



**ANNUAL REPORT FOR THE PERIOD
19th January 2013 to 18th January 2014**

**EPM 14742
HERBERTON - SILVER VALLEY
NORTH QUEENSLAND**

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1. SUMMARY

EPM 14742 forms an integral part of Monto Minerals Limited's (Monto) Herberton Exploration Project which also comprises EPMs 14016, 14741, 14743 and 16321.

EPM14742 is located in the Silver Valley area, Herberton Mineral Field, of North Queensland. The centre of this eight sub block EPM lies 22km south west of Herberton and 80km south west of Cairns.

Monto is exploring the tenements primarily for tin, although potential exists for the identification of economic gold, tungsten, and antimony deposits. There is significant potential for the discovery of high tonnage greisen-style tin mineralisation within the tenement.

The Herberton Project, including EPM 14742, was previously owned by North Queensland Metals Limited (NQM). In March 2011, NQM's Australian Securities Exchange (ASX) listed parent company Evolution Mining Limited (Evolution) and ASX listed Monto signed a Formal Sale Agreement for the acquisition of the Herberton Project by Monto.

Exploration work within EPM 14742 for the current reporting period has comprised compilation of historic data and field appraisal of historic workings and exploration prospects for tin and gold mineralisation potential.

Expenditure for the current year was \$79 879.13 against a commitment of \$71,000.

2. LOCATION AND ACCESS

EPM14742 is located in the Silver Valley area, Herberton Mineral Field, of North Queensland. The centre of this eight sub block EPM lies 22km south west of Herberton and 80km south west of Cairns.

Access is by sealed all weather roads to Herberton, then by all-weather gravel roads into Silver Valley. There are no airstrips in the area. Figure 1 includes the location of the EPM with respect to Herberton and the surrounding Monto EPMs.

3. TENURE

EPM 14742, comprising 8 sub-blocks, was granted to North Queensland Metals (NQM) on 18th January 2006. In March 2011, NQM's Australian Securities Exchange (ASX) listed parent company Evolution Mining Limited (Evolution) and ASX listed Monto Minerals (Monto) signed a Formal Sale Agreement for the acquisition of the Herberton Project by Monto. The tenement is now held by Herberton Tin Pty Ltd (Herberton Tin), Monto's one hundred percent owned subsidiary. Expiry date is 18th January 2015.

The tenement is shown in Figure 2 relative to underlying cadastral tenures and overlying mining tenures.

Table 1. EPM 14742 Block and Sub-block identification.

BIM	BLOCK	SUB-BLOCKS
TOWN	1312	G, H, M, N, R, S, W, X

Expenditure commitment for the current year is \$71,000. Expenditure by Herberton Tin for the current year was \$79 879.13.

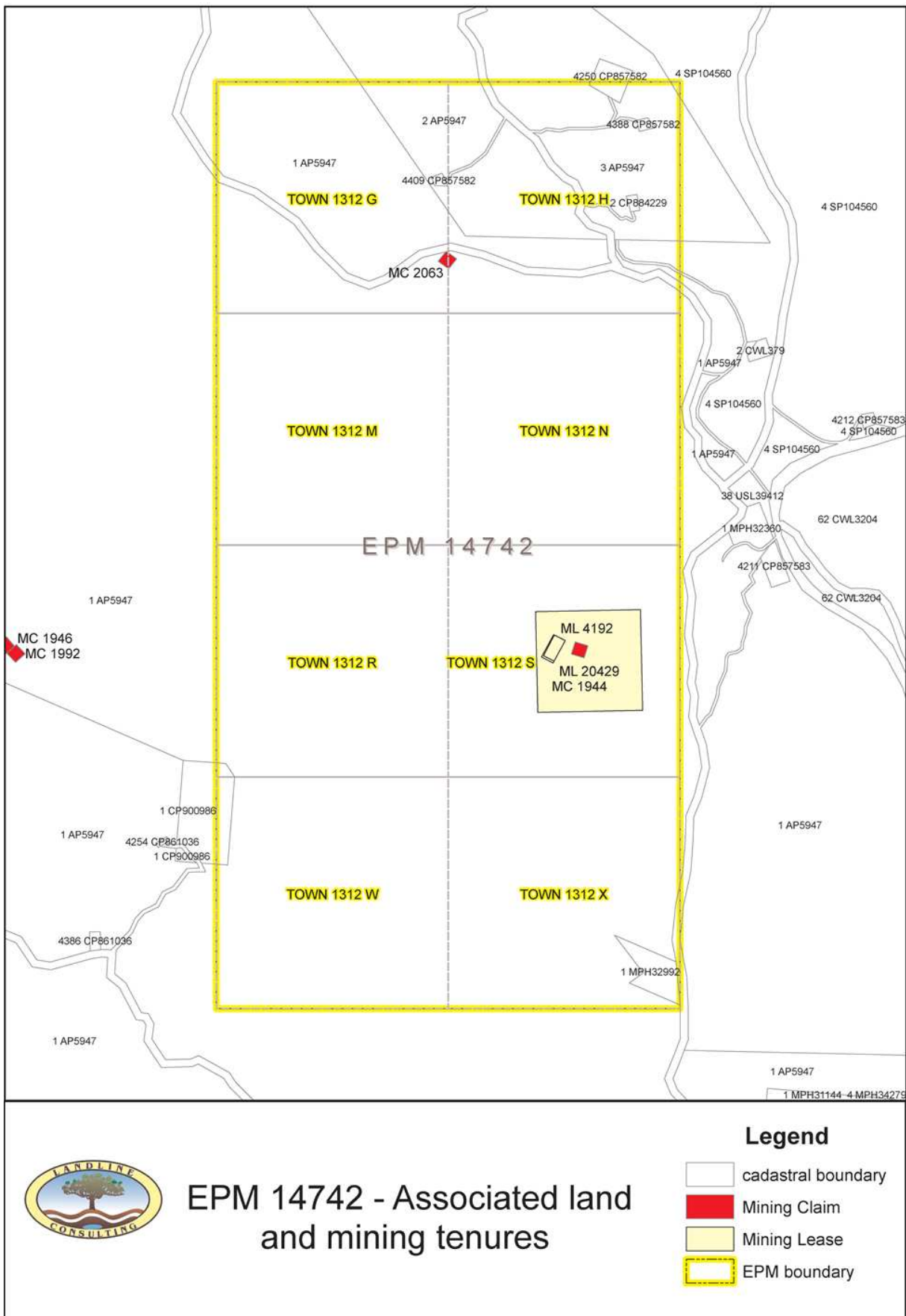


Figure 2: Tenure description of EPM 14742

4. REGIONAL GEOLOGY

The oldest rocks in the area are the underlying Precambrian schists, amphibolites and gneissic granites near Mt Garnet. These are faulted against the Mid Silurian – Lower Carboniferous sediments of the Hodgkinson Formation. In the areas under consideration these are tightly folded mainly fine sandstones, mudstones and shales with minor chert, conglomerate and basalt. There was a major orogeny developed during the early Carboniferous (Taylor, 1979).

For many years the intrusives of the Herberton Field have been described as a complex batholith of Lower Carboniferous to Upper Permian age named as the Elizabeth Creek Granite (Blake 1972, Taylor 1979). Subdivisions of this have been variously made including the Watsonville Granite and the Kalunga Granite (Blake, 1972). However, Bain and Draper (1997) include the Elizabeth Creek Granite in what they describe as the O'Briens Creek Supersuite.

Blake (1972) described the Elizabeth Creek Granite as a “ .. pale pink to orange or pale grey leucocratic adamellite, with up to 5% mafic minerals. .. The intrusive contacts of the granite are sharp and commonly irregular in detail, although some contacts are smooth and probably fault controlled. In many places porphyritic fine-grained granite occurs near the intrusive contacts, and may represent marginal chilling of the granite magma.”

The batholith is composite and contains a large number of separate plutonic and hypabyssal intrusives. It is predominantly granite and adamellite with granodiorite and minor quartz diorite. The associated volcanics are predominantly rhyolites, dacites and rhyodacites with ash flow tuffs (Taylor, 1979).

These delineations are not a major consideration at this point but will come into significance as geological studies advance with growing exploration understanding and metal targeting. Many of the smaller lodes are associated with contact zones, and structural discontinuities in and around the above complex batholith.

5. PROSPECT SCALE GEOLOGY

EPM 14742 is underlain by the Late Carboniferous Go Sam Granite , which is described on the 1:100,000 Ravenshoe geology sheet as a pink to yellow, medium grained, porphyritic biotite granite, and intruded by the later phase but possibly co-magmatic Top Nettle Granite which is a fine to medium grained biotite granite. The Go Sam Granite is also intruded by the Parker Granite which is a fine grained topaz bearing granite to the west.

The target geology is late, 'wet', highly fractionated granites hosted in the older Go Sam Granite or in Hodgkinson Formation sediments. The corollary target morphology is the Baal Gammon polymetallic mine to the north. An additional Intrusive Related Gold (IRG) target has been defined within EPM 14742. The company has achieved technical confirmation of the prospectivity of the area for IRG Deposits, and is continuing exploration of the target.

There are a number of known tin and tungsten mineral occurrences within EPM 14742, and historically tin has been mined from underground and alluvial mines within the tenement. A small excavation has also extracted antimony at one location. A number of the known mineral occurrences occur within the alteration system of the identified IRG target.

A comprehensive description of the local geology of EPM 14742 can be found in the 'Assessment of Sailor Lease (EPM 14742)' internal Monto document provided in Appendix 1.

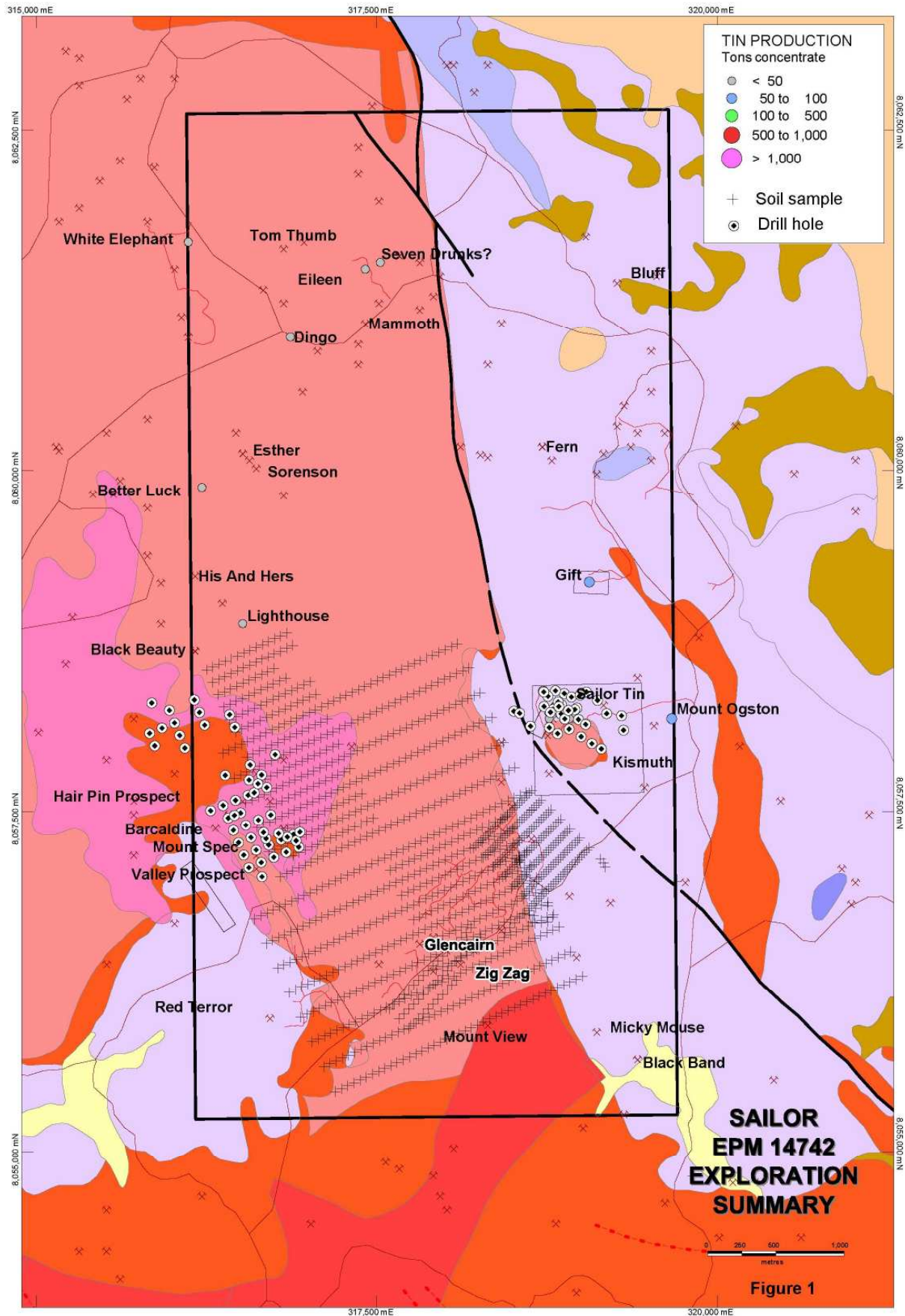


Figure 3: EPM 14742 Prospect Areas, Tin Production, Soil Sampling and Drilling.

6. MINING AND EXPLORATION HISTORY

Since discovery of the Herberton-Irvinebank mineral field in 1880, significant quantities of tin have been produced. Some of the significant records include: >4,000 tonnes of concentrate from the Herberton Deep Lead, ~32,100 tonnes from the dredging operations of Return and Battle Creeks and 13,961 tonnes from the Vulcan mine. Historically there has been in excess of 150,000 tonnes of concentrates mined from the field (Bain and Draper, 1997).

The more recent companies active in the Field were Walkermenco, Great Northern Mining Corporation NL and Loloma Limited with considerable exploration (but no mining) by Newmont.

Great Northern Mining Corporation NL was formed in December 1966 to acquire assets of Walker Great Northern Tin Enterprise including Arbouin, Great Western Group and the United Bradlaugh Group. Then, in late 1982, GNMC purchased the assets of Loloma Minerals the only other significant mining operator on the Herberton Field. In the year ending June 1983, 94,000 tonnes of ore was treated at the two mills. The tin price crashed in 1985 and significant work stopped at that time.

Newmont carried out two significant drilling programmes at the granite greisen-hosted tin deposit known as Sailor. Drilling was of a sufficient density to enable the generation of a pre- Joint Ore Reserves Committee (JORC) resource of approximately 10Mt @ 0.2% Sn. The area is roughly 3 x 2km in area and is essentially mineralized from surface. Monto is particularly interested in the Sailor deposit as it provides the vital tonnage required in order to develop a commercially viable tin operation in the area.

Subsequent work has also been completed by NQM and Western Mining Corporation (WMC). Comprehensive accounts of all previous exploration work conducted at EPM 14742 can be found in the 'Assessment of Sailor Lease (EPM 14742)' internal Monto document provided in Appendix 1.

7. MONTO MINERALS EXPLORATION

Exploration work by Monto within EPM 14742 has comprised an assessment of previous exploration and mining and field reconnaissance. This information is summarised in 'Assessment of Sailor Lease (EPM 14742)' internal Monto document provided in Appendix 1.

Monto have also commissioned a highly experienced Brisbane-based geophysicist who has completed the re-processing of 100m line spacing aeromagnetic data flown in 2006. This information has proven invaluable, through the analysis of 3D depth slices, in identifying the location and depth of igneous intrusions responsible for the mobilisation of tin-bearing fluids in the area.

Monto has completed an extensive ground-based and desktop assessment of all prospects within EPM 14742. Figures 3 and 4 outline tin occurrences, historical production and historical exploration work completed throughout EPM 14742.

The highest priority target within EPM 14742, as identified by Monto's geologists through a detailed review of the historical data, is the Sailor prospect. The Sailor prospect has an areal extent of roughly 3km x 2km and has been subjected to significant drilling by Newmont in the late 70s and early 80s. Newmont suggested that a surface greisen-hosted disseminated tin deposit existed at the prospect and estimated 12Mt @ 0.1%Sn. This represents an exciting deposit for Monto as it is the broad intention at this point is to blend lower grade, bulk tonnage material like

Sailor with some of the higher grade sediment-hosted tin ore located across Monto's other tenements.

Monto has digitised all drill data derived from Newmont and have located over 70% of the drill collars in the field. The detailed geological and structural plans generated by Newmont have also been digitised and transformed into GIS. The resulting database has allowed Monto to produce a non-JORC resource estimate using a basic polygonal methodology.

Field mapping of lithological contacts and structural features has been completed in the vicinity of the Sailor prospect along with digital collation of data and detailed mapping of nearby deposits such as The Gift, Valley Greisen and Zig Zag.

The core tin resources required to support the concept of a satellite tin mining operation are already secured by Monto through EPMs and mining leases incorporating much of the northern Herberton Project field. The nature of the majority of tin occurrences in the field, being generally high grade but irregular distribution, is not conducive to conventional commercial mining. Consequently, Monto are actively reviewing and placing emphasis on all available high tonnage occurrences to facilitate the viability of the project. EPM 14742 is vital as it contains some of the largest tonnage/low grade granite (greisen) hosted deposits in the entire mineral field. It will be this high tonnage/low grade material that will generate the required economies of scale to justify the capital investment required to build a commercial processing facility.

In 2010 NQM were interested in the gold prospectivity of EPM 14742 and drill tested the Zig Zag prospect to test conductive geophysical Induced Polarisation (IP) targets. These targets were interpreted to be reflective of Intrusive Related Gold (IRG) mineralisation, and were coincident with polymetallic soil geochemical anomalism in oxidative elements including Au, Te, Bi, Sb and Sn. The second planned drill hole was abandoned when initial results provided minimal indication of the polyphasic intrusive activity and late stage differentiation associated with IRG targets.

