

Monto
Minerals
annual report
2013



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Corporate Directory

Directors	James Allchurch Managing Director
	Gary Steinepreis Non-Executive Chairman
	Patrick Burke Non-Executive
Company Secretary	Gary Steinepreis
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Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth Western Australia 6000
Stock Exchange Listing	Monto Minerals Limited's shares are listed on the Australian Securities Exchange, home branch, Perth. Code: MOO
Website	www.montominerals.com

Managing Director's Letter

Dear Fellow Shareholder,

On behalf of the board of Monto Minerals Limited (Monto or Company) I am pleased to present the Company's 2013 Annual Report in what has been an exciting year.

The Company has completed a series of successful drilling campaigns targeting high grade tin mineralisation in its dominant 554km² tenement position within the Herberton Tin Field, north Queensland.

The Company successfully drill tested five tin prospects at the Herberton Project, with outstanding high grade tin mineralisation encountered at the Alexandra and Dargo prospects within the broader Mt Ormonde area. Broad widths of high grade tin at very shallow depths were encountered at both Alexandra and Dargo with best results of 5m @ 1.03% tin from 51m depth and 6m @ 1.49% tin from 11m depth (incl. 3m @ 2.8% tin) respectively. Further holes at Alexandra and other prospects encountered a series of high grade intersections including 5m @ 0.94% tin from 14m depth (Alexandra). A follow up drill programme confirmed high grade tin mineralisation at Alexandra and Dargo including 2m @ 2.61% tin from 30m depth (Dargo).

The former Zig Zag tin mine is located within the Mt Ormonde area and is conspicuous through the presence of a distinct circular magnetic low in the immediate area. Dump samples collected from the Zig Zag mine returned results up to 3.8% tin and included gold up to 0.85g/t. An initial 75m RC hole targeting the Zig Zag prospect returned 69m @ 0.2% copper and 75m @ 2.2g/t silver. These results prompted a 373m diamond drill hole which returned multiple element zonation indicative of an intrusive related gold system (IRGS). Based on all exploration data collected to date the Zig Zag prospect represents a very exciting IRGS target potentially exhibiting tin, tungsten and gold. The Company is continuing its assessment of the Zig Zag potential.

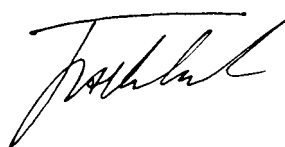
The Company has now collected and processed more than 6,500 soil geochemical samples over an area of 70km² as part of a large soil geochemical sampling programme incorporating approximately 188km². An ambitious programme of this nature has not been undertaken in the Herberton Tin field previously and has thus far provided an invaluable platform with which to identify and refine high grade tin targets. The soil geochemical programme along with follow up detailed rock chip sampling is ongoing.

Monto have a dominant position in the Herberton Tin Field, which has produced over 76,300t of tin metal. Apart from Monto's recent exploration programme, no work for tin has been undertaken since the mid-1980s and no coordinated exploration work has ever been completed on any scale given the area was only consolidated into the current large tenement position in 2005. Monto regard the Herberton Tin Field as world class and the most prospective hard rock tin field in Australia.

Following the appointment of Administrators in April 2012, Kagara Limited suspended operations at the Monto-owned Baal Gammon Mine. Subsequently, on 26 September 2012, Kagara Limited (Administrators Appointed) announced the lodgement of a \$3.75M environmental bond for the Baal Gammon mine. In January 2013 Hong Kong based investment group Snow Peak Mining Pty Ltd (SPM) purchased the North Queensland Central regional assets from Kagara Limited (Administrators Appointed), including the right to mine Baal Gammon and the Mt Garnet polymetallic processing plant. SPM are expected to recommence mining at Baal Gammon shortly, generating cashflow for the Company from the net smelter royalty.

The Company believes tin to be an exciting commodity in the coming years given the supply/demand fundamentals and resulting strong outlook for the metal in the short term. The Company is well positioned to take advantage of the strong tin market, as it continues its policy of aggressive exploration for high grade tin at the Herberton Tin Project.

I would like to thank the Board and staff for their efforts throughout the year as well as shareholders for their continued support.



James Allchurch
Managing Director

Review of Operations

Herberton Tin Project

Background

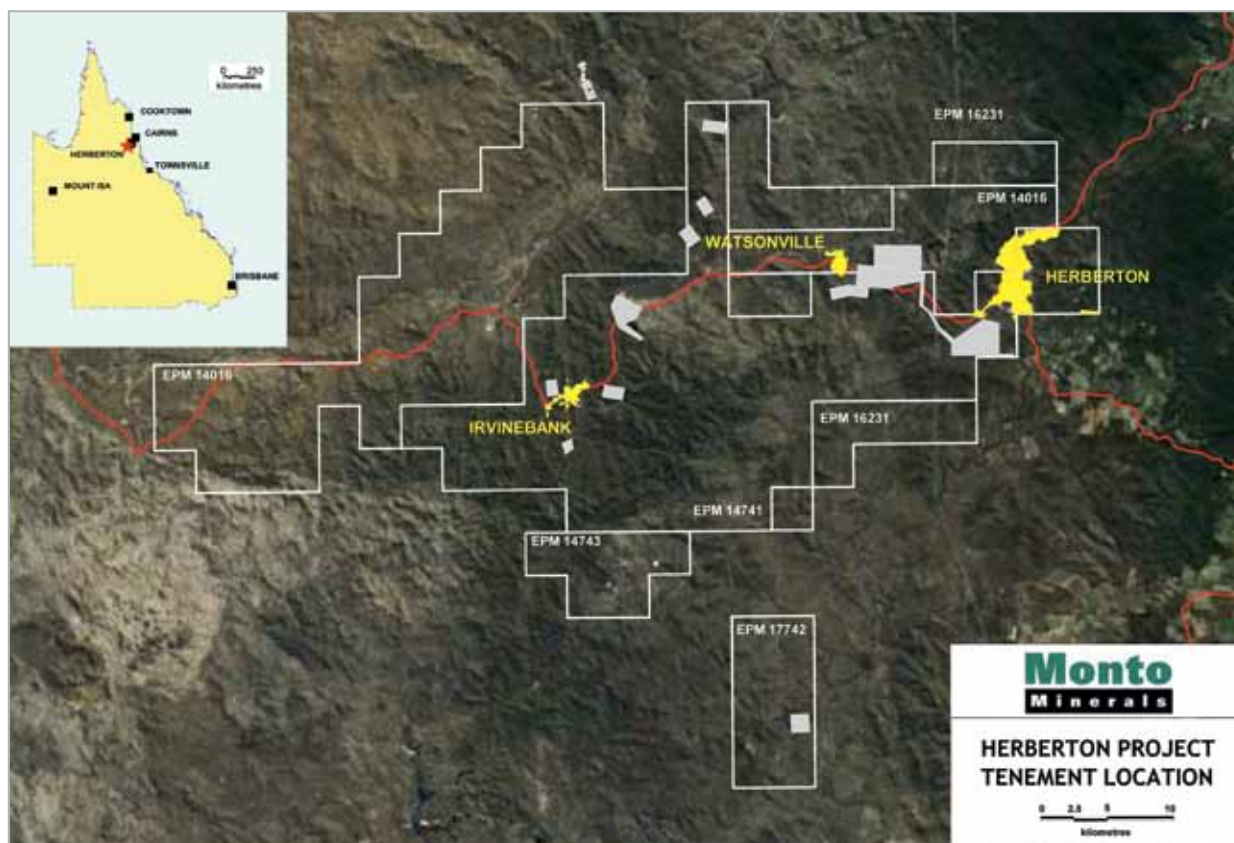
Monto Minerals Limited (Monto) acquired the Herberton Tin Project from North Queensland Metals Limited (now Evolution Mining) in early 2011 resulting in Evolution Mining owning a 22.95% stake in Monto.

The Herberton Tin Project is located 70kms south west of Cairns in Far North Queensland and comprises tenements totaling over 554km². The Herberton Tin Field has historically produced over 76,300t of tin metal and is currently the pre-eminent area for hard rock tin exploration in Australia.

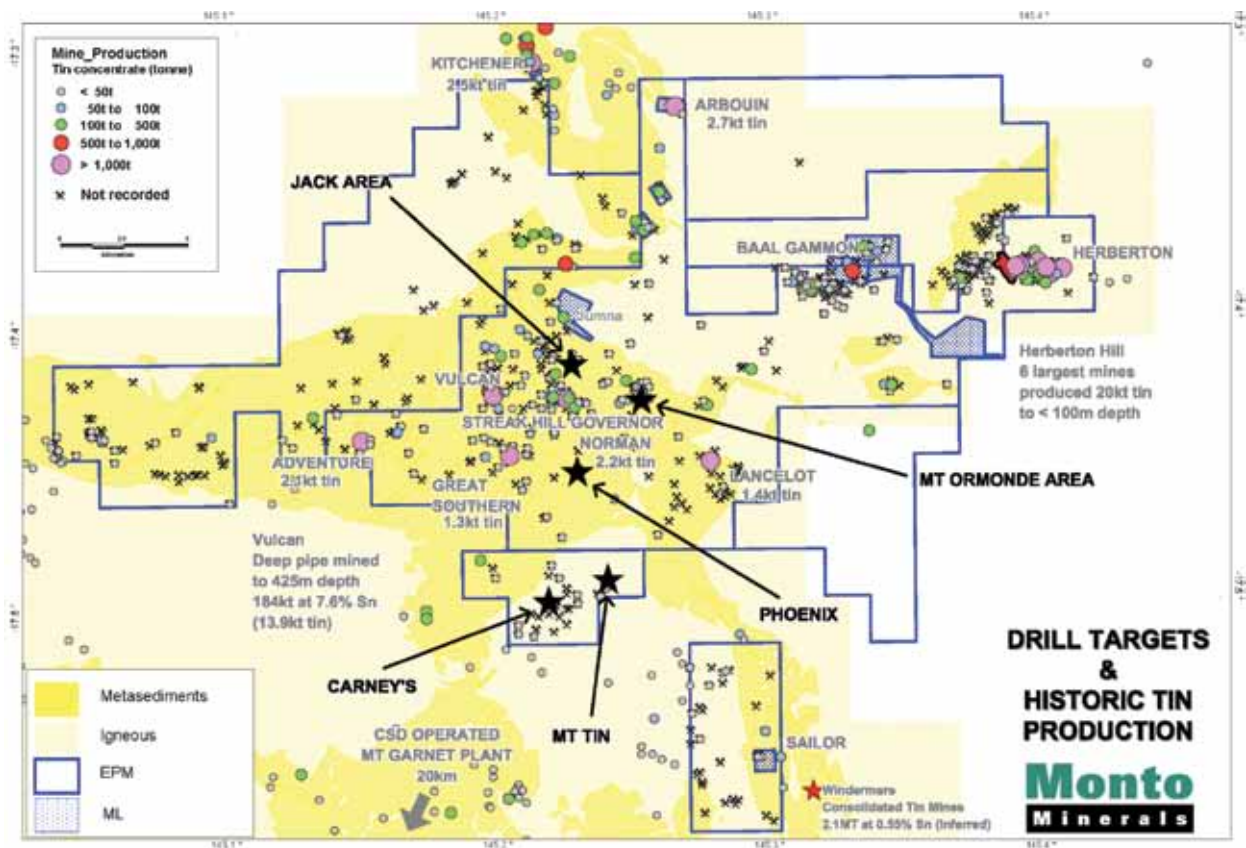
There has been no tin exploration conducted in the northern Herberton tin field since the tin price collapse of the mid-1980s. Historically, the area is renowned for high grade (>3% Sn) tin production with multiple mills, several processing plants and a smelter producing tin ingots. The largest historic mine in the tenement area is the Vulcan breccia pipe deposit which was mined to a depth of 425m at a head grade of over 6% Sn generating over 13,000t of tin.

Tin mineralisation has primarily been associated with high grade structurally controlled breccia pipes hosting coarse grained cassiterite and, unlike the more metallurgically complex skarn-hosted tin deposits, tin ores of the northern Herberton Tin Field have been easily concentrated through gravity separation. The style of mineralisation historically evident at the Herberton Tin Project represents a distinct advantage over other tin projects in Australia and overseas.

The limited exploration work historically undertaken within the Herberton Tin Field was necessarily disjointed and fragmented given the many and various owners of the small (generally <1km²) patchwork tenure of Mining Claims and Mining Leases. Only in 2005 when the area was consolidated into four large contiguous exploration permits for minerals (EPMs) has any form of coordinated regional exploration been possible. Monto is the first exploration company to have exclusive tenure over the entire northern Herberton Tin Field, thereby enabling the Company to apply modern regional exploration techniques over the entire area.



Herberton Tin Project – Location Plan



Herberton Project Drill Targets and Historic Tin Production

Herberton Project - Drilling

The Mt Ormonde area comprises numerous historic high grade tin workings over an area of approximately 1,200m x 1,200m including Alexandra, Dargo, Mt Ormonde, Edward and Zig Zag. The high grade tin prospects constituting the Mt Ormonde area were first identified through the digitisation and assessment of historical drilling and mine production information. Subsequently a detailed mapping and rock chip sampling exercise was undertaken in order to characterise tin mineralisation in the area and also identify potential drill targets. Over 270 rock chip samples were collected through to April 2013 with numerous high grade samples reporting up to 3.85% tin.

Based on the consistency of high grade tin results and continuity of mineralised structures, Monto immediately formulated a drilling programme to target these features.

The initial drilling programme conducted in May 2013 was primarily focused on the Mt Ormonde prospect, however a total of five holes (including one diamond hole) were spread across the Jack, Phoenix and Carney's prospects. In total, the initial drilling programme comprised 16 reverse circulation (RC) holes and one diamond hole for 1,348m RC and 100m HQ diamond core.

Review of Operations

Significant results include:

Sample ID	
MORC0005	6m @ 1.49% tin from 11m depth (includes 3m @ 2.8% tin)
MORC0002	5m @ 1.03% tin from 51m depth
MORC0001	3m @ 0.66% tin from 5m depth; 5m @ 0.94% tin from 14m depth; and 3m @ 0.39% tin from 32m depth

The results confirmed the presence of high grade tin mineralisation at both the Alexandra prospect (MORC0001 – MORC0003) and the Dargo prospect (MORC0004 and MORC0005).

Tin mineralisation was also intersected at Edward (Mt Ormonde) and Phoenix including 4m at 0.44% Sn from 17m (MORC0011) and 9m at 0.30% Sn from 76m (PHRC0001) respectively, confirming the presence of tin mineralisation as indicated by rock chip sampling at these prospects.

Cassiterite tin mineralisation appears to be structurally controlled and associated with either quartz and/or tourmaline lodes, or hosted by chloritic shear zones. Multielement assays were completed for all samples, with no significant sulphide content detected.

Significantly, the areas drilled by Monto had not previously been tested by drilling and were identified as targets through systematic geochemistry surveys involving soil and rock chip sampling. Further targets identified through high grade rock chip results, such as the Pretty Polly, Law King and Eagle prospects (rock chip values to 3.28% Sn), located 700 metres west from Mt Ormonde, are currently being assessed for drilling. The rock chip and drilling results show the potential for discovering new zones of mineralisation at surface that have not been previously mined.

The identification of high grade tin mineralisation so close to the surface in the initial shallow RC holes at Mt Ormonde prompted Monto to immediately plan and execute a follow up drilling programme. Follow up drilling was conducted in June 2013 at both Alexandra and Dargo with the following significant results:

Sample ID	
MORC0017	2m @ 2.61% tin from 30m depth 2m @ 0.28% tin from 125m to end of hole
MORC0013	4m @ 0.47% tin from 32m depth
MORC0016	6m @ 0.37% tin from 43m depth; 7m @ 0.23% tin from 54m depth; and 4m @ 0.19% tin from 74m depth

Follow up drilling confirms the high grade nature of shallow tin mineralisation across the Alexandra and Dargo prospects within the Mt Ormonde area. Along with the high grade and shallow depth, of particular importance is the coarse nature of the tin mineral cassiterite which suggests ease of processing through gravity means, a cost-effective method historically employed by companies operating tin mines within the Mt Ormonde area.

In recent months, Monto has intensified structural mapping and rock chip sampling across the Mt Ormonde area with pleasing results. Further drilling will be undertaken within the Mt Ormonde following interpretation of the newly acquired data.

