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Company Announcements Office
Australian Securities Exchange

By e-Lodgement

Dear Sir/Madam

**Project Update – Further Soil Sample Results**

Further to the Fourth Quarter Activities Report released on 22 July 2010, Monto Minerals Limited (Monto) has now received the second batch of soil sampling results relating to the Middle Island and Hummock Hill Island project.

Traverses were made of the deposits at both Middle and Hummock Hill Island correlating existing geographic information systems (GIS) data with existing drill lines observable on the ground. Stakes delineating drill lines created in the early 1990s were discernable in some instances and hand auger locations were arbitrarily located in order to confirm the presence of heavy mineral (HM) sands. Generally the HM 'strands' were readily identifiable, however in several locations they are likely to exist at a greater depth than that achievable with a hand auger. Soil samples were collected at various depth intervals down the hand auger holes. Project location maps showing the previous drill lines and current hand auger locations for both Middle and Hummock Hill Island are provided below (Figures 1 & 2).

The soil samples collected were submitted in two separate batches for HM separation, the complete set of results is shown in Table 1 below.

**Table 1: Sample Results - Grainsize and HM %**

| Sample ID | Grainsize (%) | | | HM |
|---|---|---|---|---|
| | >2mm | <2mm - >53µ | <53µ | % |
| **SS1 – 0.3m*** | **1.08** | **77.57** | **21.34** | **2.26** |
| SS1 – 1.2m | 0.01 | 55.79 | 44.19 | 0.91 |
| SS2 – 0.5m | 0.03 | 95.68 | 4.29 | 14.61 |
| **SS3 – 0.5m*** | **0** | **99.08** | **0.92** | **0.44** |
| **SS3 – 1.2m*** | **0** | **99.63** | **0.37** | **0.23** |
| SS3 – 1.7m | 0.03 | 99.23 | 0.75 | 0.27 |
| **SS4 – 0.3m*** | **0.06** | **95.76** | **4.18** | **2.12** |
| **SS4 – 1.0m*** | **0** | **96.77** | **3.23** | **2.99** |
| SS4 – 1.5m | 0.02 | 94.89 | 5.09 | 3.20 |
| **SS5 – 0.3m*** | **0** | **99.39** | **0.61** | **1.54** |
| SS5 – 1.0m | 0.02 | 99.25 | 0.73 | 1.75 |
| SS6 (selective) | 0.02 | 99.19 | 0.79 | 63.43 |
| **SS7 – 0.3m*** | **0.45** | **94.60** | **4.95** | **1.22** |
| **SS7 – 1.0m*** | **2.11** | **90.51** | **7.38** | **0.50** |
| SS7 – 1.4m | 5.59 | 83.93 | 10.48 | 1.17 |
| SS8 – 0.3m | 0.05 | 98.24 | 1.71 | 3.46 |

**Note: HM separation conducted using tetrabromoethane (TBE) (density 2.96)**

*** - Sample results from latest batch**

Based on the elevated percentage of HM, soil samples SS6 (selectively sampled from naturally concentrated HM sands), SS4 – 1m and SS5 – 0.3m were selected for mineralogical assessment using a standard 300 point count modal analysis. This technique basically comprises the production of a representative polished section and the point counting of every apparent mineral under a reflected polarizing microscope. Table 2 below summarises the results.

**Table 2: Sample Results - Mineral %**

| Mineral (%) | Sample ID | | |
|---|---|---|---|
| | SS 6 | **SS4 – 1m*** | **SS5 – 0.3m*** |
| **Ilmenite Product** | 85.9 | **76.2** | **44.4** |
| **Leucoxene** | 1.6 | **5.4** | **8.0** |
| **Rutile Product** | 1.9 | **3.6** | **2.9** |
| **Zircon** | 9.2 | **11.6** | **1.7** |
| **Others (trash)** | 1.4 | **3.3** | **43.0** |
| **Total** | 100 | **100** | **100** |

*** - Sample results from latest batch**

The overall HM grade of the samples is broadly in line with historically quoted target mineralisation from both Middle and Hummock Hill Island. Of particular interest are the elevated HM grades of soil samples SS1 – 0.3m, SS2-0.5m, SS4 (all samples), SS5 (all samples), SS6 and SS8-0.3m.

