



5 October 2006

ASX ANNOUNCEMENT

2006 ANNUAL GENERAL MEETING

Pursuant to Listing Rule 4.7 we advise that the Company's 2006 Annual Report was dispatched to shareholders today, along with the Notice of Annual General Meeting to be held Wednesday 8 November 2006.

Please find attached a copy of the Chairman's Letter to Shareholders, Notice of Annual General Meeting with Explanatory Memorandum, Proxy Form and Terms & Conditions of the Options that shareholders are being requested to ratify.

The Company advises that the ASX has granted a waiver from Listing Rule 10.13.3. This enables Monto Minerals to issue a maximum of 392,857 options each to Mr Philip Holbeche and Mr Peter Freeman more than 1 month after the date of the meeting on the condition that the Notice of Meeting clearly states the maximum number of Options to be issued and indicates when the Options will be issued, which will be no later than 10 April 2007. The details of the proposed issue are outlined in the Notice of Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read "D. Huff", written over a white background.

DANIEL E HUFF
Company Secretary

Head Office
Level 6, 303 Coronation Drive
Milton QLD 4064 Australia
Telephone: 61 7 3858 6100
Facsimile: 61 7 3858 6199
Email: admin@montominerals.com

Monto Minerals Ltd
ABN 71 063 144 865
PO Box 1791
MILTON BC QLD 4064 Australia
Website: www.montominerals.com

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



28 September 2006

Dear Shareholder,

It gives me much pleasure to forward you a copy of our Annual Report for the Company and enclose a Notice of Annual General Meeting ("AGM") with associated explanatory material. In doing so on behalf of your Board I invite you to attend our Annual General Meeting.

Your Company has seen the further advancement of the Goondicum Project the result of a significant effort by directors, staff and our advisers in advancing its prospects over the past year. We look forward to your presence at the AGM where you will have the opportunity to raise any questions with your directors.

The AGM this year will consider a number of business items including ratification of previous option issues and the issue of securities to Directors. Two of the resolutions regarding issues to Directors are at prices at least 25% higher than the current market price of \$0.225 (ASX close 14 September) and £0.0925 (LSE close 13 September) those shares. Your Directors are enthusiastic about the Company's long-term prospects and the terms of the conversion of debt to securities and issue of options in lieu of directors fees reflect this view. I strongly urge you to support the relevant resolutions.

I also urge you to read all the information, carefully consider the resolutions and attend the AGM or complete a proxy form.

Your vote is important.

The Explanatory Statement attached to the Notice of Meeting gives more detailed information on the resolutions and should be read in conjunction with the Notice. However, I invite you to contact Company Secretary, Daniel Huff, our Chief Executive Officer, Geoff Moore, the Deputy Chairman, Peter Dowling, or myself if you wish to discuss any of the agenda items prior to the meeting.

I look forward to seeing as many shareholders as possible at the AGM, at which Geoff Moore will provide an up to date review of Goondicum Project development activity and shareholders will be provided an opportunity to discuss progress.

Yours faithfully

MONTO MINERALS LTD

PETER J SLAUGHTER
Chairman

Head Office

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

Monto Minerals Ltd
ABN 71 063 144 865

PO Box 1791
MILTON BC QLD 4064

Website: www.montominerals.com

Monto Office

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

MONTO MINERALS LTD

ABN 71 063 144 865

Notice of Annual General Meeting

NOTICE is hereby given that the Thirteenth Annual General Meeting of Members of Monto Minerals Ltd will be held at the Riverside Auditorium, Level 5, Riverside Centre, 123 Eagle Street, Brisbane on Wednesday 8 November 2005 at 11.00am.

Financial Report and Audit Reports

To receive and consider the Financial Report and the Audit Report in respect of the year ended 30 June 2006.

RESOLUTIONS

1. Remuneration report

To consider and if thought fit, pass the following as an ordinary resolution: "That the Remuneration Report as set out in the Annual Report for the financial year ended 30 June 2006 be adopted."

2. Re-election of Director

That Mr Peter Dowling, who retires by rotation in accordance with Article 14.4 of the Company's Constitution and, being eligible, and having offered himself for re-election, be re-appointed a Director of the Company.

3. Re-election of Director

That Mr Philip Holbeche, who was appointed a Director of the Company on 25 May 2006 under Article 14.1 of the Company's Constitution and, being eligible, and having offered himself for re-election, be re-appointed a Director of the Company.

4. Re-election of Director

That Mr Peter Freeman, who was appointed a Director of the Company on 25 May 2006 under Article 14.1 of the Company's Constitution and, being eligible, and having offered himself for re-election, be re-appointed a Director of the Company.

5. Approval for the Issue of Shares to Related Parties to Extinguish Debt

That in accordance with the provisions of Listing Rules 7.1 and 10.11 of the Official Listing Rules of the Australian Stock Exchange Limited and Section 208 (1) of the Corporations Act, and for all other purposes, the Company and the Directors of the Company are hereby authorised to issue those ordinary shares to related parties of the Company as follows:

| RELATED PARTY TO BE ISSUED SHARES | AMOUNT OF DEBT TO BE EXTINGUISHED | PRICE AT WHICH SECURITIES ISSUED | SHARES TO BE ISSUED |
|---|-----------------------------------|----------------------------------|---------------------|
| P J Slaughter | \$15,393.84 | \$0.293456 | 52,457 |
| P J Slaughter Advisory Services Pty Ltd | \$18,146.75 | \$0.293456 | 61,838 |
| P G Dowling | \$5,225.54 | \$0.293456 | 17,807 |
| G P Moore | \$56,955.56 | \$0.293456 | 194,085 |
| R I Cottee | \$5,058.31 | \$0.293456 | 17,237 |
| TOTAL | \$100,780.00 | | 343,424 |

The issue price used to calculate the number of shares required to extinguish debt was 90% of the volume weighted average price of shares on the ASX for the 14 trading days commencing on and including the seventh trading day before Admission to the Alternative Investment Market (AIM). The \$0.293456 price is in excess of the current market price of \$0.225 (14 September 2006).

The shares are to be issued and allotted within one month of the date of this meeting.

The shares will have the same rights and entitlements as existing fully paid ordinary shares in the capital of the Company. An explanatory statement relating to this resolution, as required by Section 219 of the Corporations Act, is attached.

