

**MONTO MINERALS LIMITED**

**ABN 71 063 144 865**

**Financial Report**

**For the Year Ended 30 June 2010**

**CONTENTS**

	<b>Page</b>
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	11
Financial Report	12
Directors' Declaration	33
Independent Auditor's Report to the Members	34
Corporate Governance Statement	36
Additional Shareholder Information	43

**Corporate Directory**

**Directors**

James Allchurch  
Managing Director

Gary Steinepreis  
Executive

Patrick Burke  
Executive

**Company Secretary**

Gary Steinepreis

**Registered Office**

Level 1, 33 Ord Street  
West Perth Western Australia 6005  
Telephone: 08 94209300

**Share Register**

Link Market Services Limited  
Ground Floor  
178 St Georges Terrace  
Perth Western Australia 6000  
Telephone: 08 92116654

**Auditor**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008  
Telephone: 08 63824600

**Stock Exchange Listing**

Monto Minerals Limited shares are listed on the  
Australian Securities Exchange, home branch,  
Perth.  
Code: MOO

Your directors present their financial report on Monto Minerals Limited (Monto or the Company) for the year ended 30 June 2010.

### **Directors**

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

**Gary Steinepreis**

**Patrick Burke**

**James Allchurch** appointed on 9 December 2009

The names of each person who were directors during the year and resigned prior to the date of this report are:

**David Steinepreis** appointed on 26 June 2009 and resigned on 9 December 2009.

### **Company Secretary**

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

### **Principal Activities**

The principal continuing activity of the Company is mineral exploration. The Company is currently exploring Middle Island and Hummock Hill Island Tenements. The Middle Island (EPM 4335 & part EPM 7164) and Hummock Hill Island (part EPM 7164) mineral sands deposits are located in Central Queensland, south east of the industrial port of Gladstone, close to road, rail, power, water and workforce. The Company plans to review, evaluate and develop the Middle Island and Hummock Hill Island Tenements and, as part of the working capital budget has been actively pursuing new projects in the minerals sector by way of acquisition or investment.

### **Review of Operations**

Shareholders approved a Recapitalisation Proposal on 28 August 2009 and a Varied Deed of Company Arrangement was settled on 28 August 2009. As a result, the Company was released from external administration on 28 August 2009. Ascent Capital Holdings Pty Ltd provided the funding to meet the costs associated with the Notice of Meeting, paid \$500,000 to the Deed Administrators for the benefit of Creditors and put in place a bond of \$32,000 for the Middle Island and Hummock Hill Island Tenements. These loan funds were repaid in September 2009. All former creditors are bound by the Varied Deed of Company Arrangement such that all claims against the Company were released and there are no residual liabilities or potential recovery from former creditors against the Company after 28 August 2009.

### **Middle Island and Hummock Hill Island Project**

Middle and Hummock Hill Islands are entirely incorporated in EPM 4335 and EPM 7164. Middle Island is located 76km by road south of Gladstone in Central Queensland in a tidal mangrove environment. Both Middle and Hummock Hill Island are able to be accessed from the mainland by short gravel causeways which are exposed during low tide. Middle Island is mostly a sand body of about 20 metres in thickness (varying to >40m), whilst the topography of Hummock Hill Island is dominated by the central high ridge of Hummock Hill, which is flanked by broad, low sand cover spreading to the east and west and with a maximum thickness of about 21 metres.

The vast majority of the heavy mineral (HM) sands identified in the Middle Island Pre Feasibility Study (PFS) completed by former owners RZM Limited (now Bemax Resources Limited) are located on Middle Island itself.

Previous explorers had identified HM sands on Middle Island and during the 1960s and 70s several hand auger and mechanical drilling programs had been undertaken on the island. RZM Limited commenced further exploration on the island in 1986 upon grant of the EPMs and completed over 50,000 metres of drilling on the site which culminated in the generation of a detailed PFS released in 1994.

**Review of Operations** (continued)

**Middle Island and Hummock Hill Island Project** (continued)

The Middle Island and Hummock Hill Island deposits have the following target mineralisation range at a 1% HM cut off:

- Middle Island – 200 - 240 million tonnes @ 1.7 – 1.9% HM
- Hummock Hill – 40 - 50 million tonnes @ 2.3 – 2.5% HM

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

Over 90% of the HM is ilmenite with the remainder comprised of rutile, zircon and leucoxene. Ilmenite is a titanium bearing mineral used as a feedstock to produce titanium dioxide pigment which accounts for more than 95% of titanium mineral consumption worldwide. Titanium dioxide is used in the manufacture of a wide range of products including paint and coatings, plastics, rubber and paper. Rutile and leucoxene are also used in the production of titanium and zircon is used as an abrasive and in insulation.