Herberton Project Drilling - Significant Intersections

PROSPECT	HOLE ID	HOLE DEPTH	EAST	NORTH	AZIMUTH	DIP	FROM	TO	WIDTH (m)	Sn (%)	
ALEXANDRA	MORC0001	74	312622	8072075	094	-55	5	8	3	0.66	
							14	19	5	0.94	
							includes	16	18	2	1.74
							32	35	3	0.39	
ALEXANDRA	MORC0002	79	312620	8072075	094	-75	51	56	5	1.03	
ALEXANDRA	MORC0003	100	313785	8072112	097	-55				NSR	
DARGO	MORC0004	100	314003	8072711	135	-50				NSR	
DARGO	MORC0005	100	313960	8072733	135	-50	11	17	6	1.49	
							includes	13	16	3	2.80
							45	47	2	0.71	
DARGO	MORC0006	100	313940	8072764	135	-50				NSR	
DARGO	MORC0007	100	313905	8072804	135	-50	27	29	2	0.13	
							89	91	3	0.24	
EDWARD	MORC0008	83	314488	8072708	090	-50	53	60	7	0.16	
EDWARD	MORC0009	85	314446	8072705	090	-50	13	16	3	0.18	
							59	61	2	0.16	
EDWARD	MORC0010	61	314401	8072700	090	-50	10	16	6	0.37	
							includes	14	16	2	0.96
							43	47	4	0.18	
EDWARD	MORC0011	73	314276	8072705	090	-50	17	21	4	0.44	
							25	27	2	0.34	
ZIG ZAG	MORC0012*	75	314460	8072948	020	-80	9	12	3	0.12	
ALEXANDRA	MORC0013	100	313579	8072032	090	-55	32	36	4	0.47	
ALEXANDRA	MORC0014	151	313559	8072076	090	-55	23	26	3	0.29	
ALEXANDRA	MORC0015	109	313625	8072145	090	-55				NSR	
DARGO	MORC0016	109	313945	8072754	180	-55	43	49	6	0.37	
							54	61	7	0.23	
							74	78	4	0.19	
DARGO	MORC0017	127	313948	8072766	090	-55	30	32	2	2.61	
							125	127	2	0.28	

Review of Operations

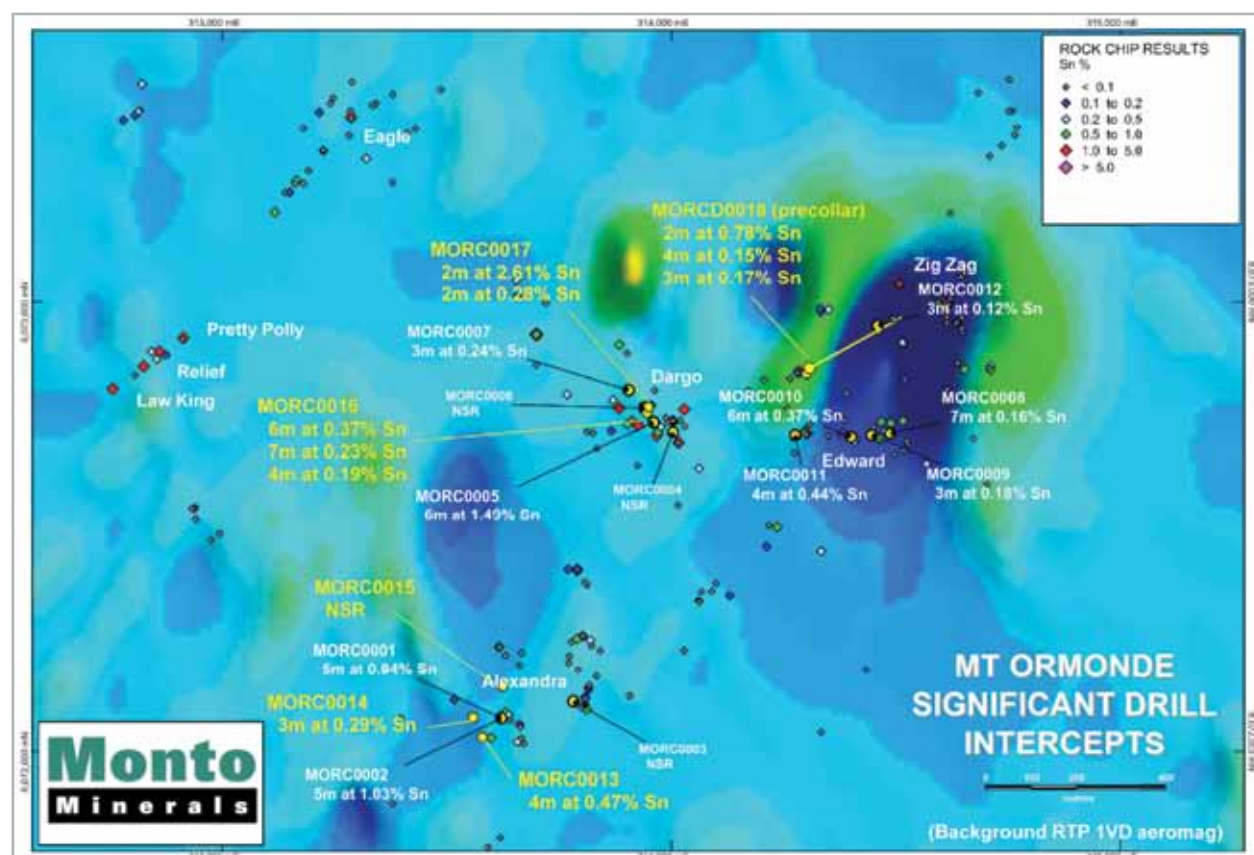
Herberton Project Drilling - Significant Intersections (continued)

PROSPECT	HOLE ID	HOLE DEPTH	EAST	NORTH	AZIMUTH	DIP	FROM	TO	WIDTH (m)	Sn (%)
ZIG ZAG (Pre-collar)	MORC0018	198	314301	8072840	050	-60	49	51	2	0.78
							54	56	2	0.32
							78	79	1	1.38
							95	99	4	0.15
							102	105	3	0.17
JACK AREA	JARC0001	103	311393	8073711	080	-60				NSR
JACK AREA	JARC0002	70	311485	8073632	080	-50				NSR
PHOENIX	PHRC0001	114	311748	8069403	045	-50	76	85	9	0.30
PHOENIX	PHRC0002*	31	311802	8069481	210	-50				NSR
CARNEYS	CADD0001	100.2	310711	8064231	270	-50				NSR

Reported intersections are minimum width of 2m and greater than 0.10% Sn.

NSR = no results meeting reporting criteria.

* Hole abandoned before target depth.



Mt Ormonde Drill Hole Locations and Results – Aeromag (note Zig Zag magnetic anomaly)

Potential IRGS System – Zig Zag Prospect

Zig Zag is one of several mines in the Mt Ormonde area that were worked for tin by Great Northern Mining Corporation (GNMC) during the late 1970's and early 1980's.

The Zig Zag ore body consists of a single lens of intensely altered siltstone and semi-massive to massive sulphide-garnet material. As reported by GNMC, the ore lens trends 320°, dips 70°W and plunges 60°SE. Two major ore types occur at Zig Zag: (i) a quartz-chlorite-pyrite rock, commonly representing an intensely altered brecciated siltstone; and (ii) a complex semi-massive pyrrhotite-garnet±chlorite±pyrite±magnetite rock. The tin mineral cassiterite is erratically distributed in both ore types and is generally very fine grained. Small zones of greater than 5% tin occur locally, often associated with high sulphide content in the ore. Petrological studies described the Zig Zag ore as a garnet skarn with a high temperature mineralogical assemblage compared with most other tin occurrences in the district.

GNMC completed several shallow (to 80m vertical depth) open percussion holes to define the Zig Zag tin orebody. No multielement analysis of drill hole samples was undertaken prior to Monto's drilling therefore there was no information regarding multielement metal signature and potential depth to an intrusive mineralising source pluton.

Three samples were collected by Monto from a dump outside the Zig Zag mine portal. Two were of massive sulphide ore (ZZRK000001 and ZZRK000003), the other a garnet magnetite quartz rock (ZZRK000002).

Zig Zag Dump Sample Results (SGS)

	Ag	As	Bi	Cu	In	Pb	Sb	Te	Zn	Au	Sn
	(ppm)	(%)	(ppm)	(%)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(%)
ZZRK000001	0.6	0.10	13.9	0.10	2.04	9	10	X	188	0.03	3.8
ZZRK000002	6.9	0	14.9	127	1.44	415	11	X	215	0.06	0
ZZRK000003	3.1	34.2	987	0.3	17.5	9	284	0.3	122	0.85	0

X – below detection

The Zig Zag ore body is coincident with a discrete magnetic low, readily distinguishable on aeromagnetic imagery. The magnetics, along with the massive sulphide style ore containing arsenic, bismuth, antimony and copper, as well as the presence of gold, sourced from the Zig Zag Mine indicate the potential for intrusive-style mineralisation. Furthermore, tungsten and minor amounts of base metals are known to be present in small vein hosted workings in the Mt Ormonde area.

To test the potential for down plunge tin mineralisation below the Zig Zag workings and to obtain multielement geochemical information, a steep dipping RC hole (MORC0012) was attempted in May 2013 as part of Monto's Mt Ormonde drilling programme. Underground workings were intersected twice by the hole, the lower workings causing the abandonment of the hole at 75m, short of the projected down plunge mineralisation target. The hole was oriented to the north, potentially drilling obliquely along strike of the general N-S structures in the area.

Significant results for MORC0012 include:

Sample ID	
MORC0012	69m @ 0.20% copper from 6m to 75m (end of hole) 75m @ 2.2g/t silver from 0m to 75m (end of hole) 3m @ 0.12% tin from 9m to 12m

Review of Operations

Potential IRGS System – Zig Zag Prospect (continued)

Although no ore grade results were returned, the multielement results obtained for MORC0012 were of enough encouragement to undertake a further attempt at testing below the Zig Zag workings. MORC0018 was drilled from an existing pad at the Mt Ormonde mine to test below the Zig Zag workings from the west.

Results from the 198m RC pre-collar are summarized in the following table. The intersections correspond to small surface workings immediately east of the Mt Ormonde Mine. No significant sulphide mineralisation was encountered.

Sample ID	
MORC0018	2m @ 0.78% tin from 49m depth; 2m @ 0.32% tin from 54m depth; 1m @ 1.38% tin from 78m depth; 4m @ 0.15% tin from 95m depth; and 3m @ 0.17% tin from 102m depth

Following the RC pre collar Monto drilled a diamond tail to 373m to investigate the potential for intrusive related mineralisation, determine structural and textural characteristics and test below the Zig Zag mine workings.

Several zones of elevated base metals and arsenic were intersected that can be related to discrete quartz veining or fracture mineralisation. These veins/fractures include copper to 0.84%, lead to 0.54%, zinc to 0.44% and arsenic to 0.68%. Bismuth (to 0.56%) and tellurium (to 5.34ppm) is elevated in most veins. Elevated arsenic correlates with higher copper, including a few broad zones where disseminated chalcopyrite and arsenopyrite is recognisable within the silicified sediments.

A zone of quartz veining and intense silica alteration occurs over 12m, from 333m and is interpreted to be vertically below the Zig Zag Mine mineralisation.

The twelve metre zone of quartz veining and silicification from 333m contains elevated tungsten, bismuth and tellurium with a decrease in arsenic, zinc and copper values. The highest gold grades of 0.56g/t and 0.13g/t are within this zone.

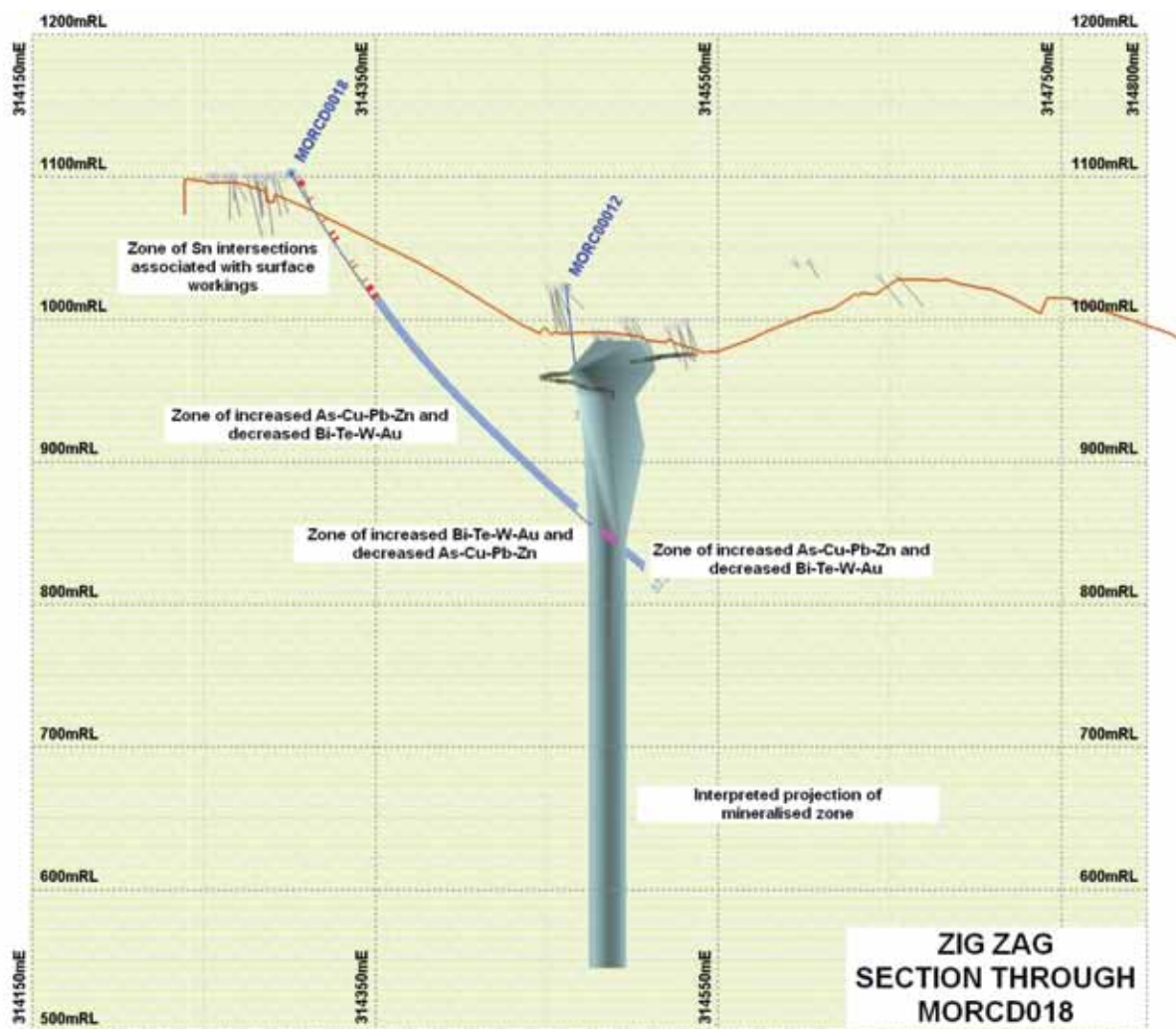
There is a general distal zonation of copper, zinc and arsenic that diminishes with proximity to the intrusive zone. Indicators for proximity to gold mineralisation, (ie. bismuth, tungsten and tellurium) increase in the intrusive zone, as does gold. Lead and zinc values are uniformly low throughout the hole, indicating proximity to the main intrusive zone.

IRGS-style mineralisation is distinguished by a number of key features including the presence of a discrete granitic stock that will be present as a magnetic low in regional aeromagnetic data due to depleted magnetite. Sheeted veins are the most distinctive style of IRGS gold mineralisation, comprising arrays of parallel quartz veins found over 10's to 100's of metres preferentially located in the granitic pluton's cupola. Concentric metal zonation develops outward from the central mineralising pluton with the intrusion-hosted sheeted veins having a general gold-bismuth-tungsten-tellurium signature and fissure veins varying outward from the pluton form gold-arsenic-antimony to distal lead-zinc-silver signatures. Zonation occurs laterally and vertically. Mineralising fluids from cooling plutons are opportunistic and cool quickly, depositing metals in numerous available geological settings resulting in veins, stockworks, skarns, and replacements characterised by a wide range of gold grades.

The magnetic low geophysical signature of the discrete 300m by 600m Zig Zag pluton combined with the metal zonation and signature of the main zone of veining intersected by MORC0018 indicates IRGS-style mineralisation associated with the Zig Zag pluton.

Further work at Zig Zag is continuing, including petrological studies to determine the precise mineralogical and textural characteristics of anomalous zones within MORC0018, with a view to assessing the presence of an IRGS-style deposit related to the Zig Zag pluton. Ground geophysics may be required to determine the location of the pluton's cupola and hence whether the Zig Zag mineralisation represents the central portion of the system or a small portion of a larger system.

The Zig Zag diamond hole has returned some very exciting geochemical results that indicate the potential presence of an IRGS-style deposit in the immediate vicinity of the former Zig Zag mine. Monto is continuing to evaluate Zig Zag whilst concurrently remaining focussed on the existing high grade tin targets as well as further tin prospects identified by ongoing methodical fieldwork.



Zig Zag Section Showing MORC0012 and MORCD0018

Detailed Mapping and Rock Chip Sampling

Monto has continued intensive mapping and rock chip sampling at the Herberton Project with particular emphasis on the identification and development of high priority drill targets.

Given the high proportion of outcrop over the project area, a total of 789 rock chip samples have been collected across the Herberton Project. Of all exploration techniques available, methodical and comprehensive rock chip sampling has the confirmed ability to identify high grade tin mineralisation in areas not previously recognised as hosting significant tin mineralisation.

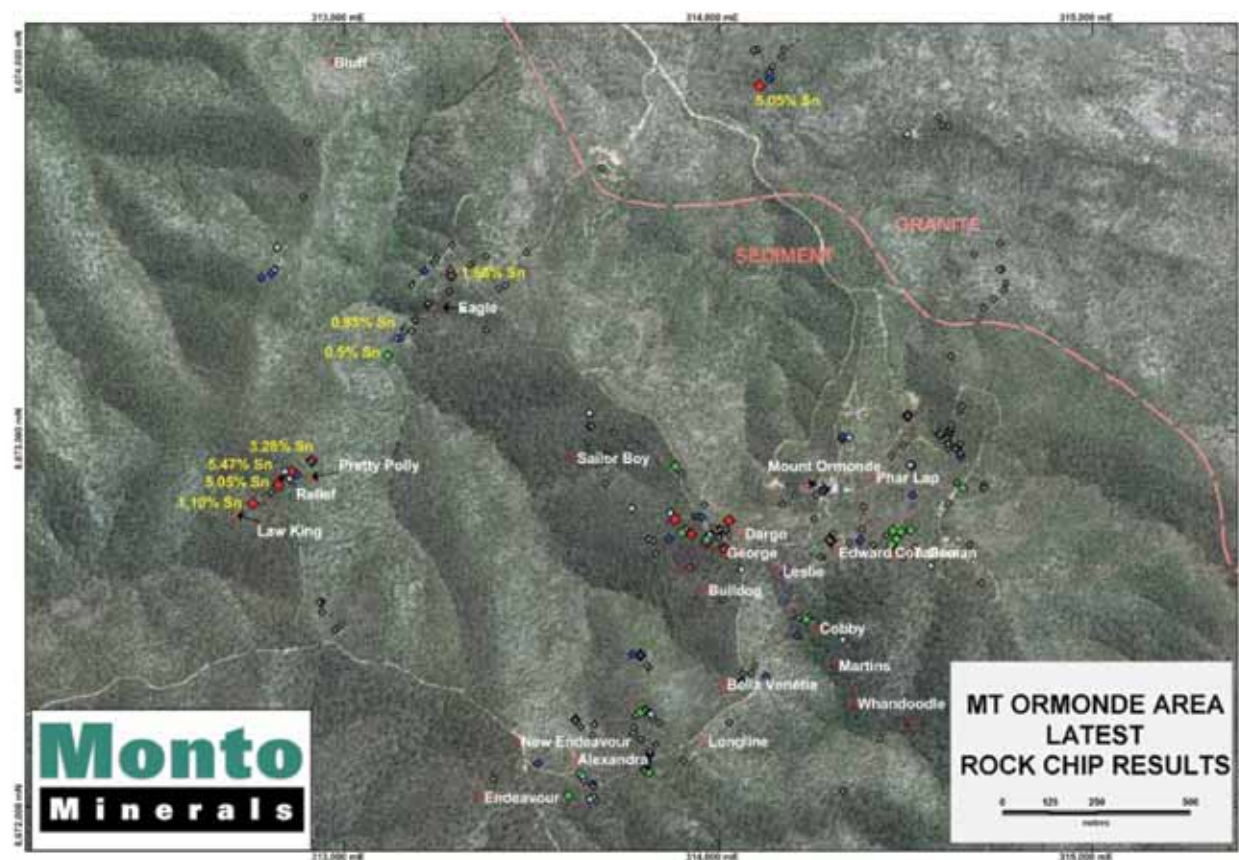
Monto recognised the Mt Ormonde area as a potential target due to the high density of workings with grades

generally above 1% tin over economic widths (>2m). To assess the area Monto compiled all available historic exploration and mining data and completed a detailed rock chip sampling programme comprising over 200 samples with the intention of defining new zones of mineralisation or extensions to historic workings. The sampling returned high grade tin values from quartz-tourmaline veins and haematitic (after chlorite) shears with values to 5.99% tin, a sample collected from a dump at the Sailor Boy mine. Parallel mineralised structures returning significant tin values of greater than 1% tin were defined at Dargo, the Edward-Talisman area, Con Goo and the Alexandra area.

