

QUARTERLY REPORT

ASX: MOO

FOR THE QUARTER ENDED 30 SEPTEMBER 2014

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Herberton Project - Highlights

Prospects with Large Tonnage Tin Potential Targeted

- Detailed geophysical character testing of altered and mineralised rock specimens reveals highly magnetic material sourced from the Zig Zag prospect and highly encouraging IP characteristics of mineralised rock hosted in granite (Western Hill).
- Geophysics (particularly IP) has been identified as a crucial tool in identifying blind tin mineralised features – planning underway for comprehensive prospect scale surveys.
- Geological and structural mapping completed at Western Hill indicates the potential to define low grade mineralisation adjacent to the more discrete structurally controlled high grade (>20% tin) quartz/chlorite lodes – all historic data (drill holes, underground workings) has now been entered into a digital database in preparation for IP surveys.
- Rock chip sampling (32 samples) has been completed over the Montalbion IRGS prospect where sheeted quartz vein sets have been identified. Silver values of 828g/t returned from one sample.

Baal Gammon and Corporate

- The operator of the Monto Minerals owned Baal Gammon copper/silver mine, Snow Peak Mining Pty Ltd, continue to operate the site on care and maintenance following rainfall associated with Cyclone Ita in April 2014.
- As a function of current difficult market conditions Monto has rationalised exploration operations at Herberton in order to reduce costs however the modified exploration programme will continue unabated through the wet season.

Geophysical Character Testing of Tin Ore – Targeting Large Tonnage Tin Potential

The high grade tin potential of the Herberton Project has been clearly demonstrated through historic mining and drilling results generated by Monto and previous operators. The precise genesis and controls on tin mineralisation have not been considered at Herberton despite the rich tin mining history of over 76,000t of tin metal produced.

In conjunction with recently conducted prospect-scale exploration that has included several drilling programmes, Monto is seeking to gain an understanding of the broader controls on tin mineralisation and how these may be identified through the application of modern exploration techniques such as geophysics.

Monto has conducted significant research into the potential of several geophysical survey techniques to identify large, blind (overlain by unmineralised material), moderate grade tin mineralisation. Research and exploration to date indicates that large tonnage tin mineralisation exists within, and associated with, felsic intrusive units of the Herberton Project.

In order to determine the geophysical properties of the various tin mineralisation styles at the Herberton Project, nine fresh dump samples of tin ore were collected from several prospects and despatched to Systems Exploration NSW Pty Ltd for independent geophysical testing (see Figure 2). During the September 2014 quarter Monto engaged a leading geophysical consultant to determine whether any of the mineralisation styles have attributes suitable for detection by ground geophysical techniques.

Monto's geophysical consultant also reviewed the existing 100m line spacing aeromagnetic data to determine whether additional processing, particularly magnetic inversion, may delineate the thickness of Hodgkinson Formation sediments overlying potentially mineralised granites.

A detailed report was received during the September 2014 quarter from Monto's geophysical consultant. The report indicates that mineralisation derived from the Zig Zag prospect is highly magnetic as a function of the high sulphide content and thus obviously well suited to geophysical testing.

More importantly, structural features and alteration associated with high grade (20-25% tin) quartz/chlorite tin lodes (known locally as 'black rock') has demonstrated anomalism when induced polarisation (IP) and sub audio magnetics (SAM/MMR) are employed.

These techniques may also be of use in granitic environments, such as Western Hill, where a slightly elevated chargeable response was noted and historic reports note an elevated magnetic signature to the black rock alteration.

Furthermore, the existing 100m line spaced magnetics-radiometrics dataset is suitable to produce a 3D magnetic inversion model to highlight plutonic domes beneath the sediments and hence potential greisen-style mineralisation. Modelling of individual magnetic profiles over areas of interest can be undertaken to determine depth to granite below sediment.

Western Hill is situated immediately to the south of the Baal Gammon mine and incorporates a series of underground high grade mines. These mines were amongst the largest producers in Herberton Tin Field, with most developed from 1881 – 1930 with some additional production in the early 1980s. The Western Hill mines collectively produced over 1,750t of tin concentrate (~1,225t of tin metal), with mines being typically very high grade (20-25% tin), relatively low ore tonnage producers.