Monto have reprocessed the aeromagnetic and soil data and the Zig Zag target was re-evaluated for the purpose of determining whether further exploration at the project was justified. It was determined that the project warrants further exploration, however methodical groundwork should first be conducted to define the extents and controls of the system, and to identify the centre of alteration / intrusive activity. Furthermore it was determined that the interpretation of a genetic link between Zig Zag and Sailor along with the area between the systems should be thoroughly investigated.

Gold prospectivity in the current economic climate cannot be ignored and, to that end, Monto are currently engaged in discussions with a third party on how best to progress the Zig Zag target.

During the year ending 18th January 2014 Monto commenced more detailed field assessment of historic workings within EPM 14742. Due to the greisen style nature of tin mineralisation present within EPM 14742 historic production within the tenement area has been minor, working narrow high grade occurrences of quartz vein hosted cassiterite. Historically processing restrictions rendered the numerous occurrences of low grade cassiterite mineralisation not economic to extract. Monto is assessing the historically mined areas to determine the potential for high tonnage, low grade tin deposits similar to the Sailor area that can now be easily processed through conventional methods. Exploration is hampered by alluvial and colluvial cover, making assessment difficult. This work will continue during the following year.

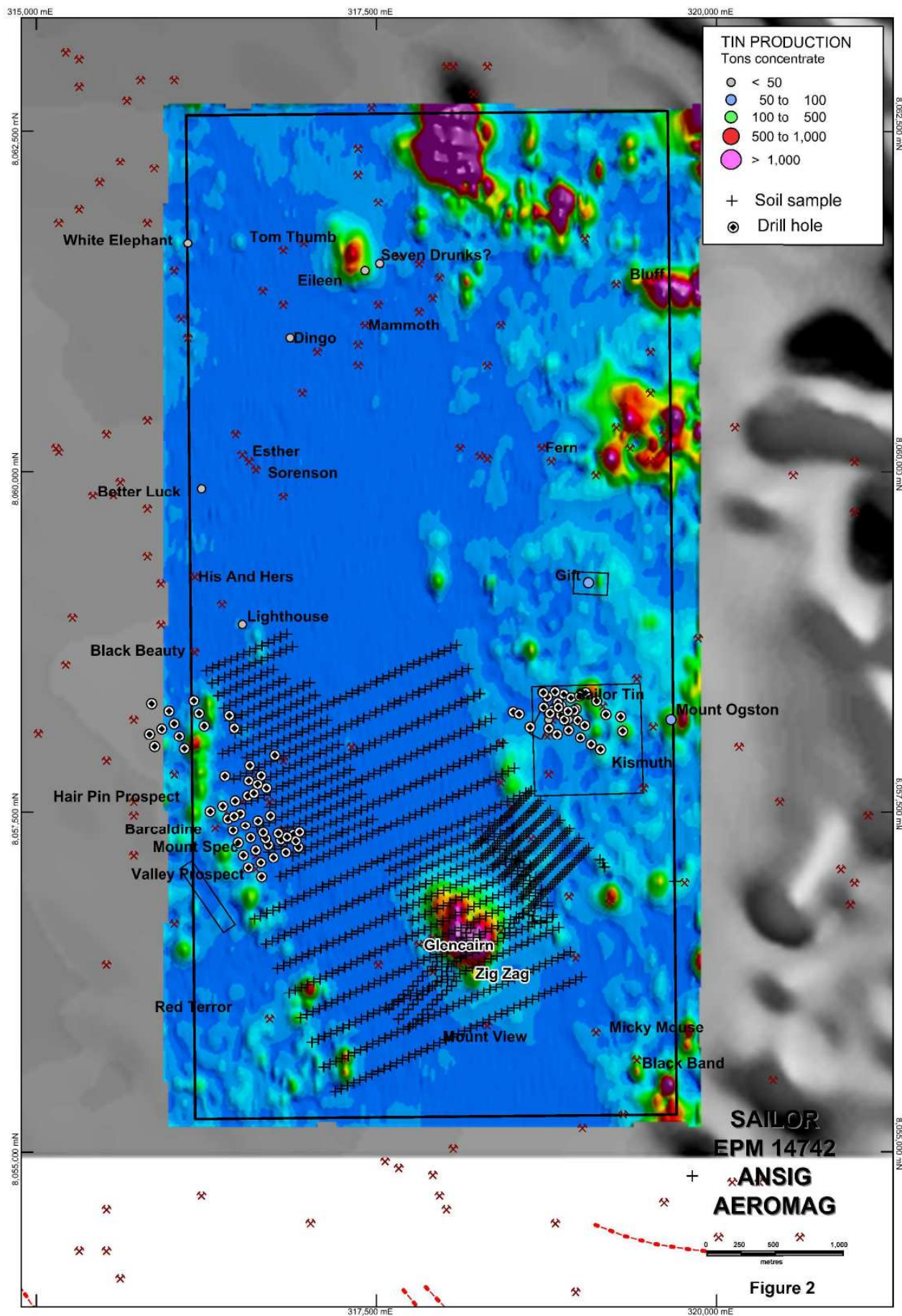


Figure 4: EPM 14742 Prospect Areas and exploration work on Aeromag

8. PROPOSED EXPLORATION

Proposed exploration for the 2014/2015 year will include the following:

1. Assessment and field sampling (rock chip and soil) of other identified deposits and occurrences/anomalies including high resolution mapping of former tin mines and prospective areas with particular emphasis on granite alteration and greisen-related quartz veining;
2. Soil geochemical survey as part of the larger 188km² program;
3. Continuation of assessment of the Sailor deposit – possible drilling;
4. Potential commencement of a generalised scoping study of the Sailor deposit including the possibility of on-site upgrading of tin ore and transport of upgraded ore to the nearby Mt Garnet processing plant;
7. Further assessment of Zig Zag and other potential targets.

9. BIBLIOGRAPHY

Bain JHC and Draper JJ, 1997, "North Queensland Geology" AGSO Bulletin 240/Queensland Geology 9

Blake D, 1972, "Regional and Economic Geology of the Herberton/Mount Garnet Area – Herberton Tinfield, North Queensland" BMR Bulletin 124

Taylor RG, 1979, "Geology of Tin Deposits" Publ by Elsevier

APPENDIX 1

Assessment of Sailor Lease (EPM 14742)

Memorandum

To: James
From: Erik
Cc: Gary, Pat
Date: 29 September 2012
Re: Assessment of Sailor Lease (EPM 14742)

1. Introduction

Exploration Permit for Minerals (EPM) 14742 is located between 18 to 24 kilometres southwest from Herberton. The tenement covers an area of 26.2 square kilometres (eight sub-blocks) and was granted in January 2006. Access is via the Silver Valley road, thence by minor roads and station tracks. The area is at the eastern end of Eastern Range, a spur of the Great Dividing Range. The area is one of considerable relief with fairly steep sided gullies cutting back across the middle of the lease. There are differences in elevation of up to 160m over the lease (i.e. between 700 and 860m above sea level). Access tracks to small mine workings and drilling sites tend to follow the higher ground.

The tenement hosts a number of minor historic workings (96 documented). Total recorded production within the lease is 255.3T of tin concentrate, the bulk of this won from the Gift Mine (93.16T). Mount Ogston (63.34T) and White Elephant (35.3T). The Gift Mine is located within an excised mining lease held by Richard Ludlow. Other commodities historically worked within the lease include antimony, fluorite and tungsten.

Previous exploration has been conducted by Newmont at Sailor and Valley Greisen, WMC at Zig Zag and NQM at Zig Zag/Gold Valley. Based on the extents of limited drilling at Sailor, Newmont has estimated a potential resource of 10Mt at 0.15% Sn.

2. Geology

Stratigraphy within the tenement comprises an eastern zone of Hodgkinson Formation (thin bedded greywacke, sandstone, siltstone, shale and conglomerate) intruded by Late Carboniferous Go Sam Granite, a pink to yellow, medium grained, porphyritic biotite granite, and the later phase but possibly co-magmatic Top Nettle Granite which is a fine to medium grained biotite granite. The Go Sam Granite is also intruded to the west by the Parker Granite which is a fine grained topaz bearing granite. Minor olivine Atherton Basalt outcrops in the northeast of the tenement. Greisenisation of granite is reported to be widespread within the tenement. The abovementioned granites have been refined from Blake's previous Elizabeth Creek Granite.

Brown et al (1984) described the Go Sam Granite as an A-type granite as it is part of the Go Sam Suite of Bruvel et al (1991). The work of Brown et al (1984) show this as a high silica, high alkali granite, whereas in Bain and Draper (1997) it is described as an I-type. Niton analysis on the core suggests that Rb/Sr ratios are of the order of 1 to 100 and above indicating it is well fractionated.

The Hodgkinson Formation can be seen to be down faulted by a normal fault structure trending 323°, approximately paralleling the Dry River (see Figure 1). This structure has been mapped as trending from northwest to north, however mapping at the Dingo and White Elephant shows extensive shearing in the same 323° direction (dipping east at 85°) and the Dingo structure is now seen as a highly fractured zone in the Go Sam Granite and probably an extension of the major SSE trending structure seen in the aeromagnetic image (Figure 2). The total count radiometric image (Figure 3) clearly defines granite-sedimentary contacts, hence the Dingo Structure may post date granite emplacement. A structure parallel to the Dingo structure, to the north of the Gift mine, can be identified in the aeromagnetic and radiometric data. The structure has been partially intruded by Top Nettle Granite.

The granitic stocks in the Sailors Creek area are leucocratic, fine-to-medium-grained and moderately to strongly altered. A fine-grained aplitic phase is also present. No detailed petrological study of the rock has been carried out but it is believed that alteration includes development of microcline, albitisation and kaolinisation. Alteration is most intense adjacent to the greisen lenses. The upper 80 - 100m of the small stock is strongly greisenised with a lower ill-defined contact into less altered coarser-grained granite. The siliceous saccharoidal greisen is locally developed in lenses, 10 - 20m thick and in hand specimen it often resembles a quartzite.

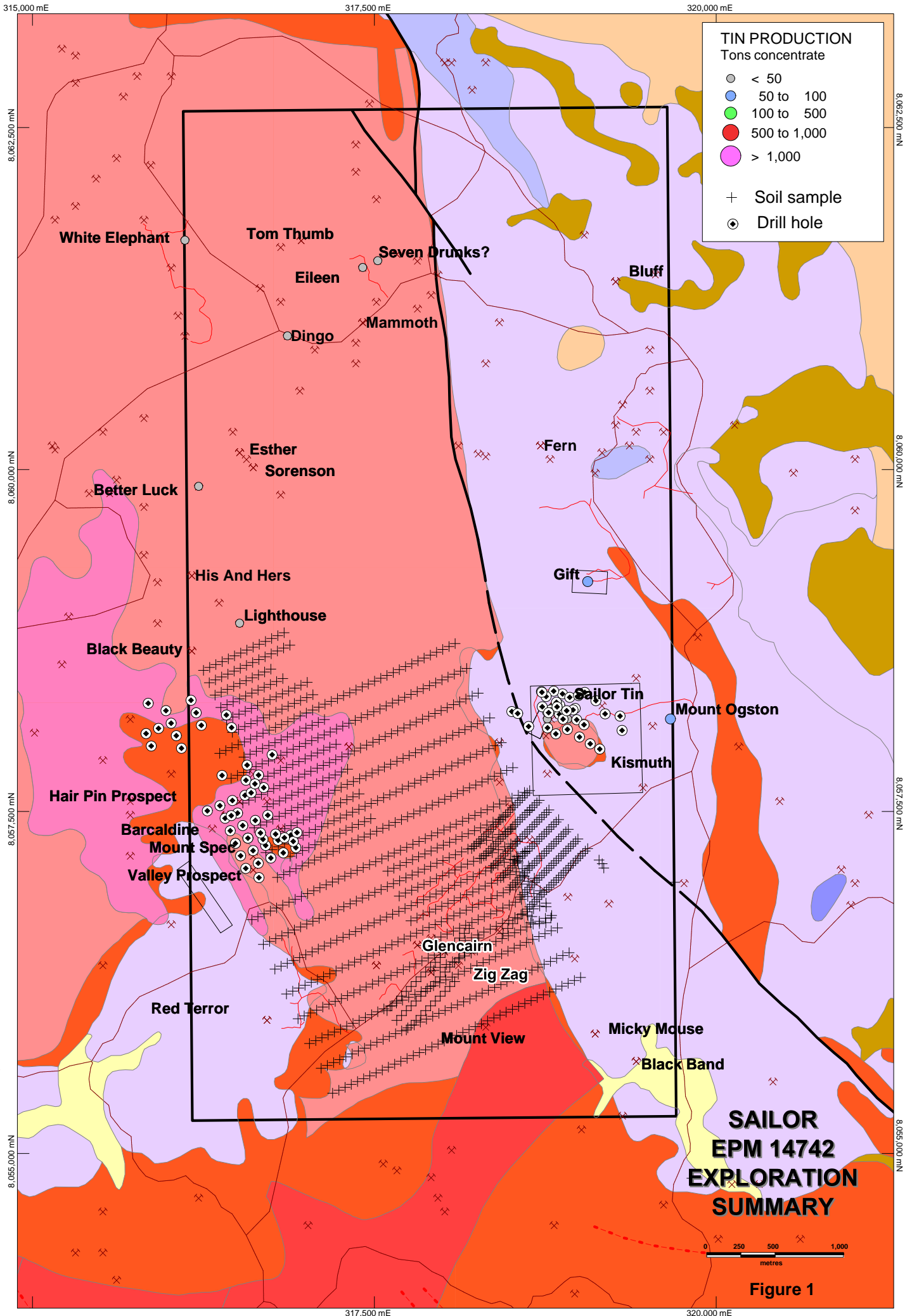
Based on intersections in drill holes, it has been inferred that the greisen generally occurs as concave sub-horizontal lenses. However, more close spaced drilling would be needed to substantiate this hypothesis. The mineralised greisen lenses are usually dark grey and sericitic, containing variable amounts of pyrite. Less common dark green variants are encountered, the colour possibly being due to chlorite. Tin mineralization is generally confined to the pyritic-sericitic greisen bodies. It is sometimes visible as brown cassiterite grains. Tin values tend to be in the range 500 to 3000 ppm; higher values over widths of more than a few metres are rare. The thickest greisen development is in the uppermost section of the altered granite. However there is a higher grade cassiterite section associated with a weakly pyritic lens in the lower part of the greisenised zone.

An emission spectrographic scan was carried out by Newmont for 17 elements on samples taken at one metre intervals throughout the full length (110m) of drill hole PS9. The strong correlation between tin and greisen is apparent. Lead has a parallel association with tin. Bismuth is concentrated in the upper siliceous greisen. Lithium tends to have an antipathetic distribution to the above metals, although it is also concentrated in the upper part of the granite, probably in micas of the albitised granite. Molybdenum, tungsten, arsenic, copper and zinc are variably but sporadically anomalous and their minerals were occasionally reported in drill cuttings. Titanium is also anomalous and has a moderate correlation with lithium. Fluorite was not included in the scan, but purple crystals are commonly visible in drill cuttings. There is also an unidentified lime or yellowish-green mineral, which is closely associated with greisen.

3. Previous Exploration

3.1. Newmont

Newmont explored the Sailor 1 and 2 leases, covering 240ha, on behalf of a joint venture between Newmont, I.C.I. Australia Ltd. and H. C. Sleigh Resources Ltd. Newmont managed the exploration



