directors may seek to place any shortfall with institutional and sophisticated investors.

Placement Options

On 1 April 2005 the Company issued 17,500,000 Shares to institutional and sophisticated investors introduced by The Venture Group or otherwise known to the Company at a price of 3.9 cents per Share, to raise approximately $682,500. Shares issued in the placement have an entitlement to New Options in the Rights Issue. Placees have a separate entitlement to subscribe for New Options on the basis of one New Option for every one Share issued to them in the placement.

In the case of Placees, your separate entitlement to take up New Options under the Placement Issue is set out in your Placing Entitlement and Acceptance Form. You may not apply for New Options in the Placement Issue in addition to your Placing Entitlement although you may apply for additional New Options in the Rights Issue. If the Placement Issue is not fully subscribed, the shortfall will be allocated at the Directors' discretion.

This Prospectus contains detailed information about the Issue and I urge you to read it carefully.

The funds raised from the subscription price of the New Options will be used to finance the costs of the Offer. The funds raised from the exercise of the New Options, if any, will be used by the Company for its ongoing working capital requirements as at the date that the New Options are exercised. It is anticipated that between the issue of the New Options and the expiry date of the New Options, the Company may require up to $10 million in working capital to enable the Company's Goondicum Industrial Minerals Project to proceed according to the previously announced timetables.

I draw your attention to section 6, which sets out the courses of action available to you.

The closing date for acceptance and payment is 4 May 2005. The Issue is not underwritten.

I commend this Issue to you and look forward to your continued support of the Company.

Yours faithfully

Peter Slaughter
EXECUTIVE CHAIRMAN

5. DETAILS OF THE RIGHTS ISSUE & PLACEMENT ISSUE

5.1 Capital raisings

On or about 18 March 2005 the Company agreed to make a placement of 17,500,000 Shares to institutional and sophisticated investors introduced by The Venture Group or otherwise known to the Company at 3.9 cents per Share, to raise approximately $682,500. Shares issued in the placement have an entitlement to New Options in this Rights Issue. As mentioned above, Placees have a separate entitlement to subscribe for New Options on the basis of one New Option for every one Share issued pursuant to the placement. The Company incurred a debt of $24,000 to The Venture Group in respect of services provided by The Venture Group in connection with this placement. The parties have agreed that this debt will be satisfied by the placement of 4,800,000 Options to The Venture Group at a notional subscription price of 0.5 cents per Option but otherwise on the same terms and conditions as the New Options on or about the date of allotment of the New Options under this prospectus. For the avoidance of doubt, the Options being issued to The Venture Group do not form part of the Offer and are not being issued under this prospectus. The Company will however apply for quotation of the Options issued to The Venture Group at or about the time it apply to the ASX for quotation of the New Options issued under this prospectus.

5.2 Drawdown repayment

In September 2004, Cornell Capital Partners Offshore, LP ("Cornell Capital") paid the company $500,000 in consideration for the placement of five tranches of Shares in the Company to the value of $500,000. The first four tranches have already been issued to Cornell Capital as follows:

1. the first tranche of 2,044,189 Shares with a value of $100,000 was issued on 15 October 2004;
2. the second tranche of 1,796,313 Shares with a value of $100,000 was issued on 11 November 2004;
3. the third tranche of 2,078,879 Shares with a value of $100,000 was issued on 9 December 2004; and
4. the fourth tranche of 2,676,133 Shares with a value of $100,000 was issued on 15 February 2005

The fifth and final tranche of approximately 2,686,992 Shares with a value of $100,000 will be issued to Cornell Capital on 11 April 2005 ("Cornell Capital Shares"). This amount is only an estimate and the actual amount of the Cornell Capital Shares will not be able to determined until 8 April 2005, after the date of this Prospectus.[2]

The Cornell Capital Shares will be eligible to apply for New Options under this Offer.

5.3 Entitlements to New Options

(a) **Rights Issue**

Shareholders registered or entitled to be registered at 5.00 pm on 14 April 2005 are offered 1 New Option for every 7 Shares then held at a subscription price of 0.1 cents per New Option. Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Options. Your Entitlement is shown on the Entitlement and Acceptance Form

[2] The actual amount of Shares to be issued to Cornell Capital in respect of the final trache, will be determined by applying a 3% discount to the lowest daily volume weighted average price of the Company's Shares for each of four, 2 week periods, ending on 8 April 2005. Each period has been allocated a value of $25,000. The amount of Shares to be issued in respect of the first, second and third, 2 week periods are 660,851, 715,922 and 696,572, respectively. The Company estimates that the amount of Shares to be issued in respect of the fourth 2 week period will be approximately 613,647. These amounts are only estimates and the actual amount of the Cornell Capital Shares will not be able to determined until the expiration of the fourth two week period on 8 April 2005

(b) **Placement**

Placees are offered 1 New Option for every 1 Share issued to the Placees under the placement at a subscription price of 0 1 cents per New Option. If you are a Placee you should have received an additional personalised Placement Entitlement and Acceptance Form with this Prospectus and you should use that form.

5.4 Record date

The Record Date to determine Entitlements (being the last day on which transfers will be accepted for registration to enable transferees to participate in the Issue) is 5 00 pm on 14 April 2005.

5.5 Number of New Options

Approximately 72,333,232 New Options are expected to be offered to Shareholders and Placees under the Issue As a result, the Issue will raise approximately $72,333 (less the costs of the Issue) if the Issue is fully subscribed.

In accordance with the terms of existing Options on issue, the Company has given optionholders notice allowing them to exercise their Options in order to participate in the Rights Issue. Accordingly, the number of New Options to be issued under the Issue is an estimate and may change if existing optionholders exercise existing Options.

5.6 Closing date

The closing date and time for acceptance of Entitlements is 5 00 pm on 4 May 2005.

5.7 Payment

Entitlement and Acceptance Forms must be accompanied by payment in full of the subscription price of 0.1 cents per New Option by 4 May 2005. Where the total subscription price would otherwise include a fraction of a cent, the total amount payable should be rounded down to the nearest whole cent.