To aid geophysical lithological definition a regional database of background magnetic readings is being compiled by collecting outcrop readings using the KT10 magnetic susceptibility unit. This work commenced in the Mt Tin area. Background magnetic data compilation is ongoing.

The identification of an effective geophysical tool for detecting subsurface tin mineralisation will revolutionise tin exploration in the Herberton Tin Field.

Compelling IRGS Target

Montalbion Group of Mines – Work Conducted September 2014 Quarter

As part of ongoing work at the prominent intrusive related gold system (IRGS) target Montalbion, 32 reconnaissance rock chip samples were collected on the flanks and lower relief surrounding Montalbion hill. Mapping by previous explorers has identified a series of small, sub-parallel quartz veins that had not been previously sampled. The veins are of similar orientation to the known mineralisation at Montalbion and may represent the surface expression of underlying mineralisation.

One sample, MARK000023, returned values of 828g/t silver, 3,416ppm arsenic, 9.88% lead, 518ppm antimony and 0.4% zinc. Samples MARK000019 and MARK000045 returned weakly anomalous results for lead (0.11% and 0.19% respectively) with the remainder of samples returning no significant values.

Montalbion Group of Mines Background

The Montalbion lodes were discovered in 1885 and by 1895 1,583,693ozs of silver had been recovered from 39,170t of ore - an average of about 40ozs per ton (or 1,244g/t). The ore bodies consist of a variety of lead, silver, copper and zinc minerals associated with quartz veins and they form lenticular and pipe-like bodies situated along breccia zones. Most of the silver came from a zone of deep weathering and secondary enrichment which bottomed at about 60 metres.

Mareeba Mining and Exploration Pty. Ltd (Mareeba Mining) carried out exploration over the Montalbion leases for three years from January 1973, including an extensive geological survey, IP and electromagnetic surveys. The surface mapping and geochemical soil sampling programme showed very close correlation with the IP results. A strike length of over 600m was confirmed. In 1973 Mareeba Mining completed three diamond drill holes, however no record of drill logs or assays is available.

Historical mining of the Montalbion silver mines through the late 1800s targeted ultra-high grade pockets of ore using hand sorting based on the visual inspection of mined material. Due to the selective high grade mining methods employed, the small extent of the historic workings and the lack of exploration drilling there is significant potential to define additional mineralisation between the previously mined lodes, extensions along strike and at depth. Furthermore, there has been no investigation as to the potential for lower grade, bulk tonnage polymetallic mineralisation. The potential for the discovery of further mineralisation is highlighted by the fact that samples collected at Albion (one of the Montalbion group mines) were from brecciated wall rock to the mined lode, returning values to 212g/t silver, 0.6% copper, 4.9% lead and 0.26g/t gold.

Also intriguing is the geophysical signature and structural setting of the Montalbion area. The Montalbion mineralisation lies adjacent to a regional scale northwest-southeast trending mafic dyke. Aeromagnetic imagery shows the dyke as a magnetic high. Where the dyke intersects the Montalbion mines it is disjointed and a discrete magnetic low is apparent. Based on the multielement mineralisation, the presence of a magnetic low, breccia pipe style mineralisation, confirmed gold mineralisation and the description of a series of (sheeted) massive quartz and chalcedony veins the mineralisation at Montalbion may represent the surface expression of an IRGS.

Baal Gammon Mine and Corporate

The operator of the Monto owned Baal Gammon copper/silver mine in North Queensland, Snow Peak Mining Pty Ltd (Snow Peak), commenced production at Baal Gammon on 14 March 2014.

Snow Peak have the right to operate the Baal Gammon mine under the Minerals Rights Agreement (MRA) whereby the operator is responsible for all costs and obligations with respect to Baal Gammon mine development and operations, including environmental obligations.

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.

On 22 April Snow Peak informed Monto that they have temporarily suspended production at the Baal Gammon mine after receiving heavy rainfall associated with Cyclone Ita.

