8 November 2005

ASX ANNOUNCEMENT

CHAIRMAN'S ADDRESS – ANNUAL GENERAL MEETING

As required by the ASX Listing Rule 3.13.3, please find following the Addresses to be delivered by the Executive Chairman, Peter Slaughter and Chief Executive Officer / Director Geoffrey Moore at the Company's Annual General Meeting today.

By Order of the Board

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8 November 2005

Chairman's Address 2005 AGM – Monto Minerals Ltd

The last financial year saw your Company complete the steps to produce a feasibility study into the Goondicum Industrial Minerals Project based on the results from our demonstration plant operations in the previous 12 months and the subsequent marketing activity.

Tests by OI (formerly Owens Illinois) on our feldspar demonstrated its suitability for flint and coloured bottle production. More recently, San Miguel has completed similar tests. Companies in the UK, Australia and USA have assessed our ground feldspar for its suitability for use in paint and powder coating markets with excellent results. Ausmin Australia has signed up for all our apatite production, and other parties including Cosmo in Korea have entered contracts for ilmenite. The importance of marketing to the success of this project has been and remains paramount.

The great opportunity for Monto is in its feldspar for use in glass and derivative products for use in other industries. The challenge has been to convert the undoubted interest into material contracts. Geoff Moore will speak in some detail about our ongoing activity here.

The final feasibility study indicated that the total capital required for project development was A$40 million plus infrastructure costs for power and water as indicated in our announcement of July 20, 2005. Infrastructure costs at that time were anticipated to be in the order of A$17 million but by eliminating the upfront power line cost and by reviewing of the water supply costing we have been able to reduce the infrastructure component required for start up by some A$7 million.

Since completion of the feasibility study the core project development cost has increased marginally to A$41m. We continue to pursue avenues for upfront capital reductions.

I think it is worth sharing with you all how we have approached the issue of funding. For the plant equipment we require A$34m and for working capital and roads we require some A$7m, making a total of A$41m.

In seeking to obtain support for the A$7m of working capital we have spoken with some major shareholders who have indicated a willingness to support part of that component of funding subject to other areas being covered. On the plant and equipment side we have reached an in principle understanding with a lease equity provider to fund A$7m of the A$34m required for plant and equipment; this would be provided through a special purpose vehicle into which we would need to place A$27m of lease debt.

This is what we are currently focussing on.

The lease debt can be a mix of additional equity from Monto shareholders and/or some form of convertible note. In our case we would prefer a redeemable convertible note to give the Company an option to pay out the note debt. We have concentrated on a convertible note structure for all the A$27m to minimise shareholder dilution. The extent to which this is possible remains to be seen. Our view is that it will not be difficult to find the infrastructure funding if we can achieve closure on the core plant funding.

In producing our feasibility study we recognised it could not be a bankable study without 80% or more of the sales in 5 year contracts. We considered this unrealistic in relation to feldspar marketing where consumers are traditionally very conservative and will not commit contractually where a supplier has yet to build a plant – even if they recognise the merits of the product.

We have been fortunate to gain support from one and possibly two consumers of feldspar despite this. The importance of continuing our marketing activity has been underpinned by additional technical work being done on ground feldspar. Parties with whom we are working are very serious about the merits of this product which is high value adding.

This brings me to titanomagnetite which was a product we excluded from the feasibility study base case because of inadequate test work at the time. It has become apparent in the past three months that this mineral has the potential to contribute as much as feldspar or ilmenite to our bottom line in certain applications.

We now have a proposal from ACIRL to follow up on initial testwork. Your board is yet to decide how to take this forward but proving up use of titanomagnetite in coal washing could take the entire project to a bankable position and elevate its financing status markedly. We are reluctant to seek additional funds from shareholders for this testwork so we are looking at ways of getting other parties to provide the funding for a share in the marketing of any successful outcome. Testwork would take some three to four months after a decision to proceed.

Notwithstanding the possibilities of titanomagnetite we are keen to complete project funding and have taken the decision to look to markets in the UK and USA which have a longer history in financing industrial minerals projects.

We will continue to keep you apprised of progress; thank you for your continued support and interest. We will take questions from the meeting once Geoff Moore has reported to you.

PETER J SLAUGHTER
Chairman

8 November 2005

Chief Executive Officer's Address 2005 AGM Monto Minerals Limited

Your company has, in the Goondicum Project, a known mineral resource that can be mined and processed, using commercially proven technology, into separate, marketable products. The upside for the company lies in the diversity of products that can be produced from the one mineral resource, and the increasing market opportunities that are emerging for those products. Our initial strategy envisaged feldspar in glass making, ilmenite for white pigment in paint and apatite in organic fertiliser. Now we have identified applications for ground feldspar in manufacture of paint and other surface coatings and, as Peter has explained, a potentially exciting new opportunity for titanomagnetite in coal processing.

