28 July 2005

ASX ANNOUNCEMENT

FOURTH QUARTER REPORT 2004/2005
FOR THREE MONTHS TO 30 JUNE 2005

COUNTDOWN TO PRODUCTION.......

HIGHLIGHTS

- **Decision to proceed with the Goondicum industrial minerals project subject to finance**
- **Followed completion of favourable feasibility study**
- **Production scheduled June quarter 2006**
- **Progress in marketing based on quality of products**

The Board of Monto Minerals Limited (Monto) decided in June 2005 to proceed with the development of the Goondicum Industrial Minerals Project subject to finance, following the completion of a favourable feasibility study into the project.

It is planned to begin supplying international and Australian markets with ilmenite, feldspar and apatite commencing in the June quarter of 2006.

Feasibility study

The study was commenced in November 2004 and was completed in June 2005. It confirmed a robust, profitable base case project built on established mineral resources, proven mining and processing techniques, well developed infrastructure and substantial customer acceptance of products, with significant upside potential.

The following were among the main conclusions of the study:

- The capital cost is reduced to $40 million from the previously estimated $44 million, achieved through proficient optimisation despite the rising prices for steel and other inputs.
- The project will achieve operating cash break even in the first two years from the sale of only 75% of the proposed initial production of 180,000 tonnes a year (average for years 1 and 2).
- It is expected to be profitable from the second year of operations.
- An Internal Rate of Return of 20% is expected for the base case, increasing to 25% for the high case (ungeared after tax).

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- The project will have an estimated (ungeared) Net Present Value (at 10% discount rate) of $58 million for the base case, increasing to $162 million for the high case, if all market projections are achieved.
- There is potential to more than double production and sales within five years.

Marketing

With letters of intent held for 70% of the initial two years' planned production, including all of the ilmenite and apatite, the company concentrated on firming up sales.

Terms for an initial 20,000 tonne parcel of ilmenite were agreed, with supply a first priority on plant start up next year, thus obviating the need to restart the trial plant this year for bridging production. A commercially successful outcome will lead to an annual contract of between 50,000 and 100,000 tonnes.

While "chloride route" ilmenites are in oversupply, there is a shortage of sulphate route ilmenite of the type to be produced by Monto. Sulphate route processing plants for ilmenite predominate in Asia and Europe, and the globally tight supply has been caused largely by the strong demand from China. Monto's decision to develop the Goondicum project is based in part on the market demand for its clean sulphate route ilmenite (i.e. with very low chromium, lead and radionuclides).

Monto representatives visited Europe and the UK to discuss feldspar supplies with major glass container manufacturers. This follows the landmark acceptance early this year by O-I, the world's largest glass container manufacturer, of Monto feldspar as the replacement source of alumina for their Brisbane plant.

Meetings were also held with European and US companies interested in buying Monto ground feldspar for use in the manufacture of paint and other surface coatings.

The qualities of Monto feldspar, both as a source of alumina in glass making and in ground form for paint and coatings, are emerging as strong marketing advantages. Monto feldspar for glass making provides handling advantages as a dry, dust free, free flowing washed sand. The health and safety benefits of the total absence of free silica in Monto feldspar is proving particularly attractive to both the glass and coatings manufacturers. Free silica content in some feed sources is causing them to lose market share in the glass and coatings industries.

Monto feldspar contains approximately 27% alumina and tests by Glass Technology Services of the UK confirmed that Monto feldspar is equal to or superior to alternative sources of alumina in glass making.

Demand for Monto's apatite is expected to persistently exceed supply. The Goondicum project has been identified as the only domestic source of low contaminant rock apatite; it has ideal slow release qualities for use in organic fertiliser, and is very rich in phosphate.

Funding

Financing arrangements were progressed during the quarter in line with expectations. InterFinancial Limited has been appointed to manage the debt component. The equity component is the subject of advanced negotiations.

Outlook

Development of the project is expected to commence in the current (September) quarter.