Once all sample results were compiled from Mt Ormonde it was recognised that mineralised structures defined a radial pattern centred on the Zig Zag Mine, coincident with a bullseye magnetic anomaly.

Review of Operations

Detailed Mapping and Rock Chip Sampling (continued)



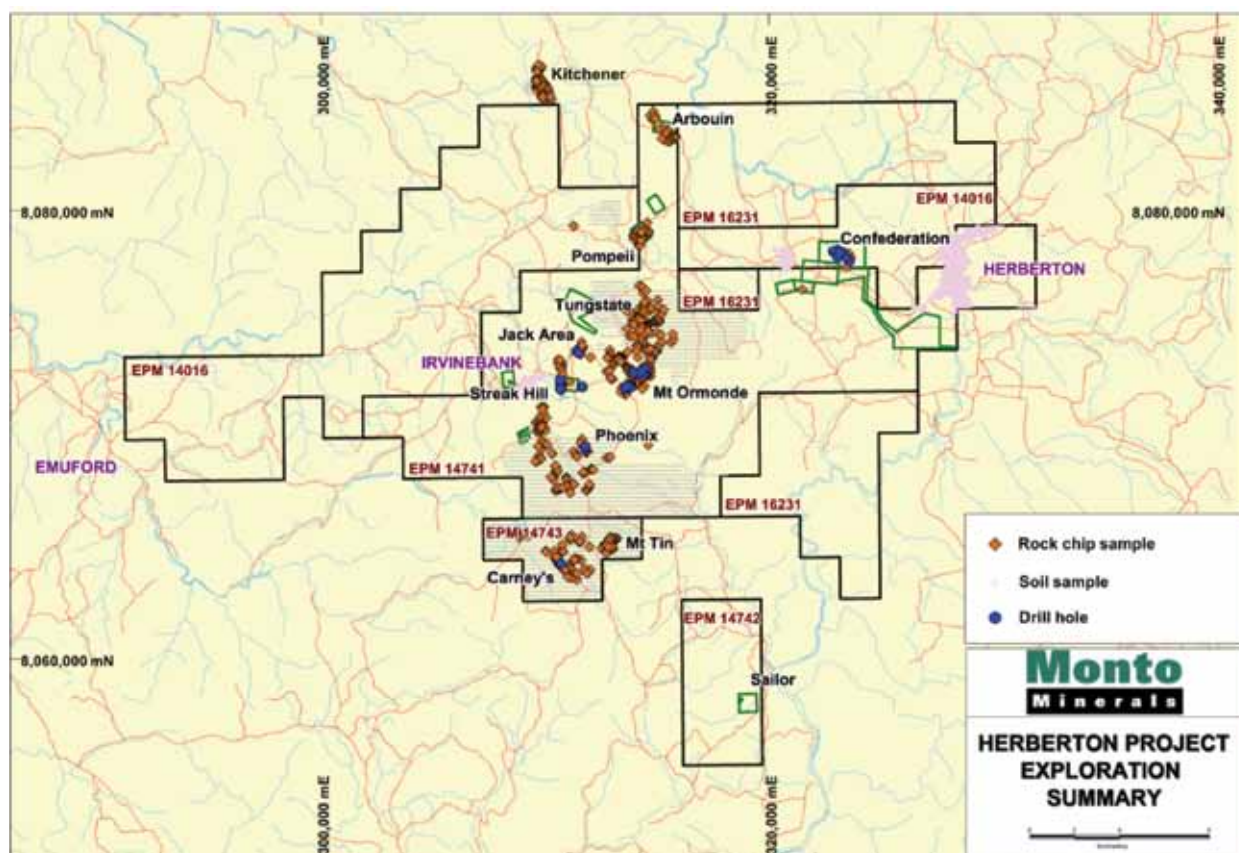
Mt Ormonde Rock Chip Results - Pretty Polly

It is highly likely the magnetic low represents an intrusive body and, based on the orientation of mineralised structures, is the source for tin mineralisation in the area. This is an exciting aspect of the Zig Zag magnetic feature given the strong geochemical anomaly returned from the recent diamond drilling described above and resulting potential for a mineralised IRGS system.

In May 2013, 50 rock chip samples at the Pretty Polly, Relief, Law King and Eagle prospects returned consistent high tin grades with 3.28% tin returned from a suspected quartz/tourmaline lode at the Pretty Polly prospect and 2.15% tin from a small pit at the Relief prospect. A dump sample adjacent to the Relief mine contained 5.47% tin.

The prospects above, collectively known as 'Pretty Polly', are located approximately 700m west of the primary Mt Ormonde target areas drilled recently. The Pretty Polly area represents exciting additional targets in the general Mt Ormonde area and will be subjected to further assessment.

Monto process all rock chip samples using a ring mill purchased early this year. Sample pulps generated by the ring mill are then analysed using a portable XRF unit. Detailed analysis and reporting conducted by Monto demonstrate the accuracy of the portable XRF for tin and other relevant elements as compared to laboratory derived results. In-house sample analysis has generated significant savings for Monto and enables a turnaround from collection to results in under 24hrs.



Herberton Exploration Summary

Major 188km² Soil Geochemical Sampling Programme

In late September 2012 Monto commenced a major 188km² regional soil geochemical survey at the Herberton Project, representing the first time a large systematic exploration programme has been undertaken in the area. To date, over 6,500 samples have been collected representing an area of over 70km². Soil samples are collected on 200m spaced lines at 50m intervals with analysis by hand-held XRF, saving considerable time and expense on analytical costs.

Soil sampling has already identified several anomalies, including two large 1,600m x 500m parallel tin in soil anomalies, known as the Scandinavian anomaly and Carney's anomaly (subsequently drilled), in a granite area previously not recognized for hard rock tin mineralisation.

Soil geochemical sampling across the former Western Mining Corporation (WMC) Mount Tin mine, east of the Carney's and Scandinavian anomalies, has

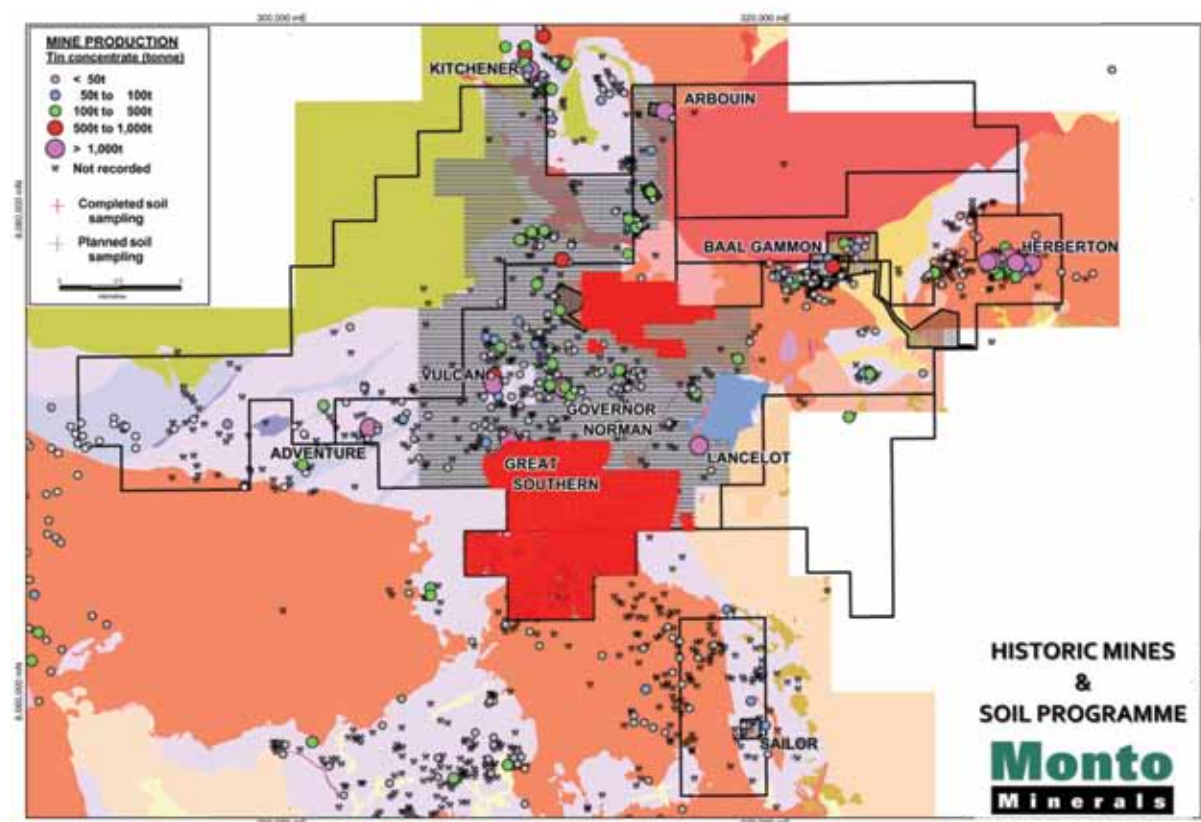
revealed a further strong tin in soil anomaly extending approximately 1km north from the Mount Tin mine.

During the year Monto conducted soil geochemical sampling over a prominent bullseye magnetic anomaly located 5km west of the Baal Gammon mine near the small village of Bakerville. The soil geochemical sampling lines have been progressing south of Bakerville, working in conjunction with data generated by simultaneous and preceding rock chip sampling at Firebreak and Tungstate South. The soil geochemical survey has progressed south to the point where it is now nearing the northern periphery of the Mt Ormonde area.

Soil geochemical results have generated crucial data on which to base future targeting work. Thus far several anomalous zones have been identified requiring further follow-up work in the form of rock chip sampling and drilling.

Review of Operations

Major 188km² Soil Geochemical Sampling Programme (continued)



Soil Sampling Completed to Date – Herberton Tin Project

As well as the trialling of both gradient array and dipole-dipole induced polarisation (IP) geophysical surveys completed in July 2012, Monto has also recently reprocessed the previously acquired 100m line spaced aeromagnetic data including magnetic inversions to allow 3D analysis and interpretation of geology and structures. The reprocessed aeromagnetic data will allow a regional appraisal of tin mineralisation in the Herberton area and is being utilised for interpretation of soil geochemistry anomalies and targeting of new areas for field reconnaissance work.

For use in conjunction with the detailed satellite data, Monto has also acquired 0.5m resolution Worldview2 satellite imagery to aid in the identification and assessment of prospective areas within the Herberton project. The satellite imagery is used to identify surface structures and verify structural interpretations based on the aeromagnetic data.

Monto is continuing to compile a centralised digital database, sourcing information from Monto's extensive in-house technical library of historical hardcopy reports and plans covering various mines

and prospects within the Herberton Project tenure. As part of this assessment, pertinent historic drilling and geochemistry data is being compiled for loading into a centralised database. In most cases, drilling data coordinates are in a local grid, however some of this data has been georeferenced using surveyed surface plans and any other available information. Digitisation and compilation of the database is nearing completion and is proving an invaluable tool for the assessment of exploration targets.

Monto is the first exploration company to apply a series of modern exploration techniques to the rich north Herberton Tin Field.

Sailor Mining Lease Granted

In February 2013 Monto announced the granting of Mining Lease (ML) 20429, known as the Sailor ML. The 62ha Sailor ML is fully incorporated within Monto's exploration tenure at the Herberton Project.

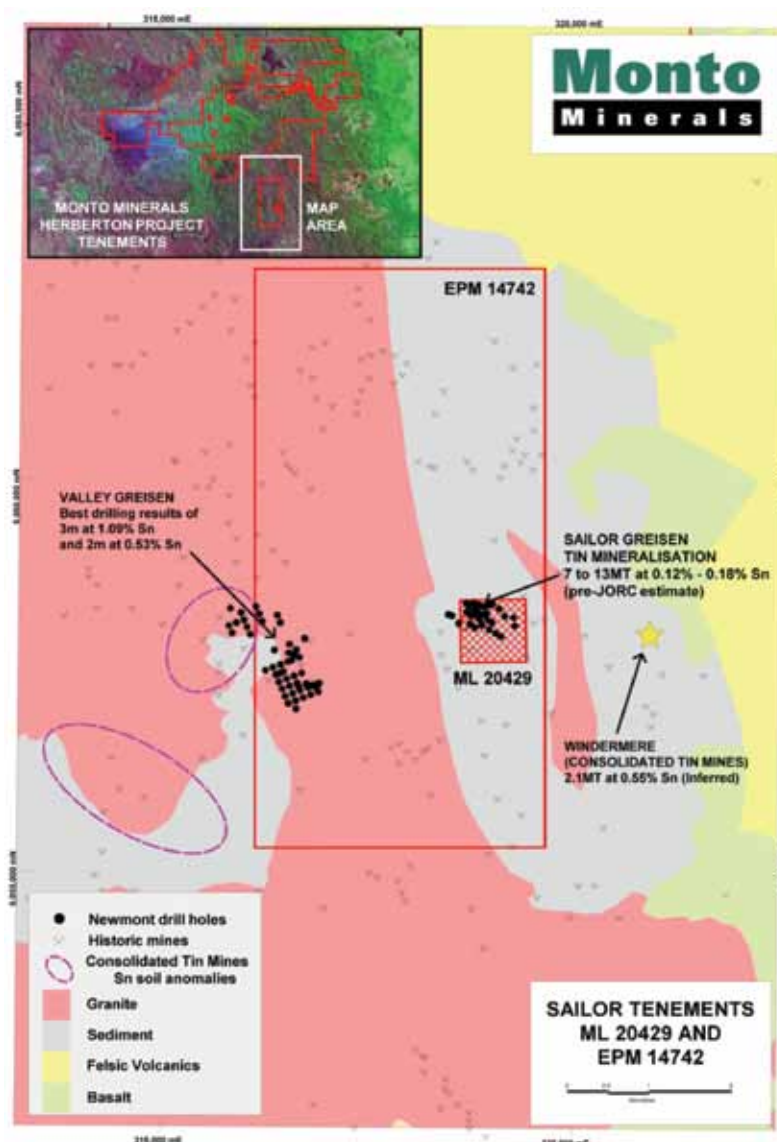
The Sailor ML covers a tin mineralised greisen body discovered and investigated by Newmont Holdings Pty Ltd (Newmont) from 1978 to 1980.

Tin mineralisation at Sailor occurs within the greisenised upper section of a granitic cusp emanating from the granitic pluton, where it intrudes sedimentary rocks of the Hodgkinson Formation. Tin occurs as cassiterite within sub-horizontal lenticular bodies of greisen.

Newmont drilled 32 percussion holes and three diamond drill holes, most holes were vertical with zones of tin mineralisation encountered at depths of 20 – 60m below surface and close to the granite-sediment contact.

In 1980, prior to the introduction of the JORC Code, Newmont generated a Target Mineralisation at Sailor of 7 - 13MT @ 0.12% - 0.18% tin based on completed drilling.

Drill testing by Newmont covered an area 800m x 400m to a vertical depth of 140m. Real potential exists to extend the mineralisation to the north, west and south as, due to Queensland Mines Department restrictions on exploration at that time, Newmont were not permitted access beyond the pre-existing tenure boundaries and could therefore not determine the full extent of mineralisation.



Location of the granted Sailor ML 20429

Review of Operations

Sailor Mining Lease Granted (continued)

Further drilling would be required to potentially increase the area and depth extent of tin mineralisation and, importantly, provide adequate data with which to potentially identify higher grade laterally continuous lenses of shallow mineralisation.

Sailor represents an opportunity to quickly define open pitted easily processed cassiterite tin mineralisation. Sailor is located approximately 20km from the 1Mtpa Mt Garnet polymetallic plant which was recently purchased by Snow Peak Mining Pty Ltd and is operated by Consolidated Tin Mines Limited (ASX: CSD).

The Company is currently assessing the various options for progressing Sailor.

Baal Gammon Copper Mine

The Baal Gammon Copper mine is located 7kms west of Herberton immediately adjacent to the main sealed road between Herberton and Watsonville. Baal Gammon is located on 100% Monto-owned MLs located within the broader Herberton Tin project area.



In December 2012, the former operator of the Baal Gammon mine, Kagara Limited (Kagara) (Administrators Appointed), announced the conditional sale of their North Queensland Central Region assets to Snow Peak Mining Pty Ltd (SPM) for a total consideration of \$40M.

SPM is a Hong Kong based investment group associated with Consolidated Tin Mines Limited (ASX: CSD). CSD has proposed to manage and operate the North Queensland Central region assets, including the Baal Gammon mine and Mt Garnet processing plant, on behalf of SPM.

The North Queensland Central Region assets include the Minerals Rights Agreement (MRA) that provides the right to operate the Baal Gammon mine. SPM thereby have the right to operate the Baal Gammon mine under the MRA whereby the operator is responsible for all costs and obligations with respect to Baal Gammon mine development and operations, including environmental obligations.

SPM, have informed Monto that they intend to commence mining Stage 1 of the Baal Gammon project in the coming months. Currently a stockpile of 6,368t of broken ore grading 2.86% Cu and 67.87g/t Ag is on the ROM pad at the Baal Gammon mine site, awaiting trucking to Mt Garnet.

Under the MRA, Monto is entitled to a 2.5% net smelter royalty (NSR) payable on all metals for the first 550,000t of Baal Gammon ore processed, dropping to 2% NSR payable on all metals over 550,000t of Baal Gammon ore processed.

In January 2012, former operator Kagara Limited (Administrators Appointed), released a revised Resource calculation derived from diamond drilling conducted by Kagara Limited (Administrators Appointed) at the Baal Gammon mine.

Baal Gammon Resource – 0.2% Cu cut-off

Resource Category	Volume m3	Tonnes	Copper %	Silver g/t	Tin %	Indium g/t
Inferred	10,492	30,636	0.6	18	0.1	63
Indicated	918,324	2,769,385	1.0	40	0.2	38
Total	928,816	2,800,021	1	40	0.2	39

Note: Material mined has not been subtracted from the figures above

Within the above Baal Gammon Resource there is a higher grade zone as outlined below.