In late 2009 Monto Minerals Limited (Monto) received a large amount of historical project information from Bemax and has now completed a preliminary technical review of the Middle Island and Hummock Hill Island Projects.

The historical project information includes plans, sections and numerous technical reports including geological reports, environmental monitoring data including flora, fauna and archaeological surveys, resource estimation information, metallurgical test work reports, scoping studies and financial modelling data. Monto are continuing to assess and review all available information relating to the Middle Island and Hummock Hill Island Projects.

Monto have integrated historical survey information with modern digital data sets and, using Geographic Information Systems (GIS), have generated geo-referenced plans for both Middle and Hummock Hill Island which detail all drill lines and HM sands deposits. Using this detailed information, the following fieldwork was conducted in June 2010:

- Establishment of contact with local stakeholders and assessment of relevant issues such as island accessibility, tidal regime and vegetation;
- Ground-proofing of historical information including the identification of drill lines and ascertaining the approximate areal extents of existing historical deposits;
- Collection of soil samples using a hand auger drilling to maximum depths of 1.7m below ground surface (mbgs). Hole locations targeted previously identified shallow HM 'strand' features typical of the deposits identified on both Middle and Hummock Hill Island.
- Collection of surface soil samples where mineralisation was evident; and
- Analysis of soil samples through density separation (providing percentage of HM present) and mineralogy (through a 300 modal point count).

Access to the island was by boat, tidal ranges in the area are typically high and during June 2010 tidal variability was in the vicinity of 3 metres.

Traverses were made of the deposits at both Middle and Hummock Hill Island correlating the GIS data with existing drill lines observable on the ground. Stakes delineating drill lines created in the early 1990s were discernable in some instances and hand auger locations were arbitrarily located in order to confirm the presence of HM sands. Generally the HM 'strands' were readily identifiable, however in several locations they are likely to exist at a greater depth than that achievable with a hand auger. Soil samples were collected at various depth intervals down the hand auger holes.

**Review of Operations** (continued)

**Middle Island and Hummock Hill Island Project** (continued)

From the soil samples collected the following were submitted for HM separation, the results of which are shown in the table below.

Sample ID	Grainsize (%)			HM
	>1mm	<1mm - >63µ	<63µ	%
<b>SS1 – 1.2m</b>	0.01	55.79	44.19	0.91
<b>SS2 – 0.5m</b>	0.03	95.68	4.29	14.61
<b>SS3 – 1.7m</b>	0.03	99.23	0.75	0.27
<b>SS4 – 1.5m</b>	0.02	94.89	5.09	3.20
<b>SS5 – 1.0m</b>	0.02	99.25	0.73	1.75
<b>SS6 (selective)</b>	0.02	99.19	0.79	63.43
<b>SS7 – 1.4m</b>	5.59	83.93	10.48	1.17
<b>SS8 – 0.3m</b>	0.05	98.24	1.71	3.46

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

Soil sample SS6 was selectively sampled from naturally concentrated HM sands and was submitted for mineralogical assessment using a standard 300 point count modal analysis. This technique basically comprises the production of a representative polished section and the point counting of every apparent mineral under a reflected polarizing microscope. The table below summarises the results:

Sample ID – SS6	
Mineral	%
<b>Ilmenite Product</b>	<b>85.9</b>
<b>Leucoxene</b>	<b>1.6</b>
<b>Rutile Product</b>	<b>1.9</b>
<b>Zircon</b>	<b>9.2</b>
<b>Others (trash)</b>	<b>1.4</b>
<b>Total</b>	<b>100</b>

**Soil sample SS6 – Mineralogical Analysis**

The overall HM grade of the samples is broadly in line with historically quoted non JORC-code compliant target mineralisation from both Middle and Hummock Hill Island. Of particular interest are the elevated HM grades of soil samples SS2-0.5m, SS4-1.5m, SS6 and SS8-0.3m.