As a response to prevailing market conditions for junior explorers, Monto has rationalised exploration operations at the Herberton project. Whilst cost-saving measures have been implemented, including staff reductions, Monto is continuing with its exploration programme over the course of the coming wet season.

Contact Information:

Managing Director

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Competent Persons Statement

The information in this announcement that relates to Exploration Results, Mineral Resources and Ore Reserves was prepared and first disclosed under the JORC code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not changed since it was last reported.

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 2012 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 announcement of the statements based on this information in the form and context in which it appears.

Tenement Details - Tenements Held as at September 30 2014

Tenement Type	Tenement ID	Holder	Location	% Interest
EPM	14016	Herberton Tin Pty Ltd	Herberton	100
EPM	14741	Herberton Tin Pty Ltd	Herberton	100
EPM	14742	Herberton Tin Pty Ltd	Herberton	100
EPM	16231	Herberton Tin Pty Ltd	Herberton	100
ML	3802	Herberton Tin Pty Ltd	Herberton	100
ML	3881	Herberton Tin Pty Ltd	Herberton	100
ML	3918	Herberton Tin Pty Ltd	Herberton	100
ML	3948	Herberton Tin Pty Ltd	Herberton	100
ML	3957	Herberton Tin Pty Ltd	Herberton	100
ML	3959	Herberton Tin Pty Ltd	Herberton	100
ML	4192	Herberton Tin Pty Ltd	Herberton	100
ML	4253	Herberton Tin Pty Ltd	Herberton	100
ML	20388	Baal Gammon Copper Pty Ltd	Herberton	100
MLA	20389	Herberton Tin Pty Ltd	Herberton	100
ML	20429	Herberton Tin Pty Ltd	Herberton	100
ML	20443	Herberton Tin Pty Ltd	Herberton	100
ML	20444	Herberton Tin Pty Ltd	Herberton	100
MLA	20445	Herberton Tin Pty Ltd	Herberton	100
ML	20568	Baal Gammon Copper Pty Ltd	Herberton	100

Note:

EPM – Exploration Permit for Minerals

ML – Mining Lease

MLA – Mining Lease Application

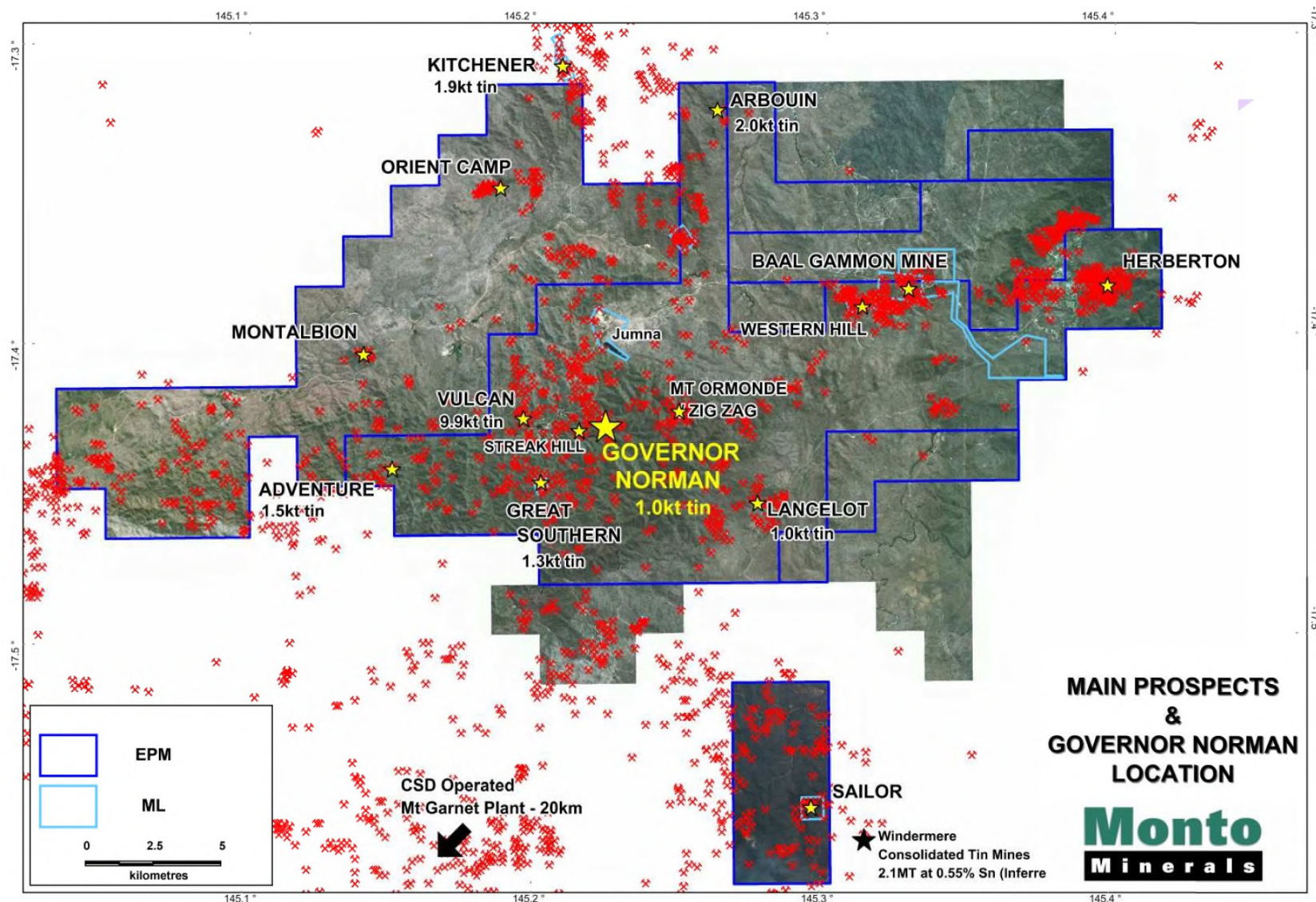


Figure 1: Herberton Project – Main Prospects and Historic Mines Showing Production of Tin Metal