The comprehensive study that was completed six months ago confirmed the feasibility of the project, and the board decided to proceed with the project subject to finance. Our tasks then were to take the project to the point of start-up of development and to advance the marketing of the products.

Planning and design for the mine and processing plant and the port facilities at Gladstone were completed during the year as part of the feasibility study. Work has continued recently on some of the infrastructure requirements, including:

- negotiations with SunWater to build the water pipeline to the mine and plant,
- a vegetation survey along the pipeline route, and
- preparation work on the access road to the project.

An Environmental Authority has been granted for the mining operation, and the necessary baseline data is being gathered through environmental monitoring in advance of development work starting at the mine site. Data is being provided to the EPA and the Central Queensland Port Authority for an environmental permit for the facilities at Gladstone port. Negotiations have continued during the last several months for haulage by road or rail from the mine to Gladstone and are close to conclusion.

The Chairman has already drawn the strong connection between financing the project and contracting to sell a substantial part of the mine's planned production. The feasibility study has as its base case an initial production of 137,000 tonnes in the first year increasing to 224,000 tonnes in the second year. During the past year, we have engaged in intensive marketing activity aimed at progressively converting Letters of Intent into contracts and at the same time we have sought out markets and sales of additional premium priced products. We have now secured offtake agreements covering approximately 50% of the first year's planned production with a similar tonnage for the second year.

The agreements include sales of all three of Monto's mineral products. While we have reported progress during the year, and the Chairman has referred to the agreements this morning, they are very important to the project and bear repeating and amplifying. In summary, we have agreed the sale of:

- 60,000 tonnes of ilmenite in the first three years to a leading Asian pigment manufacturer, with further tonnages to be negotiated for years four and five
- 20,000 tonnes of ilmenite during 2006 to a European customer
- 10,000 tonnes of feldspar to the world's largest glass container manufacturer
- 25,000 tonnes per year of apatite to Ausmin Australia Pty Ltd for five years for fertiliser.

The company's ilmenite is an attractive product due to its very low contaminants and high ferrous oxide content. It has the particular advantage of being suitable for European and Asian customers using the sulphate route pigment process. With tightening of supply for this form of ilmenite anticipated beyond 2008, the market outlook is very positive.

Peter mentioned the reluctance of feldspar buyers to commit to contracts before a production plant is built. The feldspar sale that we have already secured is expected to assist us to gain contracts for much of our expected initial output of 50,000 tonnes of feldspar in the first half of next year. With that aim in view, we are in discussion with four key customers for the eventual supply of up to 100,000 tonnes per year of feldspar.

Our apatite is very rich in phosphate and an excellent fertiliser. The sales agreement with Ausmin Australia covers all of our planned initial production of apatite. Ausmin Australia also has first option for production above that level, and the agreement can be extended beyond five years for a further five years.

In our search for additional premium priced products, we are, as mentioned, focussing on the testing of feldspar in a finely ground form as a raw material for paints and other surface coatings and titanomagnetite for coal washing. Initial testwork by acknowledged participants in the UK has confirmed the excellent suitability of the ground feldspar for use in the paint and coatings industry. We are very fortunate that all of our products have valuable characteristics that enhance their market appeal. In the case of ground feldspar, the absence of free silica provides an important occupational health and safety advantage and demand for suitable zero free silica raw materials by the paint industries of North America and Europe is growing.

We are a small group at Monto Minerals all dedicated to the task of bringing the Goondicum Project to production, and I sincerely thank all the staff for applying themselves very professionally to all the challenges . I want to acknowledge Phil McMurtrie for his thorough and practical approach to the technical and operational design of the project, and Hugh Babbage for his commercial approach to securing sales in a timely manner, but also in taking the longer term strategy of building good relationships with all the people in many countries with whom he deals. The office is very ably and effectively managed by Daniel Huff and Deborah Puskaric, often with little supervision and they somehow meet all the administrative commitments that go with running a Public Company and with holding many varied mineral titles and permits.

As we seek to finalise the project financing, we are vigorously pursuing sales contracts and new market opportunities, at the same time putting in place the infrastructure and other operational arrangements needed to allow for an early start to full-scale development of the project. We look forward to reporting to shareholders on further progress as we continue the countdown to production for the Goondicum Industrial Minerals Project.

GEOFFREY P MOORE
CEO / Director