Payments will only be accepted in Australian currency and must be either by cheque or bank draft drawn on and payable at any Australian bank or by credit card (Bankcard, MasterCard or Visa card only). Cheques should be payable to "Monto Minerals Ltd - Share Purchase Plan Account" and crossed "Not Negotiable". Shareholders are asked not to forward cash. Receipts for payment will not be sent.

5.8 Non Renounceable

Entitlements are not renounceable, which means that they cannot be sold or transferred. There will be no trading of Entitlements on ASX.

5.9 Quotation of New Options

The Company will apply to ASX within seven days after the date of this Prospectus for the New Options to be granted quotation.

5.10 Allotment of New Options

New Options will be allotted as soon as practicable after the closing date of the Offer. It is expected that New Options will be allotted and holding statements posted by 12 May 2005 However, if the closing date for applications is extended, the date for allotment and posting may also be extended.

No allotment of New Options will be made until permission is granted for their quotation by ASX.

Application money will be held in trust in a subscription account until allotment. Any interest earned on the application money will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

5.11 Overseas Shareholders

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The Company has decided it is unreasonable to extend the offer to Shareholders in countries other than Australia, New Zealand, the United Kingdom and Hong Kong having regard to the small number of Shareholders in such places, the number and value of New Options they would be offered and the costs of complying with the legal and regulatory requirements in those countries. For that reason, no New Options will be offered to Shareholders with addresses outside Australia, New Zealand, the United Kingdom or Hong Kong.

5.12 Additional New Options

Shareholders may apply for Additional New Options, to the extent that there is a shortfall under the Issue. Shareholders who wish to apply for Additional New Options must complete the Additional New Options section on the Entitlement and Acceptance Form.

The Directors reserve the right to allocate any shortfall to applicants for Additional New Options in their absolute discretion. The Company may reject any application for Additional New Options or allocate a lower number of Additional New Options than that applied for.

To the extent that any application for Additional New Options is declined, application money will be refunded without interest.

The Directors reserve the right to place, at their discretion, any New Options not taken up by Shareholders ("Shortfall Securities") within three months of the closing date of the Rights Issue on the same terms and conditions as those New Options issued to Shareholders under the Rights Issue and as allowed by Exception 3 in ASX Listing Rule 7.2.

The Directors retain the right to exercise their discretion in placing the Shortfall Securities, including the basis of allocation of Shortfall Securities, to any one or more applicants. Related parties (as defined in the ASX Listing Rules) cannot participate in a placement of Shortfall Securities.

5.13 Underwriting

The Issue is not underwritten.

5.14 Rights attaching to New Options

(a) The last date for exercising the New Options is 5:00 pm Brisbane time on 29 September 2006 ("the Expiry Date"). New Options not exercised on or before the Expiry Date will automatically lapse

(b) To exercise all or some of the New Options a duly completed form of application for Shares on exercise of New Options ("Notice of Exercise") must be delivered to ASX Perpetual Registrars and received by it prior to the Expiry Date, and each exercise must be for a minimum parcel of 10,000 New Options or, in the event that a holder holds less than 10,000 New Options, then the entire New Option parcel.

(c) The New Options entitle the holder to subscribe (in respect of each New Option held) for a Share at an exercise price of 5 cents per New Option.

(d) Upon the exercise of the New Options by Notice of Exercise to the Company and receipt of all relevant documents and payment, Shares will be issued ranking pari passu with the then issued Shares. The Directors will make application for the quotation on ASX of the Shares issued pursuant to the exercise of the New Options.

(e) Unless otherwise determined by the Directors, any Notice of Exercise of a New Option received by ASX Perpetual Registrars will be deemed to be a Notice of Exercise of the New Option on the last business day of the month in which such Notice of Exercise is received.

(f) New Options do not participate in new issues of capital which may be offered to Shareholders during the currency of the New Options prior to the exercise of the New Option. Prior to any new pro rata issue of Shares being offered to Shareholders, Optionholders will be notified of the issue by the Company and will be afforded seven business days before the record date (to determine entitlements to the issue) to exercise their New Options.

(g) It is a condition of the New Options that, in the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the New Options will be reorganised as required by ASX Listing Rules on a reorganisation of capital.

(h) The New Options may be transferred at any time prior to their expiry.

(i) Optionholders will be required to obtain a Notice of Exercise for New Options from the share registry.

(j) Adjustments to the number of Shares over which New Options exist and/or the New Option exercise price may be made if there is a change to the capital structure of the Company by way of pro rata issue for cash or a bonus issue. The method of adjustment shall be in accordance with ASX Listing Rules. However, subject to approval of ASX, if the Company makes a pro rata bonus issue of Shares to Shareholders, the total number of New Options will be increased by the same ratio as the increase in the total number of Shares and the exercise price of New Options will be amended in inverse proportion to that ratio

5.15 Rights and liabilities attaching to Shares

Each Share issued on exercise of each New Option will rank equally with the Shares currently on issue. For details of the rights attaching to Shares, Shareholders should refer to the Constitution, which may be inspected during normal hours at the Company's registered office or viewed at www.montominerals.com.

The following paragraphs contain a summary of the rights attaching to the Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders, which can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. Shareholders who wish to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstance should seek their own advice.

- Each Shareholder is entitled to receive notice of general meetings of the Company. Except in certain circumstances, Shareholders are entitled to be present in person, or by proxy, attorney or representative to speak or to vote at general meetings of the Company or to join in demanding a poll. Shareholders may requisition general meetings in accordance with the *Corporations Act*
- At a general meeting, on a show of hands, every person present who is either a member, a proxy, an attorney or a representative of a Shareholder has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each Share held.
- The Directors may from time to time authorise and pay dividends out of the profits of the Company. Dividends recommended by the Directors may also be declared by the Company in general meeting. Dividends are payable in proportion to the number of Shares held by Shareholders.
- If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in a trustee on trust for Shareholders.
- A Shareholder may transfer Shares by a written transfer or by a transfer effected under a computerised or electronic system recognised by the Listing Rules or by the *Corporations Act*. The Directors may refuse to register a transfer of Shares where the Listing Rules permit or require the Company to do so and they may refuse to register such a transfer if required by the Listing Rules. On any refusal to register a transfer of Shares, the Company must give written notice to the transferee and the reasons for the refusal.