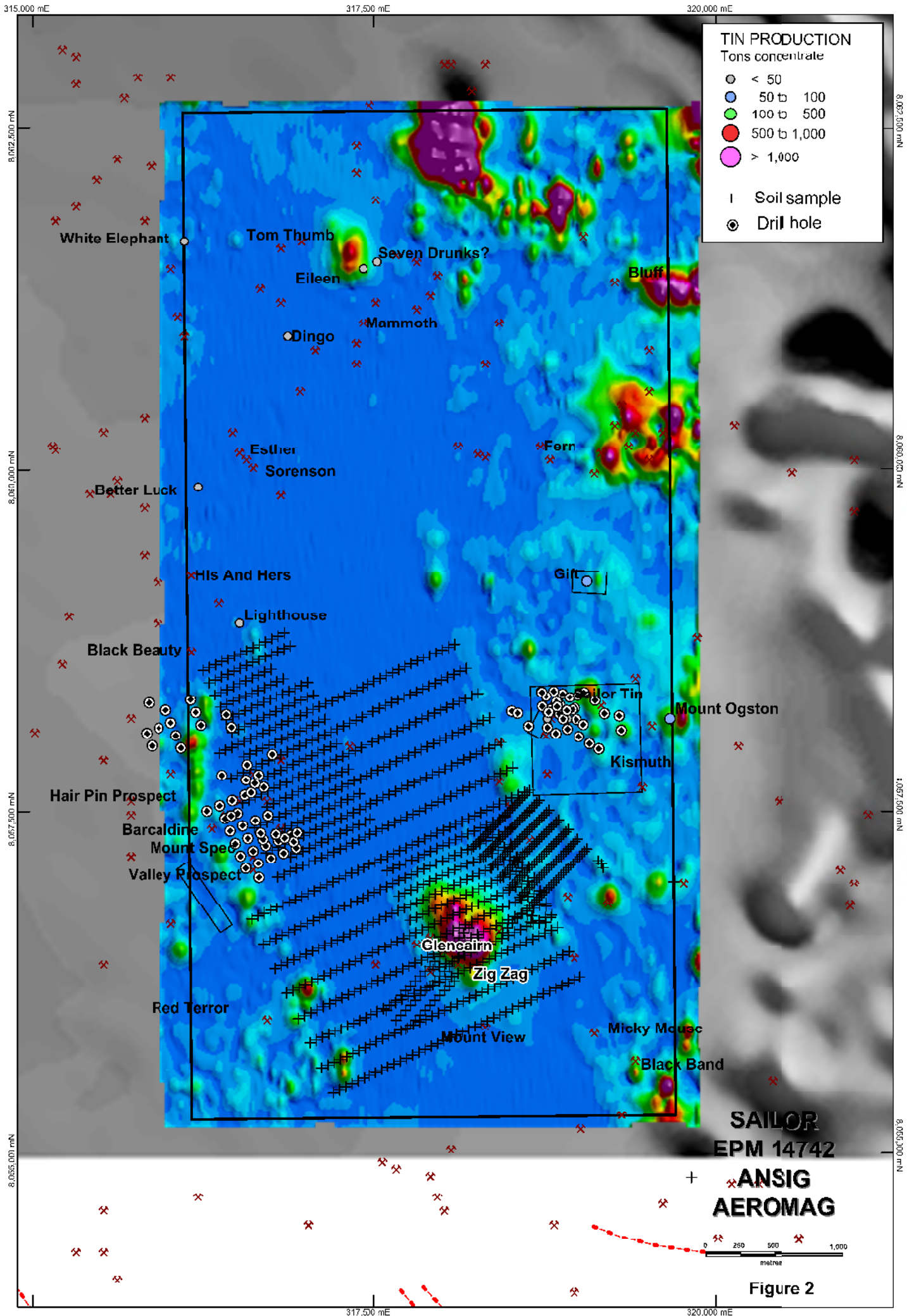
TIN PRODUCTION
Tons concentrate

- < 50
- 50 to 100
- 100 to 500
- 500 to 1,000
- > 1,000

+ Soil sample
○ Drill hole

**SAILOR
EPM 14742
EXPLORATION
SUMMARY**

Figure 1



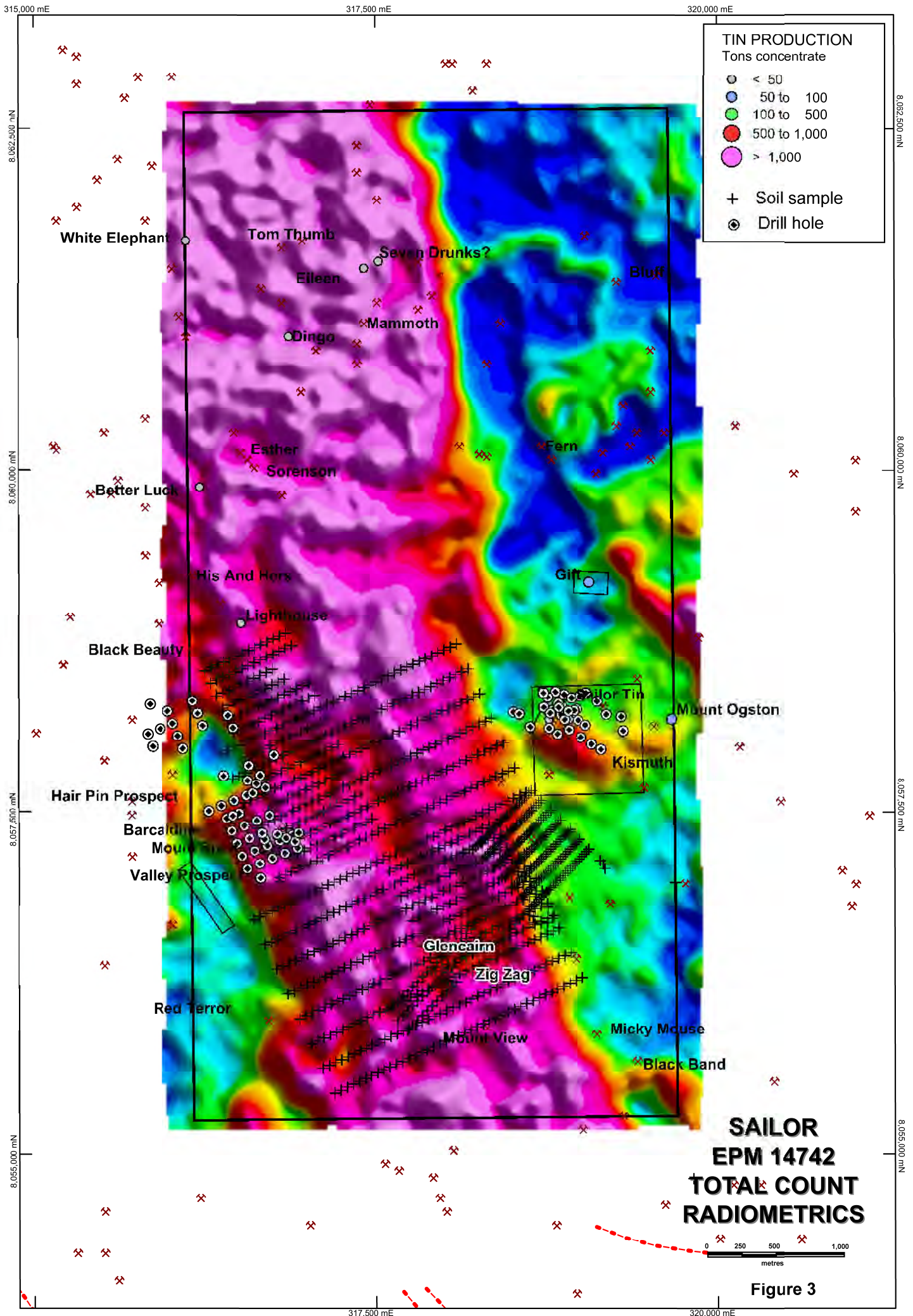
TIN PRODUCTION
Tons concentrate

- < 50
- 50 to 100
- 100 to 500
- 500 to 1,000
- > 1,000

x Soil sample
 ○ Drill hole

SAILOR
EPM 14742
ANSIG
AEROMAG

Figure 2



**SAILOR
EPM 14742
TOTAL COUNT
RADIOMETRICS**

Figure 3

project from 1978 to 1980, but withdrew in December, 1980. The "Lynette Law" ML was contained within the Sailor lease with an option agreement to purchase. Also within the Sailor 2 lease was the "Kismuth" claim, which is held by a syndicate that intended working the property. Later five more leases were applied for to cover additional ground to the north, east and south. (Sailor 3, 4, 5, 6, and 7 leases). It is assumed these were not granted prior to Newmont's withdrawal from the project.

The Sailor mineralisation was discovered during the course of a regional tin exploration programme that was directed at examining the margins of the Elizabeth Creek granitic pluton for mineralized layered greisen bodies of the Erzgebirge type. Alluvial cassiterite was found by panning along Sailors Creek and further investigation revealed that titles were held by two different prospectors over small blocks on which tin-bearing greisen with local enrichments was present. The smaller of the two stocks of Elizabeth Creek Granite located west of the Wild River was found to be particularly greisenous.

Tin mineralization occurs within the greisenised upper section of a granitic cusp emanating from the Elizabeth Creek granite pluton, where it intrudes sedimentary rocks of the Hodgkinson Formation. The tin occurs as cassiterite within sub-horizontal lenticular bodies of greisen in association with minor concentrations of sulphide minerals (notably pyrite) and fluorite.

The Sailor greisenous stock was tested by two drilling programmes. The first series of targets were determined by geological reasoning, whereas the second included holes directed at IP anomalies. The Sailor 1 and 2 leases were tested by a total of 32 percussion drill holes and 3 diamond drill holes. Most holes were vertical. These holes provided a fairly comprehensive coverage of the upper flanks and central core of the small Sailor Creek stock. The only gap is probably a section along Sailor Creek, where access to the steepest slopes would have been difficult. The contact of the main pluton on the western side of Sailor I was also tested. In general it is possible to correlate the broad zones of greisen and mineralization between adjacent holes, but no continuity between higher grade sections can be inferred. The more interesting zones of mineralisation are usually at depths of 20 to 60 metres below surface and close to the granite-sediment contact.

Drilling appears to have indicated two areas where there are intersections of more significant thicknesses and grades of tin mineralisation. Grades locally exceed 0.3% tin in the following areas:-

- i. A lobate-shaped zone on the western side of the stock, which includes drill holes PS 1, 2, 6, 7, 9, 10, 13, 14, 15, 16, 17, 18, 31, 32, and SD3. This block covers much of the "Lynette Law" lease and a gully.
- ii. A smaller, elliptical area, falling largely within the "Kismuth" mining claim. This is indicated by mineralisation in holes PS 27, 28, and 29. Further mineralisation might be found in this area by additional drilling.

Hole PS33, testing the western steeper dipping contact zone, also encountered some encouraging mineralisation, e.g. 8m at 0.41% tin (within a broader zone of 13m at 0.30% Sn), although this was not repeated in nearby diamond drill hole SD2 (see Table 1).

Because of the apparent association between cassiterite concentration and disseminated sulphides, IP surveys became the main exploration tool. Three surveys were completed, two within the Sailor 1 and 2 leases, and the other over surrounding country. No anomalies warranting drilling were interpreted from the latter survey.

A limited metallurgical testing programme of heavy liquid separations was carried out to determine whether this might be a means of concentrating the low grade stanniferous greisens. Nine composites of drill cuttings representing either 5m or 6m lengths of mineralisation (apart from one 44m zone) and having average assays in the range 0.11% to 0.34% tin were forwarded to Australian Laboratory Services Pty. Ltd., Brisbane, for testing. Approximately 5kg of each sample was dried and sieved into the following fractions: +4mm, -4 +2mm, -2 + 1mm, -1 + 0.5mm and -0.5mm. The four larger fractions were subjected to tetrabromomethane separation. ALS concluded that preconcentration by heavy media is practicable resulting in about 75% tin recovery in one third of the head weight of the four grade samples. The rejected floats contained less than 0.1% tin. In the case of the five lower grade samples, 60% recovery of tin was achieved in one third of the head weight.

Table 1. Sailor drilling results

Drill hole	East	North	From (m)	Width (m)	Sn (%)
PS1	318802	8058250	20	6	0.13
PS10	318876	8058360	52	10	0.24
PS11	318929	8058335	97	8	0.16
PS12	318812	8058380	128	5	0.27
PS13	318855	8058279	15	33	0.18
PS14	318767	8058228	39	30	0.18
PS16	318767	8058112	37	6	0.18
PS17	318827	8058068	30	17	0.24
PS18	318912	8058100	25	5	0.27
PS19	319000	8058045	26	5	0.17
PS2	318854	8058210	30	13	0.13
PS21	319148	8057957	9	2	0.50
PS26	319188	8058214	27	5	0.14
PS27	319120	8058311	80	4	0.17
PS29	318993	8058348	14	7	0.54
PS30	318969	8058254	5	15	0.13
PS31	318980	8058171	16	26	0.15
PS33	318505	8058231	53	13	0.30
PS34	318953	8058243	19	6	0.11
PS4	318756	8058340	108	10	0.48
PS6	318728	8058266	49	7	0.28
PS7	318774	8058223	35	27	0.18
PS8	318907	8058237	39	7	0.21
PS9	318832	8058298	43	15	0.13
SD1	318628	8058122	106	6.8	0.13
SD3	318836	8058265	23.08	4.82	0.40

(> 0.1% Sn, > 2m width).

No estimates of reserves of tin mineralisation were attempted by Newmont because of uncertainty concerning the extent of higher and lower grade sections encountered in drill holes. In general it is not possible to correlate particular sections of mineralisation between adjacent holes. One tentative first estimate made by one of the co-venturers suggested the tonnage of mineralised rock might exceed 12 million tonnes averaging 0.1% tin. Other equally rough calculations have suggested that smaller tonnages may be available with an average grade as high as 0.15% tin.

In December 1980, Newmont advised its co-venturers that it intended withdrawing from the project on the grounds that drilling had failed to indicate their target, which was 10 - 20 million tonnes of open pittable ore at a grade of 0.2% tin or more. They concluded that although a large number of possible ore-grade intersections had been encountered in drilling, there appeared to be a large degree of discontinuity of grade and thickness of the tin-rich greisen lenses.

CR14265 contains drill logs and Certificates of Analysis for drilling, suitable for JORC standard.

During 1980 Newmont also undertook exploration at Valley Greisen, ML 2460, 2407 and 2408, located two kilometres west from Sailor. There is no report to accompany drill logs, sections and plans (CR 13814). A total of 53 vertical drill holes targeted an area of small workings hosted by the Go Sam Granite, near the contact with the Top Nettle Granite. Results for tin were narrow and low grade. Several holes returned elevated copper values (see Table 2).

Table 2. Valley Greisen drilling results.

Drill hole	East	North	From(m)	Width (m)	Sn (%)	Cu (%)
VP1	316522	8057176	60	6		0.23
VP3	316705	8057252	58	6		0.25
VP4	316797	8057289	22	4		0.24
			26	4	0.14	
VP10	316462	8057580	18	2	0.53	
VP13	316691	8057675	1	4	0.17	
VP15	316484	8057267	0	3	1.09	
VP18	315831	8058070	21	5	0.23	
VP19	316090	8057963	49	7		0.32
VP35	316576	8057305	71	2		0.31
VP41	316500	8057489	43	2		0.22
VP42	316562	8057729	18	2	0.18	
VP43	316386	8057763	22	2	0.18	
			26	5		0.21
VP44	316570	8057839	15	6		1.26
VP44	316570	8057839	50	2	0.18	0.54
VP45	316657	8057017	90	3		0.49
VP50	315847	8058291	34	4	0.45	
VP52	316626	8057702	8	2		0.44
VP53	316454	8057470	31	3	0.14	

(> 0.1% Sn and > 2m width, >0.2% Cu and > 2m width).

3.2. WMC

ML 8308, Zig Zag, was granted to WMC in November 1988 for the purpose of examining a hydrothermal breccia located during regional reconnaissance. WMC completed 1:2500 scale mapping, rock chip sampling and soil sampling.

Initial soil geochemistry was completed on a 200m by 100m grid with infill to 100m by 50m. A total of 140 soil samples were collected and the -200 μ fractions were analysed for Au, As, Cu, Pb, Zn, Ag, Mo and Sn. The initial phase of soil sampling revealed a peak Sn response of 1100 ppm associated with an isolated portion of the hydrothermal breccia. A broad 300m x 50m, >500ppm Sn anomalous zone is located over the central sector of the breccia.

Additional infill of 77 samples to 50m by 50m was completed over the tin soil anomaly using -2mm mesh. However, the results could not reproduce the initial anomalous zone. A peak response of 496 pm Sn was achieved.

Thus it is presumed that the Sn mineralisation is hosted by thin, sporadically distributed quartz veinlets within the breccia.

A total of ten bulk rock chip samples were collected over the peak Sn anomalous zones. In the first phase, six 10m bulks were collected on a single traverse covering the peak Sn anomaly. In response to discouraging results in this initial program a further four 25m bulks were collected, two once again on the initial peak and the remaining two over the second peak response. All samples were analysed for Sn and Au. Results received from the bulk rock chip sampling revealed a poor spatial correlation with the peak soil responses.

Geologically the area comprises Siluro- Devonian Hodgkinson Formation arenitic sandstone which is intruded by Permian felsic adamellite. The most prominent feature of the area is a large, 400m diameter, hydrothermal carapace breccia. The breccia is thought to be related to the intrusion of the adamellite.

Reconnaissance rock chip samples collected throughout the lease revealed weak Au encouragement, peak 1.77 g/t, associated with a small quartz greisen lode in contact with the granitoid, and a Sn response of 0.9% associated with small quartz veinlets within the breccia body.

In response to the weakly anomalous and sporadic distribution of Sn mineralisation associated with the hydrothermal breccia, WMC decided that the size and tenor of the prospect is essentially uneconomic and hence unworthy of further exploration.

3.3. NQM

During 2008 and 2009 NQM investigated the potential of the Zig Zag prospect for intrusion related gold style (IRGS) mineralisation. Work included regional aeromagnetics, soil sampling, an IP survey, and the completion of one diamond hole.

Antimony, tin and tungsten have been mined in the Zig Zag area historically. The Zig Zag prospect is hosted by the Go Sam Granite, and adjacent to the prospect a greisen parallels the Dingo Fracture Zone and provides structural corridor for the Zig Zag historic mine which has been worked on a shear zone striking 350°. This shear zone contains epithermal banded silica veining to 1m thick dipping steeply east.

The NQM target was a magnetic low (reversely polarised intrusive) located at Zig Zag. The IP showed approximately coincident chargeability and resistivity anomalies lying to the east of two 1m wide banded quartz veins that are part of a NNW regional structural trend.

Soil sampling over the magnetic low gave anomalous arsenic and patchy gold values. An earlier soil program showed arsenic anomalism over the mag low and the resistivity and chargeability zones, a gold anomalous zone, mainly resulting from one high grade soil result in the area of the granite contact with the sediments. This was to be a second priority target however results in the initial hole were discouraging. Drill hole ZZ001 was targeted on the anomalous soils values for arsenic in preference to the gold on the granite–sediment contact because of the conceptual target for an IRGS gold deposit.

From word of mouth in historic mining operations gold has been located in alluvials at Zig Zag, and in the recent soils programs anomalous gold was identified. The target was reviewed by NQM as a potential Intrusion Related Gold (IRGS) Target. NQM concluded the target meets characteristics for IRGS mineralisation as outlined by Baker (2003):

- District well known for granites associated with historic Sn &/or W mining,
- Presence of weakly reduced, strongly fractionated I- or some S- type magmatism,
- Tectonic Setting: Cratonic margins, in a landward or back-arc position relative to continental margin arcs, or within continental collisional settings,
- IRGS deposits have a variety of styles – but include breccias with quartz veining,
- Generally low in S,
- Deeper deposits include disseminated gold, sheeted veins and greisens.

Two deep holes were planned, and a proposal was submitted to the Queensland Department of Mines to assist with funding through the Collaborative Drilling Initiative. The proposal was accepted and drilling of DDH ZZ001 completed during June to July 2009.