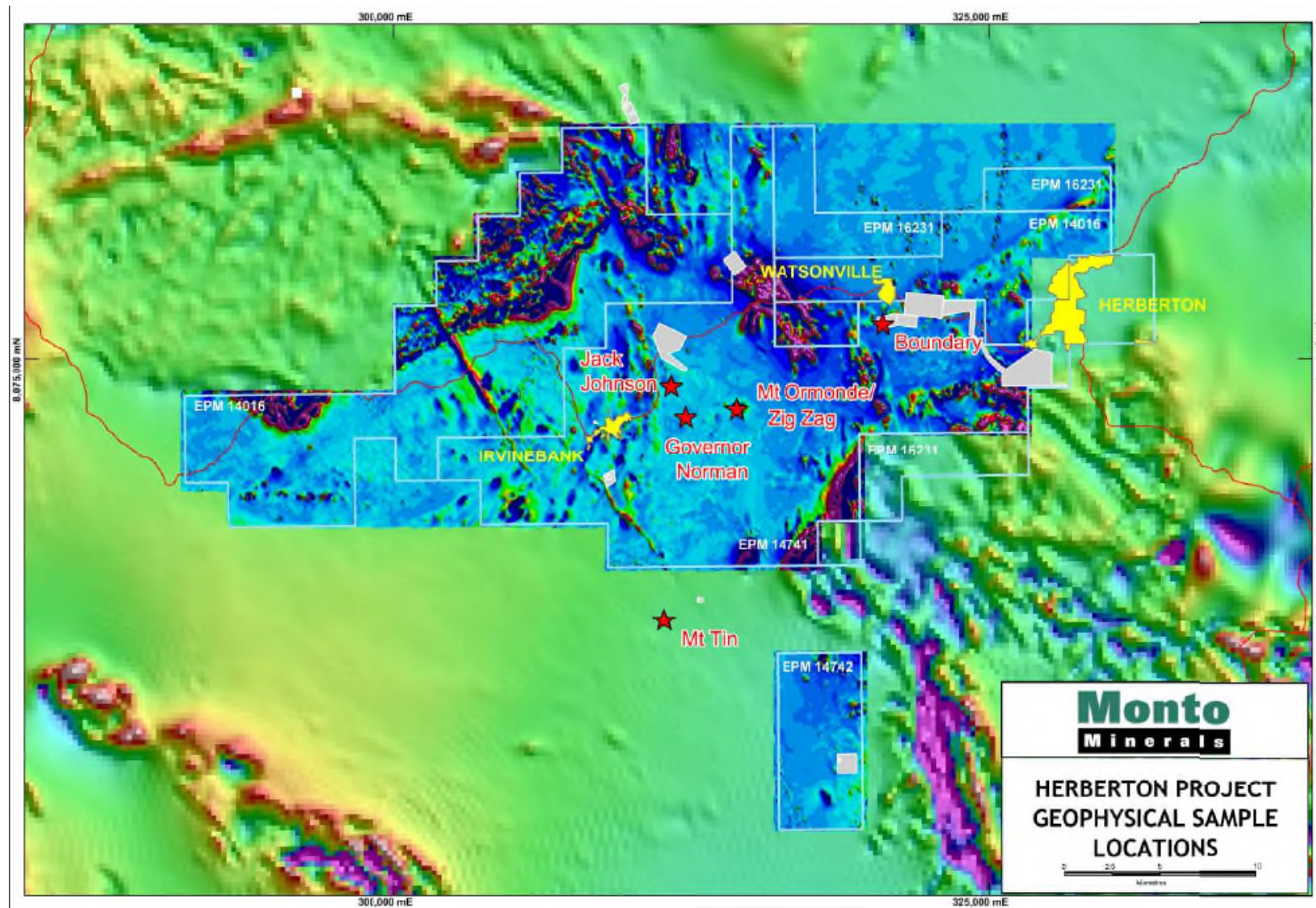


Figure 2: Herberton Project – Geophysical Sample Location on Aeromagnetic Image

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MONTO MINERALS LTD

ABN

71 063 144 865

Quarter ended ("current quarter")

30 SEPTEMBER 2014

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.01	Receipts from product sales and related debtors		
1.02	Payments for (a) exploration staff costs	(97)	(97)
	(b) development		
	(c) production		
	(d) administration	(101)	(101)
1.03	Dividends received		
1.04	Interest and other items of a similar nature received	4	4
1.05	Net smelter royalty income / payments		
1.06	R&D grant received		
1.07	Other		
Net Operating Cash Flows		(194)	(194)
Cash flows related to investing activities			
1.08	Payment for purchases of:		
	(a) Exploration & evaluation assets	(106)	(106)
	(b) Equity investments		
	(c) Other fixed assets		
	(d) Refund of security deposit	1	1
	(e) R & D grant received		
1.09	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other		
Net investing cash flows		(105)	(105)
1.13	Total operating and investing cash flows (carried forward)	(299)	(299)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(299)	(299)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares & options		
1.15	Cost of shares & options issued		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(299)	(299)
1.20	Cash at beginning of quarter/year to date	852	852
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	553	553

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	66
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Salary, Super & PAYG paid to or on behalf of directors - 62 Fees paid to directors and/or director related entities - 4 Payments are net of any applicable GST	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	553	852
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	553	852

Appendix 5B

Mining exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	1,325,440,555	1,325,440,555	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	20,500,000 2,500,000 30,000,000	- - -	<i>Exercise price</i> \$0.029 \$0.024 \$0.008	<i>Expiry date</i> 21 February 2016 10 April 2016 7 February 2017
	Performance Rights: 1 right converts to 1 ordinary share	9,000,000	-	-	22 February 2016
7.8	Issued during quarter Options Performance Rights: 1 right converts to 1 ordinary share				
7.9	Exercised during quarter				
7.10	Expired during quarter Performance Rights: Converted during the quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

James Allchurch
Director
October 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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