The Directors may, subject to the Constitution, allot Shares with such terms and conditions as they think fit.

6. ACTION REQUIRED BY SHAREHOLDERS AND PLACEES

You may only accept all of your Entitlement and may not accept only part of your Entitlement.

6.1 If you wish to accept your Entitlement in full

Complete the Rights Entitlement and Acceptance Form in accordance with the instructions set out on it.

If you are a Placee you should have received an additional personalised Placement Entitlement and Acceptance Form with this Prospectus and you should use that form in addition to the Rights Entitlement and Acceptance Form.

Forward your completed form or forms, together with your payment of 0.1 cents per New Option, rounded down to the nearest whole cent in the pre-printed envelope enclosed with this Prospectus to reach:

The Share Registry Monto Minerals Ltd ASX Perpetual Registrars Level 22, HSBC Building 300 Queen Street BRISBANE QLD 4000	or	The Share Registry Monto Minerals Ltd ASX Perpetual Registrars GPO Box 2537 BRISBANE QLD 4001

by no later than 5 00 pm on 4 May 2005.

Cheques should be in Australian currency and made payable to "MONTO MINERALS LTD - SHARE PURCHASE PLAN ACCOUNT" and crossed "Not Negotiable". Payment by Credit Card is available using Mastercard, Bankcard or Visa. See Entitlement and Acceptance Forms

6.2 If you wish to apply for more than your Entitlement

Complete the Entitlement and Acceptance Form in accordance with the instructions set out on it, including the Additional New Options section to indicate the number of Additional New Options you wish to apply for in the event of a shortfall.

If you are a Placee you should have received an additional personalised Placement Entitlement and Acceptance Form with this Prospectus and you should use that form in addition to the Rights Entitlement and Acceptance Form

Forward your completed form or forms, together with your payment of 0.1 cents per New Option, (including Additional New Options applied for) in the pre-printed envelope enclosed with this Prospectus to reach:

The Share Registry Monto Minerals Ltd ASX Perpetual Registrars Level 22, HSBC Building 300 Queen Street BRISBANE QLD 4000	or	The Share Registry Monto Minerals Ltd ASX Perpetual Registrars GPO Box 35 BRISBANE QLD 4001

by no later than 5.00 pm on 4 May 2005.

Cheques should be in Australian currency and made payable to "MONTO MINERALS LTD - SHARE PURCHASE PLAN ACCOUNT" and crossed "Not Negotiable". Payment by Credit Card is available using Mastercard, Bankcard or Visa. See Entitlement and Acceptance Forms

6.3 If you do not wish to accept your Entitlement

You are not required to take any action. Entitlements not accepted will lapse, except to the extent that New Options are allocated to Shareholders who apply for Additional New Options

6.4 Payment for New Options

The application price of 0.1 cents per New Option is payable in full on acceptance of your Entitlement and on application for Additional New Options. Payments should be rounded down to the nearest whole cent where the total amount payable for the Entitlement would otherwise include a fraction of a cent.

All payments for New Options are to be made in Australian currency either by completing the credit card details section on the Entitlement and Acceptance Forms or by cheque or bank draft drawn on and payable at any Australian bank. Payment by Credit Card is available using Mastercard, Bankcard or Visa. See Entitlement and Acceptance Forms.

Cheques should be made payable to "MONTO MINERALS LTD - SHARE PURCHASE PLAN ACCOUNT " and crossed "Not Negotiable".

Shareholders are asked not to forward cash. Receipts for payments will not be issued. Interest will not be paid on any application money.

6.5 No trading of Entitlements

Entitlements to New Options are not renounceable, which means they cannot be sold or transferred. There will be no trading of Entitlements.

6.6 Enquiries

If you are in any doubt as to how to complete or deal with the Entitlement and Acceptance Forms, you should contact your stockbroker or your legal or financial adviser for assistance.

7. INFORMATION ABOUT THE COMPANY'S PROJECTS

7.1 Goondicum Industrial Minerals Project

The Company is an emerging producer of industrial minerals with substantial in-ground resources in Queensland. The Goodicum Industrial Minerals Project is located in central Queensland, 100km south of the major industrial port of Gladstone, close to road, rail, power, water and workforce. The Goondicum industrial minerals resource (combined measured and indicated) has a life of 19 years using an initial mining rate of 1.5 million tonnes per year and ramping up to 3 million tonnes per year by year 5. The industrial minerals of economic significance are ilmenite, feldspar and apatite and possibly titano-magnetite.

The indicative resource has been defined follows:

- the ilmenite resource has been estimated, using a 3.0% ilmenite cut-off grade, at 79 million tonnes of ore containing 3.9 million tonnes of ilmenite with an average recovered grade of 5.0%;
- the feldspar resource has been estimated, using a 4.0% feldspar cut-off grade, at 4.7 million tonnes with an average recovered grade of 13.6%; and
- the apatite resource has been estimated, using a 0.1% apatite cut-off grade, at 665,000t with an average recovered grade of 1.9%

The Company plans to supply domestic and international markets with feldspar for use in glass manufacture, paint and industrial abrasives, ilmenite for manufacture of titanium dioxide pigment used in paint, paper and plastics, and apatite for use in fertiliser.

(a) Trial Plant

In early 2004, the Company constructed a Trial Plant at the mine site at Goondicum, supported by a feldspar washing plant at Dinmore, near Ipswich in Queensland, to be used in the production of ilmenite, feldspar and apatite bulk samples for commercial scale trials by identified customers in Australia and Asia. The aim of this work was to establish the technical and market viability of the mine products and to secure Letters of Intent and other forms of commitment to support a decision to construct commercial scale mining and processing plants based on the Goodicum resource.