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

The relatively high concentration of zircon in SS6 is meaningful given the greater relative value ascribed to this product when compared to the other HM products such as ilmenite. Monto have a number of samples being held at the laboratory that have not yet been processed for HM, likewise not all of the samples have been analysed for mineralogical composition. Monto is currently considering the need for additional analysis of these soil samples.

**Review of Operations** (continued)

**Middle Island and Hummock Hill Island Project** (continued)

*Competent Persons Statement*

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

**Acquisition**

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

**Operating Result**

The loss from continuing operations for the financial year after providing for income tax was \$356,824 (2009:\$184,555). The profit from discontinued operations for the financial year was \$3,538,675 (2009: loss of \$73,490,856). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the financial report.

**Dividends**

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

**After Balance Date Events**

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

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

**Future Developments, Prospects and Business Strategies**

The Company's business strategies and prospects for growth in future financial years have not been included in this report, as the inclusion of this information is likely to result in an unreasonable prejudice to the Company.

**Environmental Issues**

The Company's operations are subject to the environmental regulation under the laws of the Commonwealth and State of Queensland. The Board is of the view that all requirements have been met.

## **INFORMATION ON CURRENT DIRECTORS**

**James Allchurch** (Managing director, age 33)

### **Experience and Expertise**

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

### **Other Current Directorships**

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

### **Former Directorships in the Last Three Years**

WAG Limited 15 February 2008 to 22 February 2010.

### **Special Responsibilities**

Managing Director

**Gary Christian Steinepreis** (Executive director, age 44)

### **Experience and Expertise**

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

Mr Steinepreis is a director of Ascent Capital Holdings Pty Ltd.

### **Other Current Directorships**

Non-Executive Director Norseman Gold Plc since 3 December 2007;  
Non-Executive Director, WAG Limited since 2 November 2006;  
Non-Executive Director, Avalon Minerals Ltd since 20 December 2006;  
Non-Executive Director, RMG Limited since 31 January 2006; and  
Executive Director, Agri Energy Limited since 22 June 2009.

### **Former Directorships in the Last Three Years**

Laguna Resources NL 11 October 2007 to 15 October 2009;  
Toodyay Resources Limited 22 December 2005 to 23 October 2007;  
Black Fire Energy Ltd 29 November 2006 to 8 September 2009;  
Gawler Resources Ltd 17 May 2006 to 27 November 2007;  
GB Energy Limited 13 March 2006 to 29 August 2007;  
Signature Brands Ltd 1 June 2006 to 27 November 2008; and  
Sirius Resources NL 12 July 2007 to 31 August 2009.

### **Special Responsibilities**

Company Secretary

**Patrick Burke** (Executive director, age 41)

### **Experience and Expertise**

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately fifteen years experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

### **Other Current Directorships**

Executive Director, WAG Limited since 20 December 2006; and  
Executive Director, Agri Energy Limited since 22 July 2009.

**INFORMATION ON CURRENT DIRECTORS** (continued)

**Patrick Burke** (Executive director, age 41) (continued)

**Former Directorships in the Last Three Years**

Zylotech Limited 4 December 2009 to 20 July 2010;  
Southern Pacific Petroleum NL 11 October 2007 to 19 August 2009;  
North River Resources Plc 22 November 2006 to 23 November 2009; and  
Sirius Resources NL 12 July 2007 to 31 August 2009.

**Special Responsibilities**

None

**MEETINGS OF DIRECTORS**

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

<b>Name of Director</b>	<b>Number of Meetings - A</b>	<b>Number of Meetings - B</b>
Gary Steinepreis	7	7
Patrick Burke	7	7
James Allchurch	3	3
David Steinepreis	4	4

A = Number of meetings attended

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

**REMUNERATION REPORT (AUDITED)**

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

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

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under section 308 (3c) of the Corporations Act 2001. These disclosures have been transferred from the financial report and have been audited.

**1 Principles used to determine the nature and amount of remuneration**

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

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

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

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

Alignment to shareholders' and program participants' interests:

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

**REMUNERATION REPORT (AUDITED) (continued)**

*Executive directors*

Fees and payments to executive directors reflect the demands and responsibilities of the directors and are in line with the market. Executive directors do not receive share based payments as part of their compensation package, there are no retirement allowances or other benefits paid and no cash bonuses were paid during the year and there are no set performance criteria for achieving cash bonuses.