The Company will disregard any votes cast on this resolution by:

- P J Slaughter, P G Dowling, G P Moore, R I Cottee; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Approval for the Issue of Shares to Related Parties for cash

That in accordance with the provisions of Listing Rules 7.1 and 10.11 of the Official Listing Rules of the Australian Stock Exchange Limited and Section 208 (1) of the Corporations Act, and for all other purposes, the Company and the Directors of the Company are hereby authorised to issue those ordinary shares to related parties of the Company as follows:

| RELATED PARTY TO BE ISSUED SHARES | GROSS AMOUNT RAISED | PRICE AT WHICH SECURITIES ISSUED | SHARES TO BE ISSUED |
|-----------------------------------|---------------------|----------------------------------|---------------------|
| P L Holbeche | £30,000 | 12pence | 250,000 |
| P J Freeman | £30,000 | 12pence | 250,000 |
| TOTAL | £60,000 | | 500,000 |

The issue price used is identical to the issue price of the AIM Admission. The 12 pence price is in excess of the current market price of 9.25 pence. (13 September 2006)

The shares are to be issued and allotted within one month of the date of this meeting.

The shares will have the same rights and entitlements as existing fully paid ordinary shares in the capital of the Company. An explanatory statement relating to this resolution, as required by Section 219 of the Corporations Act, is attached.

The Company will disregard any votes cast on this resolution by:

- P L Holbeche, P J Freeman; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Approval for the Issue of Options to Related Parties as remuneration for UK based Directors for 2006

That in accordance with the provisions of Listing Rules 7.1 and 10.11 of the Official Listing Rules of the Australian Stock Exchange Limited and Section 208 (1) of the Corporations Act, and for all other purposes, the Company and the Directors of the Company are hereby authorised to issue those options to related parties of the Company as follows:

| RELATED PARTY TO BE ISSUED OPTIONS | OPTIONS TO BE ISSUED |
|------------------------------------|----------------------|
| P L Holbeche | 219,526 |
| P J Freeman | 219,526 |
| TOTAL | 439,052 |

The options are to be issued within one month from the date of this meeting. The options will be issued for no consideration in exchange for cash remuneration. The exercise price of each option is .1 of a pence. The options will have an expiry period of five years, however the options may be cancelled if the holder ceases to be a Director of the Company.

An explanatory statement relating to this resolution, as required by Section 219 of the Corporations Act, is attached.

The Company will disregard any votes cast on this resolution by:

- P L Holbeche, P J Freeman; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Approval for the Issue of Options to Related Parties as remuneration for English based Directors for 2007

That in accordance with the provisions of Listing Rules 7.1 and 10.11 of the Official Listing Rules of the Australian Stock Exchange Limited and Section 208 (1) of the Corporations Act, and for all other purposes, the Company and the Directors of the Company are hereby authorised to issue those options to related parties of the Company as follows:

Directors P L Holbeche and P J Freeman are to receive options for the second year similar to the first year as subject to approval in Resolution 7. The calculation of the exact number of options each Director is to receive is to be based on the formulae below.

Agreed Number of Options = 27,500/VWAP2

Where VWAP2 is the volume weighted average price expressed in pounds sterling of the Company's ordinary shares for the first five days of trading on the AIM Market after the Company releases its financial results for the half year ended 31 December 2006.

As the exact number of options to be granted to each Director will be subject to market price conditions after release of the Company's half yearly financial figures the Company has sought and been granted a waiver from the ASX in respect of this resolution from Listing Rule 10.13.3 which would have required the options to be issued within one month of the date of this meeting.

The options to be approved under this resolution will be issued immediately after the first five trading days after the release of the 31 December 2006 half yearly financial report. The issue date will not be later than 10 April 2007. The maximum number of options to be issued under this resolution will be 785,714.

The options will be issued for no consideration in exchange for cash remuneration. The exercise price of each option is 0.1 of a pence. The options will have an expiry period of five years however the options may be cancelled if the holder ceases to be a Director of the Company.

An explanatory statement relating to this resolution, as required by Section 219 of the Corporations Act, is attached.

The Company will disregard any votes cast on this resolution by:

- P L Holbeche, P J Freeman; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Ratification of previous Issues of Securities

To consider and if thought fit, pass an ordinary resolution in accordance with Australian Stock Exchange Listing Rule 7.4 to ratify the issue of securities by the Company as detailed in the following table.

| DATE | ISSUED TO | NUMBER OF SECURITIES ISSUED | TERMS OF SECURITIES | PRICE SECURITIES ISSUED | GROSS AMOUNT RAISED \$ |
|---------|-------------------------------|-----------------------------|---|-------------------------|------------------------|
| 25/5/06 | AIM Placees | 26,606,526 | Options exercisable at 15pence expiring 25 May 2009 | NIL | 0 |
| 25/5/06 | Ambrian Partners (AIM Broker) | 1,397,000 | Options exercisable at 12pence expiring 25 May 2009 | NIL | 0 |
| | TOTAL | 28,003,526 | | | \$0 |

The above issued options were issued as part of the AIM Admission.

Funds raised by the exercising of the above issues will be used for working capital.

The Company will disregard any votes cast on this resolution by:

- any person who participated in the issues; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business which may be legally brought before the meeting in accordance with the Company's Constitution and the Corporations Act 2001.

By Order of the Board



Daniel E Huff
Company Secretary
28 September 2006

Proxies:

A member entitled to attend and vote may appoint not more than two proxies to attend and vote instead of the member. Where two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member. To be valid, proxies must be lodged at the registered office of the Company at Level 6, 303 Coronation Drive, Milton not less than 48 hours before the time appointed for the meeting. Proxies should be mailed to PO Box 1791, MILTON BC QLD 4064. A facsimile of the proxy will be accepted if it is received by the Company on facsimile number (07) 3858 6199. A proxy form is attached. Proxies may also be lodged via email by sending them to admin@montominerals.com and will be accepted if they are received not less than 48 hours before the time appointed for the meeting.

Voting Entitlements:

For the purposes of the meeting, shares will be taken to be held by the persons who are registered holders at 11.00am on Monday, 6 November 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

MONTO MINERALS LTD
ABN 71 063 144 865
ANNUAL GENERAL MEETING – 8 NOVEMBER 2006
Explanatory Memorandum

In this explanatory memorandum, the following terms have these meanings:

"AIM" means Alternative Investment market in London

"ASX" means Australian Stock Exchange

"Company" or **"Monto Minerals"** means Monto Minerals Ltd ACN 063 144 865

"Directors" means the directors of the Company

RESOLUTION 1 – REMUNERATION REPORT

The Directors' Report for the year ended 30 June 2006 contains a Remuneration Report, which sets out details of remuneration paid and the policy for remuneration of the directors and the executives.

The Corporations Act 2001 requires that a resolution be put to the vote of shareholders that the Remuneration Report be adopted. The vote is advisory only and does not bind the directors or the Company.

Shareholders attending the Annual General Meeting will be given reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

All Directors recommend shareholders vote in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – PETER DOWLING

Mr Peter Dowling has been a Director of the Company since 19 October 1999, and Deputy Chairman of the Board of Directors since May 2002. Mr Peter Dowling was last re-appointed as a Director at the 2003 Annual General Meeting.