(b) Commercial processing plant

The success of the Trial Plant has confirmed the Company's plans to assess the feasibility of a commercial processing plant on the Goondicum site. From the samples provided to customers during the trial since June 2004, Letters of Intent and other forms of commitment have been secured for the supply of the first two years' production of ilmenite, and Australian fertiliser manufacturers has undertaken to purchase all of the first two years' production of apatite. Furthermore, ACI Operations Pty Ltd, an affiliate of Owens-Illinois, one of the world's leading glass container manufacturers, has recently completed a commercial scale trial using the Company's feldspar in its glassmaking plant in Brisbane. Subject to a final report on this test work, the Company may re-open the Trial Plant to provide bridging production for ACI until the main processing plant is operational.

The Company believes the project is sufficiently robust to be primarily funded from non-bank market sources. Preliminary estimates for the cost of the commercial plant is $25 million plus an additional amount of working capital of $10 million. The Company is currently investigating possible business structures within which to finance and construct the processing plant, including joint ventures and non-bank debt raising.

The Company aims to be producing ilmenite, feldspar and apatite at the main processing plan within 12 months. Based on customers' positive responses to the samples produced by the Trial Plant, the findings of the continuing feasibility study and the Company's proven technology, the Company is confident of achieving this aim. The Company has commenced work on the design of the commercial processing plants and the Gladstone Port facilities

The logistical planning for the supply of water and power to the mine plant together with land transport to Gladstone Port has also commenced.

The Company plans to complete the feasibility study of the processing plants in April 2005 and commence construction in July 2005 to enable commercial production of ilmenite, feldspar and apatite to begin in early 2006 It is estimated that the initial annual production generated from the processing plant will be 100,000 tpa of ilmenite, 100,000 tpa of feldspar and 20,000 tpa of apatite. Following this there will be a staged expansion to meet market demand for the minerals.

7.2 Other Exploration Projects

(a) **River Lease**

Monto Resources Pty Ltd, a wholly owned subsidiary of the Company, held Mining Lease Application (ML Application) 80040, known as the River Lease, which is south-east of the Goondicum Industrial Minerals Project. Given the Company's current focus on that project, the continuing holding costs in relation to the ML Application, potential native title issues and environmental issues, the Board undertook a review of the Company's options in relation to the ML Application. The review examined the benefits pursuing the ML Application at this time versus the costs of doing so. It also considered recent interest from Chinese pigment manufacturers and ilmenite traders and the potential impact of the International Accounting Standards on the carrying value of the ML Application. After careful consideration of all of these matters, the Company withdrew the ML Application over the River Lease but continues to hold an Exploration Permit (Minerals) (EPM) Number 9100 over the area.

(b) **Eulogie Park**

The Company is seeking expressions of interest for potential transactions in relation to the hard rock magnetite deposit at its Eulogie Park tenements and has entered discussions with several interested parties.

8. EFFECT OF THE ISSUE

8.1 Effect of the Issue on the Company and the Company's capital

At the date of this Prospectus, the Company has on issue:

- 381,145,628 Shares;
- 750,000 Options exercisable at $0.10 each on or before 31 December 2006; and
- 1,800,000 Options exercisable at $0.12 each on or before 30 June 2006 (subject to performance hurdles).

Upon completion of the Issue (if fully subscribed), the Company will have on issue (assuming that no further Options or Shares are issued and none of the Options are exercised before the Record Date):

- 383,832,620 Shares (including approximately 2,686,992 Shares to be issued to Cornell Capital on or about 11 April 2005);
- 750,000 Options exercisable at $0.10 each on or before 31 December 2006;
- 1,800,000 Options exercisable at $0.12 each on or before 30 June 2006 (subject to performance hurdles); and
- 72,333,232 New Options plus 4,800,000 New Options issued to The Venture Group in satisfaction of the Company's debt. (See section 5.1).

The Issue (if fully subscribed) will increase the Company's cash reserves (before the costs of the Issue) by approximately $72,333.

The total number of Options and Shares on issue after completion of the Issue will depend, as described in section 5.5, on the number of Options which are exercised (if any), the number of New Options which are offered and the number of New Options for which acceptances are received.

8.2 Share Price Information

The highest market sale price of Shares on ASX during the three months immediately preceding the date of this Prospectus, was 4.8 cents on 10 January 2005.

The lowest market sale price of Shares on ASX during the three months immediately preceding the date of this Prospectus, was 3.6 cents on 3 March 2005.

The last sale price for Shares on ASX on the trading day prior to the date of this Prospectus was 4.5 cents on 1 April 2005.

8.3 Application of Funds

The Company is seeking to raise $72,333 in total from the Issue of New Options.

The funds raised from the subscription price of the New Options will be used to finance the costs of the Offer. The estimated cost of the Offer is $57,000. The excess of $15,333 between the funds raised from the Issue of New Options and the cost of the Offer will be used as working capital in the continuing feasibility assessment of the Goondicum Industrial Minerals Project and its proposed construction and operation.

There is no minimum subscription of this Offer. Even if the Offer is not fully subscribed, the Company intends to proceed with the Issue of those New Options for which Shareholders and Placees have subscribed. Any shortfall between the funds raised from the subscription price of the New Options and the cost of the Offer will be met by the Company's current cash reserves.

8.4 Application of Funds if New Options exercised

If all the New Options are issued and later exercised, the additional amount raised will be applied to working capital requirements. It is anticipated that between the issue of the New Options and the Expiry Date of the New Options, the Company may require up to $10 million in working capital to enable the Goondicum Industrial Minerals Project to proceed according to the previously announced timetables. Any funds raised from exercise of New Options will be directed towards this working capital requirement. If working capital has already been raised in the form of debt, it is likely that the funds raised will be applied to debt reduction.

However, additional amounts raised as a result of the exercise of the New Options will be used by the Company for such other purposes as determined by the Directors. A firm decision on amounts to be used for these purposes will be dependent on both the actual amounts raised, over which the Company has no control, and the status of the Company's projects at the relevant time and other requirements of the Company at the time of exercise.