The diamond hole encountered a coarse cream to pink granite which exhibits a regional hematite alteration, veins and broad zones of grey quartz+sericite greisen, and a shatter brecciated granite with, at depth, a zone of weak green sericite alteration. Weak mineralisation of very fine pyrite, arsenopyrite, chalcopyrite, galena and sphalerite with very rare cassiterite and possible molybdenite were seen throughout the core, however assays of selected intervals showed most gold values below detection and base metal values essentially insignificant. The RC chip samples in hole ZZ001 showed similar values to that seen from the core. Analysis was conducted by SGS in Townsville, however a complete program of testing by Niton Field Portable XRF analyser was also completed on the RC sample bags and on the core. The Niton results show high K₂O values and high Rb/Sr ratios suggesting strong fractionation of the granite. No significant gold was identified in the drilling.

4. ASSESSMENT

4.1. Sailor Prospect

Historic production from the Sailor Mine was modest at approximately 20.5T of tin concentrate, most likely due to the low grade associated with the greisen style mineralisation. Alluvial workings are present immediately south of Sailor, however production is unknown.

Drill testing by Newmont covered an area of 800m by 400m to a vertical depth of 140m, although mineralisation was only intersected in an area of 600m by 400m as the greisen mineralisation was most likely eroded where the granite outcrops. The drilling was successful in delineating the style and geometry of mineralisation. All higher grade tin appears to be restricted to the granite, with no elevated values intersected within overlying sediments. Significant intersections and drill hole locations are shown in Figure 5 and a typical drill section in Figure 6.

Greisen style mineralisation occurs as essentially horizontal tabular zones at varying depths within the granite body. Based on the generally broad hole spacing, it is not possible to confidently correlate zones within holes. Mineralisation outcrops in the southern drilling area and depth to mineralisation rapidly increases to the north, possibly due to a down throw fault offset.

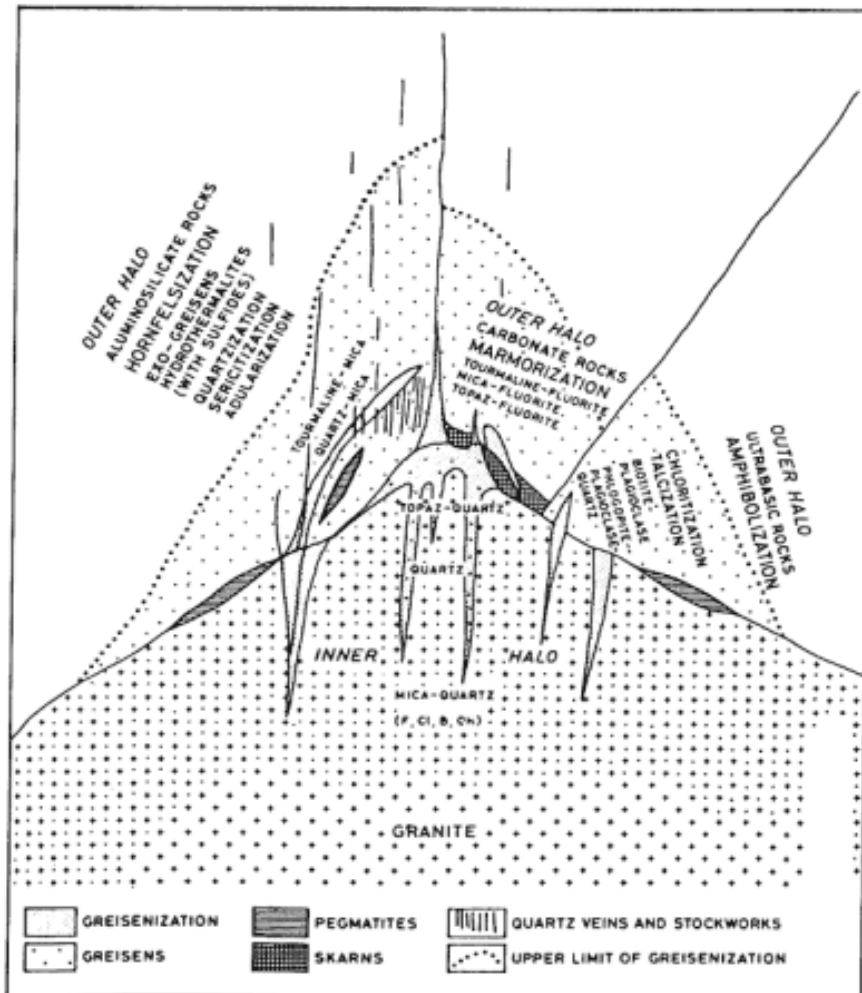
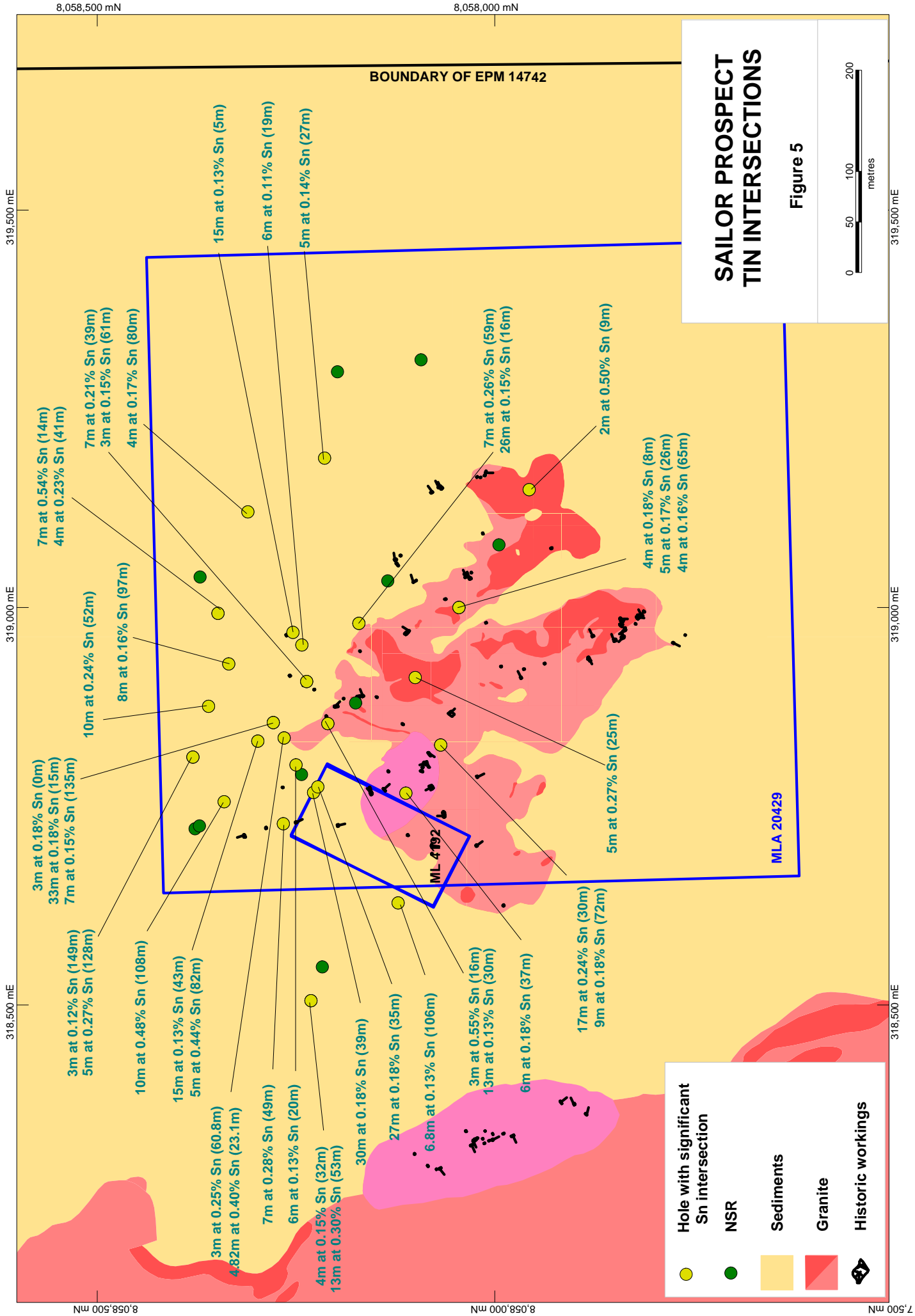
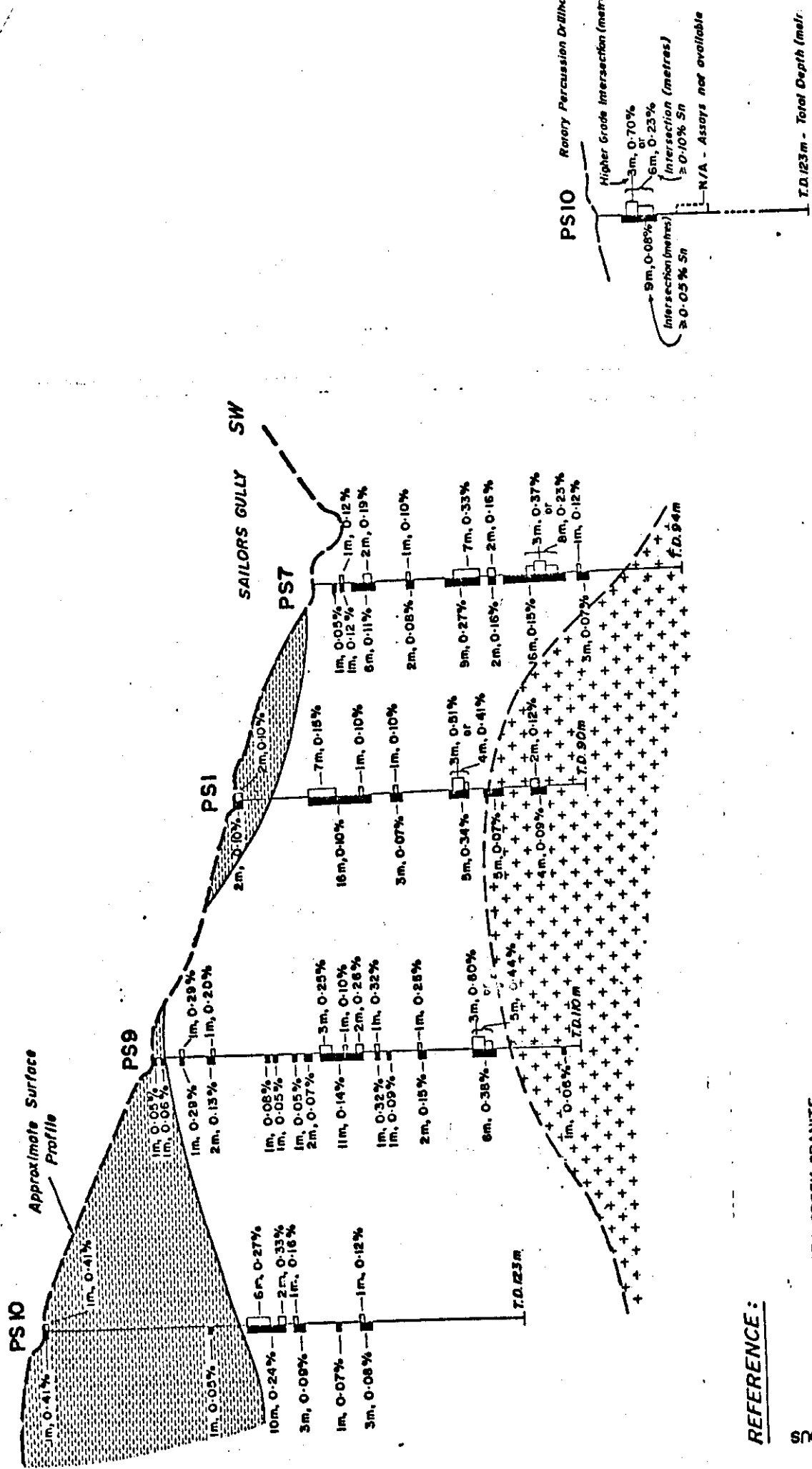


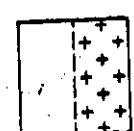
Figure 4. Typical greisen-style mineralisation.





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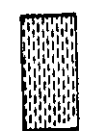
SILURO-CARBONIFEROUS



ELIZABETH CREEK GRANITE
Upper, fine to medium grained, moderately to strongly greisenised, potassic and albitic granite with numerous, saccharoidal, pyritic and chloritic quartz greisen lenses.
(Transitional boundary).
Basal, coarse grained microcline granite; weakly greisenised.

HOOGKINSON FORMATION

Greywacke, subgreywacke, siltstone: homfised, silicified.



ASSAY METHOD: Th assays, by ammonium iodide sublimation.
(TETCHER LABORATORIES PTY. LTD.) after bromine oxidation;
A.A.S. determination.

	NEWMONT PROPRIETARY LIMITED		
	COMPILED DRAWN	SCALE DRAWING No.	DATE FIGURE No.

Figure 6

Potential exists to extend the resource to the north and west based on drilling results. Due to restrictions at the time, Newmont could only undertake work on the granted mining leases and therefore could not determine the full extent of mineralisation. Un-named workings on the sediment-granite contact 400m to the west of Sailor indicate potential for mineralisation at relatively shallow depth within granite beneath outcropping sediment. Down-throw to the east of this contact suggests that erosion may have removed mineralisation within the outcropping granite west of the contact. Greisen-style mineralisation typically occurs as a domal zone within the upper portions of the granite host (see Figure 4). If the outcropping granite at Sailor represents the central dome of the granite, then potential also exists to the south where no drilling was undertaken by Newmont.

Due to the low tin grades intersected in drilling at Sailor, an economic resource would require significant tonnage, in the order of 50Mt plus (100kt tin at 0.2%). Newmont suggested a resource of 10Mt at 1.5% Sn (15kt tin) is present at Sailor based on completed drilling. Disregarding depth to mineralisation, based on the area defined by drilling, this will require an area equivalent to 3000m by 2000m assuming similar widths and grades.

A polygon resource estimate was undertaken to quickly verify the possible resource stated by Newmont. The polygonal resource ignored holes that did not intersect broad zones of mineralisation (7 holes within the area of estimation). Also, multiple narrow hanging wall zones were not included for simplicity. The polygons were extrapolated 50m beyond the extents of drilling. An SG of 2.5 was used for tonnage estimation. Figure 7 shows a breakdown of tonnes, grade tin and depth to the zone from surface. The polygon resource estimate is 6.676Mt at 0.22% Sn (147kt tin). The average width of intersections is 11.3m; a third of the total number of intersections are greater than 10m width.

Based on the estimate calculation, an even greater areal extent is required to define sufficient tonnage to define economic mineralisation, although tin grade is higher than the Newmont estimate.

Drilling results and known geology at Sailor provide encouragement to define further mineralisation. Relatively shallow mineralisation should be present under sediment cover west of Sailor to the granite contact (an area of 400m by 300m) and to the northeast (approximately 200m by 200m) before depth to mineralisation increases to over 100m. Un-named workings to the south of Sailor suggests mineralisation may extend in this direction. No drilling has been undertaken to the south of the Sailor workings. There appears to be a correlation between magnetic low and greisenisation; if true the magnetics can be utilised for future exploration and drill hole planning.

Sailor represents an opportunity to quickly define an indicated JORC resource which may be of advantage for capital raising. The downside would be the low grade and modest tonnage.

The economic viability of mining broad zones of low grade tin via underground methods would require investigation to determine whether further drill assessment of zones greater than 100m depth from surface are warranted.

If sufficient tonnage can be defined, Sailor may represent a low grade bulk tonnage resource that can be supplemented by low tonnage high grade satellite deposits that doubtless exist elsewhere within Monto's tenement holding.

SAILOR PROSPECT POLYGONAL RESOURCE ESTIMATE

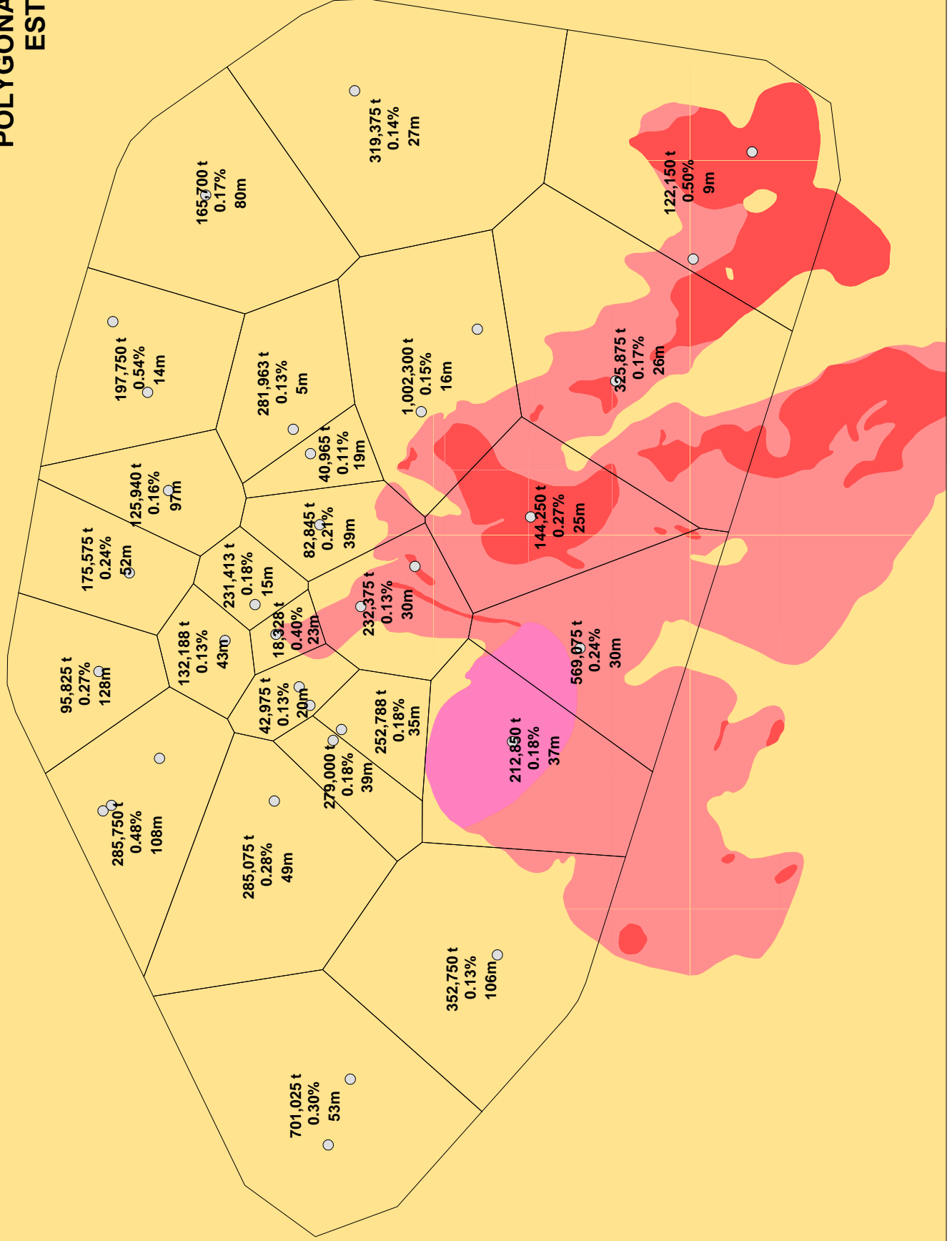


Figure 7

4.2. Valley Greisen Prospect

Newmont targeted greisen-style mineralisation by RC drilling Valley Greisen covering an area of 1500m by 500m (Figure 8). Host lithology comprises Go Sam Granite intruded by the Top Nettle and Parker Granites. Hodgkinson sediments outcrop to the south of the Valley Greisen Prospect. There is either a further intrusive along the granite-sediment contact or strong alteration as defined by a coincident aeromagnetic high.