The mineralogical composition of SS6 is proportionally similar to historical records with a high weighting towards ilmenite product (composed of ilmenite, altered ilmenite and pseudo rutile) and zircon. The relatively high concentration of zircon in SS6 is meaningful given the greater relative value ascribed to this product when compared to the other HM products such as ilmenite.

The submission of the second batch of samples included the mineralogical assessment of SS4 – 1m and SS5 – 0.3m. Soil sample SS4 – 1m contains appreciable ilmenite product and a high proportional zircon content. Both SS5 – 0.3 and SS4 – 1m exhibit mineralogical assemblages potentially suitable for exploitation.

Soil sample SS5 – 0.3m has a relatively low ilmenite product and zircon content and contains a large component of trash minerals.

**Forthcoming Exploration Activities**

Monto anticipates undertaking the following activities at the Middle Island and Hummock Hill Island Projects:

- Additional geological reconnaissance work to further delineate existing deposit boundaries and provide a basis for a more comprehensive soil sampling campaign.
- An extensive grid sampling programme collecting soil from immediately beneath the surface. This soil sampling program will be designed to cover the broad areal extent of the mineralised zones and validate results against historical findings.
- Depending on the outcome of preceding exploration work, a shallow mechanized drilling programme may be warranted to provide an indication of the depth of mineralisation at the various deposits and provide verification for the existing historical information.
- The historical Target Mineralisation quoted in the Preliminary Feasibility Study (PFS) has been generated from a considerable amount of drill and sample data. Given the comprehensive work completed as a basis for the PFS, Monto believes that the historical Target Mineralisation at Middle Island may be converted to a JORC-Code compliant resource. Mineral sands specialists continue to be consulted in this regard.

The target mineralisation is conceptual in nature. There has been insufficient exploration to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.

**Acquisition Update**

Monto is engaged in the ongoing review and assessment of a number of resource projects across a broad range of commodities and geographic locations. Monto is presently seeking a suitably attractive resource project in which it can invest with a view to developing and advancing the asset. At this stage, no decision to acquire, farm-in or joint venture into any project has been made and the process of project review is continuing as opportunities arise.

**Project Background**

Middle and Hummock Hill Islands are entirely incorporated in EPM 4335 and EPM 7164. The vast majority of the HM sands identified in the Middle Island Pre Feasibility Study (PFS) completed by former owners RZM Limited (now Bemax Resources Limited) is located on Middle Island itself.

Middle Island is located 76km by road south of Gladstone in Central Queensland in a tidal mangrove environment. The island is mainly comprised of low irregular shaped vegetated undulating sand dunes, flat coastal sand areas and coastal mud flats. Previous explorers had identified HM sands on Middle Island and during the 1960s and 70s several hand auger and mechanical drilling programs had been undertaken on the island. RZM Limited commenced further exploration on the island in 1986 upon grant of the EPM and has completed over 50,000 metres of drilling on the site which culminated in the generation of a detailed PFS released in 1994.

Please see attached figures detailing the project locations and drilling work undertaken by RZM Limited.