Whether the New Options are exercised will depend upon a number of factors including the market price of the Company's Shares from time to time.

8.5 Costs of the Issue

The estimated cost of the Offer is $57,000.

It is assumed that credit card fees of 1.75% will be paid on approximately $11,425 of subscription moneys in respect of the Issue.

In addition to the qualifications and assumptions in this section, Shareholders should consider the risk factors set out in section 9.

8.6 Consolidated Pro-Forma Statement of Financial Position

The payment of the subscription price of 0.1 cents per New Option will have an effect on the Company's Consolidated Statement of Financial Position. The Company's Consolidated Statement of Financial Position as at 31 December 2004 is set out below

Consolidated Pro-Forma Statement of Financial Position

	31 December 2004	Placements	Prospectus Issue*	Pro-Forma
CURRENT ASSETS				
Cash Assets	1,015,807	669,225	15,333	1,700,365
Receivables	78,192	-	-	78,192
Other	9,996	-	-	9,996
Total Current Assets	1,103,995	669,225	15,333	1,788,553
NON-CURRENT ASSETS				
Receivables	42,500	-	-	42,500
Property, Plant & Equipment	5,126	-	-	5,126
Other	18,295,364	-	-	18,295,364
Total Non-Current Assets	18,342,990	-	-	18,342,990
TOTAL ASSETS	19,446,985	669,225	15,333	20,131,543
CURRENT LIABILITIES				
Payables	1,152,733	(186,000)	-	966,733
Provisions	5,897	-	-	5,897
TOTAL LIABILITIES	1,158,630	(186,000)	-	972,630
NET ASSETS	18,288,355	855,225	15,333	19,158,913
EQUITY				
Contributed Equity	27,238,710	855,225	-	28,093,935
Reserves	-	-	15,333	15,333
Accumulated Losses	(8,950,355)	-	-	(8,950,355)
TOTAL EQUITY	18,288,355	855,225	15,333	19,158,913

* After costs of $57,000

The Consolidated Pro-Forma Statement of Financial Position at 31 December 2004 has been included for illustrative purposes only. The Statement of Financial Position has been prepared by adjusting the historical Statement of Financial Position at 31 December 2004 to reflect the financial effect of the following transactions as if they had occurred at 31 December 2004:

1. a placement of 2,676,133 Shares with a price of $0.03736735 were issued to Cornell Capital on 15 February 2005;
2. a placement of approximately 2,686,992 Shares with a value of $100,000 to be issued to Cornell Capital on 11 April 2005;
3. a placement of 17,500,000 Shares to institutional and sophisticated investors introduced by The Venture Group or otherwise known to the Company at 3.9 cents per Share, to raise approximately $682,500 on 1 April 2005; and
4. the Issue of 72,333,232 New Options to Shareholders and Placees to raise approximately $15,333 after the costs of the Issue

9. INVESTMENT CONSIDERATIONS AND RISK FACTORS

Shareholders and Placees should be aware that there are risks associated with an investment in the Company. These can be categorised as general risks (that is, matters which relate to business in general) and specific risks (those which relate directly to the Company's business) Shareholders should also give detailed consideration to the assumptions and risks set out elsewhere in this Prospectus.

9.1 General Risk Factors

(a) **(Share Market Conditions):** As the Company is a listed company, its share price will be subject to the numerous influences which may affect both the broad trend in the share market and the share prices of individual companies and sectors.

(b) **(Economic Conditions):** Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption impact on operations and commodity prices.

(c) **(Government Policies):** The Company's business may be impacted by changes to government policies including those regarding land access, environmental regulations, taxation and royalties

(d) **(Taxation):** In addition to the normal level of income tax imposed on all industries the mining industry is required to pay government royalties, indirect taxes and other imposts which generally relate to revenue or cash flows Industry profitability can be affected by changes in government taxation policies.

(e) **(Native Title):** As a consequence of the decision of the High Court in the Mabo Case and subsequent Federal and Queensland Native Title legislation ("the native title legislation") the possibility that native title may affect the Company's exploration permits and mining lease applications must be taken into account. However, investors should note that the Goondicum Industrial Minerals Project is on freehold land and not subject to any native title claims

9.2 Specific Risk Factors

Specific risks which may affect the Company include the following:

(a) **(Project Feasibility):** The Feasibility Study in relation to the Goondicum Crater Project may not establish the feasibility of production at the time it is undertaken. This could mean deferral or abandonment of the project, either of which would materially and adversely affect the Company's prospects.

(b) **(Funding):** The Company will require further funding to enable it to complete the Goondicum Crater Project Even if the Feasibility Study establishes the feasibility of the Goondicum Crater Project, the Company will require significant further funding in the form of equity and/or debt in order for it to complete the development of the project.

The inability of the Monto Minerals Group to raise the further funding necessary for the Feasibility Study and for the capital and other requirements of establishing mining operations would materially and adversely affect the Company's prospects.

Current indications are that capital requirements for the initial phase of the Goondicum Industrial Minerals Project are approximately $27 million including $2 million working capital to be utilised in relation to plant start up. Furthermore, an additional $8 million in working capital may be required during commissioning and initial operating activity until normal monthly marketing revenue is achieved.

(c) **(Unacceptable elemental content or contaminants):** Commercial scale tests by potential customers on bulk samples may establish that the elemental content or contaminants in ilmenite, feldspar or apatite from the Goondicum Crater Project is not acceptable to them. If the Company is unable to rectify the product specifications then sales will be adversely effected.

(d) **(Market Risk):** Once constructed, the continuing viability of the Goondicum Crater Project will depend on the Company's ability to establish and maintain a sufficiently large market to which to sell all of the ilmenite, feldspar or apatite produced by the Goondicum Crater Project. This is because there is no general commodities market for the Company's products. Instead the Company must establish and maintain supply relationships with individual end user customers

The Company may not be able to secure sufficient contracted sales of its products to ensure acceptable profitability of the Project. While potential customers have given written assurances to purchase over 60% of the initial production, they may be unwilling to convert those commitments into sales contracts prior to commencement of commercial production in 2006. These factors can adversely impact on the scale of production necessary to achieve commercially viable and continuous production.