Drilling results were disappointing with tin values narrow and low grade with a best intersection of 3m at 1.09% Sn from surface, which may indicate detrital cassiterite. Of interest are the large number of elevated copper intersections including 6m at 1.26% Cu from 15m. The tin and copper mineralisation are not coincident and are not zoned, thus appear to be related to separate intrusive events. Mineralisation is associated with up to 10% pyrite in greisen zones however there is little information available for this area.

There is no potential for economic tin mineralisation at Valley Greisen. The nature of the copper mineralisation requires further investigation to determine its significance.

4.3. Zig Zag Prospect

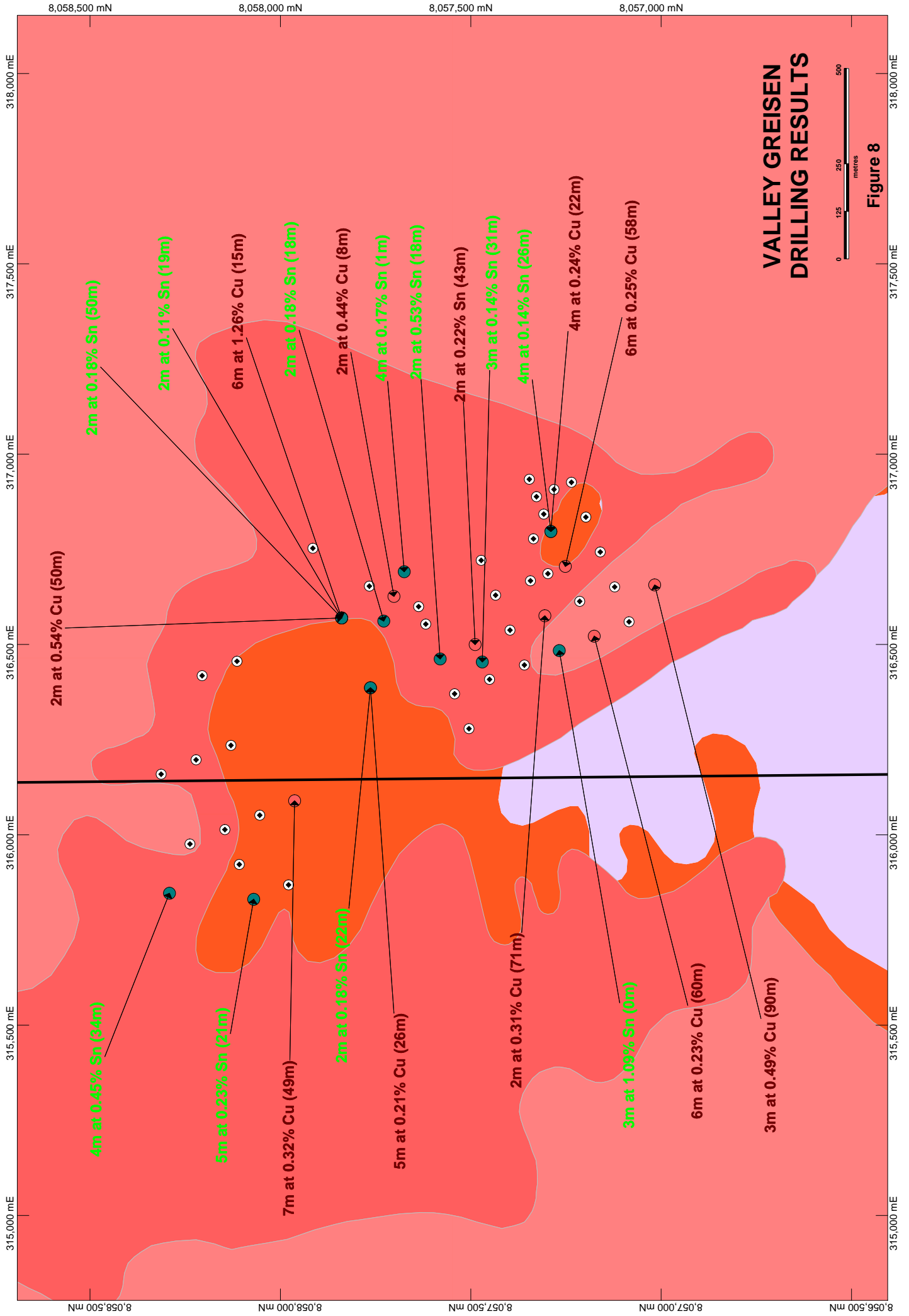
Both WMC and NQM investigated the potential of gold mineralisation associated with an interpreted hydrothermal breccia coincident with a prominent aeromagnetic low (Figure 9).

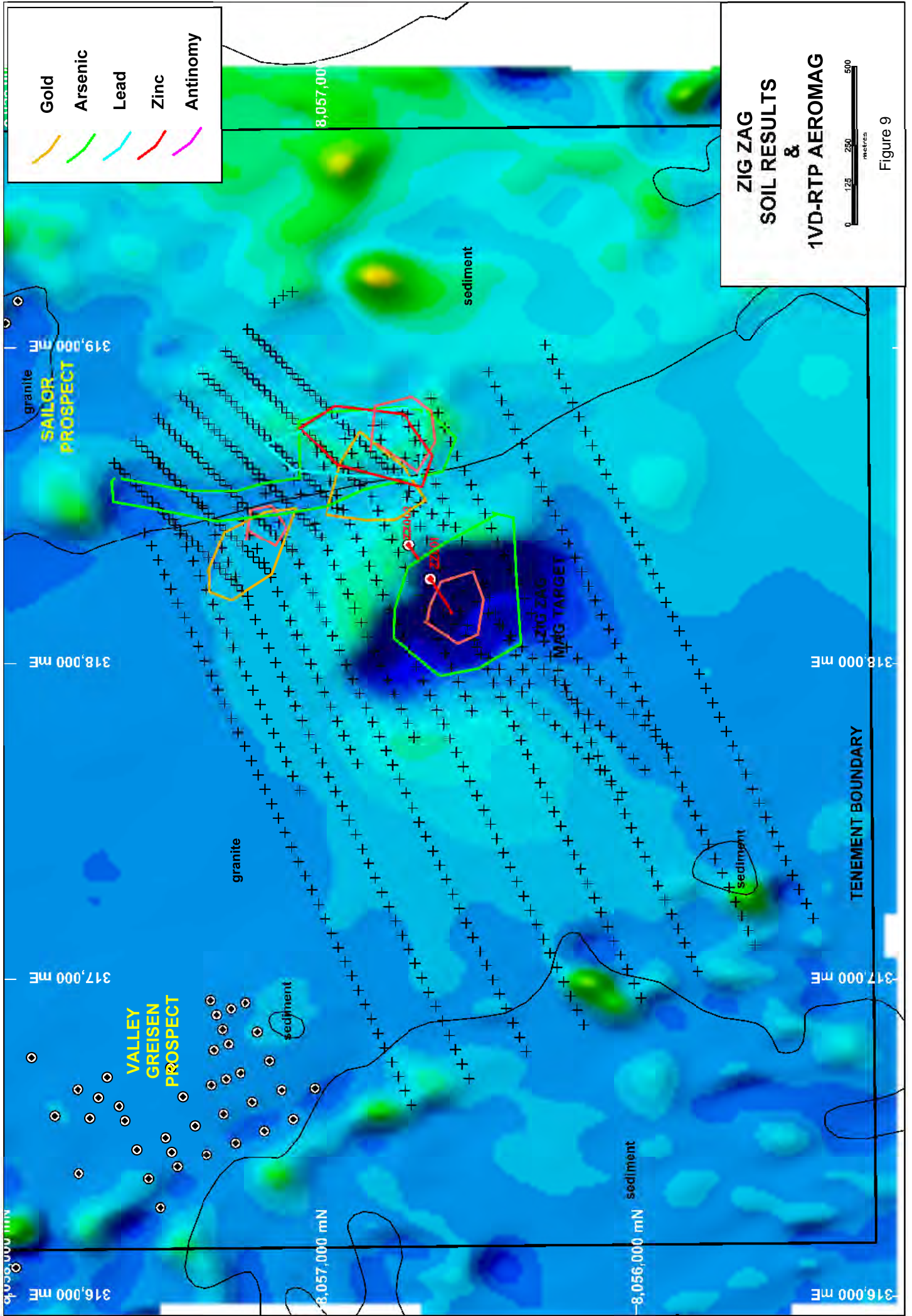
Historic mines in the immediate vicinity of Zig Zag were worked primarily for tungsten with lesser antimony and tin. A line of minor workings extends from Sailor to the southern tenement boundary coincident with the sediment-granite contact. These mines exploited tin and tungsten.

NQM completed multielement soil sampling analysed by ICP across the Zig Zag area. Results show a bulls eye arsenic-antimony anomaly associated with the aeromagnetic low and a coincident arsenic-lead-zinc-gold anomaly within sediments adjacent to the sediment-granite contact and line of small workings to the east of the Zig Zag aeromagnetic high.

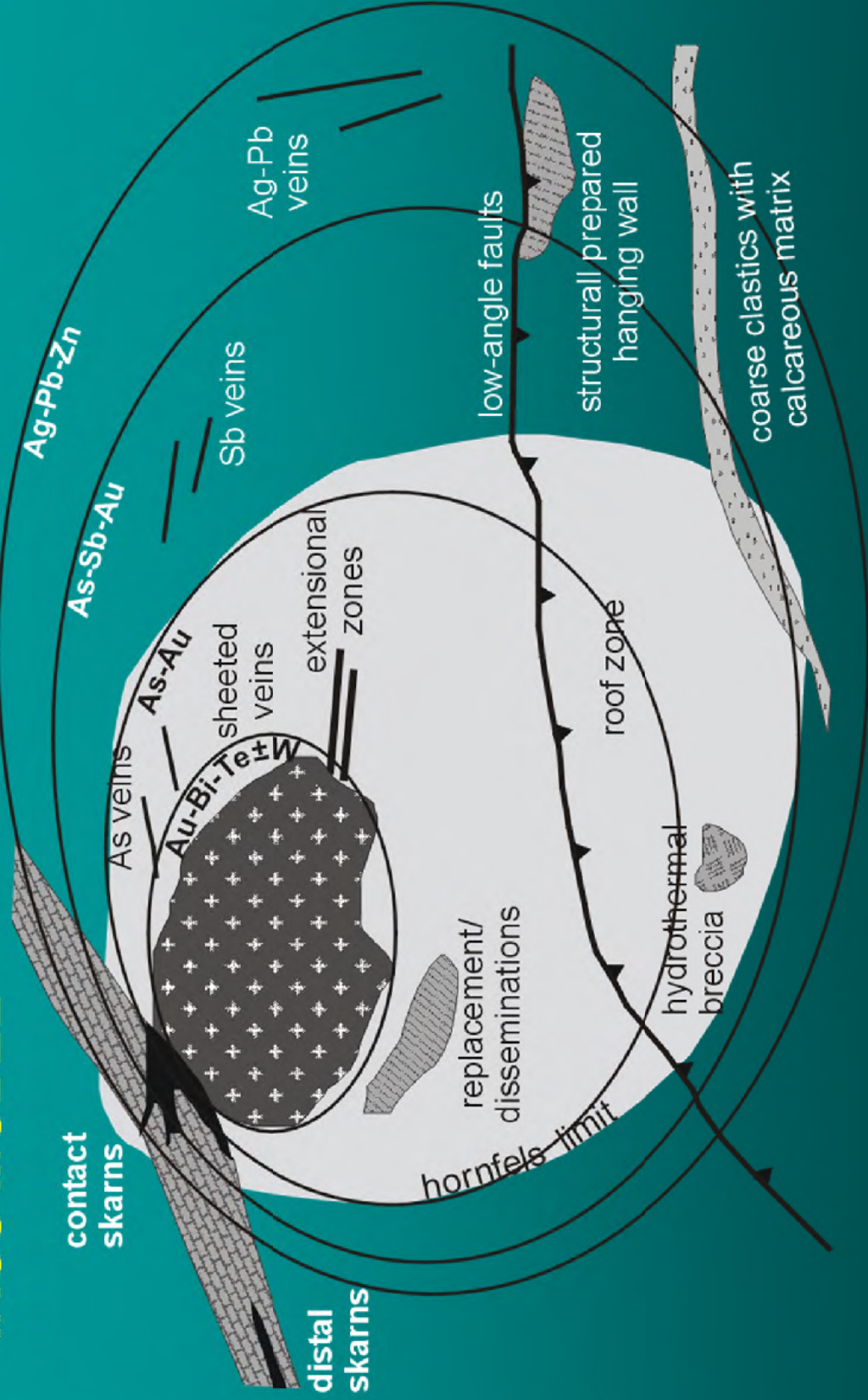
NQM completed two holes targeting the centre of the aeromagnetic low/intrusive body and coincident arsenic-antimony anomaly for IRGS-style mineralisation. The second hole was not completed due to poor results from the initial hole.

IRGS-style mineralisation covers a range of deposit types, however they are typically characterised by a breccia pipe or breccia zone associated with an intrusive body (Figures 10 and 11). Economic mineralisation is essentially gold with lesser silver and possibly base metals. Zonation is evident, therefore metalliferous zones may not be coincident and may depend upon reaction with host rocks. Alteration is generally potassic-sericitic-sulphitic-silicic-carbonate. There is a known association with W-Sn, Mo-W-Bi and Mo mineralisation. Vertical zonation typically comprises Zn-Pb-Cu-AS down to Cu-Zn to Mo(W-Cu) at depth. Mineralisation can occur in stockworks, sheeted veins or breccias and usually combinations of these. Significant gold mineralisation quite often has minimal surface expression such as minor workings, with their main zone commencing at a greater depth (e.g. Mt Wright). Breccia zones radiating at surface from the intrusive provide surface structural vectors. Due to the pipe-like nature of the breccia zone, the long axis of mineralisation is invariably down from surface. Mineralisation is usually offset from the centre of the intrusion due to zonation and possible structural controls. Gold grades can vary from low to high, however the





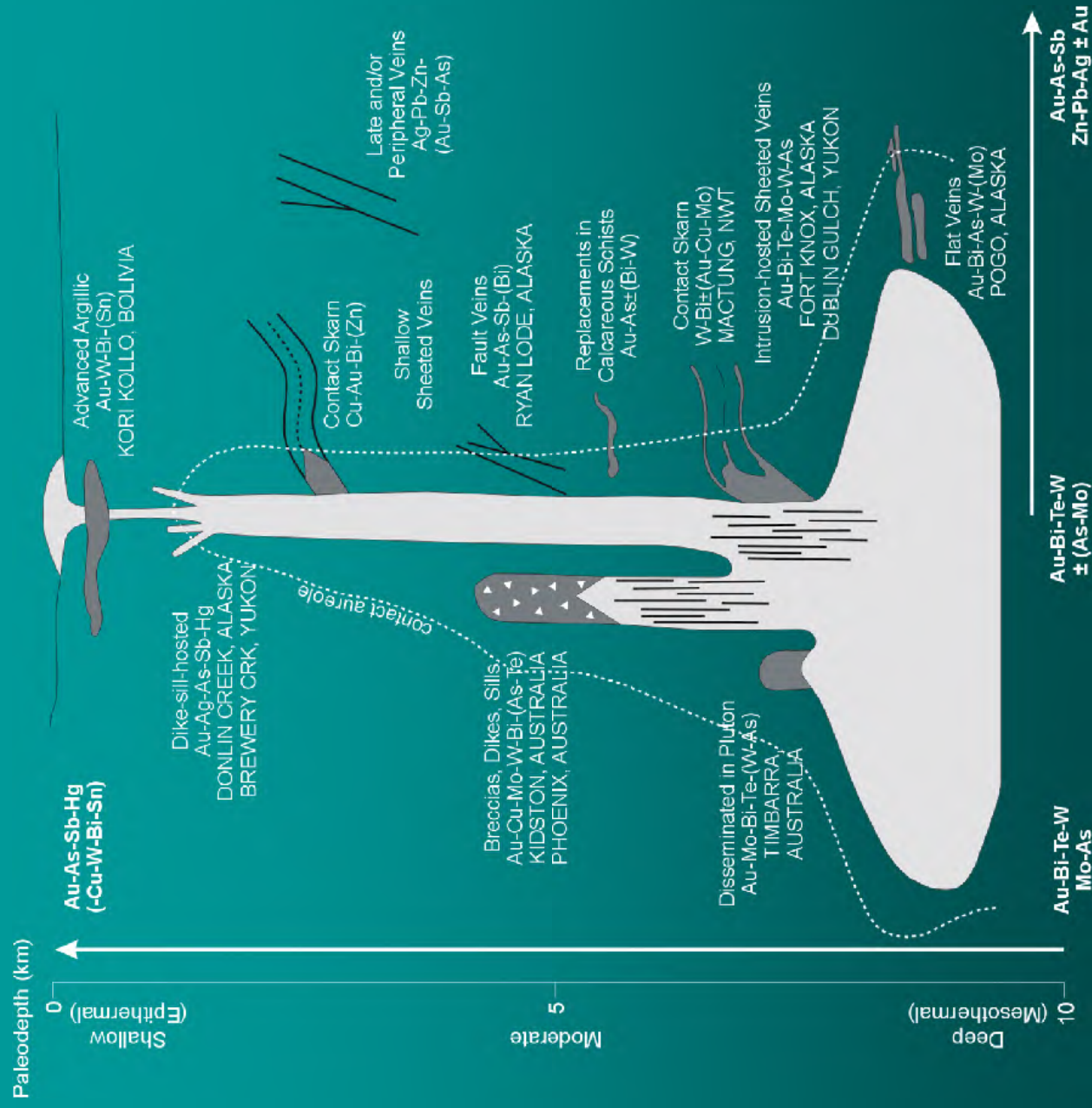
IRGS MODEL



Modified from Hart et al., 2002

Figure 10

IRGS MODEL



Modified from Lang et al., 2000

Figure 11

deposits have multi-million ounce potential. Examples in eastern Australia are Kidston, Mt Leyshon, Mt Wright and Timburra.