**2 Details of Remuneration**

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

James Allchurch	Director
Patrick Burke	Director
Gary Steinepreis	Director / Secretary
David Steinepreis	Director

The directors and key management personnel are amongst the 5 highest paid executives as required to be disclosed under the Corporations Act 2001. The Company has no employees or key management personnel other than the directors. David Steinepreis resigned as a director on 9 December 2009. The amount of remuneration of the directors and key management personnel is set out below:

Name	Short term employee benefits		Post employment benefits	Total
	Salary	Consulting fees	Superannuation	
	\$	\$	\$	\$
James Allchurch	63,000	-	5,670	68,670
Patrick Burke	-	24,000	-	24,000
Gary Steinepreis	-	50,500	-	50,500
David Steinepreis	-	26,500	-	26,500
<b>TOTAL</b>	<b>63,000</b>	<b>101,000</b>	<b>5,670</b>	<b>169,670</b>

Name	Short term employee benefits			Post employment benefits	Other compensation (a) \$	Total
	Salary/ Consulting fees	Director fees	Interest	Superannuation		
	\$	\$	\$	\$	\$	\$
D Steinepreis	-	-	-	-	-	-
P Burke	-	-	-	-	-	-
G Steinepreis	-	-	-	-	-	-
P Slaughter	-	5,000	1,365	450	-	6,815
R Cottee	-	6,000	-	540	-	6,540
P Freeman	-	5,243	-	-	-	5,243
R Barrington	-	5,243	-	-	-	5,243
P McMurtrie	135,973	-	-	-	-	135,973
G Brown	104,167	-	-	9,375	131,730	245,272
M Moor	31,500	-	-	-	-	31,500
M Christie	154,685	-	-	-	-	154,685
<b>TOTAL</b>	<b>426,325</b>	<b>21,486</b>	<b>1,365</b>	<b>10,365</b>	<b>131,730</b>	<b>591,271</b>

(a) Termination payments per employment agreements.

**3 Employment Contracts of Directors and Senior Executives**

As at the date of this report there are no executives or key management personnel, other than the directors, engaged by the Company. Executive directors, other than the managing director James Allchurch, serve on a month to month basis on a fee for service basis at the rate of \$3,000 per month and there are no termination payments payable.

**REMUNERATION REPORT (AUDITED) (continued)**

**3 Employment Contracts of Directors and Senior Executives (continued)**

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

- Term is for one year commencing on 9 December 2009;
- A salary of \$108,000 per year is payable monthly in arrears;
- The contract can be terminated by one month's written notice given by either party;
- Entitled to four weeks annual leave for each completed year of service; and
- Superannuation is payable in addition to the salary in accordance with relevant legislation.

**4 Performance-based Remuneration**

Executive directors and key management personnel did not receive share based payments as part of their compensation package during the years ended 30 June 2010 and 30 June 2009.

End of the audited remuneration report

**INDEMNIFYING OF OFFICERS OR AUDITOR**

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

**DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

At 30 June 2010, Directors, in office, held a relevant interest in the following securities of the Company:

<b>2010 Name</b>	<b>Ordinary Shares</b>	<b>Options</b>
James Allchurch	12,000,000	10,000,000
Patrick Burke	11,000,000	5,000,000
Gary Steinepreis	89,000,000	22,000,000
<b>2009</b>		
David Steinepreis	-	-
Patrick Burke	-	-
Gary Steinepreis	-	-

**James Allchurch** holds his interests in shares and options indirectly through the Manstein Holdings Trust of which he is the sole beneficiary.

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

**Gary Steinepreis** holds his interests in shares and options indirectly through:  
Jacqueline Steinepreis his spouse;  
LeisureWest Consulting Pty Ltd as Trustee of the LeisureWest Trust of which he is a director and potential beneficiary;  
Oakhurst Enterprises Pty Ltd of which he is a director and shareholder; and  
Ascent Capital Holdings Pty Ltd, of which, he is a director and Oakhurst Enterprises is a 50% shareholder.