(e) **(Performance of Contractors and Disputes):** The Company has assumed that the performance of the various contractors will be satisfactory and in accordance with their terms of engagement, and that there will be no industrial disputes affecting the contractors, disputes with the contractors or other litigation involving the contractors. If any of those matters were to occur, it could give rise to delays in the finalisation of the Feasibility Study.

(f) **(Commodity Price Volatility & Exchange Rate Risks):** If the Company achieves mineral production from the Goondicum Crater Project, the revenue that the Company may derive from the sale of minerals to overseas markets exposes the potential income of the Company to commodity price and exchange rate risks. Commodity price fluctuations are affected by many factors beyond the control of the Company, including supply and demand fluctuations for the Company's products, technological advancement and other factors. International prices of various commodities are largely denominated in United States dollars, whereas the income and expenditure of the Company will be in Australian currency, exposing the Company to fluctuations between the exchange rate of the United States dollar and the Australian dollar.

(g) **(Delay in obtaining, or failure to obtain, any government approvals required):** Operation of the Trial Plant is covered by an existing approved Environmental Management Overview Strategy and a Plan of Operations has been accepted by the Environmental Protection Agency

The Company has submitted a revised Environmental Management Overview Strategy for the full scale operation to the Environmental Protection Agency. Following approval of the revised Environmental Management Overview Strategy, the Company will submit a New Plan of Operations for acceptance by the Environmental Protection Agency

The Environmental Management Overview Strategy and Plan of Operations will be reviewed by the EPA in April and May 2005 There is a risk that the Environmental Protection Agency may require further work to be conducted by the Company in relation to the Environmental Management Overview Strategy or Plan of Operations before approving them, or that it may require the inclusion of additional conditions before approving them.

(h) **(Key Persons):** The Company places significant dependence on its Executive Directors, Mr Peter Slaughter (Executive Chairman) and Mr Geoff Moore (Executive Director and Chief Executive Officer). The loss of their services could materially and adversely affect the ability of the Company to complete the Feasibility Study and may result in recently established marketing relationships being lost or damaged

(i) **(Economic and Weather Factors):** Changes in world economic conditions are likely to impact upon the market for titanium dioxide pigment, glass and fertilizer and hence the markets for ilmenite, feldspar and apatite. Apatite demand may also be affected by weather conditions.

(j) **(Product Substitutes):** The development of an economic substitute for titanium dioxide pigment may impact upon the market for ilmenite. The Directors have recently become aware that in certain circumstances minerals such as feldspar may be used to partially substitute for titanium dioxide. The Company has established that its feldspar being silica free and having suitable brightness and whiteness characteristics may constitute a substitute for titanium dioxide in some specific applications.

There are a number of alternatives for feldspar in the glass industry and for apatite for the manufacture of phosphate fertilisers. Potential customers may prefer to use alternative raw materials.

10. ADDITIONAL INFORMATION

10.1 Inspection of documents lodged with ASIC

The Company is a disclosing entity for the purposes of the *Corporations Act* and as such is subject to regular reporting and disclosure obligations under the *Corporations Act* and the Listing Rules.

Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC

10.2 Copies of documents available free of charge from the Company

At any time up to the latest time for lodgement of an Entitlement and Acceptance Form any person may apply for, and the Company will provide, a copy of the following documents free of charge:

- the annual financial report of the Company for the year ended 30 June 2004, being the most recently lodged annual financial report of the Company before the date of this Prospectus;
- the half-year financial report of the Company for the 6 months ended 31 December 2004; and
- any of the continuous disclosure notices listed below, which are those given by the Company to the ASX after the lodgement on 29 September 2004 of the annual financial report of the Company for the year ended 30 June 2004 and before lodgement of a copy of this Prospectus with ASIC:

Announcement Date	Announcement
12 October 2004	Goondicum Industrial Minerals Project Marketing Update
15 October 2004	First Tranche issued to Cornell Capital Partners and new placement of 2,000,000 Shares Raising $84,000 before costs - Agreement to issue further 8,333,333 shares
19 October 2004	2004 Annual Report
27 October 2004	Paint Industry Tests Point to Expanded Market for Monto's Feldspar
29 October 2004	Placement of Shares
29 October 2004	Fourth Quarter Report 2004/2005 - for 3 months to 30 September 2004
2 November 2004	Monto to proceed with full Feasibility Study of Monto Minerals Project and share placement
11 November 2004	Second Tranche issued to Cornell Capital Partners
22 November 2004	Monto Minerals Progress towards Bankable Feasibility Study - work to be initiated on critical path items
23 November 2004	Chairman's Address – Annual General Meeting
23 November 2004	Resolutions – Annual General Meeting Results
23 November 2004	Issue of Shares
2 December 2004	Change in Directors Interests
9 December 2004	Issue of Shares
9 December 2004	Update on BFS and related activities
31 December 2004	Progress in Discussions with John Holland Development and Investment
18 January 2005	Full Feasibility Study Proceeding
31 January 2005	Second Quarter Report 2004/2005 - for 3 months to 31 December 2004
15 February 2005	Issue of Shares
4 March 2005	Interim Accounts to December 31, 2004
4 March 2005	Revised Interim Financial Accounts to 31 December 2004

Announcement Date	Announcement
7 March 2005	Countdown to Production Presentation
7 March 2005	Change of Directors Interest Notice X 4
15 March 2005	Notice of General Meeting
17 March 2005	Philippines Trial aimed at lifting Industrial Minerals sales
18 March 2005	Placement & Appendix 3B - Fund Feasibility Study on Goondicum
24 March 2005	Letter to Shareholders: Strategy for the Future
1 April 2005	Issue of Shares

Any such requests should be directed to the Company's head office on telephone number (07) 3858 6100 or by email to admin@montominerals.com.