Baal Gammon Higher Grade Zone Resource

Resource Category	Volume m3	Tonnes	Copper %	Silver g/t	Tin %	Indium g/t
Inferred	1,047	3,622	2.7	94	0.4	146
Indicated	238,621	825,629	2.5	96	0.4	96
Total	239,668	829,251	2.5	96	0.4	96

Note: Material mined has not been subtracted from the figures above

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 James Allchurch, a Director, who is a Member of the Australian Institute of Geoscientists. Mr Allchurch 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' (The JORC Code).

Mr Allchurch consents to the inclusion in this report of the statements based on this information in the form and context in which it appears.

Directors' Report

Your directors present their financial report on Monto Minerals Limited and its subsidiaries (Monto or the Company or the Group) for the year ended 30 June 2013.

Directors

The names of each person who have been directors during the year and continue in office at the date of this report are:

Gary Steinepreis
Patrick Burke
James Allchurch

Company Secretary

The company secretary is Gary Steinepreis. Mr Steinepreis is also a director of the Company. Details on Mr Steinepreis and his qualifications are included under the information on directors.

Principal Activity

The principal continuing activity of the Company is mineral exploration.

Subsidiaries

Monto Minerals Limited is the sole shareholder of Herberton Tin Pty Ltd (ACN 149 585 393) and Baal Gammon Copper Pty Ltd (ACN 149 583 933) owning 100% of the issued capital. These wholly owned subsidiaries were incorporated as part of the acquisition of the Herberton Tin and Baal Gammon Copper tenements.

Operating Result

The loss for the financial year after providing for income tax was \$2,019,486 (2012:\$4,338,330).

The major factors contributing to the loss were:

1. The impairment of the carrying value of the Baal Gammon Copper Assets \$1,344,974; and
2. The amortisation of performance rights issued \$212,274.

Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the financial report.

Review of Operations

Herberton Tin Project

The Herberton Tin Project is located 70kms south west of Cairns in Far North Queensland and comprises tenements totaling over 554km². The Herberton Tin Field has historically produced over 76,300t of tin metal and is currently the pre-eminent area for hard rock tin exploration in Australia.

There has been no tin exploration conducted in the northern Herberton tin field since the tin price collapse of the mid-1980s. Historically, the area is renowned for high grade (>3% Sn) tin production with multiple mills, several processing plants and a smelter producing tin ingots. The largest historic mine in the tenement area is the Vulcan breccia pipe deposit which was mined to a depth of 425m at a head grade of over 6% Sn generating over 13,000t of tin.

Tin mineralisation has primarily been associated with high grade structurally controlled breccia pipes hosting coarse grained cassiterite and, unlike the more metallurgically complex skarn-hosted tin deposits, tin ores of the northern Herberton Tin Field have been easily concentrated through gravity separation. The style of mineralisation historically evident at the Herberton Tin Project represents a distinct advantage over other tin projects in Australia and overseas.

The limited exploration work historically undertaken within the Herberton Tin Field was necessarily disjointed and fragmented given the many and various owners of the small (generally <1km²) patchwork tenure of Mining Claims and Mining Leases. Only in 2005 when the area was consolidated into four large contiguous exploration permits for minerals (EPMs) has any form of coordinated regional exploration been possible.

Monto Minerals is the first exploration company to have exclusive tenure over the entire northern Herberton Tin Field, thereby enabling the Company to apply modern regional exploration techniques over the entire area.

As one of the leading prospective areas within the Herberton Project, the Mt Ormonde area comprises numerous historic high grade tin workings over an area of approximately 1,200m x 1,200m including Alexandra, Dargo, Mt Ormonde, Edward and Zig Zag. The high grade tin prospects constituting the Mt Ormonde area were first identified through the digitisation and assessment of historical drilling and mine production information. Subsequently a detailed

mapping and rock chip sampling exercise was undertaken in order to characterise tin mineralisation in the area and also identify potential drill targets. Over 270 rock chip samples were collected through to April 2013 with numerous high grade samples reporting up to 3.85% tin.

The initial drilling programme conducted in May 2013 was primarily focused on the Mt Ormonde prospect, however a total of five holes (including one diamond hole) were spread across the Jack, Phoenix and Carney's prospects.

Significant results include:

Sample ID	
MORC0005	6m @ 1.49% tin from 11m depth (includes 3m @ 2.8% tin)
MORC0002	5m @ 1.03% tin from 51m depth
MORC0001	3m @ 0.66% tin from 5m depth; 5m @ 0.94% tin from 14m depth; and 3m @ 0.39% tin from 32m depth

The results confirmed the presence of high grade tin mineralisation at both the Alexandra prospect (MORC0001 – MORC0003) and the Dargo prospect (MORC0004 and MORC0005).

Tin mineralisation was also intersected at Edward (Mt Ormonde) and Phoenix including 4m at 0.44% Sn from 17m (MORC0011) and 9m at 0.30% Sn from 76m (PHRC0001) respectively, confirming the presence of tin mineralisation as indicated by rock chip sampling at these prospects.

Significantly, the areas drilled by Monto Minerals had not previously been tested by drilling and were identified as targets through systematic geochemistry surveys involving soil and rock chip sampling. Further targets, identified through high grade rock chip results, such as the Pretty Polly, Law King and Eagle prospects (rock chip values to 3.28% Sn), located 700 metres west from Mt Ormonde, are currently being assessed as drilling prospects. The rock chip and drilling results show the potential for discovering new zones of mineralisation at surface that have not been previously mined.

The identification of high grade tin mineralisation so close to the surface in the initial shallow RC holes at Mt Ormonde prompted Monto Minerals to immediately plan and execute a follow up drilling programme. Follow up drilling was conducted in June 2013 at both Alexandra and Dargo with the following significant results:

Sample ID	
MORC0017	2m @ 2.61% tin from 30m depth 2m @ 0.28% tin from 125m to end of hole
MORC0013	4m @ 0.47% tin from 32m depth
MORC0016	6m @ 0.37% tin from 43m depth; 7m @ 0.23% tin from 54m depth; and 4m @ 0.19% tin from 74m depth

Follow up drilling confirms the high grade nature of shallow tin mineralisation across the Alexandra and Dargo prospects within the Mt Ormonde area. Along with the high grade and shallow depth, of particular importance is the coarse nature of the tin mineral cassiterite which suggests ease of processing through gravity means, a cost-effective method historically employed by companies operating tin mines within the area of Mt Ormonde.

Directors' Report

Review of Operations (continued)

Herberton Project Drilling - Significant Intersections

PROSPECT	HOLE ID	HOLE DEPTH	EAST	NORTH	AZIMUTH	DIP	FROM	TO	WIDTH (m)	Sn (%)
ALEXANDRA	MORC0001	74	312622	8072075	094	-55	5	8	3	0.66
							14	19	5	0.94
							16	18	2	1.74
							32	35	3	0.39
ALEXANDRA	MORC0002	79	312620	8072075	094	-75	51	56	5	1.03
ALEXANDRA	MORC0003	100	313785	8072112	097	-55				NSR
DARGO	MORC0004	100	314003	8072711	135	-50				NSR
DARGO	MORC0005	100	313960	8072733	135	-50	11	17	6	1.49
							13	16	3	2.80
							45	47	2	0.71
DARGO	MORC0006	100	313940	8072764	135	-50				NSR
DARGO	MORC0007	100	313905	8072804	135	-50	27	29	2	0.13
							89	91	3	0.24
EDWARD	MORC0008	83	314488	8072708	090	-50	53	60	7	0.16
EDWARD	MORC0009	85	314446	8072705	090	-50	13	16	3	0.18
							59	61	2	0.16
EDWARD	MORC0010	61	314401	8072700	090	-50	10	16	6	0.37
							14	16	2	0.96
							43	47	4	0.18
EDWARD	MORC0011	73	314276	8072705	090	-50	17	21	4	0.44
							25	27	2	0.34
ZIG ZAG	MORC0012*	75	314460	8072948	020	-80	9	12	3	0.12
ALEXANDRA	MORC0013	100	313579	8072032	090	-55	32	36	4	0.47
ALEXANDRA	MORC0014	151	313559	8072076	090	-55	23	26	3	0.29
ALEXANDRA	MORC0015	109	313625	8072145	090	-55				NSR
DARGO	MORC0016	109	313945	8072754	180	-55	43	49	6	0.37
							54	61	7	0.23
							74	78	4	0.19
DARGO	MORC0017	127	313948	8072766	090	-55	30	32	2	2.61
							125	127	2	0.28

Herberton Project Drilling - Significant Intersections (continued)

PROSPECT	HOLE ID	HOLE DEPTH	EAST	NORTH	AZIMUTH	DIP	FROM	TO	WIDTH (m)	Sn (%)
ZIG ZAG (Pre-collar)	MORC0018	198	314301	8072840	050	-60	49	51	2	0.78
							54	56	2	0.32
							78	79	1	1.38
							95	99	4	0.15
							102	105	3	0.17
JACK AREA	JARC0001	103	311393	8073711	080	-60				NSR
JACK AREA	JARC0002	70	311485	8073632	080	-50				NSR
PHOENIX	PHRC0001	114	311748	8069403	045	-50	76	85	9	0.30
PHOENIX	PHRC0002*	31	311802	8069481	210	-50				NSR
CARNEYS	CADD0001	100.2	310711	8064231	270	-50				NSR

Herberton Project Drilling - Significant Intersections

Reported intersections are minimum width of 2m and greater than 0.10% Sn.

NSR = no results meeting reporting criteria.

* Hole abandoned before target depth.

Potential IRGS System – Zig Zag Prospect

Zig Zag is one of several mines in the Mt Ormonde area that were worked for tin by Great Northern Mining Corporation (GNMC) during the late 1970's and early 1980's.

The Zig Zag ore body consists of a single lens of intensely altered siltstone and semi-massive to massive sulphide-garnet material. As reported by GNMC, the ore lens trends 320°, dips 70°W and plunges 60°SE. Two major ore types occur at Zig Zag:

- (i) a quartz–chlorite–pyrite rock, commonly representing an intensely altered brecciated siltstone; and
- (ii) a complex semi-massive pyrrhotite–garnet±chlorite±pyrite±magnetite rock.

The tin mineral cassiterite is erratically distributed in both ore types and is generally very fine grained. Small zones of greater than 5% tin occur locally, often associated with high sulphide content in the ore. Petrological studies described the Zig Zag ore as a garnet skarn with a high temperature mineralogical assemblage compared with most other tin occurrences in the district.

GNMC completed several shallow (to 80m vertical depth) open percussion holes to define the Zig Zag tin orebody. No multielement analysis of drill hole samples was undertaken prior to Monto Minerals drilling therefore there was no information regarding multielement metal signature and potential depth to an intrusive mineralising source pluton.

Three samples were collected by Monto Minerals from a dump outside the Zig Zag mine portal. Two were of massive sulphide ore (ZZRK000001 and ZZRK000003), the other a garnet magnetite quartz rock (ZZRK000002).

Directors' Report

Review of Operations (continued)

Zig Zag Dump Sample Results (SGS)

	Ag	As	Bi	Cu	In	Pb	Sb	Te	Zn	Au	Sn
	(ppm)	(%)	(ppm)	(%)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(%)
ZZRK000001	0.6	0.10	13.9	0.10	2.04	9	10	X	188	0.03	3.8
ZZRK000002	6.9	0	14.9	127	1.44	415	11	X	215	0.06	0
ZZRK000003	3.1	34.2	987	0.3	17.5	9	284	0.3	122	0.85	0

X – below detection

The Zig Zag ore body is coincident with a discrete magnetic low, readily distinguishable on aeromagnetic imagery. The magnetics, along with the massive sulphide style ore containing arsenic, bismuth, antimony and copper as well as the presence of gold, sourced from the Zig Zag Mine indicate the potential for intrusive-style mineralisation. Furthermore, tungsten and minor amounts of base metals are known to be present in small vein hosted workings in the Mt Ormonde area.

To test the potential for down plunge tin mineralisation below the Zig Zag workings and to obtain multielement geochemical information, a steep dipping RC hole (MORC0012) was attempted in May 2013 as part of Monto's Mt Ormonde drilling programme. Underground workings were intersected twice by the hole, the lower workings causing the abandonment of the hole at 75m, short of the projected down plunge mineralisation target. The hole was oriented to the north, potentially drilling obliquely along strike of the general N-S structures in the area.

Significant results for MORC0012 include:

Sample ID	
MORC0012	69m @ 0.20% copper from 6m to 75m (end of hole) 75m @ 2.2g/t silver from 0m to 75m (end of hole) 3m @ 0.12% tin from 9m to 12m

Although no ore grade results were returned, the multielement results obtained for MORC0012 were of enough encouragement to undertake a further attempt at testing below the Zig Zag workings. MORC0018 was drilled from an existing pad at the Mt Ormonde mine to test below the Zig Zag workings from the west.

Results from the 198m RC pre-collar are summarized below. The intersections correspond to small surface workings immediately east of the Mt Ormonde Mine. No significant sulphide mineralisation was encountered.

Sample ID	
MORC0018	2m @ 0.78% tin from 49m depth; 2m @ 0.32% tin from 54m depth; 1m @ 1.38% tin from 78m depth; 4m @ 0.15% tin from 95m depth; and 3m @ 0.17% tin from 102m depth

Following the RC pre collar Monto Minerals drilled a diamond drill to 373m to investigate the potential for intrusive related mineralisation, determine structural and textural characteristics and test below the Zig Zag mine workings.

Several zones of elevated base metals and arsenic were intersected that can be related to discrete quartz veining or

fracture mineralisation. These veins/fractures include copper to 0.84%, lead to 0.54%, zinc to 0.44% and arsenic to 0.68%. Bismuth (to 0.56%) and tellurium (to 5.34ppm) is elevated in most veins. Elevated arsenic correlates with higher copper, including a few broad zones where disseminated chalcopyrite and arsenopyrite is recognisable within the silicified sediments.

A zone of quartz veining and intense silica alteration occurs over 12m, from 333m and is interpreted to be vertically below the Zig Zag Mine mineralisation.

The twelve metre zone of quartz veining and silicification from 333m contains elevated tungsten, bismuth and tellurium with a decrease in arsenic, zinc and copper values. The highest gold grades of 0.56g/t and 0.13g/t are within this zone.

There is a general distal zonation of copper, zinc and arsenic that diminishes with proximity to the intrusive zone. Indicators for proximity to gold mineralisation, (ie. bismuth, tungsten and tellurium) increase in the intrusive zone, as does gold. Lead and zinc values are uniformly low throughout the hole, indicating proximity to the main intrusive zone.

IRGS-style mineralisation is distinguished by a number of key features including the presence of a discrete granitic stock that will be present as a magnetic low in regional aeromagnetic data due to depleted magnetite. Sheeted veins are the most distinctive style of IRGS gold mineralisation, comprising arrays of parallel quartz veins found over 10's to 100's of metres preferentially located in the granitic pluton's cupola. Concentric metal zonation develops outward from the central mineralising pluton with the intrusion-hosted sheeted veins having a general gold-bismuth-tungsten-tellurium signature and fissure veins varying outward from the pluton form gold-arsenic-antimony to distal lead-zinc-silver signatures. Zonation occurs laterally and vertically. Mineralising fluids from cooling plutons are opportunistic and cool quickly, depositing metals in numerous available geological settings resulting in veins, stockworks, skarns, and replacements characterised by a wide range of gold grades.

The magnetic low geophysical signature of the discrete 300m by 600m Zig Zag pluton combined with the metal zonation and signature of the main zone of veining intersected by MORC0018 indicates IRGS-style mineralisation associated with the Zig Zag pluton.

Further work at Zig Zag is continuing, including

petrological studies to determine the precise mineralogical and textural characteristics of anomalous zones within MORC0018, with a view to assessing the presence of an IRGS-style deposit related to the Zig Zag pluton. Ground geophysics may be required to determine the location of the pluton's cupola and hence whether the Zig Zag mineralisation represents the central portion of the system or a small portion of a larger system.

Detailed Mapping and Rock Chip Sampling

Given the high proportion of outcrop over the project area, a total of 789 rock chip samples have been collected across the Herberton Project. Of all exploration techniques available, methodical and comprehensive rock chip sampling has the confirmed ability to identify high grade tin mineralisation in areas not previously recognised as hosting significant tin mineralisation.

Monto Minerals recognised the Mt Ormonde area as a potential target due to the high density of workings with grades generally above 1% tin over economic widths (>2m). To assess the area Monto Minerals compiled all available historic exploration and mining data and completed a detailed rock chip sampling programme comprising over 200 samples with the intention of defining new zones of mineralisation or extensions to historic workings. The sampling returned high grade tin values from quartz-tourmaline veins and haematitic (after chlorite) shears with values to 5.99% tin, a sample collected from a dump at the Sailor Boy mine. Parallel mineralised structures returning significant tin values of greater than 1% tin were defined at Dargo, the Edward-Talisman area, Con Goo and the Alexandra area.

Once all sample results were compiled from Mt Ormonde it was recognised that mineralised structures defined a radial pattern centred on the Zig Zag Mine, coincident with a bullseye magnetic anomaly. It is highly likely the magnetic low represents an intrusive body and, based on the orientation of mineralised structures, is the source for tin mineralisation in the area.

In May 2013, 50 rock chip samples at the Pretty Polly, Relief, Law King and Eagle prospects returned consistent high tin grades with 3.28% tin returned from a suspected quartz/tourmaline lode at the Pretty Polly prospect and 2.15% tin from a small pit at the Relief prospect. A dump sample adjacent to the Relief mine contained 5.47% tin.

Directors' Report

Review of Operations (continued)

The prospects above, collectively known as 'Pretty Polly', are located approximately 700m west of the primary Mt Ormonde target areas drilled recently. The Pretty Polly area represents exciting additional targets in the general Mt Ormonde area and will be subjected to further assessment.

Regional Soil Geochemical Survey

In late September 2012 Monto Minerals commenced a major 188km² regional soil geochemical survey at the Herberton Project, representing the first time a large systematic exploration programme has been undertaken in the area. To date, over 6,500 samples have been collected representing an area of over 70km². Soil samples are collected on 200m spaced lines at 50m intervals with analysis by hand-held XRF, saving considerable time and expense on analytical costs.

Soil sampling has already identified several anomalies, including two large 1,600m x 500m parallel tin in soil anomalies, known as the Scandinavian anomaly and Carney's anomaly (subsequently drilled), in a granite area previously not recognised for hard rock tin mineralisation.

Soil geochemical sampling across the former Western Mining Corporation (WMC) Mount Tin mine, east of the Carney's and Scandinavian anomalies, has revealed a further strong tin in soil anomaly extending approximately 1km north from the Mount Tin mine.