Preliminary site works are targeted to commence by the end of next month (August), but the commencement of substantial development will be dependent on the finalisation of financing arrangements which are now well advanced.

Since the end of the quarter a total of five sales contracts have been under detailed negotiation, amounting to over 60% of production for the first year and almost 50% of production for the first and second years combined. In addition, discussions with several other parties could lead to Letters of Intent or other commitments, which with the contracts could amount to about 75% of the first two years' production.

Further marketing activity will be undertaken, to firm up existing arrangements, to obtain additional supply commitments for feldspar and to achieve the most cost effective shipping and distribution.

The project is on track for commercial production and supply in the June quarter of 2006.

By Order of the Board

GEOFFREY P MOORE
Chief Executive Officer

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	Quarter ended ("current quarter")
063 144 865	30 JUNE 2005

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date $A'000
1.1	Receipts from product sales and related debtors			96
1.2	Payments for	(a) exploration and evaluation	(452)	(3,511)
		(b) development		
		(c) production		
		(d) administration	(198)	(1,007)
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		6	26
1.5	Interest and other costs of finance paid		(1)	(18)
1.6	Income taxes paid			
1.7	Other (provide details if material)			
	Net Operating Cash Flows		(645)	(4,414)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects		
		(b)equity investments		
		(c) other fixed assets		
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			
1.13	Total operating and investing cash flows (carried forward)		(645)	(4,414)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(645)	(4,414)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	878	4,708
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)		
	Rights Issue Application Monies (issue 5 July 2004)		(748)
	Monies received in advance for/applied to issue of shares	(782)	0
	Capital Raising Costs	(59)	(278)
	Net financing cash flows	37	3,682
	Net increase (decrease) in cash held	(607)	(731)
1.20	Cash at beginning of quarter/year to date	893	1,017
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	286	286

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	9
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.

The Company has an equity facility with US-Based Investment Fund Cornell Capital Partners Offshore LP as announced on 16 August 2004.

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

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	1,800
	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	64	609
5.2	Deposits at call	222	284
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	286	893

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				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

+ See chapter 19 for defined terms.

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**	383,787,730	383,787,730		
7.4	Changes during quarter (a) Increases through issues	17,500,000 2,642,102	17,500,000 2,642,102	3.9 cents 3.7848652 cents	3.9 cents 3.7848652 cents
	(b) Decreases through returns of capital, buy-backs	Nil			
7.5	**+Convertible debt securities** *(description)*	Nil	Nil	Nil	
7.6	Changes during quarter (a) Increases through issues	Nil	Nil	Nil	Nil
	(b) Decreases through securities matured, converted	Nil	Nil	Nil	Nil
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		1,800,000	Nil	12 Cents	30/6/2006
		750,000	Ni	10 Cents	31/12/2006
		77,127,642	77,127,642	5 Cents	29/6/2006
		19,000,000	Nil	4.55 cents	5 years after financial close
7.8	Issued during quarter			*Exercise price*	*Expiry date*
		77,127,642	77,127,642	5 Cents	29/6/2006
		19,000,000	Nil	4.55 cents	5 years after financial close
7.9	Exercised during quarter	Nil	Nil		
7.10	Expired during quarter	Nil	Nil		
7.11	**Debentures** *(totals only)*	Nil	Nil		
7.12	**Unsecured notes** *(totals only)*	Nil	Nil		

+ See chapter 19 for defined terms.

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 July 2005
(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.

+ See chapter 19 for defined terms.

Appendix 5B - Notes

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ITEM 1.25 PAYMENTS MADE TO DIRECTORS AND RELATED ENTITIES

		Current Quarter $	Year to Date $
(a)	Reimbursement of out of pocket expenses	505	10,401
(b)	Directors fees	776	66,176
(c)	Office administration costs	0	0
(d)	Consulting fees	7,500	195,735
(e)	Salary and Wages	0	13,750
(f)	Superannuation Contributions	59	5,273
	TOTAL	**8,840**	**291,335**

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

+ See chapter 19 for defined terms.