Zig Zag exhibits some of the characteristics of IRGS-style mineralisation such as the typical intrusive style, metal zonation based on geochemistry results and alteration seen in drill samples. As the hole completed by NQM was drilled into the core of the intrusive the gold zone was probably missed. The location of the second, incomplete hole may have been more successful in targeting gold mineralisation. Drill results are encouraging as a broad zone of 48m at 538ppm Pb, 896ppm As and 1069ppm Zn from 30m was intersected in ZZ001. A Niton XRF was used for analysis, thus the detection limit of the instrument was too high to be of use for gold, silver and antimony. At depth the hole intersected 12m at 451ppm Pb, 317ppm As, 882ppm Zn, 13ppm Cd and 1.3ppm Ag, providing further encouragement as these elements are typically associated with IRGS mineralisation. A zone of 3.65m at 317ppm Sn and 10.44ppm from 101.9m Ag may be related to an early vein or breccia. Hole ZZ002 intersected 4m at 549ppm Pb, 1614ppm As, 1282ppm Zn and 1022ppm Sn from 83m in the precollar. The presence of tin in this intersection indicates the hole possibly intersected an early vein/breccia.

The geochemistry anomalism coincident with the granite-sediment contact requires further investigation due to the presence of gold. The zone may represent distal mineralisation from the intrusive that has been emplaced in a structural trap along the faulted contact, or it may be unrelated to the Zig Zag intrusive.

Further work at Zig Zag will require detailed alteration and structural mapping and additional geochemistry and possibly IP prior to drilling. Due to the typical depth to mineralisation exploration costs can be significant for this style of deposit. Additional work at Zig Zag is considered low priority.

4.4. Other Targets

A number of small workings with modest production figures for tin occur in the north of the tenement that have not received any modern exploration attention (Figures 1 and 2). These include Dingo (17.9T cassiterite conc.), Great Divide (15T cassiterite conc.), White Elephant (35.31T cassiterite conc.), and Eileen (9T cassiterite conc.). These workings are all hosted by Go Sam Granite. The only significant producer within sediment is The Gift (excised from EPM 14742) with 93T of cassiterite conc., although it is unknown whether mining extended into underlying granite. A discrete aeromagnetic high is evident near the Eileen mine that also requires investigation. Exploration has apparently been conducted in these areas by Newmont (1979 and 1980) and WMC (1981 and 1987), however no information can be found.

Field reconnaissance is required to determine the possible extent of alteration/greisenisation prior to undertaking further field work. As Sailor was historically a minor producer (20.5T cassiterite conc. from the Sailor and Kismuth mines) and is recognised to be associated with a much larger zone of greisen tin mineralisation, field reconnaissance work in the north of the tenement is considered to be of medium-high priority.

5.4. RECOMENDATIONS

Based on previous exploration, the main target within EPM 14742 is greisen-style tin mineralisation at the Sailor Prospect. The Valley Greisen Prospect does not appear to host significant tin mineralisation, although copper results require further investigation, however the prospect is a low priority target. Zig Zag may have potential for IRGS-style mineralisation, however their doesn't appear to be significant alteration and brecciation, the geochemical signature is modest and exploration expenditure for this style of target can be considerable, therefore this is also a low priority target. Mineralisation and historic mining in the north of the tenement is similar to Sailor and due to a lack of modern exploration, reconnaissance of this area is considered to be medium to high priority.

There is potential to define a low grade large tonnage bulk mining resource at Sailor based on the results of Newmont drilling. This work would have the benefit of providing Monto with a maiden JORC resource at Herberton and possibly be the basis of a production centre with additional high grade feed from small satellite deposits. However grade at Sailor will be low, depth to mineralisation increases rapidly (therefore deeper portions of the deposit may not be economic) and tonnage may be less than required for project economics. Project economics figures for tonnage, grade and mining method would be useful based on two scenarios, either (i) stand alone operation based on a central plant with additional satellite feed or, (ii) trucking to a nearby operation. This would provide guidance as to the economic potential and resource/reserve requirements for greisen-style mineralisation at Herberton.

To fully assess the potential of the Sailor area further drilling is required. Initial drilling would be undertaken to determine the extent of the broad, low grade mineralisation as tonnage will drive the resource. If initial drilling is successful, infill drilling will be required to demonstrate continuity of mineralisation for JORC compliance.

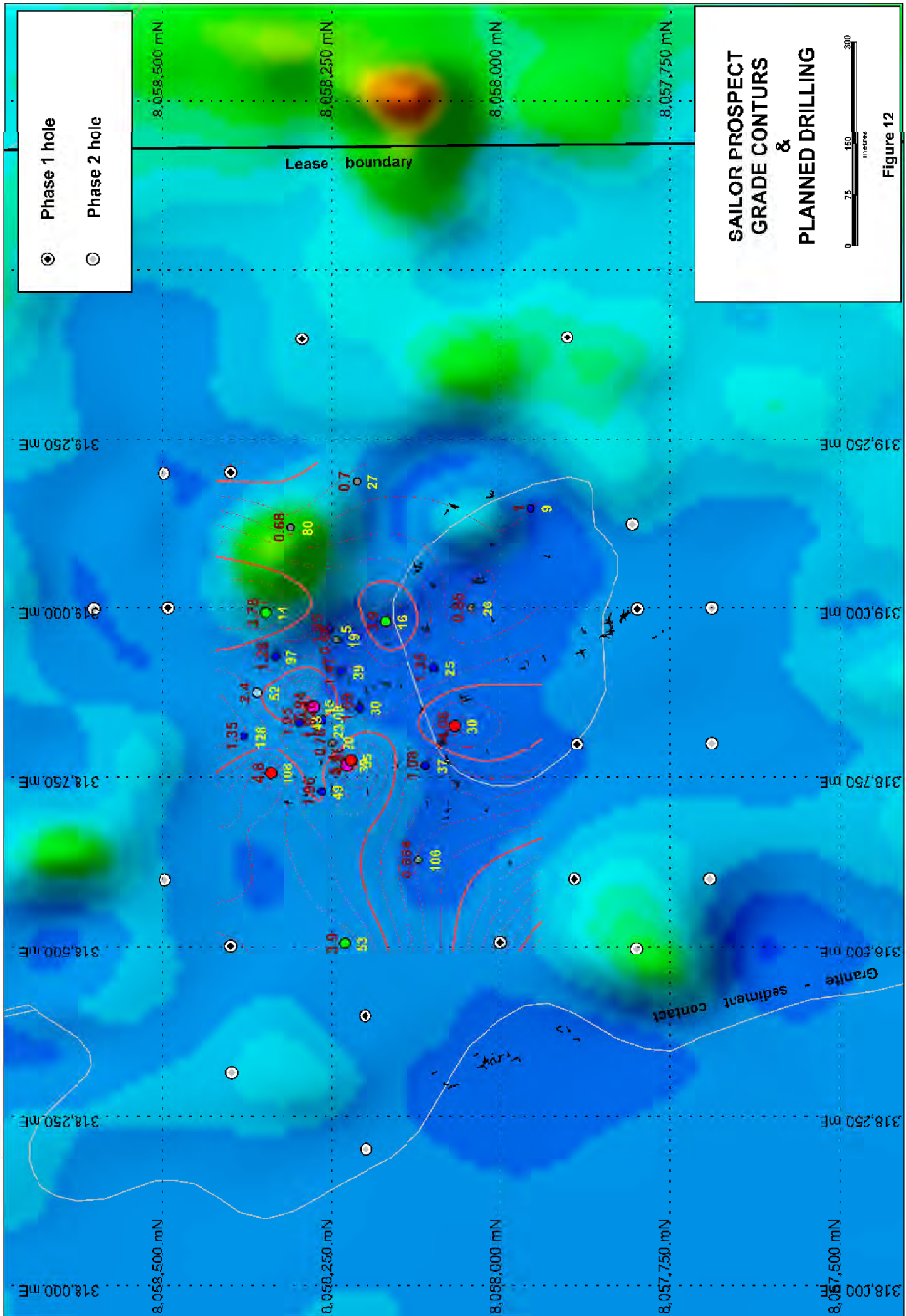
Figure 12 Shows contours for grade percent tin times width (percent tin metres) and the value is annotated above each hole. For example, a grade of 0.2% tin by a width of 20m will be a value of 4. The number below each hole is depth to top of mineralisation.

The initial programme of planned drilling is designed to define the extent of broad greisen mineralisation to a depth of 150m, staged in two phases. Phase 1 comprises 10 vertical holes for 1500m. Phase 2 is designed as follow up of a further 10 vertical holes for 1500m, although if the initial phase does not return expected results, then this phase will not be drilled. The 20 hole programme will extend mineralisation to cover an area of 1000m by 1000m. Sample analysis

Budget for Phase 1 will be approximately \$150,000 based on Drill North rates (double this for the full 20 hole programme). It is envisaged that not all holes will be required to extend to the full planned depth dependent upon depth to mineralisation. This programme would delineate the extent of shallow mineralisation; infill drilling would be required for JORC compliance.

Based on the polygonal resource estimate, if the programme is successful in delineating mineralisation over a 1000m by 100m area, the resource will be 27.8Mt at 0.22% Sn or 61.2kt of tin.

NB: before any advanced exploration can proceed a Landowner Compensation Agreement will be required with the pastoral lease holder. This process will take at least one month provided the landowner is cooperative.



APPENDIX 2

Information Memorandum – Sailor Prospect

Monto

M i n e r a l s

INFORMATION MEMORANDUM

SAILOR PROSPECT

HERBERTON MINERAL FIELD

QUEENSLAND, AUSTRALIA

OCTOBER 2012

**Erik Norum
Exploration Manager
Monto Minerals Ltd.**

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1. INTRODUCTION

The Sailor Prospect is located 21 kilometres southwest from Herberton Township in north Queensland. Sailor falls within Exploration Permit for Minerals (EPM) 14742, held by Herberton Tin Pty Ltd, a wholly owned subsidiary of Monto Minerals Ltd (Monto). The tenement covers an area of 26.2 square kilometres (eight sub-blocks) and was granted in January 2006, expiring in January 2015. The Sailor area is also covered by Mining Lease (ML) 4192 (2.0 hectares) Mineral Claim (MC) 1944 (1.0 hectare). Mining Lease Application (MLA) 20429 (63.4 hectares) covers the vast majority of the Sailor prospect and its surrounding prospective areas and is scheduled for grant in 4 weeks. All tenure is 100% held by Herberton Tin Pty Ltd and is covered by an all-encompassing indigenous land use agreement (ILUA).

Access to Sailor is via the Silver Valley road, thence by minor roads and station tracks. The prospect is located at the eastern end of Eastern Range, a spur of the Great Dividing Range. The area is one of considerable relief with fairly steep sided gullies cutting back across the middle of the lease. There are differences in elevation of up to 160m over the lease (i.e. between 700 and 860m above sea level). Access tracks to small mine workings and drilling sites tend to follow the higher ground.

EPM 14742 hosts a number of minor historic workings (96 documented). Total recorded production within the lease is 255.3T of tin concentrate, the bulk of this won from the Gift Mine (93.16T), Mount Ogston (63.34T) and White Elephant (35.3T). Sailor is recorded as producing 20.5T of tin concentrate. The Gift Mine, which is understood to be for sale, is located within a small mining lease (4 hectares) held by a local prospector. Other commodities historically worked within the lease include antimony, fluorite and tungsten. Cassiterite tin mineralisation occurs as greisen-style alteration and veins within granitic rocks and structurally controlled within both sediment and granite.

The Sailor prospect is located approximately 1.8km west of Consolidated Tin's Windermere Deposit which comprises part of their Mt Garnet Resource. Despite the proximity the mineralisation styles differ, with Windermere a skarn deposit and Sailor a granite greisen.

Previous exploration within EPM 14742 has been conducted by Newmont at Sailor and Valley Greisen, WMC at Zig Zag and NQM at Zig Zag/Gold Valley. Based on the extents of limited drilling at Sailor, Newmont has estimated a potential resource (non-JORC) of 10Mt at 0.15% Sn.

Sailor is located approximately 24km NE of the now dormant 1Mtpa Mt Garnet polymetallic plant owned by Kagara Limited (Administrators Appointed) and 12km east of MGT's Mt Veteran plant and operations.

2. GEOLOGY

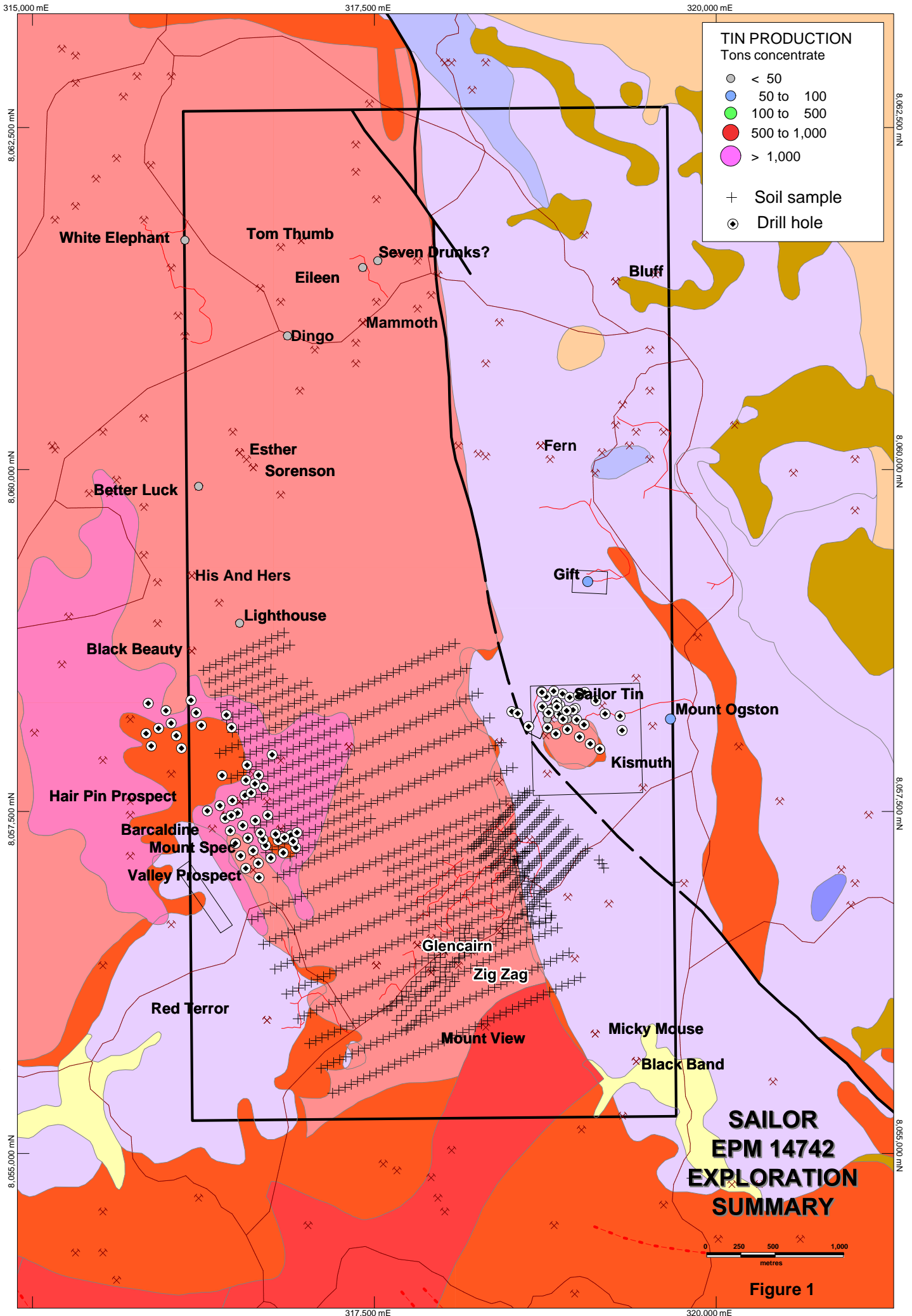
Stratigraphy in the Sailor area comprises Hodgkinson Formation sediments (thin bedded greywacke, sandstone, siltstone, shale and conglomerate) intruded by Late Carboniferous Go Sam Granite, a pink to yellow, medium grained, porphyritic biotite granite, and a later phase, but possibly co-magmatic, Top Nettle Granite which is a fine to medium grained biotite granite. The Go Sam Granite is also intruded to the west by the Parker Granite which is a fine grained topaz bearing granite. Minor olivine Atherton Basalt outcrops in the northeast of the tenement. Greisenisation of granite is reported to be widespread within the tenement. The above mentioned granites have been refined from Blake's (1972) previous Elizabeth Creek Granite.