Mr Dowling is a Chartered Accountant and previously a partner of international accounting firm Ernst & Young. Mr Dowling is a Fellow of the Australian Institute of Company Directors. Mr Dowling has received both the Centenary Medal and CPA Australia's Presidents Award for contributions to the accounting profession.

Mr Dowling's other board roles include Credit Union Australia Limited, Paridian Property Development Fund Limited, CRC for Integrated Engineering Asset Management, Jellinbah/Bowen Basin Coal, Spyrus Pty Ltd, Virgin Blue's aircraft leasing subsidiaries and the Queensland Ballet.

Mr Dowling is also a member of Maroochy Shire Council's Audit Committee, chairs investment bankers InterFinancial Limited's Compliance Committee, consults to lawyers McInnes Wilson and Chairs CPA Australia's Taxation Centre of Excellence.

Mr Dowling is the Deputy Chairman of the Board of Directors, Chairman of Audit Committee for Monto Minerals.

All Directors other than Mr Dowling recommend shareholders vote in favour of Resolution 2. Mr Dowling due to his personal interest in the resolution refrains from making a recommendation.

MONTO MINERALS LTD

ABN 71 063 144 865

ANNUAL GENERAL MEETING – 8 NOVEMBER 2006

Explanatory Memorandum

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – PHILIP HOLBECHÉ

Mr Holbeche was appointed to the Board of Directors on 25 May 2006 following the successful Admission to AIM. Mr Holbeche is one of two United Kingdom based Directors on the Board.

Mr Holbeche gained an economics degree and trained at Ford of Europe before completing a master's degree at London Business School. He then spent ten years working overseas, primarily in Johannesburg, Hong Kong and New York, in senior financial roles, latterly with General Atlantic, the venture capital and investment company. He returned to the UK and co-founded an oil exploration company, Ardmore Petroleum, which was successfully introduced to the London Stock Exchange in 1987 and was subsequently the subject of a trade sale.

In 1989 Mr Holbeche became CFO of Royal Trust International a major Canadian Bank, responsible for the European and Far Eastern operations. This role also included responsibility for a broadly based venture capital portfolio which required restructuring and refinancing. Since the early 1990's Mr Holbeche has been an independent director of private and public companies and acted as consultant to and investor in early stage technology ventures.

Mr Holbeche was a founding shareholder of Ceres Power plc in June 2001 and has been chairman since the company's inception with responsibilities which include finance, corporate structure and strategy. Ceres Power plc was admitted to AIM on 25 November 2004 when it successfully raised £16 million.

Mr Holbeche is a member of the Audit Committee.

All Directors other than Mr Holbeche recommend shareholders vote in favour of Resolution 3. Mr Holbeche due to his personal interest in the resolution refrains from making a recommendation.

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – PETER FREEMAN

Mr Freeman was appointed to the Board of Directors on 25 May 2006 following the successful Admission to AIM. Mr Freeman is one of two United Kingdom based Directors on the Board.

Mr Freeman read engineering at Oxford University and received a master's degree from the London Business School. He then spent eight years with Continental Illinois National Bank in Chicago and London, working in natural resources.

In 1981, he joined N.M. Rothschild & Sons Ltd, eventually becoming a director within the corporate finance department, responsible for the natural resources sector. In 1989 he joined Warrior as one of the founding partners. Following its sale to Standard Bank of South Africa in 1997, he agreed to stay on for three years. At the end of this period, in October 2000, he left to form Cutfield, Freeman & Co Ltd.

During a working life spent almost entirely within the natural resources sector, Mr Freeman has undertaken a range of transactions for both companies and governments. These include advice on equity raising, funding for major projects, joint ventures, mergers and acquisitions, asset disposals, government relations and regulatory issues, privatisations, bullion and trade financing, as well as general corporate advice.

Mr Freeman is a member of the Finance & Risk Management Committee.

All Directors other than Mr Freeman recommend shareholders vote in favour of resolution 4. Mr Freeman due to his personal interest in the resolution refrains from making a recommendation.

MONTO MINERALS LTD

ABN 71 063 144 865

ANNUAL GENERAL MEETING – 8 NOVEMBER 2006

Explanatory Memorandum

COMMON INFORMATION REQUIRED FOR RESOLUTIONS 5,6,7,8

THE FOLLOWING TABLE IS OF DIRECTORS HOLDINGS AND POTENTIAL IMPACTS OF THE PASSING OF RESOLUTIONS 5,6,7,8

| DIRECTOR | SHARE | OPTION | RESOLUTION 5 PASSED | RESOLUTION 6 PASSED | RESOLUTION 7 PASSED | RESOLUTION 8 PASSED | POTENTIAL HOLDINGS |
|---------------|----------------|------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| P J Slaughter | 220,663 | 512,217 | 114,295 | | | | 847,175 |
| P G Dowling | 206,499 | 327,424 | 17,807 | | | | 551,730 |
| G P Moore | 48,123 | 506,848 | 194,085 | | | | 749,056 |
| R I Cottee | 43,023 | 306,147 | 17,237 | | | | 366,407 |
| P L Holbeche | | | | 250,000 | 219,526 | 392,857 | 862,383 |
| P J Freeman | | | | 250,000 | 219,526 | 392,857 | 862,383 |
| TOTALS | 518,308 | 1,652,636 | 343,424 | 500,000 | 439,052 | 785,714 | 4,239,134 |

Monto Minerals currently has 189,447,436 shares on issue. The Directors currently hold 518,308 shares (0.27%). Included in the above table are 52,636 listed options which expire 29 September 2006 at \$0.50 each. Should all the resolutions be passed and all options exercised the maximum impact on share capital would be Issued Capital of 193,168,262 shares with Directors holding a maximum of 4,239,134 shares (2.19%)

The Reserve Bank of Australia website www.rba.gov.au has shown the daily exchange rate of the Australian Dollar against the UK Pound Sterling on 14 September 2006 as .4006, where conversions from pounds and pence are made to Australian dollars .4006 as been used.