**OPTIONS**

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

<b>2010 Date of issue</b>	<b>No. of Options Outstanding</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
29/10/2009	97,300,000	31/12/2013	\$0.005
26/03/2007	11,179	25/05/2012	£0.030
31/05/2007	66,666	28/05/2012	\$5.700
<b>TOTAL</b>	<b>97,377,845</b>		

**OPTIONS** (continued)

<b>2009 Date of issue</b>	<b>No. of Options Outstanding</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
26/03/2007	335,365	25/05/2012	£0.001
31/05/2007	2,000,000	28/05/2012	\$0.190
<b>TOTAL</b>	<b>2,335,365</b>		

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

**PROCEEDINGS ON BEHALF OF THE COMPANY**

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

**AUDITOR**

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

**Non-Audit Services**

There were no non-audit services provided by the auditor during the financial year, however the Company may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

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

**Audit Services**

During the financial year \$34,622 was paid or is payable for audit services provided by the auditor.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11 of the annual report.

**CORPORATE GOVERNANCE**

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

Signed in accordance with a resolution of the board of directors.



Gary Steinepreis - Director  
West Perth, 13 August 2010

13 August 2010

The Directors  
Monto Minerals Ltd  
33 Ord Street,  
West Perth WA 6005

Dear Sirs

**DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF MONTO MINERALS LIMITED**

As lead auditor of Monto Minerals Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Monto Minerals Limited during the year.



**Peter Toll**  
Director



**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

**Monto Minerals Limited**  
**Statement of comprehensive income**  
For the year ended 30 June 2010

	<b>Note</b>	<b>2010</b>	<b>2009</b>
		\$	\$
Revenue from continuing operations	5	61,642	403,936
Expenses from continuing operations	6	(418,466)	(588,491)
<b>Loss before income tax</b>		<b>(356,824)</b>	<b>(184,555)</b>
Income tax expense		-	-
<b>Loss after tax from continuing operations</b>		<b>(356,824)</b>	<b>(184,555)</b>
Profit / (loss) from discontinued operations	7	3,538,675	(73,490,856)
<b>Profit / (loss) for the year</b>		<b>3,181,851</b>	<b>(73,675,411)</b>
Other comprehensive income net of tax		-	-
<b>Total comprehensive income / (loss) attributable to the members of Monto Minerals Ltd</b>		<b>3,181,851</b>	<b>(73,675,411)</b>
		<b>Cents</b>	<b>Cents</b>
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic / diluted loss per share	21	(0.001)	(0.0005)
Profit / (loss) per share for loss from discontinued operations attributable to the ordinary equity holders of the Company:			
Basic / diluted profit / (loss) per share	21	0.009	(0.1882)
Profit / (loss) per share from overall operations attributable to the ordinary equity holders of the Company:			
Basic / diluted profit / (loss) per share	21	0.008	(0.1887)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Monto Minerals Limited**  
**Statement of financial position**  
30 June 2010

<b>ASSETS</b>	<b>Note</b>	<b>2010</b> \$	<b>2009</b> \$
<b>Current assets</b>			
Cash and cash equivalents	9	1,662,603	239,119
Trade and other receivables	10	14,359	141,197
<b>Total current assets</b>		<b>1,676,962</b>	<b>380,316</b>
<b>Non current assets</b>			
Security deposit paid		32,000	32,000
<b>Total non current assets</b>		<b>32,000</b>	<b>32,000</b>
<b>Total assets</b>		<b>1,708,962</b>	<b>412,316</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	20,848	4,450,991
<b>Total current liabilities</b>		<b>20,848</b>	<b>4,450,991</b>
<b>Total liabilities</b>		<b>20,848</b>	<b>4,450,991</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>1,688,114</b>	<b>(4,038,675)</b>
<b>EQUITY</b>			
Contributed equity	12(a)&(b)	2,544,938	83,965,715
Option reserve	12(c)&(d)	-	2,905,160
Share based payment reserve	12(c)&(d)	967,241	967,241
Accumulated losses	13	(1,824,065)	(91,876,791)
<b>TOTAL EQUITY / (DEFICIENCY)</b>		<b>1,688,114</b>	<b>(4,038,675)</b>