Brown et al (1984) described the Go Sam Granite as an A-type granite as it is part of the Go Sam Suite of Bruvel et al (1991). The work of Brown et al (1984) show this as a high silica, high alkali granite, whereas in Bain and Draper (1997) it is described as an I-type. Niton analysis on drill core shows that Rb/Sr ratios are of the order of 1 to 100 and above indicating it is well fractionated.

The Hodgkinson Formation can be seen to be down faulted by a normal fault structure trending 323°, approximately paralleling the Dry River (see Figure 1). This structure has been mapped as trending from northwest to north, however mapping at the Dingo and White Elephant shows extensive shearing in the same 323° direction (dipping east at 85°) and the Dingo structure is now seen as a highly fractured zone in the Go Sam Granite and probably an extension of the major SSE trending structure seen in the aeromagnetic image (Figure 2). The total count radiometric image (Figure 3) clearly defines granite-sedimentary contacts, hence the Dingo Structure may post date granite emplacement. A structure parallel to the Dingo structure, to the north of the Gift mine, can be identified in the aeromagnetic and radiometric data. The structure has been partially intruded by Top Nettle Granite.

The granitic stocks in the Sailor Prospect area are leucocratic, fine-to-medium-grained and moderately to strongly altered. A fine-grained aplitic phase is also present. No detailed petrological study of the rocks has been carried out but it is believed that alteration includes development of microcline, albitisation and kaolinisation. Alteration is most intense adjacent to greisen lenses. The upper 80 - 100m of the small stock is strongly greisenised with a lower ill-defined contact into less altered coarser-grained granite. The siliceous saccharoidal greisen is locally developed in lenses, 10 - 20m thick and in hand specimen it often resembles a quartzite.

Based on intersections in drill holes, it has been inferred that the greisen generally occurs as concave sub-horizontal lenses. However, more close spaced drilling would be needed to substantiate the geometry of mineralisation. The mineralised greisen lenses are usually dark grey and sericitic, containing variable amounts of pyrite. Less common dark green variants are encountered, the colour possibly being due to chlorite. Tin mineralisation is generally



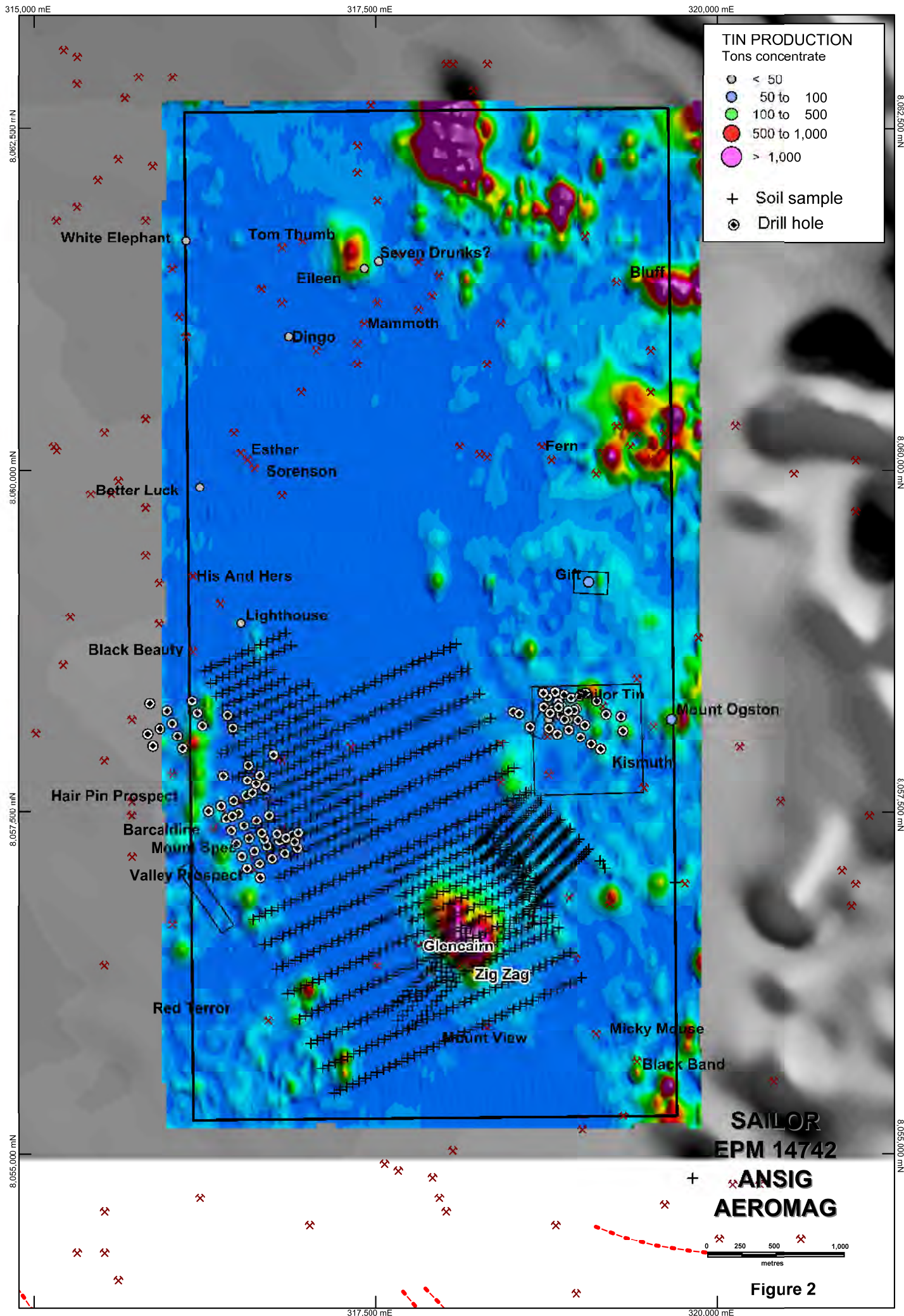
TIN PRODUCTION
Tons concentrate

- < 50
- 50 to 100
- 100 to 500
- 500 to 1,000
- > 1,000

+ Soil sample
⊙ Drill hole

**SAILOR
EPM 14742
EXPLORATION
SUMMARY**

Figure 1



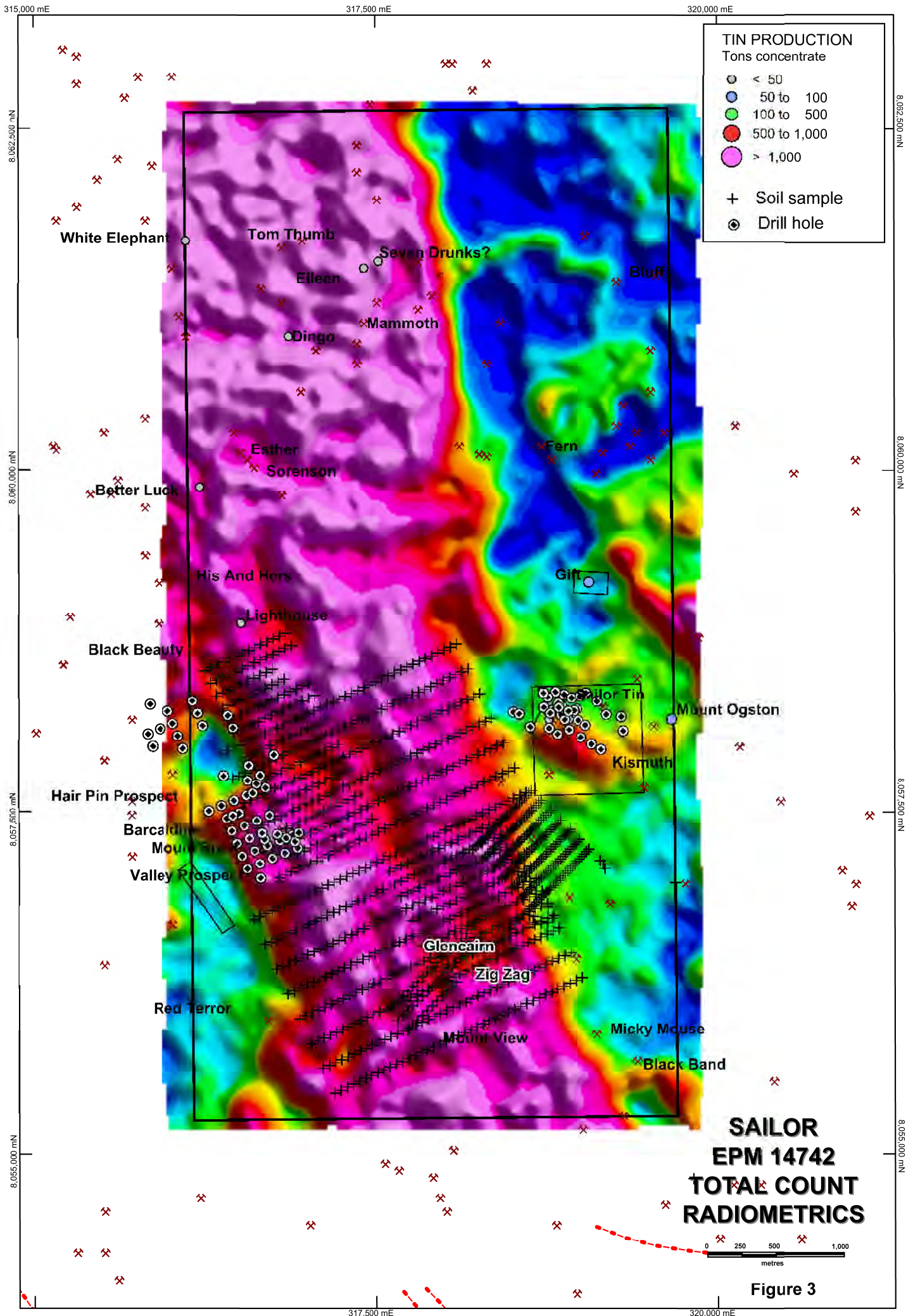
TIN PRODUCTION
Tons concentrate

- o < 50
- o 50 to 100
- o 100 to 500
- o 500 to 1,000
- o > 1,000

+ Soil sample
o Drill hole

SAILOR
EPM 14742
ANSIG
AEROMAG

Figure 2



317,500 mE

320,000 mE

8,082,500 mN

8,060,000 mN

8,057,500 mN

8,055,000 mN

8,082,500 mN

8,060,000 mN

8,057,500 mN

8,055,000 mN

confined to the pyritic-sericitic greisen bodies. It is sometimes visible as brown cassiterite grains. Tin values tend to be in the range 500 to 3000 ppm; higher values over widths of more than a few metres are rare. The thickest greisen development is in the uppermost section of the altered granite. However, a higher grade cassiterite section associated with a weakly pyritic lens in the lower part of the greisenised zone has been intersected in drilling.

An emission spectrographic scan was carried out by Newmont for 17 elements on samples taken at one metre intervals throughout the full length (110m) of drill hole PS9. The strong correlation between tin and greisen is apparent. Lead has a parallel association with tin. Bismuth is concentrated in the upper siliceous greisen. Lithium tends to have an antipathetic distribution to the above metals, although it is also concentrated in the upper part of the granite, probably in micas of the albitised granite. Molybdenum, tungsten, arsenic, copper and zinc are variably but sporadically anomalous and their minerals were occasionally reported in drill cuttings. Titanium is also anomalous and has a moderate correlation with lithium. Fluorite was not included in the scan, but purple crystals are commonly visible in drill cuttings. There is also an unidentified lime or yellowish-green mineral, which is closely associated with greisen.

Historically, the largest producer within EPM 14742 was the Gift mine, located one kilometre north from Sailor within the 4 hectare ML 4438, excluded from and enclosed by Monto's tenements. The Gift is characterised by a highly fractured shear zone with folded sediments. There are two distinct north-south striking, near vertical shear zones that cross cut a major east-west striking, southerly dipping shear zone. The primary ore is cassiterite and the major gangue minerals are quartz, muscovite and chlorite. Extensive silicification, chloritisation and sericitisation are evident as well as tourmalinisation. The more discrete structurally controlled style of mineralisation at the Gift has resulted in higher grade cassiterite mineralisation over more narrow intervals than the more ubiquitous mineralisation found at Sailor. Reported intersections from drilling conducted by Continental Exploration Pty Ltd in 1971 included 6m at 1.68% Sn and 8m at 2.92% Sn (including 8.22% Sn). There is no indication as to whether drilling penetrated the sediments to intersect underlying granite and hence potential greisen-style mineralisation. However, the Gift mineralisation indicates potential for high grade tin mineralisation in Hodgkinson sediments overlying the metal source granitic intrusives.

3. PREVIOUS EXPLORATION

3.1. Newmont

Newmont explored the Sailor 1 and 2 leases (ML 7294 and 7295 covering 240 hectares) on behalf of a joint venture between Newmont, I.C.I. Australia Ltd. and H. C. Sleigh Resources Ltd. Newmont managed exploration from 1978 to 1980, but withdrew from the joint venture in December, 1980. The "Lynette Law" mining lease was excised from the Sailor leases, however with an option agreement to purchase. Also within the Sailor 2 lease was the "Kismuth" claim, which was held by a syndicate that intended working the property. Five additional mining leases were applied for to cover ground to the north, east and south (Sailor 3, 4, 5, 6, and 7 leases). It is assumed these were not granted prior to Newmont's withdrawal from the project as there is no indication of drilling outside the Sailor 1 and 2 leases.

The Sailor mineralisation was discovered during the course of a regional tin exploration programme that was directed at examining the margins of the Elizabeth Creek granitic pluton for mineralized layered greisen bodies of the Erzgebirge type. Alluvial cassiterite was found by panning along Sailors Creek and further investigation revealed that titles were held by two different prospectors over small blocks on which tin-bearing greisen with local enrichments was present. The smaller of the two stocks of Elizabeth Creek Granite located west of the Wild River was found to be particularly greisenous.

Tin mineralization occurs within the greisenised upper section of a granitic cusp emanating from the Elizabeth Creek granite pluton, where it intrudes sedimentary rocks of the Hodgkinson Formation. The tin occurs as cassiterite within sub-horizontal lenticular bodies of greisen in association with minor concentrations of sulphide minerals (notably pyrite) and fluorite.

The Sailor greisenous stock was tested by two drilling programmes. The first series of targets were determined by geological reasoning, whereas the second included holes directed at IP anomalies. The Sailor 1 and 2 leases were tested by a total of 32 percussion drill holes and 3 diamond drill holes. Most holes were vertical. These holes provided a fairly comprehensive coverage of the upper flanks and central core of the small Sailor Creek stock. The only gap is probably a section along Sailor Creek, where access to the steepest slopes would have been difficult. The contact of the main pluton on the western side of Sailor I was also tested. In general it is possible to correlate the broad zones of greisen and mineralization between adjacent holes, but no continuity between higher grade sections can be inferred. The more interesting zones of mineralisation are usually at depths of 20 to 60 metres below surface and close to the granite-sediment contact.

Drilling appears to have indicated two areas where there are intersections of more significant thicknesses and grades of tin mineralisation. Grades locally exceed 0.3% tin in the following areas:-

- A lobate-shaped zone on the western side of the stock, which includes drill holes PS 1, 2, 6, 7, 9, 10, 13, 14, 15, 16, 17, 18, 31, 32, and SD3. This block covers much of the "Lynette Law" lease.
- A smaller, elliptical area, falling largely within the "Kismuth" mining claim. This is indicated by mineralisation in holes PS 27, 28, and 29.
- Hole PS33, testing the western steeper dipping contact zone, also encountered some encouraging mineralisation, e.g. 8m at 0.41% tin (within a broader zone of 13m at 0.30% Sn), although this was not repeated in nearby diamond drill hole SD2.

After the initial phase of drilling an apparent association between cassiterite concentration and disseminated sulphides was recognised and IP surveys became the main exploration tool. Three surveys were completed, two within the Sailor 1 and 2 leases, and the other over surrounding country. No anomalies warranting drilling were indicated from the latter survey.

A limited metallurgical testing programme of heavy liquid separations was carried out to determine whether this might be a means of concentrating the low grade stanniferous greisens. Nine composites of drill cuttings representing either 5m or 6m lengths of mineralisation (apart from one 44m zone) and having average assays in the range 0.11% to 0.34% tin were forwarded to Australian Laboratory Services Pty. Ltd., Brisbane, for testing. Approximately 5kg of each sample was dried and sieved into the following fractions: +4mm, -4 to +2mm, -2 to +1mm, -1 to +0.5mm and -0.5mm. The four larger fractions were subjected to tetrabromethane separation. ALS concluded that preconcentration by heavy media is practicable resulting in about 75% tin recovery in one third of the head weight of the four grade samples. The rejected floats contained less than 0.1% tin. In the case of the five lower grade samples, 60% recovery of tin was achieved in one third of the head weight.

No estimates of reserves of tin mineralisation were attempted by Newmont because of uncertainty concerning the extent of higher grade sections encountered in drill holes. In general, due possibly to drill spacing, it is not possible to correlate particular sections of higher grade mineralisation between adjacent holes. One tentative first estimate made by one of the co-venturers suggested the tonnage of mineralised rock might exceed 12 million tonnes averaging 0.1% tin.