RESOLUTION 5 – APPROVAL FOR THE ISSUE OF SHARES TO RELATED PARTIES TO EXTINGUISH DEBT

Explanatory Statement in accordance with Section 219 of the Corporations Act:

To assist the company in remaining a viable financial entity, the Directors have in the past three years deferred most of their Directors Fees and substantial amounts of Consulting Fees. As part of the AIM Admission Document it was stated that "each of the Directors has agreed, subject to shareholder approval as required by the ASX Listing Rules and the Corporations Act, to capitalise 10 per cent of the total amount due to them in subscribing for Shares. The price at which the Shares are to be issued is to be calculated as 90 per cent of the volume weighted average price of Shares on the ASX for the 14 trading days commencing on and including the seventh trading day before Admission."

| RELATED PARTY TO BE ISSUED SHARES | EXTINGUISHABLE DEBT – 14 SEPTEMBER 2006 | AMOUNT OF DEBT TO BE EXTINGUISHED | PRICE AT WHICH SECURITIES TO BE ISSUED | SHARES TO BE ISSUED |
|---|--|--------------------------------------|--|------------------------|
| P J Slaughter | \$153,938.36 | \$15,393.84 | \$0.293456 | 52,457 |
| P J Slaughter Advisory Services Pty Ltd | \$181,467.50 | \$18,146.75 | \$0.293456 | 61,838 |
| P G Dowling | \$52,255.37 | \$5,225.54 | \$0.293456 | 17,807 |
| G P Moore | \$569,555.64 | \$56,955.56 | \$0.293456 | 194,085 |
| R I Cottee | \$50,583.05 | \$5,058.31 | \$0.293456 | 17,237 |
| TOTAL | \$1,007,799.92 | \$100,780.00 | | 343,424 |

The above table details the calculation of shares to be issued.

The extinguishable debt figure includes Directors Fees, Consultancy Fees and Interest. It does not include the 9% superannuation guarantee on Directors Fees payable to the respective superannuation funds to which superannuation for individuals Directors is remitted.

Amount of debt to be extinguished is 10% of the extinguishable debt.

MONTO MINERALS LTD
 ABN 71 063 144 865
ANNUAL GENERAL MEETING – 8 NOVEMBER 2006
Explanatory Memorandum

Price at which securities to be issued is \$0.293456 this figure being 90% of the volume weighted average price of Monto Minerals shares traded on the ASX from 17 May 2006 to 5 June 2006 inclusive. The closing price of Monto Minerals shares on 14 September when preparing this notice was \$0.225.

This issue will reduce debt to the Directors by \$100,780.

Pursuant to Listing Rule 7.2 (Exemption 14), if shareholder approval is given under Listing Rule 10.11, further approval is not required for the purposes of Listing Rule 7.1.

Directors Mr Holbeche and Mr Freeman recommend shareholders vote in favour of Resolution 5. Directors Mr Slaughter, Mr Dowling, Mr Moore and Mr Cottee due to personal interest in the resolution refrain from making a recommendation.

RESOLUTION 6 – APPROVAL FOR THE ISSUE OF SHARES TO RELATED PARTIES FOR CASH

Explanatory Statement in accordance with Section 219 of the Corporations Act:

As part of the AIM Admission proposed Directors Mr Philip Holbeche and Mr Peter Freeman both expressed a desire to be a part of the placement. Related parties must seek shareholder approval prior to the issue of securities. As stated in the AIM Admission Document it was stated "Each of the Proposed Directors has agreed, conditional on shareholder approval, to subscribe for Shares to the value of £30,000 (\$A74,887) at the Placing Price, forthwith the Company obtaining such approval.

| RELATED PARTY TO BE ISSUED SHARES | GROSS AMOUNT RAISED | PRICE AT WHICH SECURITIES ISSUED | SHARES TO BE ISSUED |
|--|----------------------------|---|----------------------------|
| P L Holbeche | £30,000 | 12pence | 250,000 |
| P J Freeman | £30,000 | 12pence | 250,000 |
| TOTAL | £60,000 | | 500,000 |

The issue price used is identical to the issue price of the AIM Admission. The 12 pence (\$A0.2995) price in excess of the current market price of 9.25 (\$A0.2309) pence.

The issue will raise £60,000 (\$A149,775) in cash for the company to be used for working capital.

Pursuant to Listing Rule 7.2 (Exemption 14), if shareholder approval is given under Listing Rule 10.11, further approval is not required for the purposes of Listing Rule 7.1.

Directors Mr Slaughter, Mr Dowling, Mr Moore and Mr Cottee recommend shareholders vote in favour of Resolution 6. Directors Mr Holbeche and Mr Freeman due to personal interest in the resolution refrain from making a recommendation.

RESOLUTION 7 – APPROVAL FOR THE ISSUE OF OPTIONS TO RELATED PARTIES AS REMUNERATION FOR ENGLISH BASED DIRECTORS FOR 2006

Explanatory Statement in accordance with Section 219 of the Corporations Act:

At the recommendation of the Company's United Kingdom broker, Monto Minerals was advised that the larger investors in the London market would require the presence of UK based Directors on the Board of Monto Minerals. Monto Minerals has appointed two UK based Directors Mr Philip Holbeche and Mr Peter Freeman. Both Directors expressed a desire to receive the bulk of their Directors Fee not in cash but in options to buy the Company's stock at a nominal price.

The equity package was for each of the first two years an annual payment of £27,500 (\$A68,647) of options over company stock plus £2,500 (\$A6,240) in cash. Should the equity package not be approved by shareholders at the first annual general meeting of the Company after the date of this agreement, the amount will be £40,000 (\$A99,850) gross per annum, in either case to be paid monthly in arrears. The Company believes the value of the options given the nominal exercise price is

MONTO MINERALS LTD

ABN 71 063 144 865

ANNUAL GENERAL MEETING – 8 NOVEMBER 2006

Explanatory Memorandum

effectively the value of the underlying shares. Which based on the first five trading days on AIM after the AIM listing would be £27,500 (\$A68,647) . The value based on the closing price on AIM 13 September of 9.25 pence (\$A0.2309) would be £20,306 (\$A50,689).

The calculation of £27,500 (\$A68,647) of options for year one – 2006 was based on the volume weighted average price of Monto Minerals shares as traded on AIM in the first five trading days after the listing on AIM. The volume weighted average price of Monto Minerals shares on AIM for the first five trading days was 12.527 pence (\$A0.3127) . As at 13 September the last trade on AIM was 9.25 pence (\$A0.2309).

| RELATED PARTY TO BE ISSUED OPTIONS | OPTIONS TO BE ISSUED |
|---------------------------------------|----------------------|
| P L Holbeche | 219,526 |
| P J Freeman | 219,526 |
| TOTAL | 439,052 |

The above table represents the total number of options to be issued to each of the above UK based directors with respect to their remuneration in year one – 2006. These options vest according to the schedule included in the attached Terms and Conditions – “AGM – Attachment 1”.

Pursuant to Listing Rule 7.2 (Exemption 14), if shareholder approval is given under Listing Rule 10.11, further approval is not required for the purposes of Listing Rule 7.1.

Directors Mr Slaughter, Mr Dowling, Mr Moore and Mr Cottee recommend shareholders vote in favour of Resolution 7. Directors Mr Holbeche and Mr Freeman due to personal interest in the resolution refrain from making a recommendation.