During the year Monto Minerals conducted soil geochemical sampling over a prominent bullseye magnetic anomaly located 5km west of the Baal Gammon mine near the small village of Bakerville. The soil geochemical sampling lines have been progressing south of Bakerville, working in conjunction with data generated by simultaneous and preceding rock chip sampling at Firebreak and Tungstate South. The soil geochemical survey has progressed south to the point where it is now nearing the northern periphery of the Mt Ormonde area.

Soil geochemical results have generated crucial data on which to base future targeting work. Thus far several anomalous zones have been identified requiring further follow-up work in the form of rock chip sampling and drilling.

Monto Minerals is continuing to compile a centralised digital database, sourcing information from the extensive in-house technical library of historical hardcopy reports and plans covering various mines and prospects within the Herberton Project tenure.

Digitisation and compilation of the database is nearing completion and is proving an invaluable tool for the assessment of exploration targets.

Baal Gammon Copper Mine

The Baal Gammon Copper Mine is located 7kms west of Herberton immediately adjacent to the main sealed road between Herberton and Watsonville. Baal Gammon is located on 100% Monto Minerals owned MLs located within the broader Herberton Tin project area.

In December 2012, the former operator of the Baal Gammon Mine, Kagara Limited (Kagara) (Administrators Appointed) announced the conditional sale of their North Queensland Central Region assets to Snow Peak Mining Pty Ltd (SPM) for a total consideration of \$40M.

SPM is a Hong Kong based investment group associated with Consolidated Tin Mines Limited (ASX: CSD). CSD has proposed to manage and operate the North Queensland Central region assets, including the Baal Gammon mine and Mt Garnet processing plant, on behalf of SPM.

The North Queensland Central Region assets include the Minerals Rights Agreement (MRA) that provides the right to operate the Baal Gammon mine. SPM thereby have the right to operate the Baal Gammon mine under the MRA whereby the operator is responsible for all costs and obligations with respect to Baal Gammon mine development and operations, including environmental obligations.

SPM, have informed Monto that they intend to commence mining Stage 1 of the Baal Gammon project in the coming months. Currently a stockpile of 6,368t of broken ore grading 2.86% Cu and 67.87g/t Ag is on the ROM pad at the Baal Gammon mine site, awaiting trucking to Mt Garnet.

Under the MRA, Monto is entitled to a 2.5% net smelter royalty (NSR) payable on all metals for the first 550,000t of Baal Gammon ore processed, dropping to 2% NSR payable on all metals over 550,000t of Baal Gammon ore processed.

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 James Allchurch, a Director, who is a Member of the Australian Institute of Geoscientists. Mr Allchurch 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' (The JORC Code).

Mr Allchurch consents to the inclusion in this report of the statements based on this information in the form and context in which it appears.

DIVIDENDS

No dividends were paid or are proposed to be paid to members during the financial year.

AFTER REPORTING DATE EVENTS

Other than as disclosed herein, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

- 1 the Group's operations in future financial years, or
- 2 the results of those operations in future financial years, or
- 3 the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company's business strategies and prospects for growth in future financial years has been included in this report in the review of operations.

ENVIRONMENTAL REGULATIONS

The Company's operations are subject to the environmental regulation under the laws of the Commonwealth and State of Queensland.

In April 2013 the Department of Environment and Heritage Protection (DEHP) initiated action against Kagara Limited (subject to deed of company arrangement) (the former operator of the Baal



Drill location at Streak Hill.

Gammon Mine) and Baal Gammon Copper Pty Ltd (a subsidiary of Monto Minerals Limited), in relation to a release of contaminated water from the Baal Gammon mine site.

Baal Gammon Copper Pty Ltd, though not the operator of the Baal Gammon mine site at the time of the release of contaminated water was charged as it is the holder of the Baal Gammon Environmental Authority and mining lease.

Baal Gammon Copper Pty Ltd has agreed to pay a fine of \$80,000 within the next 6 months with no conviction recorded as settlement of this action.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS OF THE GROUP

There have been no significant changes in the state of affairs of the group

Directors' Report

INFORMATION ON CURRENT DIRECTORS

JAMES ALLCHURCH (Managing Director, age 36)

Experience and Expertise

Mr Allchurch is a geologist with experience in mineral exploration, geotechnical assessment and mining operations. He has expertise in the identification and assessment of resource projects over a broad range of commodities in geographies including Europe, Australia, Africa and South America.

Other Current Directorships

Mr Allchurch is not currently a director of any other publicly listed company.

Former Directorships in the Last Three Years

None

Special Responsibilities

Managing Director

GARY STEINEPREIS (Non-Executive Chairman, age 47)

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Other Current Directorships

Norseman Gold Plc since 3 December 2007
AVZ Minerals Limited since 30 November 2012
New Horizon Coal Ltd since 4 June 2010

Former Directorships in the Last Three Years

Minerals Corporation Limited 17 February 2011 to 14 October 2011
Agri Energy Limited 22 June 2009 to 11 June 2012
WAG Limited 2 November 2006 to 23 May 2013
Avalon Minerals Ltd 20 December 2006 to 1 March 2011
RMG Limited 31 January 2006 to 30 April 2011

Special Responsibilities

Company Secretary

PATRICK BURKE (Non-Executive Director, age 44)

Experience and Expertise

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately twenty one years' experience working in law firms and companies in Australia and Ireland.

His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Securities Exchange requirements.

Other Current Directorships

Sirocco Energy Ltd (formerly Agri Energy Ltd) since 23 July 2009
Emergent Resources Ltd since 2 April 2013
Minerals Corporation Limited since 17 February 2011
AAQ Holdings Limited since 14 March 2011

Former Directorships in the Last Three Years

Zylotech Limited 4 December 2009 to 20 July 2010
WAG Limited 20 December 2006 to 23 May 2013
New Horizon Coal Ltd 4 June 2010 to 2 December 2011

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Gary Steinepreis	6	6
Patrick Burke	6	6
James Allchurch	6	6

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

DIRECTORS' INTERESTS IN THE COMPANY

At 30 June 2013, Directors, in office, held a relevant interest in the following securities of the Company:

Name	Ordinary Shares	Options	Performance Rights
James Allchurch	35,400,000	13,000,000	18,000,000
Patrick Burke	19,200,000	2,500,000	-
Gary Steinepreis	133,200,000	5,000,000	-

Remuneration Report (Audited)

The principles adopted by the Board are set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Employment contracts of Directors and Senior Executives
- (4) Performance based remuneration

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under section 300A of the Corporations Act 2001.

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- (i) focuses on sustained growth in shareholder wealth;
- (ii) attracts and retains high calibre executives;
- (iii) rewards capability and experience; and
- (iv) provides a clear structure for earning rewards.

Fees and payments to directors reflect the demands and responsibilities of the directors and are in line with the market.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

2 Details of Remuneration

The key management personnel of the Company including the directors and company secretary are:

James Allchurch	Director
Patrick Burke	Director
Gary Steinepreis	Director / Secretary
Erik Norum	Exploration Manager

Remuneration Governance

There is no remuneration committee the entire board which comprises three directors are responsible for remuneration packages. Remuneration consultants were not used in the establishment of remuneration packages. There were no comments or questions arising at the 2012 annual general meeting regarding remuneration. Salaries, fees and superannuation are fixed payments whilst equity based payments are linked to performance. Of the total remuneration for the financial year ended 30 June 2013, 29% was linked to performance.

The amount of remuneration of the directors and key management personnel:

2013	Short term employee benefits		Post-employment benefits	Equity based payments		
Name	Salary \$	Directors fees \$	Superannuation \$	Options & rights \$	Bonus Payment \$	Total \$
Directors:						
James Allchurch	210,000	-	18,900	212,274	-	441,174
Patrick Burke	6,000	29,460	540	-	-	36,000
Gary Steinepreis	6,000	29,460	540	-	-	36,000
Key Executives:						
Erik Norum	200,000	-	18,000	-	-	218,000
TOTAL	422,000	58,920	37,980	212,274	-	731,174

There were no equity based payments made during the year ended 30 June 2013. Equity based payments consisted of the continued amortisation of performance rights and the conversion of 9,000,000 performance rights to ordinary shares upon the tranche 1 milestone being achieved.

2 Details of Remuneration (continued)

The amount of remuneration of the directors and key management personnel (continued):

2012	Short term employee benefits		Post-employment benefits	Equity based payments		
Name	Salary \$	Consulting fees \$	Superannuation \$	Options & rights \$	Bonus Payment \$	Total \$
Directors:						
James Allchurch	185,000	-	19,350	213,210	30,000	447,560
Patrick Burke	2,250	33,547	203	22,500	-	58,500
Gary Steinepreis	2,250	33,548	202	45,000	-	81,000
Key Executives:						
Erik Norum	44,840	-	4,036	20,000	-	68,876
TOTAL	234,340	67,095	23,791	300,710	30,000	655,936

Equity based payments consisted of 23,000,000 unlisted options and 27,000,000 performance rights. The details of these payments are included in point 4 following.

* As per the terms and conditions of the employment contract with James Allchurch a bonus payment of \$30,000 was made at the completion of a drilling program conducted on the Baal Gammon tenements.

3 Employment Contracts of Directors and Senior Executives

The directors, other than James Allchurch, serve on a month to month basis on a fee for service basis at the rate of \$2,455 per month for management services and are paid salaries and superannuation in the amount of \$545 per month for their roles in the day to day activities of the Company. There are no termination payments payable. The managing director, James Allchurch, and exploration manager, Erik Norum, have service contracts with the Company the details of which follow:

The managing director, James Allchurch, is engaged under an executive services agreement. The basic terms and conditions of that agreement are as follows:

- A salary of \$210,000 per year is payable monthly in arrears;
- The contract can be terminated by one month's written notice given by either party;
- Entitled to four weeks annual leave for each completed year of service; and
- Superannuation is payable at the statutory rate, from 1 July 2013 9.25%.

The exploration manager, Erik Norum, is engaged under a contract of employment. The basic terms and conditions of that agreement are as follows:

- A salary of \$200,000 per year is payable monthly in arrears;
- The contract can be terminated by four weeks written notice given by either party;
- Entitled to four weeks annual leave for each completed year of service; and
- Superannuation is payable at the statutory rate, currently 9.25% \$18,500 (2012: 9% \$18,000).

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

4 Performance based Remuneration

Executive directors and key management personnel received equity based payments as part of their compensation packages during the year ended 30 June 2013 - \$212,274 (30 June 2012 - \$300,710).

2013 Name	Options Number	Options \$	%*	Performance rights Number	Performance rights \$	%*	Bonus Payment \$	%*
Directors:								
James Allchurch	-	-	-	18,000,000	212,274	48.1	-	-
Patrick Burke	-	-	-	-	-	-	-	-
Gary Steinepreis	-	-	-	-	-	-	-	-
Key Executives:								
Erik Norum	-	-	-	-	-	-	-	-
TOTAL	-	-	-	18,000,000	212,274	29.0	-	-

Equity based payments consisted of the continued amortisation of performance rights. Also during the year the conversion of 9,000,000 performance rights to ordinary shares occurred upon the tranche 1 milestone being achieved.

2012 Name	Options Number	Options \$	%*	Performance rights Number	Performance rights \$	%*	Bonus Payment \$	%*
Directors:								
James Allchurch	13,000,000	117,000	26.1	27,000,000	96,210	21.6	30,000	6.70
Patrick Burke	2,500,000	22,500	38.5	-	-	-	-	-
Gary Steinepreis	5,000,000	45,000	55.6	-	-	-	-	-
Key Executives:								
Erik Norum	2,500,000	20,000	29.0	-	-	-	-	-
TOTAL	23,000,000	204,500	31.2	27,000,000	96,210	14.7	30,000	4.57

* The value of options, performance rights and bonus payment as a percentage of total remuneration.

(a) Options

At a general meeting held during the period ended 30 June 2012 shareholders approved the Monto Employee Option Acquisition Plan (Option Plan). The aim of this plan is to allow eligible employees, who in the board's opinion, are dedicated and will provide ongoing commitment and effort to the Company, to participate in the success of the Company.

Director options are unlisted, have an exercise price of 2.9 cents and expiry date of 21 February 2016. Director options vested on the date of issue. These options have been issued to incentivise and reward directors and key management.

The measure for success will be the share price as traded on the ASX. At the time of issue the shares traded in the range of 1 to 1.1 cents. The exercise price is 2.9 cents therefore if the share price increases some 164% the traded price and option exercise price will be at break even, if this occurs it will be a benefit to shareholders and from this point on both shareholders and directors and key management will accrue a benefit.

Key executive options are unlisted, have an exercise price of 2.4 cents and an expiry date of 14 April 2016. These options have been issued to incentivise and reward key management. The measure for success will be the share price as traded on the ASX. At the time of issue the shares traded in the range of 1 to 1.1 cents.

REMUNERATION REPORT (AUDITED) (continued)

4 Performance based Remuneration (continued)

(a) Options (continued)

The exercise price is 2.4 cents therefore if the share price increases some 118% the traded price and option exercise price will be at break even, if this occurs it will be a benefit to shareholders and from this point on both shareholders and key management will accrue a benefit.

Fair value of options and assumptions

The fair value of options granted during the period ended 30 June 2012 was: 2,500,000 options - 0.80 cents; and 20,500,000 options - 0.90 cents. The fair value of service received in return for options granted is measured by reference to the fair value of the options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology.

The assumptions used for the options valuation were as follows:

Number of options	2,500,000	20,500,000
Exercise price	2.4 cents	2.9 cents
Expiry date	10/4/2016	21/2/2016
Share price at grant date	1.5 cents	1.8 cents
Expected volatility	83.29%	78.48%
Dividend yield	0%	0%
Risk free interest rate	4.25%	4.25%
Option value	0.8 cents	0.9 cents
Dollar value	\$20,000	\$184,500

(b) Performance Rights

Shareholders, at a general meeting held on 22 February 2012, approved the establishment of the Monto *Employee Performance Rights Plan (PRP)*, including the grant of performance rights to Mr James Allchurch, a director of the Company, under the PRP.

To achieve its corporate objectives, the Company needs to attract and retain its key staff. The board believes that grants made to eligible participants under the PRP will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the plan will enable the Company to recruit, incentivise and retain key management personnel (including directors) needed to achieve the Company's business objectives, link the reward of key staff with the achievements of strategic goals and the long term performance of the Company, align the financial interest of participants with those of shareholders and provide incentives to participants to focus on superior performance that creates shareholder value.

The PRP provides for the issuance of performance rights which, upon a determination by the board that the performance conditions attached to the performance rights have been met, will result in the issue of one ordinary share in the Company for each performance right. Performance rights will be issued for no consideration and no amount will be payable upon exercise thereof.

The performance conditions may include one or more of the following:

- (i) service to the Company of a minimum period of time;
- (ii) achievement of specific performance conditions by the participant and/or by the Company;
- (iii) a vesting period after satisfaction of performance conditions before the rights vest, or
- (iv) such other performance conditions as the board may determine.

Performance rights have an expiry date which cannot be extended without shareholder approval. The performance conditions have a milestone date which the board can extend where it considers that unforeseen circumstances or events have caused a delay in achieving the performance condition by the milestone date. The board shall not be permitted to extend the milestone date beyond the expiry date of the performance rights.

Directors' Report

REMUNERATION REPORT (AUDITED) (continued)

4 Performance based Remuneration (continued)

(b) Performance Rights (continued)

If a performance condition is not achieved by the earlier of the milestone date or the expiry date then the performance rights will lapse. A performance right will also lapse if the participant ceases to be an eligible employee for the purposes of the PRP for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

Performance rights were issued in three tranches of 9,000,000. Each performance right converts to one ordinary share upon reaching the relevant milestone. The performance rights have been valued and the value is being written off over the vesting period. As at the date of this report tranche 1 milestone has been achieved and tranche 1 performance rights (9,000,000) were converted into ordinary shares on 22 February 2013.

Tranche	Performance Condition	Milestone Date
Tranche 2 Performance rights Number 9,000,000	The participant being an employee of the Company	The second anniversary of the date of grant of the tranche 2 performance rights.
Tranche 3 Performance rights Number 9,000,000	The participant being an employee of the Company	The third anniversary of the date of grant of the tranche 3 performance rights.

The tranche 2 and 3 performance rights shall have the following expiry dates: Tranche 2 shall expire on the third anniversary of the date of grant; and Tranche 3 shall expire on the fourth anniversary of the date of grant.

The fair value of service received in return for performance rights granted is measured by reference to the fair value of the rights granted.

The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology using the following inputs:

	Tranche 1	Tranche 2	Tranche 3
Exercise price	\$0.00	\$0.00	\$0.00
Expiry date	21/2/2013	21/2/2014	21/2/2014
Share price at grant date	1.8 cents	1.8 cents	1.8 cents
Expected volatility	71.71%	71.71%	71.71%
Dividend yield	0%	0%	0%
Risk free interest rate	4.25%	4.25%	4.25%
Performance right value	1.8 cents	1.8 cents	1.8 cents
Dollar value	\$162,000	\$162,000	\$162,000
Discount	0%	20%*	20%*
Final dollar value	\$162,000	\$129,600	\$129,600

* A 20% discount was applied to the value due to the uncertainty of the rights vesting due to the time between grant date and the expiry date. The Company has reviewed the values and considers them to be appropriate.

REMUNERATION REPORT (AUDITED) (continued)

4 Performance based Remuneration (continued)

(c) Summary of Employee Option Acquisition Plan and Performance Rights Plan

Plan	Date of grant	Number of rights	Fair value at date of grant cents	Award value at date of grant \$	Expiry date	First vesting date	Last vesting date	Vested %	Forfeited %	Maximum total value of grant yet to vest \$
PRP	22/2/12	9,000,000	1.80	162,000	21/2/14	21/2/13	21/2/14	100	-	-
PRP	22/2/12	9,000,000	1.44	129,600	21/2/15	21/2/14	21/2/15	-	-	129,600
PRP	22/2/12	9,000,000	1.44	129,600	21/2/16	21/2/15	21/2/16	-	-	129,600
		27,000,000		421,200						259,200
Options										
EOAP	22/2/12	2,500,000	0.90	22,500	21/2/16	22/2/12	22/2/12	100	-	-
EOAP	22/2/12	5,000,000	0.90	45,000	21/2/16	22/2/12	22/2/12	100	-	-
EOAP	22/2/12	13,000,000	0.90	117,000	21/2/16	22/2/12	22/2/12	100	-	-
		20,500,000		184,500						-
EOAP	10/4/12	2,500,000	0.80	20,000	10/4/16	10/4/13	10/4/13	100	-	-
		23,000,000		204,500						-

PPR – Performance rights plan. EOAP – Employee option acquisition plan.

All share based payments are at risk to the extent that no benefit will be achieved unless:

- The share price of shares traded on ASX increases from the current traded value of 1 cent to at least the exercise price of the options, those being 2.9 and 2.4 cents. The performance measurement attributed to the incentive issued to directors and key management will be the increase in the share price which will be a benefit to all shareholders.
- The performance rights milestones are achieved.