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

**Monto Minerals Limited**  
**Statement of changes in equity**  
For the year ended 30 June 2010

<b>2009</b>	<b>Ordinary shares</b>	<b>Option reserve</b>	<b>Share based payment reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance 1 July 2008	83,705,866	2,905,160	967,241	(18,201,380)	<b>69,376,887</b>
Loss for the year	-	-	-	(73,675,411)	<b>(73,675,411)</b>
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	(73,675,411)	<b>(73,675,411)</b>
Transactions with owners in their capacity as owners					
Shares issued	261,824	-	-	-	<b>261,824</b>
Transaction costs	(1,975)	-	-	-	<b>(1,975)</b>
<b>Balance 30 June 2009</b>	<b>83,965,715</b>	<b>2,905,160</b>	<b>967,241</b>	<b>(91,876,791)</b>	<b>(4,038,675)</b>
<b>2010</b>	<b>Ordinary shares</b>	<b>Option reserve</b>	<b>Share based payment reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance 1 July 2009	83,965,715	2,905,160	967,241	(91,876,791)	<b>(4,038,675)</b>
Profit for the year	-	-	-	3,181,851	<b>3,181,851</b>
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	3,181,851	<b>3,181,851</b>
Transactions with owners in their capacity as owners					
Reconstruction	(83,965,715)	(2,905,160)	-	<b>86,870,875</b>	-
Shares issued	2,587,250	-	-	-	<b>2,587,250</b>
Transaction costs	(42,312)	-	-	-	<b>(42,312)</b>
<b>Balance 30 June 2010</b>	<b>2,544,938</b>	<b>-</b>	<b>967,241</b>	<b>(1,824,065)</b>	<b>1,688,114</b>

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

**Monto Minerals Limited**  
**Statement of cash flows**  
For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		11,250	-
Interest received		37,841	403,936
Net GST refunded		11,275	-
Finance costs		-	(104,388)
Payments to suppliers and employees		(410,701)	(566,491)
<b>Cash outflow from continuing operating activities</b>		<b>(350,335)</b>	<b>(266,943)</b>
Receipts from customers		-	554,129
Payments by deed administrator		(239,119)	-
Payment for deed of company arrangement		(532,000)	-
Finance costs		-	(441,576)
Payments to suppliers and employees		-	(3,115,767)
<b>Cash outflow from discontinued activities</b>	7 (c)	<b>(771,119)</b>	<b>(3,003,214)</b>
<b>Net cash outflow from continuing operating and discontinued activities</b>	20	<b>(1,121,454)</b>	<b>(3,270,157)</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of plant and equipment		-	1,523
Proceeds from the sale of subsidiary		-	803,251
<b>Net cash inflow from investing activities</b>		<b>-</b>	<b>804,774</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		2,587,250	1,490,829
Loans to controlled entities		-	(1,603,840)
Costs associated with capital raising		(42,312)	(30,000)
Payments to reduce debt		-	(14,851)
Repayment of loan		-	(111,714)
<b>Net cash inflow (outflow) from financing activities</b>		<b>2,544,938</b>	<b>(269,576)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,423,484</b>	<b>(2,734,959)</b>
Net foreign exchange difference		-	(38,633)
Cash and cash equivalents at the beginning of the financial year		239,119	3,012,711
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,662,603</b>	<b>239,119</b>

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

## **1 Summary of significant accounting policies**

### **(a) Basis of preparation**

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

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

#### *Financial statement presentation*

The Company has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income.

#### *Change in accounting policy*

The Company has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

### **(b) Going Concern Basis of Accounting**

The general purpose financial statements have been prepared on the basis of a going concern.

On 28 August 2009 Shareholders approved a Recapitalisation Proposal and the Company was released from Administration on that date. All creditors are bound by the Deed of Company Arrangement and all claims against the Company were released as of 28 August 2009 and there are no residual liabilities or potential recovery from former creditors against the Company as of that date.

The Directors' are of the opinion that given the restructure and recapitalisation of the Company and the change in the scale of its activities that it will have sufficient funds to meet its commitments as and when they fall due.

### **(c) Segment Reporting**

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

The Company currently operates in one operating segment being the mining and exploration sector. The Company is currently investigating opportunities for further investment in the mining and exploration sector.

The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating segment identified above and as such no further disclosure is being provided.

### **(d) Revenue Recognition**

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

Revenue is recognised for the major business activities as follows. Interest income is recognised on a time proportion basis using the effective interest method. Grants received from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

**1 Summary of significant accounting policies (continued)**

**(e) Income Tax**

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

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

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

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

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Impairment of Assets**

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

**(g) Cash and Cash Equivalents**

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

**(h) Trade and Other Receivables**

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

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

**1 Summary of significant accounting policies (continued)**

**(i) Trade and Other Payables**

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

**(j) Contributed Equity**

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

**(k) Earnings Per Share**

*(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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

**(l) Goods and Services Tax**

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

**(m) Exploration and Development Expenditure**

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

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

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

**1 Summary of significant accounting policies (continued)**

**(n) Equity Settled Compensation**

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

**(o) Employee Benefits**

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

**(p) Financial Instruments**

*Recognition*

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

*Loans and receivables*

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

*Financial liabilities*

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

*Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment event has arisen. Impairment losses are recognised in the statement of comprehensive income.