RESOLUTION 8 – APPROVAL FOR THE ISSUE OF OPTIONS TO RELATED PARTIES AS REMUNERATION FOR ENGLISH BASED DIRECTORS FOR 2007

Explanatory Statement in accordance with Section 219 of the Corporations Act:

At the recommendation of the Company’s United Kingdom broker, Monto Minerals was advised that the larger investors in the London market would require the presence of UK based Directors on the Board of Monto Minerals. Monto Minerals has appointed two UK based Directors Mr Philip Holbeche and Mr Peter Freeman. Both Directors expressed a desire to receive the bulk of their Directors Fee not in cash but in options to buy the Company’s stock at a nominal price.

The equity package was for each of the first two years an annual payment of £27,500 (\$A68,647) of options over company stock plus £2,500 (\$A6,240) in cash. Should the equity package not be approved by shareholders at the first annual general meeting of the Company after the date of this agreement, the amount will be £40,000 (\$A99,850) gross per annum, in either case to be paid monthly in arrears. The Company believes the value of the options given the nominal exercise price is effectively the value of the underlying shares, which based on the first five trading days on AIM after the release of the 31 December 2006 half year financial report would be £27,500 (\$A68,647).

The calculation of £27,500 (\$A68,647) of options for year two – 2007 is to be based on the volume weighted average price (VWAP) of Monto Minerals shares as traded on AIM in the first five trading days after the release of the 31 December 2006 half yearly financial report.

| RELATED PARTY TO BE ISSUED OPTIONS | OPTIONS TO BE ISSUED IF VWAP 7 (\$A0.1747) PENCE | OPTIONS TO BE ISSUED IF VWAP 9.25 (\$A0.2309) PENCE | OPTIONS TO BE ISSUED IF VWAP 10 (\$A0.2496) PENCE | OPTIONS TO BE ISSUED IF VWAP 12 (\$A0.2995)PENCE |
|--|--|---|---|--|
| P L Holbeche | 392,857 | 297,297 | 275,000 | 229,167 |
| P J Freeman | 392,857 | 297,297 | 275,000 | 229,167 |
| TOTAL | 785,714 | 594,594 | 550,000 | 458,334 |

MONTO MINERALS LTD

ABN 71 063 144 865

ANNUAL GENERAL MEETING – 8 NOVEMBER 2006

Explanatory Memorandum

The above table for year two – 2007, represents variations as to the number of options to be issued based on different average VWAP results. As at 13 September the last trade on AIM was 9.25 (\$A0.2309) pence.

The options to be approved under this resolution will be issued immediately after the first five trading days after the release of the 31 December 2006 half yearly financial report. The issue date will not be later than 10 April 2007. The maximum number of options to be issued under this resolution will be 785,714.

These options vest according to the schedule included in the attached Terms and Conditions – “AGM – Attachment 1”.

The Company has sought and been granted a waiver from the ASX in respect of this resolution from Listing Rule 10.13.3 which would have required the options to be issued within one month of the date of this meeting.

Pursuant to Listing Rule 7.2 (Exemption 14), if shareholder approval is given under Listing Rule 10.11, further approval is not required for the purposes of Listing Rule 7.1.

Directors Mr Slaughter, Mr Dowling, Mr Moore and Mr Cottee recommend shareholders vote in favour of Resolution 8. Directors Mr Holbeche and Mr Freeman due to personal interest in the resolution refrain from making a recommendation.

RESOLUTION 9 – RATIFICATION OF PREVIOUS ISSUE OF SECURITIES

If the issues of options described in the table in the Notice of Meeting under Resolution 9 are approved by shareholders in accordance with the proposed resolution, those option issues will be treated as having been made with approval of shareholders for the purpose of ASX Listing Rule 7.1.

The result of this approval would be that the Directors will be entitled to exercise in appropriate circumstances the power to issue further new shares, numbering in aggregate up to 15% of the shares currently on issue in a twelve month period, without offering them pro rata to existing shareholders or obtaining prior approval of existing shareholders.

The purpose of the option issues were

- (a) AIM Placee options - 4 options for every 21 shares were agreed to reach an agreement acceptable to all the AIM placees to raise gross proceeds of £16,784,000. (\$A41.7M) Terms and conditions of these options are attached as “AGM Attachment 2”.
- (b) Ambrian Partners options – As part of the placing agreement the successful placing broker was entitled to 1% of the total number of shares issued as three year options at a price identical to the AIM Admission price. Terms and conditions of these options are attached as “AGM Attachment 3”.

The option issues raised no funds, in the event that options are exercised the proceeds from the exercise will be used for working capital.

All Directors recommend shareholders vote in favour of Resolution 9.

MONTO MINERALS LTD

ABN 71 063 144 865

PROXY FORM

(For information on how to complete please see the reverse of this form)

PLEASE PRINT WHEN COMPLETING THIS FORM

| |
|------------------|
| NAME AND ADDRESS |
| |
| |
| |

| |
|----------------------------------|
| SHAREHOLDER REFERENCE NUMBER/HIN |
|----------------------------------|

① Please insert your telephone number
(business hours)
()

② I/WE APPOINT

| | |
|----------------|--|
| Name of Proxy: | |
|----------------|--|

or failing the person so named, or if no person is named, **the Chairman of the Meeting** to vote in accordance with the following directions or, if no directions have been given, as the proxy or the Chairman sees fit at the Annual General Meeting of the Company to be held on 8 November 2006 commencing at 11.00 am and at any adjournment thereof.

③ VOTING DIRECTIONS

Should you desire to direct your proxy how to vote on any Resolution, please insert a tick (✓) in the appropriate box below.

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| 1. Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-elect Mr Peter Dowling as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Re-elect Mr Philip Holbeche as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Re-elect Mr Peter Freeman as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Approval to issue shares to related parties - debt | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Approval to issue shares to related parties - cash | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Approval to issue options to related parties - remuneration 2006 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Approval to issue options to related parties - remuneration 2007 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Ratification of previous issues of securities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you do not wish to direct your proxy how to vote, in respect of resolution 5, please place a tick (✓) in the box. ^

^ The Chairman of the Meeting intends to vote undirected proxies in favour of all Resolutions. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Resolution and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes in respect of those Resolutions and your votes will not be counted in computing the required majority if a poll is call on a Resolution.

APPOINTMENT OF A SECOND PROXY Note this section is only to be completed if two proxies are being appointed

| | |
|-----------------------|--|
| Name of Second Proxy: | |
|-----------------------|--|

or failing the person so named, **the Chairman of the Meeting** to vote in accordance with the above stated directions or, if no directions have been given, as the proxy or the Chairman sees fit at the Annual General Meeting of the Company to be held on 8 November 2006 commencing at 11.00 am and at any adjournment thereof.

| | |
|-------------|---|
| | % |
| First Proxy | |

| | |
|--------------|---|
| | % |
| Second Proxy | |

State here the percentage of your voting rights applicable to the first and second proxy

④ SIGNATURE(S)

(If a corporation, please refer to Note 4 on the reverse of this form.)