End of the audited remuneration report.

Indemnifying of Officers or Auditor

The Company does not have directors and officers insurance. The Company does not have auditor insurance.

Directors' Interests in Shares and Options

At 30 June 2013, Directors, in office, held a relevant interest in the following securities of the Company:

2013 Name	Ordinary Shares	Options	Performance Rights
James Allchurch	35,400,000	13,000,000	18,000,000
Patrick Burke	19,200,000	2,500,000	-
Gary Steinepreis	133,200,000	5,000,000	-

Directors' Report

Directors' Interests in Shares and Options (continued)

2012 Name	Ordinary Shares	Options	Performance Rights
James Allchurch	26,400,000	13,000,000	27,000,000
Patrick Burke	19,200,000	2,500,000	-
Gary Steinepreis	133,200,000	5,000,000	-

James Allchurch holds his interests in shares indirectly through the Manstein Holdings Trust of which he is the trustee and a potential beneficiary.

He holds his options and performance rights in his own name.

Patrick Burke holds his interests in shares indirectly through Rowan Hall Pty Ltd as trustee of the Rowan Hall Investment Trust of which he is a potential beneficiary.

He holds his options directly in his own name.

Gary Steinepreis holds his interests in shares directly in his own name and indirectly through:

Jacqueline Steinepreis his spouse; LeisureWest Consulting Pty Ltd as Trustee of the LeisureWest Trust of which he is a director and potential beneficiary; Oakhurst Enterprises Pty Ltd of which he is a director and shareholder; and Ascent Capital Holdings Pty Ltd, of which, he is a director and Oakhurst Enterprises Pty Ltd is a 50% shareholder.

He holds his options directly in his own name.

Options

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:

2013 Date of issue	No. of Options Outstanding	Expiry Date	Exercise Price
05/05/2011	150,000,000	30/06/2014	\$0.030
29/10/2009	10,182,273	31/12/2013	\$0.005
22/02/2012	20,500,000	21/02/2016	\$0.029
10/04/2012	2,500,000	10/04/2016	\$0.024
TOTAL	183,182,273		

2012 Date of issue	No. of Options Outstanding	Expiry Date	Exercise Price
05/05/2011	150,000,000	30/06/2014	\$0.030
29/10/2009	10,182,273	31/12/2013	\$0.005
22/02/2012	20,500,000	21/02/2016	\$0.029
10/04/2012	2,500,000	10/04/2016	\$0.024
TOTAL	183,182,273		

The names of persons who currently hold options are entered in a register kept by the Company pursuant to Section 170 of the *Corporations Act 2001*, which may be inspected free of charge. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation. Subsequent to year end no options have been exercised.

Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

AUDITOR

BDO (Audit) WA Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-Audit Services

During the financial year no fees were paid or are payable for non-audit services provided by the auditor (2012:\$3,540).

The Board of Directors are satisfied that the provision of non-audit services was compatible with the general standard of independence for auditors imposed by APES 110 code of ethics for professional accountants.

Audit Services

During the financial year \$34,000 (2012:\$28,316) was paid or is payable for audit services provided by the auditor.

Assurance Services	2013	2012
<i>Audit Services</i>	\$	\$
Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for audit and review of the financial reports	34,000	28,316
Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for non-audit services	-	3,540
	34,000	31,856

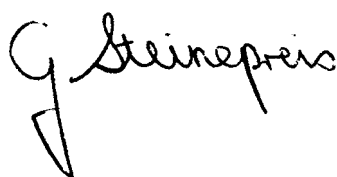
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 34 of the financial report.

CORPORATE GOVERNANCE

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement included with this report.

Signed in accordance with a resolution of the board of directors



Gary Steinepreis
Director
West Perth
24 September 2013

Auditors Independence Declaration



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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

24 September 2013

The Directors
Monto Minerals Limited
33 Ord Street
West Perth WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF MONTOMINERALS LIMITED

As lead auditor of Monto Minerals Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Monto Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to be 'Peter Toll', written over a horizontal line.

Peter Toll
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue from operations	5	83,693	180,942
Other income	5	-	31,610
Income from the sale of mineral rights	5	-	1,517,302
Total revenue		83,693	1,729,854
Administration expenses	6	(181,514)	(185,120)
Corporate compliance costs	7	(44,312)	(56,235)
Occupancy costs	7	(125,081)	(92,242)
Corporate management fees	7	(58,920)	(67,095)
Employee benefits expense	7	(136,104)	(92,148)
Share based payments	8	(212,274)	(300,710)
Loss on sale of financial assets	15	-	(2,710,531)
Impairment of exploration expenditure	14	(1,344,974)	-
Impairment expense on financial assets	15	-	(2,564,103)
Expenses from operations		(2,103,179)	(6,068,184)
Loss before income tax		(2,019,486)	(4,338,330)
Income tax expense	9	-	-
Loss after tax from operations for the year		(2,019,486)	(4,338,330)
Other comprehensive income net of tax		-	-
Total comprehensive loss for the year attributable to the members of Monto Minerals Ltd		(2,019,486)	(4,338,330)
		Cents	Cents
Loss per share from operations attributable to the ordinary equity holders of the Company:			
Basic / diluted loss per share	27	(0.154)	(0.332)

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Cash and cash equivalents	10	1,854,200	3,063,521
Trade and other receivables	11	19,545	42,611
Prepayments	12	-	3,500
Total current assets		1,873,745	3,109,632
Non-current assets			
Plant and equipment	13	82,208	52,213
Exploration and evaluation expenditure	14	6,633,121	7,058,888
Security deposit	16	21,940	53,940
Total non-current assets		6,737,269	7,165,041
Total assets		8,611,014	10,274,673
LIABILITIES			
Current liabilities			
Trade and other payables	17	297,382	152,179
Total current liabilities		297,382	152,179
Total liabilities		297,382	152,179
NET ASSETS		8,313,632	10,122,494
EQUITY			
Contributed equity	18	14,033,876	14,035,526
Option reserve	18	1,507,804	1,507,804
Share based payment reserve	18	146,484	96,210
Accumulated losses	19	(7,374,532)	(5,517,046)
TOTAL EQUITY		8,313,632	10,122,494

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2013

	Ordinary shares	Option reserve	Performance rights	Accumulated losses	Total
2013	\$	\$	\$	\$	\$
Balance 1 July 2012	14,035,526	1,507,804	96,210	(5,517,046)	10,122,494
Loss for the year	-	-	-	(2,019,486)	(2,019,486)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(2,019,486)	(2,019,486)
Transactions with owners in their capacity as owners:					
Performance rights expensed	-	-	212,274	-	212,274
Performance rights converted	-	-	(162,000)	162,000	-
Transaction costs	(1,650)	-	-	-	(1,650)
Balance 30 June 2013	14,033,876	1,507,804	146,484	(7,374,532)	8,313,632

	Ordinary shares	Option reserve	Performance rights	Accumulated losses	Total
2012	\$	\$	\$	\$	\$
Balance 1 July 2011	14,042,442	1,303,304	967,241	(2,145,957)	14,167,030
Loss for the year	-	-	-	(4,338,330)	(4,338,330)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(4,338,330)	(4,338,330)
Transactions with owners in their capacity as owners:					
Options issued	-	204,500	-	-	204,500
Performance rights	-	-	96,210	-	96,210
Options expired	-	-	(967,241)	967,241	-
Transaction costs	(6,916)	-	-	-	(6,916)
Balance 30 June 2012	14,035,526	1,507,804	96,210	(5,517,046)	10,122,494

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Other income		32,902	31,002
Research & development grant		352,610	-
Interest received		71,317	212,855
Payments to suppliers and employees		(709,121)	(389,729)
Net cash outflow from operating activities	26	(252,292)	(145,872)
Cash flows from investing activities			
Payments for the purchase of mineral tenements		-	(1,500,000)
Payments for costs associated with mineral tenement purchase		-	(1,050)
Payments for exploration costs capitalised		(919,207)	(1,040,968)
Payments for acquisition of plant and equipment		(68,172)	(67,447)
Receipts from the sale of investments		-	725,366
Payments for assurance bonds		-	(1,440)
Net cash outflow from investing activities		(987,379)	(1,885,539)
Cash flows from financing activities			
Refund of security deposit		32,000	-
Costs associated with share issue		(1,650)	(6,916)
Net cash (outflow) / inflow from financing activities		30,350	(6,916)
Net decrease in cash and cash equivalents		(1,209,321)	(2,038,327)
Cash and cash equivalents at the beginning of the financial year		3,063,521	5,101,848
Cash and cash equivalents at the end of the financial year	10	1,854,200	3,063,521

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements

(a) Basis of preparation

The financial statements include the financial statements and notes of Monto Minerals Limited, a public limited entity. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Monto Minerals Limited is a for profit entity for the purposes of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise indicated.

(b) New and Amended Standards Adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(c) Segment Reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company currently operates in one operating segment being the mining and exploration sector. However the chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources. The areas of interest are contained within separate operating entities and reported on accordingly. The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating segments identified.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Interest Revenue

Interest income is recognised on a time proportion basis using the effective interest rate method.

Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the profit and loss on a straight-line basis over the expected lives of the related assets.

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements (continued)

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(g) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the straight line method to write off the net cost of each item of plant and equipment over its expected useful life, being 1 to 5 years.

(h) Cash and Cash Equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance account for doubtful receivables is established when there is objective evidence that the Group

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements (continued)

(i) Trade and Other Receivables (continued)

will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(j) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Contributed Equity

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buyback, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

(l) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(n) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements (continued)

(n) Exploration and Evaluation Expenditure (continued)

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(o) Equity Settled Compensation

The Group operated an equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees became entitled was measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares was ascertained as the market bid price. The fair value of options was ascertained using a Black-Scholes pricing model which incorporated all market vesting conditions. The number of shares and options expected to vest was reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted was based on the number of equity instruments that eventually vested.

(p) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(q) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements (continued)

(q) Financial Instruments (continued)

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB 139: *Recognition and Measurement of Financial Instruments*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

(r) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Monto Minerals Limited ("company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. Monto Minerals Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of Monto Minerals Limited.

(s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) New Accounting Standards and Australian Accounting Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing this financial report.

AASB 9: Financial Instruments (Periods beginning on or after 1 January 2013)

Amends the requirements for classification and measurement of financial assets

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements (continued)

(t) New Accounting Standards and Australian Accounting Interpretations (continued)

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to:

- Classification and measurement of financial liabilities; and
- De-recognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The company does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

AASB 13: Fair Value Measurement (Annual reporting periods commencing on or after 1 January 2013). Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Due to the recent release of this standard, the company has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.

IAS 19 (Periods beginning on or after 1 January 2013) Main changes include:

- Elimination of the 'corridor' approach for deferring gains/losses for defined benefit plans.
- Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in OCI rather than in profit or loss, and cannot be reclassified in subsequent periods.
- Subtle amendments to timing for recognition of liabilities for termination benefits.
- Employee benefits expected to be settled (as opposed to due to settled under current standards) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability.

The company currently calculates its liability for annual leave employee benefits on the basis that it is due to be settled within 12 months of the end of the reporting period because employees are entitled to use this leave at any time. The amendments to IAS 19 require that such liabilities be calculated on the basis of when the leave is expected to be taken, i.e. expected settlement. When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012. Leave liabilities for any employees with significant balances of leave outstanding who are not expected to take their leave within 12 months will be discounted, which may result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

Notes to the financial statements

For the year ended 30 June 2013

1 Notes to the Consolidated Financial Statements (continued)

(u) Parent Entity Financial Information

The financial information for the parent entity, Monto Minerals Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements.

2 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks and trade payables.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks for overall risk management.

Interest Rate Risk

As the Group has no significant interestbearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates. The risk arises due to changes in interest rates offered by the bank. The risk is managed by seeking alternative quotes from competing banks.

2013	Floating interest rate	Fixed interest rate maturing 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	1,854,200	-	-	1,854,200	2.75
Security deposit	-	-	21,940	21,940	
Trade and other receivables	-	-	19,545	19,545	
Total financial assets	1,854,200	-	41,485	1,895,685	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	297,382	297,382	
Total financial liabilities	-	-	297,382	297,382	

Notes to the financial statements

For the year ended 30 June 2013

2 Financial Risk Management (continued)

Interest Rate Risk (continued)

2012	Floating interest rate	Fixed interest rate maturing 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	3,059,291	-	4,230	3,063,521	3.50
Security deposit	-	-	53,940	53,940	
Trade and other receivables	-	-	42,611	42,611	
Total financial assets	3,059,291	-	100,781	3,160,072	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	150,044	150,044	
Total financial liabilities	-	-	150,044	150,044	

Net Fair Values

The net fair value of financial assets and liabilities are materially in line with their carrying values.

Sensitivity Analysis – Interest Rate Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result in a change in interest rates.

	2013 \$	2012 \$
Change in loss:		
Increase by 2% (2012: 2%)	37,084	61,186
Decrease by 2% (2012: 2%)	(37,084)	(61,186)
Change in equity:		
Increase by 2% (2012: 2%)	37,084	61,186
Decrease by 2% (2012: 2%)	(37,084)	(61,186)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams. The Group's ability to raise equity funding in the market is paramount in this regard. The Group manages liquidity by ensuring that it has at least sufficient cash to meet its budgeted commitments for at least 12 months.

Notes to the financial statements

For the year ended 30 June 2013

2 Financial Risk Management (continued)

Liquidity Risk (continued)

As at 30 June 2013	Less than 6 months	6-12 months	1-2 years	3-5 years	Over 5 years	Total contractual	Carrying amount
	\$					\$	\$
Trade and other payables	287,327	10,055	-	-	-	297,382	297,382

As at 30 June 2012	Less than 6 months	6-12 months	1-2 years	3-5 years	Over 5 years	Total contractual	Carrying amount
	\$					\$	\$
Trade and other payables	150,044	2,135	-	-	-	152,179	152,179

Credit Risk

The Group has no significant concentrations of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

	2013 \$	2012 \$
Cash at bank and short term bank deposits		
Westpac Banking Corporation - AA	1,854,200	3,059,291

Price risk

The Group is not exposed to commodity price risk.

3 Critical Accounting Estimates, Judgements and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(n). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change.

The Company issued performance based options to Key Management Personnel during the year ended 30 June 2012 based upon conditions outlined in note 18. The Company follows the guidelines of AASB2 'Share Based Payments' and takes into account vesting and non-vesting conditions and estimates the probability and

Notes to the financial statements

For the year ended 30 June 2013

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

expected timing of achieving the performance conditions.

No critical accounting estimates and/or assumptions have been made during the preparation of the financial statements other than as disclosed elsewhere in this financial report.

4 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently operates in one operating segment being the mining and exploration sector. However the chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources. The areas of interest are contained within separate operating entities and reported on accordingly.

The directors are of the opinion that the current financial position and performance of the Group is equivalent to the operating segments identified and the following disclosure is provided.

2013	Monto Minerals	Herberton Tin	Baal Gammon Copper	Consolidated
	\$	\$	\$	\$
Income	69,167	430	14,096	83,693
Expenses	(624,207)	(109,906)	(1,369,066)	(2,103,179)
Operating loss	(555,040)	(109,476)	(1,354,970)	(2,019,486)

2013	Monto Minerals	Herberton Tin	Baal Gammon Copper	Consolidated
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	1,732,761	82,430	39,009	1,854,200
Trade and other receivables	2,432	16,352	761	19,545
Plant and equipment	25,515	56,693	-	82,208
Capitalised exploration	-	6,633,121	-	6,633,121
Security deposits	20,500	1,440	-	21,940
	1,781,208	6,790,036	39,770	8,611,014
Liabilities				
Provisions	28,555	-	-	28,555
Trade and other payables	15,106	104,161	149,560	268,827
	43,661	104,161	149,560	297,382
Net Assets	1,737,547	6,685,875	(109,790)	8,313,632
Impairment Expense				
Exploration expenditure	-	-	1,344,974	1,344,974
	-	-	1,344,974	1,344,974

Notes to the financial statements

For the year ended 30 June 2013

4 Segment Information (continued)

2012	Monto Minerals	Herberton Tin	Baal Gammon Copper	Consolidated
	\$	\$	\$	\$
Income	177,205	3,675	1,548,974	1,729,854
Expenses	(5,965,390)	(89,164)	(13,630)	(6,068,184)
Operating loss	(5,788,185)	(85,489)	1,535,344	(4,338,330)
Assets				
Cash and cash equivalents	2,980,004	57,464	26,053	3,063,521
Trade and other receivables	2,476	5,410	34,725	42,611
Prepayments	3,500	-	-	3,500
Plant and equipment	45,825	6,388	-	52,213
Capitalised exploration	-	5,528,897	1,529,991	7,058,888
Security deposits	52,500	1,440	-	53,940
	3,084,305	5,599,599	1,590,769	10,274,673
Liabilities				
Provisions	2,135	-	-	2,135
Trade and other payables	70,567	72,621	6,856	150,044
	72,702	72,621	6,856	152,179
Net Assets	3,011,603	5,526,978	1,583,913	10,122,494
Impairment Expense				
Financial assets	2,564,103	-	-	2,564,103
	2,564,103	-	-	2,564,103

Notes to the financial statements

For the year ended 30 June 2013

5(a) Revenue from operations

Interest received *

Net smelter royalty #

5(b) Other revenue

Sale of mineral rights **

Other income ***

2013 \$	2012 \$
71,317	180,942
12,376	-
83,693	180,942
-	1,517,302
-	31,610
-	1,548,912

* Interest income is received on deposits held in bank accounts at floating interest rates.

Net smelter royalty is the payment received for ore processed from the Baal Gammon Mine by Kagara Limited.

** The mineral rights over the Baal Gammon deposit were sold to Kagara Limited for \$6,000,000. The payment was in the form of 9,360,000 shares in Kagara Limited valued on the price traded on the ASX on the date of issue.

The proportion of the acquisition costs of the Baal Gammon deposit and exploration expenditure capitalised (\$4,482,698) and spent on the deposit were netted off against the sale consideration to arrive at the net income derived from the sale of the mineral rights.

*** Other income came from the sale of miscellaneous equipment (\$636), rental income recovered from rent paid on the core shed storage facility (\$2,000) and the refund of an engagement fee (\$28,974) paid for work on a project that did not proceed.