**Contact Information**

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*Competent Persons Statement*
*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen J Maynard, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and independent consultant to the Company. Mr Maynard is principal of Al Maynard & Associates and has over 30 years of exploration and mining experience in a wide variety of mineral deposit styles including mineral sands. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.*

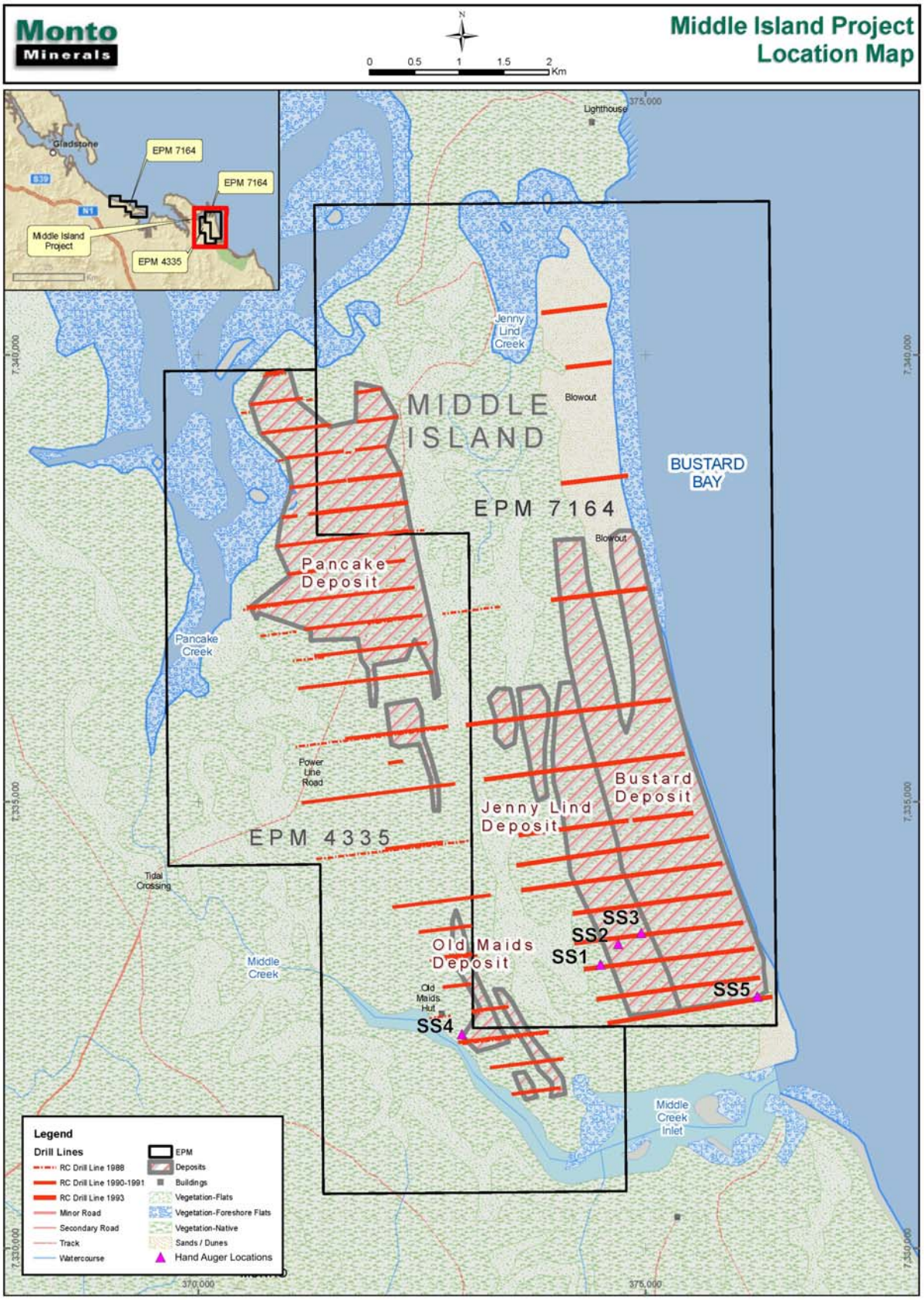


Figure 1: Middle Island Project Location Map – Hand Auger Locations & Drill Lines