PROXY FORM INFORMATION

Please direct your proxy how to vote

For your vote to be counted, the Proxy form, duly completed, must be received not later than 11.00 am on 6 November 2006.

INSTRUCTIONS ON HOW TO COMPLETE THE PROXY FORM

- 1 Insert your business hours telephone number in case we need to contact you.
- 2 Insert here the name of the person you wish to appoint as proxy; shareholders cannot appoint themselves. **The Chairman of the meeting** will act as your proxy if you do not appoint someone. You can vote your shares by proxy even if you plan to attend the meeting.

A shareholder is entitled to appoint up to two persons (whether shareholders or not) to attend the meeting and vote. If you wish to appoint two proxies please enter the second proxy's name and complete the section indicating the percentage of your voting rights each proxy is to represent. Note the aggregate % total must equal 100.

3 Voting Directions

If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate boxes. The vote will be invalid if a mark is made in more than one box for a particular item or if the total shareholding shown in the 'FOR', 'AGAINST' and 'ABSTAIN' boxes is more than your total registered shareholding at the time when entitlements for voting purposes are determined. The "snapshot" time for determining entitlements for voting purposes will be 7.00pm on 6 November 2006.

4 Shareholders must sign here

This proxy must be signed by the shareholder, or if a Corporation, under its Common Seal, or under the hand of an authorised officer or attorney. If this proxy is signed by a person who is not the registered member then the relevant authority must be enclosed with this proxy.

Corporate shareholders should note that to be eligible to vote the Company must either lodge a proxy form nominating an individual or individuals as proxies or must present a duly completed "notice of appointment of corporate representative" form prior to the commencement of the meeting. These forms can be obtained from the share registry.

FURTHER IMPORTANT INFORMATION

To be valid, the proxy must be received at the registered office of the Company, Level 6, 303 Coronation Drive, Milton QLD 4064, not less than 48 hours before the time of the meeting. Proxies should be mailed to PO Box 1791, MILTON BC QLD 4064. A facsimile of the proxy will be accepted if received by the Company on fax number (07) 3858 6199 not less than 48 hours before the time of the meeting. Proxies may also be lodged via email by sending to admin@montominerals.com and will be accepted if it is received not less than 48 hours before the time for the meeting.

MONTO MINERALS LTD

Terms of Options

TERMS AND CONDITIONS OF UK NON-EXECUTIVE DIRECTORS' OPTIONS **AS PROPOSED FOR APPROVAL AT 2006 ANNUAL GENERAL MEETING**

1. Interpretation

1.1 In these Terms and Conditions, unless the context otherwise requires:

“ASX” means Australian Stock Exchange Limited.

“Certificate” means the certificate issued by Monto Minerals to a Holder in respect of an Option;

“Company” means Monto Minerals;

“Commencement Date” means 11th May 2006 or as otherwise agreed between the parties;

“Directors” means the Board of Directors of Monto Minerals from time to time;

“Exercise Price” means the exercise price of an Option in accordance with clause 4;

“Holder” means the registered holder of an Option;

“Listing Rules” means the Official Listing Rules of ASX;

“Option” means an Option to subscribe for one Share at the Exercise Price and on the terms and conditions contained in this document.

“Monto Minerals” means Monto Minerals Ltd ACN 063 144 865;

“Share” means a fully paid ordinary share in the capital of Monto Minerals carrying the same dividend rights and otherwise ranking *pari passu* in all respects with the issued ordinary shares of Monto Minerals;

“Year 1 Options” means those Options granted immediately upon shareholder approval;

“Year 2 Options” means those Options granted after the release of the Company's financial results for the half year ended 31 December 2006

1.2 In these Terms and Conditions, unless the context otherwise requires:

(a) words importing gender include each other gender; and

(b) the singular includes the plural and vice versa.

1.3 Headings are inserted for convenience and do not affect the interpretation of these Terms and Conditions.

2. Register and Certificates

2.1 Monto Minerals shall issue to each Holder a Certificate for the number of Options held.

2.2 Monto Minerals shall establish and keep at its registered office or at such other place as may be approved by the Directors a register of Holders which register shall be maintained in accordance with statutory requirements and the Listing Rules.

3. Exercise Price of Options

The Options are exercisable at 0.1 pence per Option.

4. Vesting and Exercise Period of Options

The Options can be exercised at any time after they have vested until they expire. The Options will vest as follows:

Year 1 Options

(a) 50% will vest immediately; and

(b) 25% will vest on the date 9 months after the Commencement Date;

(c) 25% will vest on the date 12 months after the Commencement Date;

Year 2 Options

(d) 25% will vest on the date 15 months after the Commencement Date;

(e) 25% will vest on the date 18 months after the Commencement Date;

(f) 25% will vest on the date 21 months after the Commencement Date;

(g) 25% will vest on the date 24 months after the Commencement Date;

in each case subject to the Holder being a director of the Company at the time of vesting.

5. Expiry of Options

The Options shall expire at 5.00pm exactly 4 years after vesting date or upon cancellation by the Directors. The options may be cancelled if the Holder ceases to be a director of the Company by the Directors giving 30 days notice of the cancellation.

6. Exercise of Options

- 6.1 A Holder may exercise some or all of the Options by notice in writing to Monto Minerals delivered to the registered office of Monto Minerals. Each notice of exercise of Options must be given in respect of at least 50,000 and thereafter in multiples of 10,000 Options, unless the notice relates to the exercise of all of the Options remaining unexercised at the date of the notice. The notice must specify the number of Options being exercised and must be accompanied by:
- (a) the Exercise Price for the number of Options specified in the notice; and
 - (b) the Certificate for those Options, for cancellation by Monto Minerals.
- 6.2 Within fifteen business days of receipt of the notice referred to in sub-clause 6.1 accompanied by the Exercise Price, the Directors will:
- (a) allot the number of shares specified in the notice to the Holder;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new Certificate for any unexercised Options.

7. Listing

- 7.1 The Options will not be listed on any stock exchange.
- 7.2 Monto Minerals will make an application to ASX for official quotation of the Shares which are issued as a result of the exercise of Options in accordance with the Listing Rules.

8. Transfer of Options

A Holder shall not transfer an Option except with the prior written approval of the Directors.