Notes to the financial statements

For the year ended 30 June 2013

6 Administration expenses

	2012 \$	2012 \$
Administration & accounting fees	(36,655)	(30,000)
AGM and GM costs	(5,385)	(13,633)
Annual report costs	(6,804)	-
Telecommunication costs	(3,402)	(4,966)
Depreciation expense	(38,177)	(15,234)
Information technology expenses	(4,832)	(4,221)
Brokerage charges	-	(7,979)
Meetings & conferences	(1,300)	-
Printing, postage & stationery	(4,132)	-
Office consumables & staff amenities	(2,296)	-
Software costs	(2,069)	-
Travel costs	(9,970)	(13,550)
Office equipment	(2,334)	-
General insurance costs	(12,329)	(4,500)
Legal fees	(13,298)	(24,048)
Stamp duty	(1,434)	(1,811)
Employment on-costs	-	(30,786)
Audit costs	(36,232)	(31,856)
Other expenses	(865)	(2,536)
Total administration expenses	(181,514)	(185,120)

7 Expenses from operations

Corporate compliance costs: includes ASIC fees, ASX fees, share registry maintenance costs and tax agent's charges.

Occupancy costs: includes office rent and outgoings and office operating costs.

Corporate management fees: includes fees charged by directors for services provided in the management of the company.

Employee benefits expense: includes salaries, wages and superannuation paid to and on behalf of employees that relates to the general management of the company and employment on-costs such as workers compensation insurance.

Notes to the financial statements

For the year ended 30 June 2013

8 Share based payments

Executive directors and key management personnel received equity based payments as part of their compensation packages during the year ended 30 June 2013 - \$212,274 (30 June 2012 - \$300,710).

2013	Options			Performance rights			Bonus Payment	
Name	Number	\$	%*	Number	\$	%*	\$	%*
Directors:								
James Allchurch	-	-	-	18,000,000	212,274	48.1	-	-
Patrick Burke	-	-	-	-	-	-	-	-
Gary Steinepreis	-	-	-	-	-	-	-	-
Key Executives:								
Erik Norum	-	-	-	-	-	-	-	-
TOTAL	-	-	-	18,000,000	212,274	29.0	-	-

Equity based payments consisted of the continued amortisation of performance rights and the conversion of 9,000,000 performance rights to ordinary shares upon the tranche 1 milestone being achieved.

2012	Options			Performance rights			Bonus Payment	
Name	Number	\$	%*	Number	\$	%*	\$	%*
Directors:								
James Allchurch	13,000,000	117,000	26.1	27,000,000	96,210	21.6	30,000	6.70
Patrick Burke	2,500,000	22,500	38.5	-	-	-	-	-
Gary Steinepreis	5,000,000	45,000	55.6	-	-	-	-	-
Key Executives:								
Erik Norum	2,500,000	20,000	29.0	-	-	-	-	-
TOTAL	23,000,000	204,500	31.2	27,000,000	96,210	14.7	30,000	4.57

* The value of options, performance rights and bonus payment as a percentage of total remuneration.

For a detailed analysis of share based payments refer to the *Remuneration Report* included in the Directors Report.

(a) Options

At a general meeting held during the period ended 30 June 2012 shareholders approved the Monto Employee Option Acquisition Plan (**Option Plan**). The aim of this plan is to allow eligible employees, who in the board's opinion, are dedicated and will provide ongoing commitment and effort to the Company, to participate in the success of the Company.

Fair value of options and assumptions

The fair value of options granted during the period ended 30 June 2012 was: 2,500,000 options - 0.80 cents; and 20,500,000 options - 0.90 cents. The fair value of service received in return for options granted is measured by reference to the fair value of the options granted.

Notes to the financial statements

For the year ended 30 June 2013

8 Share based payments (continued)

The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology.

The assumptions used for the options valuation were as follows:

Number of options	2,500,000	20,500,000
Exercise price	2.4 cents	2.9 cents
Expiry date	10/4/2016	21/2/2016
Share price at grant date	1.5 cents	1.8 cents
Expected volatility	83.29%	78.48%
Dividend yield	0%	0%
Risk free interest rate	4.25%	4.25%
Option value	0.8 cents	0.9 cents
Dollar value	\$20,000	\$184,500

(b) Performance Rights

Shareholders, at a general meeting held on 22 February 2012, approved the establishment of the Monto Employee Performance Rights Plan (PRP), including the grant of performance rights to Mr James Allchurch, a director of the Company, under the PRP.

Performance rights were issued in three tranches of 9,000,000.

Each performance right converts to one ordinary share upon reaching the relevant milestone.

The performance rights have been valued and the value is being written off over the vesting period.

As at the date of this report tranche 1 milestone has been achieved and tranche 1 performance rights (9,000,000) were converted into ordinary shares on 22 February 2013.

The tranche 2 and 3 performance rights remain outstanding.

Tranche	Performance Condition	Milestone Date
Tranche 2 Performance rights Number 9,000,000	The participant being an employee of the Company	The second anniversary of the date of grant of the tranche 2 performance rights.
Tranche 3 Performance rights Number 9,000,000	The participant being an employee of the Company	The third anniversary of the date of grant of the tranche 3 performance rights.

The tranche 2 and 3 performance rights shall have the following expiry dates:

Tranche 2 shall expire on the third anniversary of the date of grant; and

Tranche 3 shall expire on the fourth anniversary of the date of grant.

The fair value of service received in return for performance rights granted is measured by reference to the fair value of the rights granted.

Notes to the financial statements

For the year ended 30 June 2013

8 Share based payments (continued)

(b) Performance Rights (continued)

The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology using the following inputs:

	Tranche 2	Tranche 3
Exercise price	\$0.00	\$0.00
Expiry date	21/2/2014	21/2/2015
Share price at grant date	1.8 cents	1.8 cents
Expected volatility	71.71%	71.71%
Dividend yield	0%	0%
Risk free interest rate	4.25%	4.25%
Performance right value	1.8 cents	1.8 cents
Dollar value	\$162,000	\$162,000
Discount	20%*	20%*
Final dollar value	\$129,600	\$129,600

* A 20% discount was applied to the value due to the uncertainty of the rights vesting due to the time between grant date and the expiry date. The Company has reviewed the values and considers them to be appropriate.

(c) Summary of Employee Option Acquisition Plan and Performance Rights Plan

Plan	Date of grant	Number of rights	Fair value at date of grant cents	Award value at date of grant \$	Expiry date	First vesting date	Last vesting date	Vested %	Forfeited %	Maximum total value of grant yet to vest \$
PRP	22/2/12	9,000,000	1.80	162,000	21/2/14	21/2/13	21/2/14	100	-	-
PRP	22/2/12	9,000,000	1.44	129,600	21/2/15	21/2/14	21/2/15	-	-	129,600
PRP	22/2/12	9,000,000	1.44	129,600	21/2/16	21/2/15	21/2/16	-	-	129,600
		27,000,000		421,200						259,200
Options										
EOAP	22/2/12	2,500,000	0.90	22,500	21/2/16	22/2/12	22/2/12	100	-	-
EOAP	22/2/12	5,000,000	0.90	45,000	21/2/16	22/2/12	22/2/12	100	-	-
EOAP	22/2/12	13,000,000	0.90	117,000	21/2/16	22/2/12	22/2/12	100	-	-
		20,500,000		184,500						-
EOAP	10/4/12	2,500,000	0.80	20,000	10/4/16	10/4/13	10/4/13	100	-	-
		23,000,000		204,500						-

Notes to the financial statements

For the year ended 30 June 2013

8 Share based payments (continued)

(c) Summary of Employee Option Acquisition Plan and Performance Rights Plan (continued)

PPR – Performance rights plan. EOAP – Employee option acquisition plan.

All share based payments are at risk to the extent that no benefit will be achieved unless:

(a) The share price of shares traded on ASX increases from the current traded value of 1 cent to at least the exercise price of the options, those being 2.9 and 2.4 cents. The performance measurement attributed to the incentive issued to directors and key management will be the increase in the share price which will be a benefit to all shareholders.

(b) The performance rights milestones are achieved.

9 Income Tax Expense

The components of tax expense comprise:

Current tax

Deferred tax

Losses recouped not previously recognised

2013 \$	2012 \$
-	953,219
-	-
-	(953,219)
-	-

Notes to the financial statements

For the year ended 30 June 2013

9 Income Tax Expense (continued)

The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)

Add tax effect of:

Revenue losses not recognised

Deferred tax balances not recognised

Share based payments

Loss on sale of financial assets

Other non-allowable items

Less tax effect of:

Non-assessable items

Deferred tax balances not recognised

Losses recouped not previously recognised

Income Tax

Deferred tax recognised

Deferred tax liabilities:

Exploration and evaluation expenditure

Deferred tax assets:

Carry forward revenue losses

Carry forward capital losses

Net deferred tax

Unrecognised deferred tax assets:

Carry forward revenue losses

Carry forward capital losses

Capital raising costs

Provisions and accruals

Financial assets

Other

2013 \$	2012 \$
(605,846)	(1,301,500)
629,467	-
-	1,348,863
63,682	90,213
-	815,553
86	90
87,389	953,219
71,368	-
16,021	-
-	(953,219)
-	-
(2,024,351)	(2,117,665)
2,024,351	1,944,496
-	173,169
-	-
405,484	-
817,906	644,737
31,648	48,495
8,676	6,884
769,231	769,231
206	677
2,033,151	1,470,024

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for carrying forward losses; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

Notes to the financial statements

For the year ended 30 June 2013

9 Income Tax Expense (continued)

Tax Consolidation

Monto Minerals Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 28 February 2011. Monto Minerals Limited is the head entity of the tax consolidated group.

10 Current assets – cash and cash equivalents

Cash at bank and in hand

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and in hand.

2013 \$	2012 \$
1,854,200	3,063,521

11 Trade and other receivables - current

Trade and other receivables

Refer to note 2 for the risk management policy of the Group. As at 30 June 2013, no trade receivables were past due or impaired. The total of receivables relates to the June BAS return and represents the amount of net activity resulting in a refund due from the ATO.

2013 \$	2012 \$
19,545	42,611
19,545	42,611

12 Prepayments

Office rent paid monthly in advance

Prepayments are office rent paid in advance. Monto's July 2012 corporate office rent was paid in June 2012.

2013 \$	2012 \$
-	3,500
-	3,500

13 Plant and Equipment

Motor Vehicles

Opening net book value

Plus acquisitions during the period

Less depreciation expense during the period

Closing net book amount

2013 \$	2012 \$
31,261	-
-	43,150
31,261	43,150
(14,197)	(11,889)
17,064	31,261

Notes to the financial statements

For the year ended 30 June 2013

13 Plant and Equipment (continued)

	2013 \$	2012 \$
Furniture and fittings		
Opening net book value	3,811	-
Plus acquisitions during the period	-	4,148
	3,811	4,148
Less depreciation expense during the period	(1,400)	(337)
Closing net book amount	2,411	3,811
 Exploration equipment		
Opening net book value	1,871	-
Plus acquisitions during the period	60,878	1,995
	62,749	1,995
Less depreciation expense during the period	(13,789)	(124)
Closing net book amount	48,960	1,871
 Office Equipment		
Opening net book value	15,270	-
Plus acquisitions during the period	7,295	18,154
	22,565	18,154
Less depreciation expense during the period	(8,792)	(2,884)
Closing net book amount	13,773	15,270
Total closing net book value	82,208	52,213

There are no impaired or pledged assets.

14 Capitalised Exploration Expenditure

	2013 \$	2012 \$
Opening net book amount	7,058,888	10,499,568
Reduction in purchase consideration - sale of mineral rights *	-	(4,401,161)
Reduction in acquisition costs - sale of mineral rights *	-	(81,537)
Acquisition costs	-	1,050
Exploration costs	919,207	1,040,968
Impairment of carrying value	*(1,344,974)	-
Closing net book amount	6,633,121	7,058,888

*Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The decision to impair the Baal Gammon Copper exploration and evaluation costs was based on the reduced expectation regarding the recoupment of the carrying value through sale or development in future years.

Notes to the financial statements

For the year ended 30 June 2013

15 Financial assets at fair value through profit and loss

Opening net book amount
Sale of mineral rights – Kagara shares
Impairment expense – Kagara shares
Loss on sale of Kagara shares
Proceeds from sale of Kagara shares
Closing net book amount

2013 \$	2012 \$
-	-
-	6,000,000
-	(2,564,103)
-	(2,710,531)
-	(725,366)
-	-

The consideration for the sale of the mineral rights on the Baal Gammon deposit to Kagara was the issue of 9,360,000 Kagara shares. The price of Kagara shares on ASX on the date of issue was 64.1 cents giving a fair value for the consideration of \$6,000,000.

As at 30 June 2012 Kagara shares were suspended from trading on ASX. Kagara appointed administrators during the period and as such the future for the company is uncertain. At the time of the appointment of administrators Monto owned 4,000,000 Kagara shares which were impaired to a carrying value of nil. The impairment expense for the period amounted to \$2,564,103.

During the year ended 30 June 2012 the Company sold on market 5,360,000 Kagara shares at an average price of 13.53 cents per share. The gross receipts from the sale of the shares amounted to \$725,366 and the resulting loss on sale of those shares amounted to \$2,710,531 or approximately 50.57 cents per share.

16 Security deposit

Middle Island and Hummock Hill Island Project
Herberton Tin assurance deposits
Accommodation bond Atherton

2013 \$	2012 \$
-	32,000
20,500	20,500
1,440	1,440
21,940	53,940

17 Trade and other payables - current - unsecured

Provision for annual leave and audit fees
Trade and other payables

2013 \$	2012 \$
28,555	-
268,827	152,179
297,382	152,179

All amounts payable are expected to be settled within 12 months

Notes to the financial statements

For the year ended 30 June 2013

18 Contributed Equity

(a) Share Capital	2013	2013	2012	2012
	Shares	\$	Shares	\$
Ordinary shares fully paid	1,316,440,555	14,033,876	1,307,440,555	14,035,526

(b) Movement in Ordinary Share Capital

2013 Date	Details	Number of shares	Issue price	Amount \$
1/7/2012	Opening balance	1,307,440,555		14,035,526
22/2/2013	Conversion of performance rights	9,000,000		-
28/3/2013	Cost of share issue	-		(1,650)
30/6/2013	Balance	1,316,440,555		14,033,876

2012 Date	Details	Number of shares	Issue price	Amount \$
1/7/2011	Opening balance	1,307,440,555		14,042,442
	Cost of share issues	-		(6,916)
30/6/2012	Balance	1,307,440,555		14,035,526

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Other Equity Securities

2013 Options	Expiry Date	Exercise Price	Number under option	Amount \$
Unlisted options	30-June-2014	\$0.030	150,000,000	1,303,304
Unlisted options	31-December-2013	\$0.005	10,182,273	-
Unlisted options	21-February-2016	\$0.029	20,500,000	184,500
Unlisted options	10-April-2016	\$0.024	2,500,000	20,000
			183,182,273	1,507,804

2013 Performance Rights	Milestone Date		Number of rights	Amount \$
Performance rights	22-February-2014	-	9,000,000	87,890
Performance rights	22-February-2015	-	9,000,000	58,594
			18,000,000	146,484

Notes to the financial statements

For the year ended 30 June 2013

18 Contributed Equity (continued)

(c) Other Equity Securities (continued)

2012 Options	Expiry Date	Exercise Price	Number under option	Amount \$
Unlisted options	30-June-2014	\$0.030	150,000,000	1,303,304
Unlisted options	31-December-2013	\$0.005	10,182,273	-
Unlisted options	21-February-2016	\$0.029	20,500,000	184,500
Unlisted options	10-April-2016	\$0.024	2,500,000	20,000
			183,182,273	1,507,804

2012 Performance Rights	Milestone Date		Number of rights	Amount \$
Performance rights	22-February-2013	-	9,000,000	57,726
Performance rights	22-February-2014	-	9,000,000	23,090
Performance rights	22-February-2015	-	9,000,000	15,394
			27,000,000	96,210

(d) Movement in Other Equity Securities

(i) Performance Rights

2013 Date	Details	Number of options	Issue price	Amount \$
1/7/2012	Opening balance	27,000,000	-	96,210
31/12/2012	Performance rights expensed	-		135,195
22/2/2013	Performance rights expensed	-		23,079
22/2/2013	Performance rights converted	(9,000,000)		(162,000)
30/6/2013	Performance rights expensed			54,000
30/6/2013	Balance	18,000,000		146,484

2012 Date	Details	Number of options	Issue price	Amount \$
1/7/2011	Opening balance	77,845	-	967,241
25/5/2012	UK options expired	(11,179)	-	(967,241)
28/5/2012	Unlisted options expired	(66,666)	-	-
22/2/2012	Performance rights issued	27,000,000	-	96,210
30/6/2012	Balance	27,000,000		96,210

Notes to the financial statements

For the year ended 30 June 2013

18 Contributed Equity (continued)

(d) Movement in Other Equity Securities (continued)

(ii) Option Reserve

2013 Date	Details	Number of options	Issue price	Amount \$
1/7/2012	Opening balance	183,182,273		1,507,804
30/6/2013	Balance	183,182,273		1,507,804

2012 Date	Details	Number of options	Issue price	Amount \$
1/7/2011	Opening balance	160,182,273		1,303,304
22/2/2012	Options issued	20,500,000	-	184,500
10/4/2012	Options issued	2,500,000	-	20,000
30/6/2012	Balance	183,182,273		1,507,804

Nature and Purpose of Reserves

(1) Performance Rights

The share based payment reserve is used to recognise the fair value of performance rights issued to employees but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance rights concerned convert to ordinary shares.

(2) Option Reserve

The option reserve is used to recognise funds received from options issued to shareholders, the value of options issued as consideration in the purchase of assets and the fair value of options issued to employees but not exercised. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital.

(e) Capital Risk Management

The Group's objective is to safeguard the ability to continue as a going concern, so that it can provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as cash and cash equivalents plus equity. The board of directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital. There are no gearing ratios as the Group has not derived any income from their mineral exploration and currently has no debt facilities in place.

Notes to the financial statements

For the year ended 30 June 2013

19 Accumulated Losses

Movements in accumulated losses:

Balance at the beginning of the year

Employee options expired

Performance rights converted written out of reserve

Net loss from operations

Balance at the end of the year

2013 \$	2012 \$
(5,517,046)	(2,145,957)
-	967,241
162,000	-
(2,019,486)	(4,338,330)
(7,374,532)	(5,517,046)

20 Dividends

There were no dividends recommended or paid during the financial year.

21 Key Management Personnel Disclosures

(a) Directors

The following persons were directors during the financial year:

James Allchurch appointed on 9 December 2009.

Gary Steinepreis appointed on 26 June 2009.

Patrick Burke appointed on 26 June 2009.

(b) Key Management

Erik Norum, the exploration manager, together with the directors, form the key management personnel of the Company.

Services provided by key management personnel and recognised as an expense

Short term employee benefits

Post-employment benefits

Security based payments

2013 \$	2012 \$
480,920	331,435
37,980	23,791
212,274	300,710
731,174	655,936

Detailed remuneration disclosures are provided in the audited remuneration report in the directors' report.