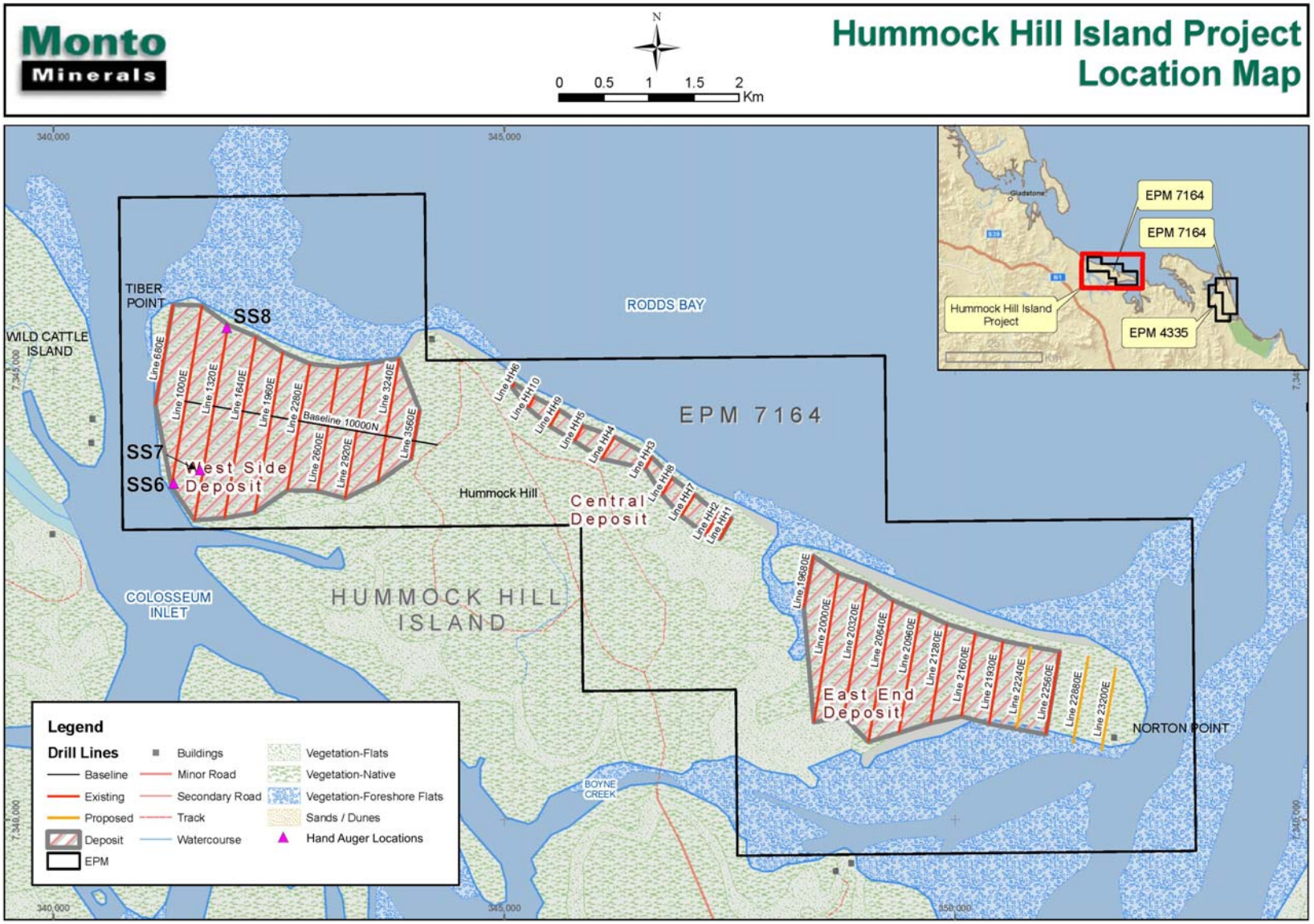


Figure 2: Hummock Hill Island Project Location Map - Hand Auger Locations and Drill Lines