9. Rights of Option Holders

- 9.1 The Options shall not carry any right to vote at general meetings of Monto Minerals.
- 9.2 The Holders will not have the right to participate in new issues without exercising the Options.
- 9.3 Subject to clause 9.4, the Options are treated under a reorganisation capital of Monto Minerals as follows:-
- (i) In a consolidation of capital - the number of Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.
 - (ii) In a sub-division of capital - the number of Options must be sub-divided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.
 - (iii) In a return of capital - the number of Options must remain the same, and the exercise price of each Option must be reduced by the same amount as the amount returned in relation to each ordinary security.
 - (iv) In a reduction of capital by a cancellation of capital that is lost or not represented by available assets where no securities are cancelled - the number of Options and the exercise price of each Option must remain unaltered.
 - (v) In a pro rata cancellation of capital - the number of Options must be reduced in the same ratio as the ordinary capital and the exercise price of each Option must be amended in inverse proportion to that ratio.
 - (vi) In any other case - the number of Options or the exercise price, or both, must be reorganised so that the holder of the Option will not receive a benefit that holders of ordinary securities do not receive. This rule does not prevent a rounding up of the number of securities to be received on exercise if the rounding up is approved at the security holders' meeting, which approves the reorganisation.
- 9.4 The Options will be reorganised upon a reorganisation of capital of Monto Minerals as required by the Listing Rules as they apply at the time of the reorganisation.

10. Pro Rata Issue and Bonus Issues

- 10.1 The Options confer no right to a change in exercise price, or to a change to the number of underlying securities over which it can be exercised in the event of Pro Rata Issues or Bonus Issues.

11. Holders to be Bound

- 11.1 By accepting an offer of Options a Holder agrees to be bound by these Terms and Conditions and any amendments hereto.
- 11.2 Whenever the Directors make a determination pursuant to these Terms and Conditions the making of that determination shall be at the sole and absolute discretion of the Directors and each decision shall be conclusive, final and binding.
- 11.3 To the extent of any inconsistency between these Terms and Conditions and the Listing Rules, the terms of the Listing Rules will prevail and these Terms and Conditions shall be deemed to be amended accordingly

MONTO MINERALS LTD

TERMS AND CONDITIONS OF NEW OPTIONS TO BE ISSUED PURSUANT TO THE PLACING TO BE MADE PURSUANT TO THE AIM ADMISSION DOCUMENT OF THE COMPANY DATED 19 MAY 2006

1. Interpretation

- 1.1 In these Terms and Conditions, unless the context otherwise requires:
- "Admission" means the date on which all the Shares are admitted to trading on AIM
 - "AIM Rules" means the listing rules of AIM.
 - "AIM" means the AIM market of the London Stock Exchange plc;
 - "Applicable Exchange Rate" closing rate of exchange quoted by the Commonwealth Bank of Australia on the date before the calculation is to be made.
 - "Applicable Law" means the Corporations Act and the Listing Rules.
 - "ASX" means Australian Stock Exchange Limited.
 - "Certificate" means the certificate issued by Monto Minerals to a Holder in respect of an Option;
 - "Company" means Monto Minerals;
 - "Corporations Act" means the *Corporations Act 2001 (Cth)*
 - "Directors" means the Board of Directors of Monto Minerals from time to time;
 - "Expiry Time" means 5.00pm exactly 3 years after Admission becoming effective;¹
 - "Exercise Price" means the GBP0.15 or the Australian dollar equivalent calculated in accordance with clause 4.4;
 - "Holder" means the registered holder of an Option;
 - "Listing Rules" means the Official Listing Rules of ASX;
 - "Option" means an option to subscribe for one Share at the Exercise Price and on the terms and conditions contained in this document.
 - "Monto Minerals" means Monto Minerals Ltd ACN 063 144 865;
 - "Share" means a fully paid ordinary share in the capital of Monto Minerals carrying the same dividend rights and otherwise ranking *pari passu* in all respects with the issued ordinary shares of Monto Minerals;
- 1.2 In these Terms and Conditions, unless the context otherwise requires:
- (a) words importing gender include each other gender;
 - (b) the singular includes the plural and vice versa; and
 - (c) business days means a day on which retail banks are open for trading in both Sydney and London.
- 1.3 Headings are inserted for convenience and do not affect the interpretation of these Terms and Conditions.

2. Register and Certificates

- 2.1 Where a Holder wishes to hold Options in certificated form, Monto Minerals shall issue to such Holder a Certificate for the number of Options held.
- 2.2 Monto Minerals shall establish and keep at its registered office or at such other place as may be approved by the Directors a register of Holders which register shall be maintained in accordance with statutory requirements and the Listing Rules.

3. Exercise Period of Options

The Options can be exercised at any time before the Expiry Time.

4. Exercise of Options

- 4.1 A Holder may exercise some or all of the Options by notice in writing to Monto Minerals delivered to the registered office of Monto Minerals before the Expiry Time. Each notice of exercise of Options must be given in multiples of 10,000 Options, unless the notice relates to the exercise of all of the Options remaining unexercised at the date of the notice. The notice must specify the number of Options being exercised and must be accompanied by:
- (a) the Exercise Price in immediately available cleared funds (in the form of a cheque or by payment by direct deposit into the bank account of the Company) for the number of Options specified in the notice; and
 - (b) the Certificate for those Options, for cancellation by Monto Minerals.
- 4.2 Within seven business days of receipt of the notice referred to in sub-clause 4.1 accompanied by the Exercise Price, the Directors will:

¹ Admission became effective on 25 May 2006

- (a) allot the number of Shares specified in the notice to the Holder;
- (b) cancel the Certificate for the Options being exercised; and
- (c) if applicable, issue a new Certificate for any unexercised Options.

4.3 A Holder may pay the Exercise Price in Australian dollars at the Applicable Exchange Rate.

4.4 To calculate the Australian dollars equivalent of the Exercise Price for the purposes of:

- (i) paying the Exercise Price on exercise of the Options;
 - (ii) determining adjustments to the number of Shares over which Options exist or the Exercise Price on a change in capital structure by way of pro rata issue or a bonus issue;
 - (iii) a reorganisation of the Options or a reorganisation of capital;
 - (iv) or any other corporate action,
- the Company will apply the Applicable Exchange Rate.

5. Listing

5.1 The Options will be admitted to trading on AIM in accordance with the AIM Rules.

5.2 Within two business days of the issue of the Shares, Monto Minerals will make an application to ASX and AIM for official quotation of the Shares which are issued as a result of the exercise of Options in accordance with the Listing Rules and the AIM Rules. Monto Minerals will use all reasonable endeavours to effect the quotation of the Shares.

6. Transfer of Options

6.1 Subject to the Applicable Law and this clause 6, the Holder may transfer some or all of the Options at any time before the Expiry Time by an instrument of transfer in compliance with clause 6.3.

6.2 Monto Minerals and the Holder acknowledge and confirm that the Options were not issued or acquired with the current intention that the Options be sold or transferred within 12 months of the date of issue.

6.3 An instrument of transfer of a Option must be:

- (i) in writing;
- (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
- (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee;
- (iv) stamped, if required by a law about stamp duty; and
- (v) delivered to the Company, at the Company's registered office, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.