The documents referred to in this section are also available on the Company's website at www.montominerals.com.

None of the information referred to in this Part 10.2 is taken to be included in this Prospectus or is issued with this Prospectus.

10.3 Taxation

Shareholders should be aware that there may be taxation implications of being issued with New Options. Shareholders should consult their own professional tax adviser to obtain advice in relation to the taxation laws and regulations applicable to their own circumstances.

10.4 Interests of Directors and Promoters

Except as set out in this Prospectus no:

(a) Director or proposed Director; or

(b) promoter of the Company,

holds or held at any time in the last two years any interest in:

(c) the formation or promotion of the Company;

(d) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(e) the Offer.

The table below shows the relevant interests of each Director and alternate director in securities of the Company as at the date of this Prospectus:

Director	Number of Shares in which a Relevant Interest is held	Number of Options exercisable at 12 cents each by 30 June 2006 (subject to performance criteria) [1]
Peter J Slaughter	855,057	600,000
Peter G Dowling	1,919,657	300,000
Geoffrey P Moore	481,227	600,000
Richard I Cottee	430,230	300,000
Phillip M Wright (alternate director for R Cottee)	20,724,000	Nil

[1] See section 10 5 for further information about these options As set out in the Company's Notice of General Meeting dated 15 March 2005, at the Company's General Meeting to be held on 21 April 2005. Shareholders will consider the issue of a maximum of 19,000,000 additional Options to acquire fully paid Shares on the terms and conditions attached to the Notice of General Meeting, the Directors of the Company: Peter Slaughter (5,000,000). Geoff Moore (5,000,000). Peter Dowling (3,000,000),

Richard Cottee (3,000,000) and Phillip Wright (3,000,000) Refer to Section 10 2 in relation to how to obtain a copy of this Notice of General Meeting

Directors and their associates who hold Shares at the Record Date will be eligible to participate in the Issue

10.5 Payments or benefits to Directors and Promoters

Except as set out in this Prospectus, no one has paid or agreed to pay:

(a) any amount or provided or agreed to provide any benefit at any time during the last two years; or

(b) any material amount or provided or agreed to provide any material benefit at any time during the past five years,

to:

(c) any Director or proposed Director to induce them to become or to qualify as a Director; or

(d) a Director or proposed Director or promoter for services provided by that person in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer

Directors Benefits as at 31 March 2005

Director	P Slaughter & related entities	P G Dowling	G P Moore	R I Cottee	P M Wright (Alternate Director for R Cottee)	Total
Date of Appointment	28 May 2002	19 Oct 1999	28 May 2002	13 Dec 2002	16 Feb 2004	-
Salary / Consulting	$249,852 71	$46,885 69	$561,706 00	Nil	Nil	$858,444 40
Directors' Fees	$118,333 33	$158,029 33	$35,416 67	$60,041 67	Nil	$371,821 00
Superannuation	$10,616 67	$13,014 50	$3,365 35	$5,403 75	Nil	$32,400 27
Interest	$3,924 16	$460 19	$4,467 41	$564 62	Nil	$9,416 38
Options[1]	$117,600 00	$58,800 00	$117,600 00	$58,800 00	Nil	$352,800 00
Total Compensation	$500,326 87	$277,189 71	$722,555 43	$124,810 04	Nil	$1,624,882 05
Compensation Accrued [2]	$246,740 39	$33,235 63	$309,214 65	$30,294 20	Nil	$619,484 87
Amount of Accrued Compensation to be paid[3]	$190.29	$532.50	$133.50	$119.34	Nil	$975.63

[1] The issue of the options was approved by shareholders at the 2003 annual general meeting The value attributed to the options is as disclosed in the notice of meeting and was calculated under the Black-Scholes model 80% of the Directors' options issued 18 November 2003 have been cancelled The actual value to Directors of a cancelled option is nil Accounting standards require that on the cancelled options the remainder of the deemed value of these options be recorded as remuneration

[2] This represents the amount of the total compensation accrued at 31 March 2005 but not paid as at that date The relevant persons have agreed not to demand payment of these amounts until financial closure of the Goondicum Industrial Minerals Project

[3] The Company proposes to pay up to the following amounts out of these deferred fees before the closing date of the Offer These directors and their associated entities have indicated that they intend to use any amounts which are paid (net of tax) to subscribe for their Entitlements

Directors' remuneration

Under the Constitution, the Directors are entitled to be paid the remuneration that is authorised by the Company in a general meeting, excluding remuneration of managing or executive Directors.

As at the date of this Prospectus, the Company in general meeting has authorised the payment of $300,000 per annum as the remuneration of Directors, excluding remuneration of managing or executive Directors.

The maximum total remuneration for non-executive Directors may not be increased except with the prior approval of the Company in general meeting. A non-executive Director may not be paid a commission or percentage of operating revenue. If a non-executive Director performs extra services, the Directors may decide to pay that Director additional remuneration which is not included in the above limit.

The Directors are entitled to be reimbursed for all reasonable costs and expenses incurred when the Directors are engaged on the business of the Company.

The remuneration of any managing Director or executive Director for his or her services shall be determined by the Directors.

Each of the Directors and alternate directors (or their related parties) indicated below has entered into a consultancy agreement with the Company under which they are entitled to receive payment for additional services provided by them to the Company. The consultants must submit invoices to the Company setting out details of the work performed and the number of hours worked. Under the consultancy agreements, the Directors (or their related parties) are entitled to be reimbursed for all reasonable expenses incurred by them in performing the additional services.

Name	Annual Directors' Fees	Superannuation	Consulting Fee (inclusive of GST where applicable)
Peter J Slaughter and related entities	$60,000	$5,400	$1,760 per day
Peter G Dowling	$48,000	$4,320	$1,600 per day
Geoffrey P Moore	Nil	Nil	$1,760 per day
Richard Cottee	$36,000	$3,240	$1,600 per day
Phillip M Wright (Alternate Director for R Cottee)	Nil	Nil	Nil

Directors' indemnities

The Constitution provides that, subject to the *Corporations Act*, every Director shall be indemnified by the Company against all liabilities incurred in acting as a Director, but excluding any liability arising out of conduct involving a lack of good faith and excluding any liability to the Company or any related body corporate of the Company.