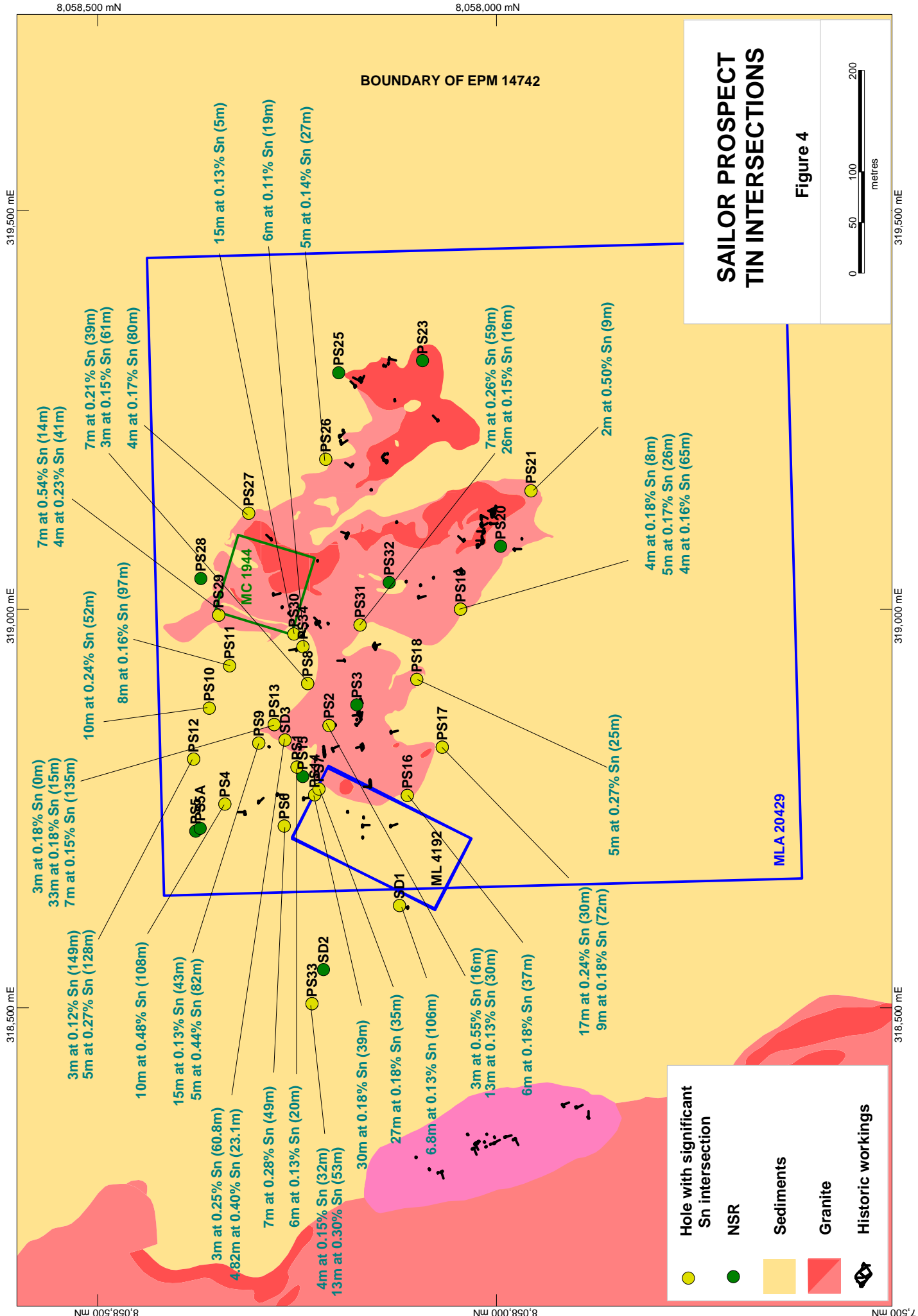
In December 1980, Newmont advised its co-venturers that it intended withdrawing from the project on the grounds that drilling had failed to indicate their target, which was 10 to 20 million tonnes of open pittable ore at a grade of 0.2% tin or more. Newmont suggested a resource of 10Mt at 0.15% Sn (15kt tin) is present at Sailor based on completed drilling. It should be noted that the weighted average of all drill intersections provides a grade of 0.21% indicating that a resource grade of over 0.2% could be achieved.

No further exploration work has been undertaken at Sailor.

Table 1. Sailor drilling results

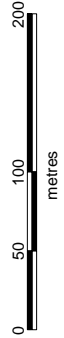
Drill hole	East	North	From (m)	Width (m)	Sn (%)
PS1	318802	8058250	20	6	0.13
PS2	318854	8058210	16	3	0.55
			30	13	0.13
PS4	318756	8058340	108	10	0.48
PS6	318728	8058266	49	7	0.28
PS7	318774	8058223	35	27	0.18
PS8	318907	8058237	39	7	0.21
PS9	318832	8058298	43	15	0.13
			82	5	0.44
PS10	318876	8058360	52	10	0.24
PS11	318929	8058335	97	8	0.16
PS12	318812	8058380	128	5	0.27
			149	3	0.12
PS13	318855	8058279	0	3	0.18
			15	33	0.18
			135	7	0.15
PS14	318767	8058228	39	30	0.18
PS16	318767	8058112	37	6	0.18
PS17	318827	8058068	30	17	0.24
			72	9	0.18
PS18	318912	8058100	25	5	0.27
PS19	319000	8058045	8	4	0.18
			26	5	0.17
			65	4	0.16
PS21	319148	8057957	9	2	0.50
PS26	319188	8058214	27	5	0.14
PS27	319120	8058311	80	4	0.17
PS29	318993	8058348	14	7	0.54
			41	4	0.23
PS30	318969	8058254	5	15	0.13
PS31	318980	8058171	16	26	0.15
			59	7	0.26
PS33	318505	8058231	32	4	0.15
			53	13	0.30
PS34	318953	8058243	19	6	0.11
SD1	318628	8058122	106	6.8	0.13
SD3	318836	8058265	23.08	4.82	0.40

(> 0.1% Sn, > 2m width).



SAILOR PROSPECT TIN INTERSECTIONS

Figure 4



- Hole with significant Sn intersection
- NSR
- Sediments
- Granite
- Historic workings

BOUNDARY OF EPM 14742

MLA 20429

ML 4192

MC 1944

8,058,500 mN

8,058,000 mN

319,500 mE

319,000 mE

318,500 mE

319,500 mE

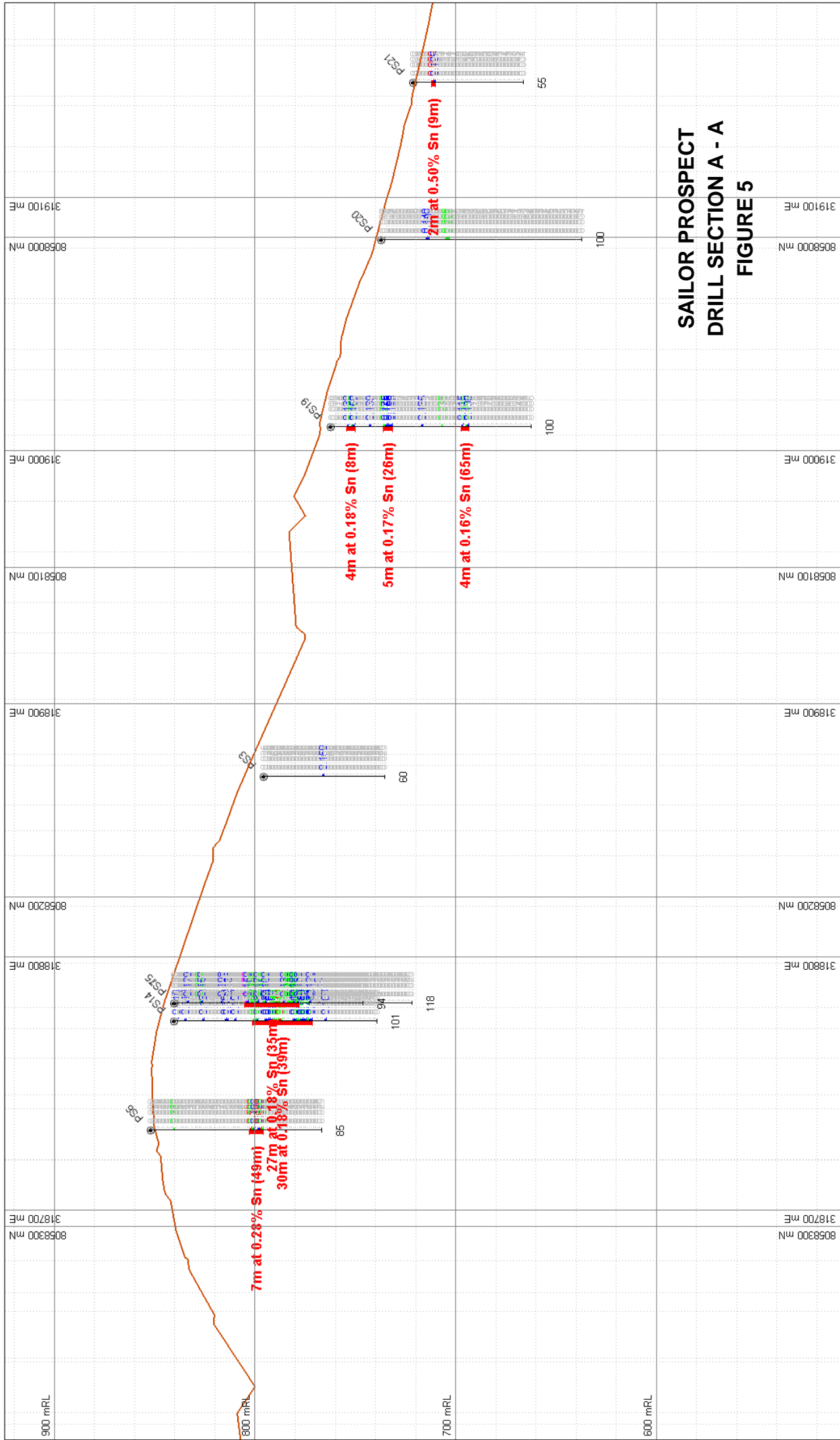
319,000 mE

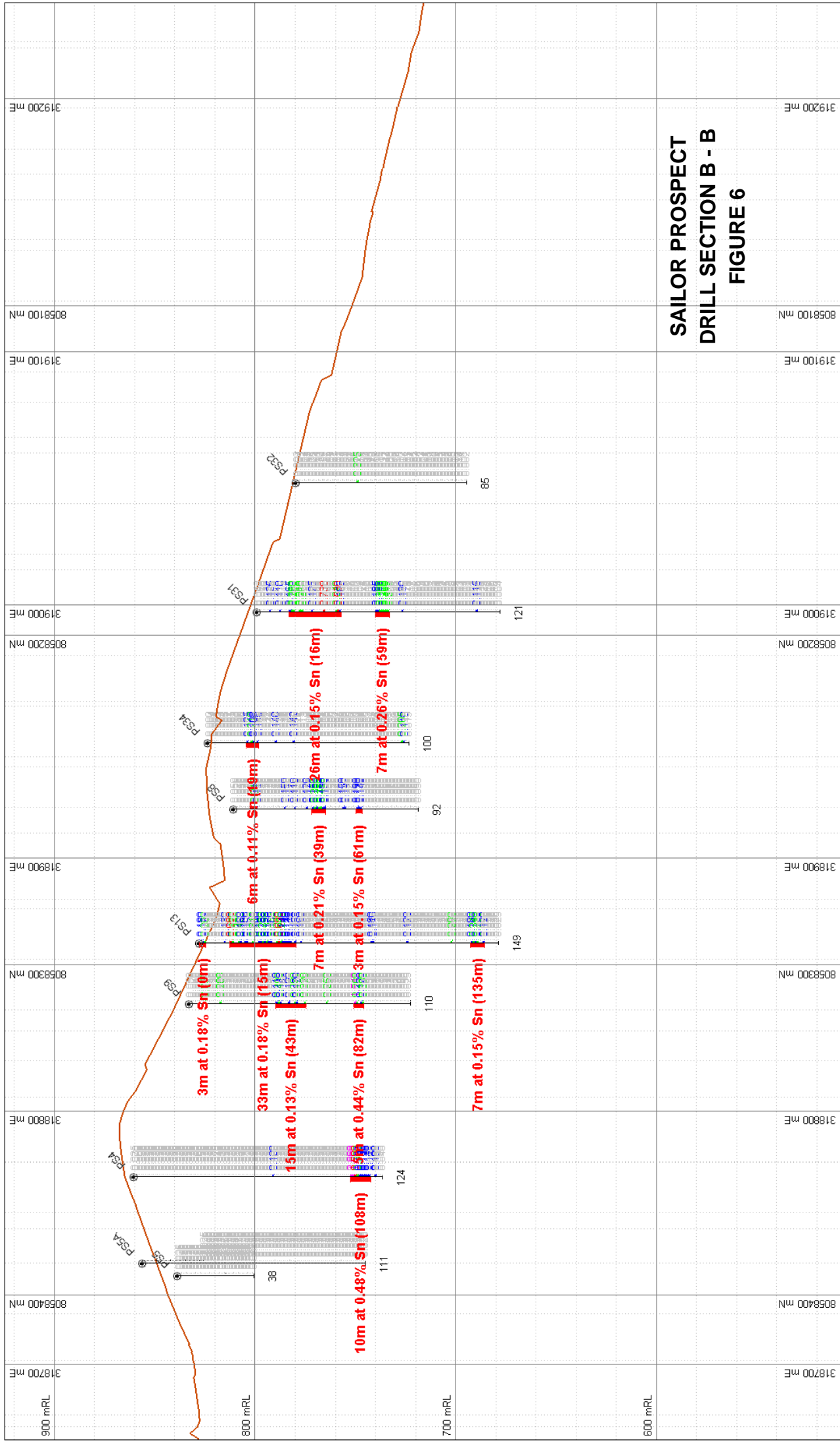
318,500 mE

8,058,500 mN

8,058,000 mN

8,058,500 mN





4. DATA

Monto has compiled historic hard copy drill data including original laboratory analyses to produce a validated digital drill hole database stored in Micromine. The database contains 33 drill holes from the Sailor Prospect. Collar locations for the majority of holes have been located in the field and verified by hand held GPS.

Monto anticipate that the Newmont drill database would be able to be incorporated into a JORC Resource estimation given the quality of data.

Hard copy geological mapping compiled by Newmont has been digitised in MapInfo.

Monto has recently reprocessed 100m line spaced aeromagnetic and radiometric data newly acquired in 2007.

Hard copy or digital data for ground geophysical surveys or geochemistry could not be located.

5. SUMMARY

Production from the Sailor Mine was modest at approximately 20.5T of tin concentrate, most likely due to the inability to historically recover the low grade tin associated with the greisen style mineralisation. Alluvial workings are present immediately south of Sailor, however production is unknown.

Drill testing by Newmont covered an area of 800m by 400m to a vertical depth of 140m, although mineralisation was only intersected in an area of 600m by 400m as the greisen mineralisation has been eroded where the granite outcrops. The drilling was successful in delineating the style and geometry of mineralisation. All higher grade tin appears to be essentially restricted to the granite, with few elevated values intersected within overlying sediments. Significant intersections and drill hole locations are shown in Figure 4 and drill sections in Figures 5 and 6.

Greisen style mineralisation occurs as essentially subhorizontal tabular zones at varying depths within the granite body. Based on the generally broad hole spacing, it is not possible to confidently correlate higher grade zones within holes, although overall, lobate geometry is apparent. Mineralisation outcrops in the southern drilling area and depth to mineralisation increases to the north.

Potential exists to extend the resource to the north and west based on drilling results. Due to Qld Mines Department restrictions on exploration at the time, Newmont could only undertake drilling on the granted mining leases and therefore could not determine the full extent of the mineralisation. Un-named workings on the sediment-granite contact 400m to the west of Sailor indicate potential for mineralisation at relatively shallow depth within granite beneath outcropping sediment. Down-throw to the east of this contact suggests that erosion may have removed mineralisation within the outcropping granite to the west. Greisen-style mineralisation typically occurs as a domal zone within the upper portions of the granite host. If the outcropping granite at Sailor represents the central dome of the granite, then potential also exists to the south of Sailor where no drilling was undertaken by Newmont.

Due to the modest tin grades intersected in drilling at Sailor, an economic resource would require significant tonnage, in the order of 50Mt plus (100kt tin at 0.2%). Newmont suggested a resource of 10Mt at 0.15% Sn (15kt tin) is present at Sailor based on completed drilling. It should be noted that the weighted average of all drill intersections provides a grade of 0.21% indicating that a resource grade of over 0.2% could be achieved.

Drilling results and known geology at Sailor provide encouragement to define further mineralisation. Relatively shallow mineralisation could be present under sediment cover west of Sailor to the granite contact and to the northeast. Due to the relative ease of erosion of the highly altered greisen mineralised granite greatest potential exists below outcropping sediment which would have protected the granite from surficial weathering.

direction. No drilling has been undertaken to the south of the Sailor workings. There appears to be a correlation between magnetic low and greisenisation; if true detailed magnetic surveys could be utilised for future exploration and drill hole planning. Newmont also recognised a correlation between increased pyrite content and tin grade, therefore IP geophysical surveys could be implemented to direct exploration efforts.

To fully assess the potential of the Sailor area further drilling is required. Initial drilling would be undertaken to determine the extent of the broad, low grade mineralisation as tonnage will drive the resource. If initial drilling is successful, infill drilling will be required to demonstrate continuity of mineralisation.

Sailor represents an opportunity to quickly define a shallow open-pittable economic tin resource based on work completed to date.

Fortuitously, Sailor is located within close proximity to the now dormant Mt Garnet polymetallic plant which has a capacity of 1Mtpa and has suffered in recent times from very limited ore feed, as well as the MGT Mt Veteran operation. This could provide potential optionality for processing.