6.4 Subject to the Applicable Law and this clause 6, the Company must not refuse or fail to register a transfer of Options.

6.5 The Company may refuse to register a transfer of Options where the Applicable Law permits the Company to do so.

6.6 The Company must refuse to register a transfer of Options where the Applicable Law or a law about stamp duty requires the Company to do so.

7. Rights of Option Holders

7.1 The Options shall not carry any right to vote at general meetings of Monto Minerals.

7.2 The Holders will not have the right to participate in new issues without exercising the Options.

8. Reorganisations, Pro Rata Issues and Bonus Issues

8.1 The Options will be reorganised upon a reorganisation of capital of Monto Minerals as required by the Listing Rules as they apply at the time of the reorganisation.

8.2 Adjustments to the number of Shares over which Options exist and/or the 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 the 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 Options will be increased by the same ratio as the increase in the total number of Shares and the exercise price of Options will be amended in inverse proportion to that ratio.

9. Holders to be Bound

9.1 By accepting an offer of Options a Holder agrees to be bound by these Terms and Conditions.

9.2 These Terms and Conditions can only be amended with the prior consent of the Holders.

9.3 Whenever the Directors make a determination pursuant to these Terms and Conditions the making of that determination shall be at the sole and absolute discretion of the Directors and each decision shall be conclusive, final and binding.

9.4 To the extent of any inconsistency between these Terms and Conditions and the Listing Rules, the terms of the Listing Rules will prevail and these Terms and Conditions shall be deemed to be amended accordingly.

MONTO MINERALS LTD

(ACN 063 144 865)

TERMS AND CONDITIONS OF

UNLISTED OPTIONS EXERCISABLE AT 12 PENCE

Options Issued 25 May 2006 to Ambrian Partners

1. Interpretation

1.1 In these Terms and Conditions, unless the context otherwise requires:

“ASX” means Australian Stock Exchange Limited;

“Certificate” means the certificate issued by Monto Minerals to a Holder in respect of an Option;

“Directors” means the Board of Directors of Monto Minerals from time to time;

“Exercise Price” means the exercise price of an Option in accordance with clause 3;

“Holder” means the registered holder of an Option;

“Listing Rules” means the Official Listing Rules of Australian Stock Exchange Limited;

“Option” means an Option to subscribe for one Share at the Exercise Price and on the terms and conditions contained in this document;

“Monto Minerals” means Monto Minerals Ltd ACN 063 144 865;

“Share” means a fully paid ordinary share in the capital of Monto Minerals carrying the same dividend rights and otherwise ranking pari passu in all respects with the issued ordinary shares of Monto Minerals;

1.2 In these Terms and Conditions, unless the context otherwise requires:

(a) words importing gender include each other gender; and

(b) the singular includes the plural and vice versa.

1.3 Headings are inserted for convenience and do not affect the interpretation of these Terms and Conditions.

2. Register and Certificates

2.1 Monto Minerals shall issue to each Holder a Certificate for the number of Options held.

2.2 Monto Minerals shall establish and keep at its registered office or at such other place as may be approved by the Directors a register of Holders which register shall be maintained in accordance with statutory requirements and the Listing Rules

3. Exercise Price of Options

The Exercise Price of an Option shall be 12 pence.

4. Exercise Period and expiry of Options

An Option may be exercised at any time before 5.00pm EST on 25 May 2009. The Options expire at 5pm EST on 25 May 2006.

5. Exercise of Options

5.1 A Holder may exercise some or all of the Options by notice in writing to Monto Minerals delivered to the registered office of Monto Minerals. Each notice of exercise of Options must be given in respect of at least 250,000 and thereafter in multiples of 100,000 Options, unless the notice relates to the exercise of all of the Options remaining unexercised and must be accompanied by:

(a) the Exercise Price for the number of Options specified in the notice; and

(b) the Certificate for those Options, for cancellation by Monto Minerals.

5.2 Within twenty-eight days of receipt of the notice referred to in sub-clause 6.1 accompanied by the Exercise Price, the Directors will:

(a) allot the number of shares specified in the notice to the Holder;

(b) cancel the Certificate for the Options being exercised; and

- (c) if applicable, issue a new Certificate for any unexercised Options.

6. Listing

- 6.1 The Options will **not** be listed on any stock exchange.
- 6.2 Monto Minerals will make an application to the ASX for official quotation of the Shares which are issued as a result of the exercise of Options in accordance with the Listing Rules.

7. Transfer of Options

A Holder shall not transfer an Option except with the prior written approval of the Directors.

8. Rights of Option Holders

- 8.1 The Options shall not carry any right to vote at general meetings of Monto Minerals.
- 8.2 The Holders will not have the right to participate in new issues without exercising the Options.
- 8.3 Subject to clause 9.4, the Options are treated under a reorganisation capital of Monto Minerals is as follows:
- (a) In a consolidation of capital – the number of Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.
 - (b) In a sub-division of capital – the number of Options must be sub-divided in the same ratio as the ordinary paid capital and the exercise price must be amended in inverse proportion to that ratio.
 - (c) In return of capital – the number of Options must remain the same, and the exercise price of each Option must be reduced by the same amount as the amount returned in relation to each ordinary security.
 - (d) In a reduction of capital by a cancellation of capital that is lost or not represented by available assets where no securities are cancelled – the number of Options and the exercise price of each Option must remain unaltered.
 - (e) In a pro rata cancellation of capital – the number of Options must be reduced in the same ratio as the ordinary capital and the exercise price of each Option must be amended in inverse proportion to that ratio.
 - (f) In any other case – the number of Options or the exercise price, or both, must be reorganised so that the Holder of the Option will not receive a benefit that Holders of ordinary securities do not receive. This rule does not prevent a rounding up of the number of securities to be received on exercise if the rounding up is approved at the security Holders meeting, which approves the reorganisation.
- 8.4 The Options will be reorganised upon a reorganisation of capital of Monto Minerals as required by the Listing Rules as they apply at the time of reorganisation.

9. Pro Rata Issue and Bonus Issues

- 9.1 The Options confer no right to a change in exercise price, or to a change to the number of underlying securities over which it can be exercised in the event of Pro Rata Issues or Bonus Issues.

10. Holders to be Bound

- 10.1 By accepting an offer of Options a Holder agrees to be bound by these Terms and Conditions and any amendments hereto.
- 10.2 Whenever the Directors make a determination pursuant to these Terms and Conditions the making of that determination shall be in the sole and absolute discretion of the Directors and each decision shall be conclusive, final and binding.
- 10.3 To the extent of any inconsistency between these Terms and Conditions and the Listing Rules, the terms of the Listing Rules will prevail and these Terms and Conditions shall be deemed to be amended accordingly.