The Company has entered into a deed with each Director providing for:

- an indemnity in favour of the Director consistent with the Company's constitution;
- access to Company documents for proper purposes after retirement as a Director; and
- maintenance by the Company of a director's and officer's insurance policy for the Director while in office and for seven years after retirement as a Director.

The Company has agreed to pay the executive chairman, Mr Slaughter and the Managing Director, Mr Moore a success fee of $100,000 each on the financial closure of the Goondicum Industrial Minerals Project.

10.6 Interests of, and payments or benefits to, advisers and experts

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds or has at any time during the last two years held, any interest in:

(a) the formation or promotion of the Company,

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or

(c) the Offer.

Except as set out in this Prospectus, no person has paid or agreed to pay:

(a) any amount or provided or agreed to provide any benefit at any time during the last two years; or

(b) any material amount or provided or agreed to provide any material benefit at any time during the past five years;

to a person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus for services provided by such person in connection with:

(c) the formation or promotion of the Company; or

(d) the Offer

Clayton Utz

Clayton Utz will receive approximately $20,000 (excluding GST and disbursements) from the Company for the provision of legal services to the Company in relation to the Issue.

BDO Kendalls

BDO Kendalls will receive approximately $4,000 (excluding GST and disbursements) from the Company for the provision of accounting services to the Company in relation to the Issue.

10.7 ASIC Declaration

The Company received from ASIC a declaration under section 741(1)(b) of the *Corporations Act* dated 1 April 2005 which modifies the Company's disclosure obligations under section 711

10.8 Consents

BDO Kendalls have given and have not withdrawn their consent to be named as the Company's auditors in the form and context in which they are named.

Clayton Utz have given and have not withdrawn their consent to be named as the Company's solicitors in the form and context in which they are named

ASX Perpetual Registrars Limited have given and have not withdrawn their consent to be named as the Company's Share Registry in the form and context in which they are named.

The issue of this Prospectus has been authorised by each of the Directors. The Directors have given their consent to the lodgement of this Prospectus with ASIC and have not withdrawn their consent prior to lodgement

Executive Chairman

11. GLOSSARY

In this Prospectus the following words have these meaning unless the context otherwise requires:

Additional New Options	New Options subscribed for by a Shareholder in addition to his or her Entitlement under Rights Issue
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange Limited
Business Day	Any day on which both ASX and major trading banks are open for trading in Brisbane
Constitution	The constitution of Monto Minerals
Corporations Act	*Corporations Act* 2001 (Cth)
Directors or **Board**	The directors of Monto Minerals
Entitlement	The number of New Options to which a Shareholder or Placee is entitled to subscribe for under the Rights Issue or Placement Issue respectively, in accordance with this Prospectus
Entitlement and Acceptance Form	Placement Entitlement and Acceptance Form and Rights Entitlement and Acceptance Form, as appropriate
Feasibility Study	The feasibility study which the Company has undertaken in relation to the Goondicum Industrial Minerals Project
Goondicum Industrial Minerals Project or **Goondicum Crater Project**	The project being undertaken by Monto Minerals at Goondicum near Monto, Queensland, Australia to produce the industrial minerals ilmenite, feldspar, and apatite
Issue	The issue of New Options under the terms of this Prospectus comprising of the Rights Issue and the Placement Issue
Listing Rules	The official listing rules of ASX with any modifications or waivers in their application to Monto Minerals that ASX may grant
Monto Minerals or **the Company**	Monto Minerals Ltd ABN 71 063 144 865
Monto Minerals Group	Monto Minerals, Monto Resources Pty Ltd ACN 058 011 368 and Eulogie Resources Pty Ltd ACN 073 730 060
New Option	An option to subscribe for a Share under the terms set out in this Prospectus
Offer	The offer of New Options made in this Prospectus
Option	An unquoted option to subscribe for a Share
Placee	A institutional or sophisticated investor introduced to the Company by The Venture Group or otherwise known to the Company who participated in the placement of 17,500,000 Shares on 1 April 2005
Placement Entitlement and Acceptance Form	The entitlement and acceptance form in relation to the Placement Issue accompanying copies of this Prospectus given to Placees
Placement Issue	The issue of New Options to Placees under the terms of this Prospectus
Record Date	5.00 pm Brisbane time on 14 April 2005, the date on which Entitlements will be determined
Rights Entitlement and Acceptance Form	The entitlement and acceptance form in relation to the Rights Issue accompanying this Prospectus
Rights Issue	The issue of New Options to Shareholders under the terms of this Prospectus but excluding the Placement Issue
Shareholders	The holders of Shares
Shares	Fully paid ordinary shares in the capital of the Company
Trial Plant	Small scale plants constructed by the Company at the Goondicum Industrial Minerals Project site and at Dinmore to produce bulk samples of ilmenite, feldspar, and apatite for sale to potential customers for trial in their processes

CORPORATE INFORMATION

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
Alternate Director:	Phillip M Wright

Administration

Company Secretary:	Garry M Edwards
Registered Office:	Level 6 303 Coronation Drive Milton Qld 4064 Telephone: (07) 3858 6100 Facsimile: (07) 3858 6199
Web Site:	www.montominerals.com
Email:	admin@montominerals.com
Share Registry:	ASX Perpetual Registrars Level 22, HSBC Building 300 Queen Street Brisbane Qld 4000 www asxperpetual com.au
Auditors :	BDO Kendalls Level 16 300 Queen Street Brisbane Qld 4000
Solicitors :	Clayton Utz Level 25 215 Adelaide Street Brisbane Qld 4000
Stock Exchange Listing :	Australian Stock Exchange Limited Home Branch - Brisbane ASX Code (Shares) - MOO

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