Notes to the financial statements

For the year ended 30 June 2013

21 Key Management Personnel Disclosures (continued)

(c) Equity Instrument Disclosures Relating to Key Management Personnel

(i) Options

Details of options held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

2013 Name	Held at 1/7/2012	Options granted as compensation	Options exercised	Held at 30/6/2013	Vested and exercisable at 30/6/2013
James Allchurch (1)	13,000,000	-	-	13,000,000	13,000,000
Gary Steinepreis (3)	5,000,000	-	-	5,000,000	5,000,000
Pat Burke (2)	2,500,000	-	-	2,500,000	2,500,000
Erik Norum	2,500,000	-	-	2,500,000	2,500,000
	23,000,000	-	-	23,000,000	23,000,000

2012 Name	Held at 1/7/2011	Options granted as compensation	Options exercised	Held at 30/6/2012	Vested and exercisable at 30/6/2012
James Allchurch (1)	-	13,000,000	-	13,000,000	13,000,000
Gary Steinepreis (3)	-	5,000,000	-	5,000,000	5,000,000
Pat Burke (2)	-	2,500,000	-	2,500,000	2,500,000
Erik Norum	-	2,500,000	-	2,500,000	-
	-	23,000,000	-	23,000,000	20,500,000

(ii) Performance Rights

2013 Name	Held at 1/7/2012	Rights granted as compensation	Rights converted	Held at 30/6/2013	Vested and exercisable at 30/6/2013
James Allchurch (1)	27,000,000	-	(9,000,000)	18,000,000	-
Gary Steinepreis (3)	-	-	-	-	-
Pat Burke (2)	-	-	-	-	-
Erik Norum	-	-	-	-	-
	27,000,000	-	(9,000,000)	18,000,000	-

2012 Name	Held at 1/7/2011	Rights granted as compensation	Rights exercised	Held at 30/6/2012	Vested and convertible at 30/6/2012
James Allchurch (1)	-	27,000,000	-	27,000,000	-
Gary Steinepreis (3)	-	-	-	-	-
Pat Burke (2)	-	-	-	-	-
Erik Norum	-	-	-	-	-
Total	-	27,000,000	-	27,000,000	-

Notes to the financial statements

For the year ended 30 June 2013

21 Key Management Personnel Disclosures (continued)

(c) Equity Instrument Disclosures Relating to Key Management Personnel (continued)

(iii) Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly, or beneficially by key management personnel and their related parties are as follows:

2013 Name	Held at 1/7/2012	Shares acquired	Other changes	Balance 30/6/2013	Balance held nominally
J Allchurch (1)	26,400,000	-	9,000,000	35,400,000	-
G Steinepreis (3)	133,200,000	-	-	133,200,000	8,400,000
P Burke (2)	19,200,000	-	-	19,200,000	-
Erik Norum	-	-	-	-	-
Total	178,800,000	-	9,000,000	187,800,000	8,400,000

2012 Name	Held at 1/7/2011	Shares acquired	Other changes	Balance 30/6/2012	Balance held nominally
J Allchurch (1)	26,400,000	-	-	26,400,000	-
G Steinepreis (3)	133,200,000	-	-	133,200,000	8,400,000
P Burke (2)	19,200,000	-	-	19,200,000	-
Erik Norum	-	-	-	-	-
Total	178,800,000	-	-	178,800,000	8,400,000

- (1) **James Allchurch** holds his interests in shares indirectly through the Manstein Holdings Trust of which he is trustee and a potential beneficiary. He holds his options and performance rights in his own name.
- (2) **Patrick Burke** holds his interests in shares indirectly through Rowan Hall Pty Ltd as trustee of the Rowan Hall Investment Trust of which he is a potential beneficiary. He holds his options directly in his own name.
- (3) **Gary Steinepreis** holds his interests in shares directly in his own name and indirectly through: Jacqueline Steinepreis his spouse; Leisurewest Consulting Pty Ltd as Trustee of the Leisurewest Trust of which he is a director and potential beneficiary; Oakhurst Enterprises Pty Ltd of which he is a director and shareholder; and Ascent Capital Holdings Pty Ltd, of which, he is a director and Oakhurst Enterprises Pty Ltd is a 50% shareholder. He holds his options directly in his own name.

Notes to the financial statements

For the year ended 30 June 2013

21 Key Management Personnel Disclosures (continued)

(d) Other Transactions with Key Management Personnel

Office accommodation – Provided by Ascent Capital Holdings Pty Ltd, an entity owned by interests associated with Gary Steinepreis, on commercial terms and conditions.

	Company	Company
	2013	2012
	\$	\$
Services provided by key management personnel and recognised as an expense		
Short term benefits – Office accommodation	48,750	42,000
	48,750	42,000

22 Related Party Transactions

(a) Subsidiaries

Herberton Tin Pty Ltd and Baal Gammon Copper Pty Ltd are wholly owned subsidiaries (100%) of Monto Minerals Limited. Transactions between the entities are eliminated upon consolidation.

(b) Key Management Personnel

Disclosures relating to key management personnel are set out in note 21 and detailed remuneration disclosures are provided in the audited remuneration report in the directors' report.

(c) Outstanding balances arising from sales / purchases of goods and services

There are no outstanding balances arising from sales / purchases of goods and services.

(d) Loans to / from Related Parties

There are no loans to or from related parties.

23 Remuneration of Auditors

Assurance Services

Audit Services

Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for audit and review of the financial reports

Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for non-audit services

	2013	2012
	\$	\$
Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for audit and review of the financial reports	34,000	28,316
Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for non-audit services	-	3,540
	34,000	31,856

It is the Company's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the Company are important.

These assignments are principally tax advice and due diligence reporting on acquisitions, or where BDO are awarded assignments on a competitive basis.

It is the Company's policy to seek competitive tenders for all major material consulting projects.

Notes to the financial statements

For the year ended 30 June 2013

24 Mineral Tenement Commitments

The Consolidated Entity has established minimum exploration commitments as follows:

	2013 \$	2012 \$
Within one year	450,592	351,452
Later than one year but not later than five years	1,523,435	1,486,708
	1,974,027	1,838,160

This expenditure will only be incurred should the Consolidated Entity retain its existing level of interest in its various exploration areas.

25 Events Occurring After the Reporting Period

In April 2013 the Department of Environment and Heritage Protection (DEHP) initiated action against Kagara Limited (subject to deed of company arrangement) (the former operator of the Baal Gammon Mine) and Baal Gammon Copper Pty Ltd (a subsidiary of Monto Minerals Limited), in relation to a release of contaminated water from the Baal Gammon mine site.

Though not the operator of the Baal Gammon mine site at the time of the release, Baal Gammon Copper Pty Ltd, was charged as it is the holder of the Baal Gammon Environmental Authority and exploration license.

Monto Minerals Limited has agreed to pay a fine of \$80,000 within the next 6 months with no conviction recorded as settlement of this action.

Other than as disclosed herein, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

- 1 the Group's operations in future financial years, or
- 2 the results of those operations in future financial years, or
- 3 the Group's state of affairs in future financial years.

Notes to the financial statements

For the year ended 30 June 2013

26 Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities

Loss for the year

Non cash operating items:

Loss on sale of financial assets

Impairment expense

Security based payments

Income from the sale of mineral rights

Depreciation expense

Changes in operating assets and liabilities:

(Increase) / decrease in trade and other receivables

Increase / (decrease) in trade and other payables

Net cash outflow from operating activities

2013 \$	2012 \$
(2,019,486)	(4,338,330)
-	2,710,531
1,344,974	2,564,103
212,274	300,710
-	(1,517,302)
38,177	15,234
26,566	(11,120)
145,203	130,302
(252,292)	(145,872)

There was no non-cash financing or investing activities during the period ended 30 June 2013.

27 Loss Per Share

(a) Basic and Diluted Loss Per Share

Loss attributable to the ordinary equity holders of the Company

2013 Cents	2012 Cents
(0.154)	(0.332)

(b) Reconciliation of Loss used in Calculating Loss Per Share

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share

2013 \$	2012 \$
(2,019,486)	(4,338,330)

(c) Weighted Average Number of Shares Used as the Denominator

Weighted average number of ordinary shares used as the denominator in calculating basic loss per share

2013 Number	2012 Number
1,310,596,719	1,307,440,555

(d) Information Concerning the Classification of Securities

Options and performance rights are considered to be potential ordinary shares. The options and performance rights have not been included in the determination of basic earnings per share or diluted earnings per share as the company is in a position of loss.

Notes to the financial statements

For the year ended 30 June 2013

28 Monto Minerals Limited Parent Company Information

Financial Position

Current assets

Cash and cash equivalents

Prepayments

Trade and other receivables

Total current assets

Non-current assets

Loans to subsidiaries

Plant and equipment

Security deposit

Total non-current assets

Total assets

Current liabilities

Provisions

Trade and other payables

Total liabilities

Net Assets

Equity

Contributed equity

Option reserve

Share based payment reserve

Accumulated losses

Total Equity

Financial Performance

Revenue from operations

Expenses from operations

Loss before income tax

Income tax expense

Loss for the year

Other comprehensive income net of tax

Total comprehensive loss attributable to the members of Monto Minerals Ltd

	2013 \$	2012 \$
	1,732,761	2,980,004
	-	3,500
	2,432	2,476
	1,735,193	2,985,980
	6,611,950	5,682,310
	25,515	45,825
	20,500	52,500
	6,657,965	5,780,635
	8,393,158	8,766,615
	28,555	2,135
	15,106	70,566
	43,661	72,701
	8,349,497	8,693,914
	14,033,876	14,035,526
	1,507,804	1,507,804
	146,484	96,210
	(7,338,667)	(6,945,626)
	8,349,497	8,693,914
	69,167	177,205
	(624,207)	(5,965,390)
	(555,040)	(5,788,185)
	-	-
	(555,040)	(5,788,185)
	-	-
	(555,040)	(5,788,185)

Notes to the financial statements

For the year ended 30 June 2013

29 Contingent Liability

The Company is aware that native title applications have been registered under the Native Title Act 1993 over land included within the boundaries of some of the exploration and mining tenements owned by the Company. It is not possible at this time to quantify the financial impact (if any) that these applications may have on the Group.

30 Commitments

As at 30 June 2013 and 2012, the Company had no commitments other than exploration commitments disclosed in note 24.

Directors' Declaration

In the Directors' opinion:

- 1 The financial statements and notes as set out on pages 35 to 70 are in accordance with the *Corporations Act 2001*, and
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position of the Group as at 30 June 2013 and of its performance for the year ended on that date.
- 2 The Managing Director has given the declarations required by S295A of the *Corporations Act 2001*.
- 3 The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 4 In the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Gary Steinepreis
Director
West Perth

24 September 2013

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTO MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Monto Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Monto Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Independent Auditor's Report



Opinion

In our opinion:

- (a) the financial report of Monto Minerals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Monto Minerals Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Peter Toll', with a long horizontal line extending to the right.

Peter Toll
Director

Perth, Western Australia
Dated this 24th day of September 2013

Corporate Governance Statement

Monto Minerals Ltd, its wholly owned subsidiaries (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at

www.montominerals.com

The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Group's main corporate governance practices are set out below. All these practices, unless otherwise stated, were put in place subsequent to the reconstruction of the Group and the release from external administration. The Group has considered the ASX Corporate Governance Principles and the corresponding recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 3.2		✓
Recommendation 3.3		✓
Recommendation 3.4		✓
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 4.4		✓
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	

Corporate Governance Statement

Disclosure – Principles & Recommendations – financial year 2012/2013

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board, the Managing Director (who acts in the capacity as CEO) and the Exploration Manager.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no formal performance evaluation of the senior executives during the financial year.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Group does not have a majority of independent directors.

Consistent with the size of the Group and its activities, the Board is comprised of three (3) directors, none of whom are currently considered to be independent directors.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.2:

The Chair should be an independent director.

Corporate Governance Statement

Principle 2 – Structure the board to add value (continued)

Disclosure:

Gary Steinepreis acts as Chair of the Board he is not independent. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person. The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chairman is responsible for evaluation of the CEO, the Board and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

In determining candidates for the Board the Nomination Committee considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

There are no independent directors of the Group. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Group will pay the reasonable expenses associated with obtaining such advice.

Corporate Governance Statement

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the Group's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Group has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board supports diversity but the Group has not yet developed a policy. It is the Board's intention to develop a policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Disclosure:

The Board supports diversity but the Group has not yet developed a policy.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Disclosure:

There are two women employees in the organisation none of whom are in senior executive positions or on the Board. Women represent 25% of the Group employees.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

There is no audit committee. However, if one was established the Board policy is that it would have two (2) members who are non-executive directors. This structure would comply with the structure set out in the Board Charter adopted by the Group but not with the ASX Corporate Governance Principles and the corresponding Recommendations.

Corporate Governance Statement

Principle 4 – Safeguard integrity in financial reporting (continued)

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Group has an Audit Committee Charter although this is currently administered by the Board.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter. When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Group's auditor will be invited to attend all Audit Committee meetings held during the financial year.

The Group has established procedures for the selection, appointment and rotation of its external auditor.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Group's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Group has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

Corporate Governance Statement

Principle 7 – Recognise and manage risk (continued)

1. Assessing the internal processes for determining and managing key risk areas, particularly:
 - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
 - litigation and claims; and
 - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Group has an effective risk management system and that major risks to the Group are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Group has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Group's control environment.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Group's material business risks. As part of the monthly reporting procedure, management report to the Board confirming that those risks are being managed effectively.

The Group policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

Due to the size of the Group, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Corporate Governance Statement

Principle 8 – Remunerate fairly and responsibly (continued)

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Shareholder Information

The shareholder information set out below was applicable as at the dates specified.

1 Distribution of Equity Securities (Current as at 23 September 2013)

Analysis of numbers of ordinary shareholders by size of holding:

	Number of Shareholders	Number of Shares
1 - 1,000	1,828	403,335
1,001 - 5,000	236	532,380
5,001 - 10,000	27	182,555
10,001 - 100,000	194	10,372,309
100,001 and over	468	1,304,946,976
	2,753	1,316,440,555

There were 2,242 holders of less than a marketable parcel of ordinary shares.

2 Unquoted Equity Securities – Options (Current as at 23 September 2013)

	Number on issue	Number of holders
Options expire 30/06/2014 at an exercise price of \$0.030 per option	150,000,000	1
Options expire 31/06/2013 at an exercise price of \$0.005 per option	10,182,273	3
Options expire 21/02/2016 at an exercise price of \$0.029 per option	20,500,000	3
Options expire 10/04/2016 at an exercise price of \$0.024 per option	2,500,000	1
	183,182,273	

Holders of more than 20% of unlisted options	Number of options	Percentage of options
Options expiring 30/06/2014 at an exercise price of \$0.03 per option:		
Conquest Mining Limited	150,000,000	100%
Options expiring 31/12/2013 at an exercise price of \$0.005 per option:		
Roger Steinepreis <FT #2 A/C>	5,829,547	57.26%
Mrs Andrea Murray <Murray Family Fund No 2 A/C>	2,176,363	21.37%
Mrs Meleisha Foster <The Foster Family No2 A/C>	2,176,363	21.37%
	10,182,273	100%
Options expiring 21/02/2016 at an exercise price of \$0.029 per option:		
James Allchurch	13,000,000	63.41%
Gary Steinepreis	5,000,000	24.39%
Pat Burke	2,500,000	12.20%
	20,500,000	100%
Options expiring 10/04/2016 at an exercise price of \$0.024 per option:		
Erik Norum	2,500,000	100%

Shareholder Information

3 Substantial Holders (Current as at 23 September 2013)

Substantial holders of equity securities in the Company are set out below:

Ordinary Shares

Name	Number held	Percentage of issued shares
Conquest Mining Limited	300,000,000	22.79%
Ascent Capital Holdings Pty Ltd, David Steinepreis and Gary Steinepreis	172,788,276	13.12%

4 Restricted Securities

There are no restricted ordinary shares in escrow.

5 Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(ii) Options and Performance Rights

These securities have no voting rights.

6 Equity Security Holders (Current as at 23 September 2013)

The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary Shares

Rank	Name	Number of shares	%
1	Conquest Mining Limited	300,000,000	22.79
2	LeisureWest Consulting Pty Ltd <LeisureWest Trust A/C>	42,000,000	3.19
3	Ascent Capital Holdings Pty Ltd	37,800,000	2.87
4	Helmet Nominees Pty Ltd <Tim Weir Family Fund A/C>	36,000,000	2.73
4	Oakhurst Enterprises Pty Ltd	36,000,000	2.73
5	James Peter Allchurch <Manstein Holdings A/C>	35,400,000	2.69
6	Mr Donald Robin Walker	33,333,333	2.53
7	Pheakes Pty Ltd <Senate A/C>	27,071,272	1.98
8	North Asia Metals Ltd	23,391,901	1.78
9	David Christian Steinepreis	21,588,276	1.64
10	Joke Pty Ltd <Kenny Family Fund A/C>	21,000,000	1.60
11	Raejan Pty Ltd <The Marzec Family Account>	20,613,883	1.57
12	Rowan Hall Pty Ltd <Rowan Hall Trading A/C>	19,200,000	1.46
13	Hazardous Investments Pty Ltd	18,600,000	1.41
14	N & J Mitchell Holdings Pty Ltd <Steinepreis Super Fund A/C>	18,000,000	1.37
15	Mr Donald Robin Walker	17,000,000	1.29

Shareholder Information

6 Equity Security Holders (Current as at 23 September 2013) (continued)

Rank	Name	Number of shares	%
16	Yarrumup Pty Ltd <Capulet Super Fund A/C>	16,400,000	1.25
17	Mr Paul Robert Hearne <The PRH A/C>	15,435,000	1.17
18	Mr David Arthur Paganin <DA Paganin Family No 2 A/C>	14,303,063	1.09
19	Megatop Nominees Pty Ltd <Morris Super Fund No 2 A/C>	13,733,864	1.04
20	Greymar Holdings Pty Ltd	13,500,000	1.03
TOTAL FOR TOP 20:		779,370,592	59.20%

7 On-Market Buy-Back

There is no current on-market buy-back.

8 Tenement Schedule

Herberton Tin Project

EPM 14016;	ML 3957;	MLA 20429;
EPM 14741;	ML 3959;	MLA 20443;
EPM 14742;	ML 4192;	MLA 20444;
EPM 14743;	ML 4253;	MLA 20445; (application)
ML 3802;	ML 20364;	MLA 20447; (application)
ML 3881;	ML 20365;	MLA 20448; (application)
ML 3918;	ML 20435;	MLA 20449; (application)
ML 3948;	MLA 20389; (application)	MLA 20450 (application)

Baal Gammon Project

ML 20388;
ML 20568;
MLA 20692; (application)

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