

12 January 2012

BAAL GAMMON RESOURCE UPDATE

Highlights

- **Revised Baal Gammon Resource of 2.8Mt @ 1% Cu, 40g/t Ag, 0.2% Sn & 39g/t In**
- **Larger than anticipated high grade zone identified within the Baal Gammon Resource – 829kt @ 2.5% Cu, 96g/t Ag, 0.4% Sn & 96g/t In**
- **Current production focussed on high grade zone**

Monto Minerals Limited (Monto) is pleased to release a revised Resource calculation derived from diamond drilling conducted by Kagara Limited (Kagara) at the Baal Gammon mine. The 28 hole drilling programme concluded on 30 October 2011.

The Global Resource estimation was generated by Kagara using Ordinary Kriging and applying a hard boundary to the two domains, namely massive sulphide mineralisation along the UNA porphyry sill contact zone and disseminated mineralisation within the UNA porphyry sill.

Table 1. Baal Gammon Resource – 0.2% Cu cut-off

Resource Category	Volume m ³	Tonnes	Copper %	Silver g/t	Tin %	Indium g/t
Inferred	10,492	30,636	0.6	18	0.1	63
Indicated	918,324	2,769,385	1.0	40	0.2	38
Total	928,816	2,800,021	1	40	0.2	39

Note: Material mined to date and known underground workings have been subtracted from the figures above

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

Table 2. Baal Gammon Higher Grade Zone Resource

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

Note: Material mined to date and known underground workings have been subtracted from the figures above

ASX Announcement

The purpose of the Baal Gammon Resource calculation was to optimise the current pit design to ensure maximum recovery of the higher grade portions of the Resource.

The identification of the larger than expected high grade Resource zone within the broader Baal Gammon Global Resource has enhanced the economics of the Baal Gammon mine with this material having been prioritised for production from the commencement of mining in late September 2011. Copper in this zone averages 2.5% with significant silver credits of 96g/t. Investigations are continuing on the potential to recover tin.

Baal Gammon ore is currently being processed at Kagara's Mt Garnet plant.

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Competent Persons Statement

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr James Allchurch, a Director, who is a Member of the Australian Institute of Geoscientists. Mr Allchurch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr Allchurch consents to the inclusion in this announcement of the statements based on this information in the form and context in which it appears.

Baal Gammon Project Summary

Baal Gammon is a copper/tin/silver/indium deposit incorporated in the broader Herberton project area.

On 12 May 2011, Monto announced the signing of a Mineral Rights Agreement (MRA) for Kagara to mine Baal Gammon.

Transaction terms as follows:

- \$6,000,000 initial capital payment payable in Kagara shares (payment complete)
- 2.5% NSR (Net Smelter Royalty) payable on all metals for the first 550,000t of ore processed
- 2% NSR payable on all metals over 550,000t of ore processed

Kagara commenced open pit mining operations in September 2011 and are processing Baal Gammon ore at their nearby 500,000tpa Mt Garnet copper processing facility. Under the terms of the Baal Gammon MRA Kagara will pay the NSR to Monto within five business days of receipt of payment from the product (concentrate) buyer. Kagara at present generally sell concentrate from the Mt Garnet facility on a monthly basis.

Kagara is responsible for all costs with respect to Baal Gammon mine development and operations.