**(q) Provisions**

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

**(r) Discontinued Operations**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

**1 Summary of significant accounting policies (continued)**

**(s) New Accounting Standards and Australian Accounting Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

*Standards likely to have a financial impact*

<b>AASB Reference</b>	<b>Title and affected standard(s)</b>	<b>Nature of change</b>	<b>Application date</b>	<b>Impact on initial application</b>
AASB 2009-5 (issued May 2009)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Not urgent but necessary changes to AIFRSs as a result of the IASB's 2008 annual improvement process.	Periods commencing on or after 1 January 2010	Refer appendix B table following
AASB 2009-8 (issued July 2009)	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions	Clarifies the scope and accounting for group cash-settled share-based payment transactions in the individual financial statements of an entity receiving the goods/services when that entity has no obligation to settle the share-based payment transaction. Supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.	Periods beginning on or after 1 January 2010	There will be no impact as there are no share-based payment transactions where the entity receives goods or services with no corresponding obligation to settle the share-based payment transaction.
AASB Interpretation 19 (issued December 2009)	Extinguishing Financial Liabilities with Equity Instruments	Equity instruments issued to a creditor to extinguish all or part of a financial liability are 'consideration paid' to be recognised at the fair value of the equity instruments issued, unless their fair value cannot be measured reliably, in which case they are measured at the fair value of the debt extinguished. Any difference between the carrying amount of the financial liability extinguished and the 'consideration paid' is recognised in profit or loss.	Periods beginning on or after 1 July 2010	There will be no impact as the entity has not undertaken any debt for equity swaps.
AASB 2009-10	<i>Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]</i>	This is likely to have limited application to clients that issue rights or options to a fixed number of their shares for a fixed amount in a different currency to the functional currency. The amendment clarifies that such transactions must be treated as equity.	Applies retrospectively to annual reporting periods beginning on or after 1 February 2010.	There will be no impact as the entity does not issue rights or options to a fixed number of shares for a fixed amount in a different currency to the functional currency
AASB 9 (issued December 2009)	<i>Financial Instruments</i>	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.

**1 Summary of significant accounting policies (continued)**

**(s) New Accounting Standards and Australian Accounting Interpretations (continued)**

**APPENDIX B: AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process (issued May 2009)**

<b>AASB Reference</b>	<b>Title and affected standard(s)</b>	<b>Nature of change</b>	<b>Application date</b>	<b>Impact on initial application</b>
AASB 101	Presentation of Financial Statements	Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.
AASB 107	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position.
AASB 136	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 <i>Operating Segments</i> before aggregation.	Periods commencing on or after 1 January 2010	There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010.

**2 Financial Risk Management**

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

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

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

**Interest Rate Risk**

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

**2 Financial Risk Management (continued)**

**Interest Rate Risk (continued)**

<b>2010</b>	<b>Floating interest rate</b>	<b>Fixed interest rate maturing 1 year or less</b>	<b>Non-interest bearing</b>	<b>Total</b>	<b>Weighted average effective interest rate</b>
<b>Financial Instruments</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<i>(i) Financial assets</i>					
Cash assets	462,603	1,200,000	-	1,662,603	3.80
Security deposit	-	-	32,000	32,000	
Trade and other receivables	-	-	14,359	14,359	
<b>Total financial assets</b>	<b>462,603</b>	<b>1,200,000</b>	<b>46,359</b>	<b>1,708,962</b>	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	20,848	20,848	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>20,848</b>	<b>20,848</b>	
<b>2009</b>					
<b>Financial Instruments</b>	<b>Floating interest rate</b>	<b>Fixed interest rate maturing 1 year or less</b>	<b>Non-interest bearing</b>	<b>Total</b>	<b>Weighted average effective interest rate</b>
<b>Financial Instruments</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<i>(i) Financial assets</i>					
Cash assets	239,119	-	-	239,119	2.75
Security deposit	-	-	32,000	32,000	
Withholding tax	-	-	29	29	
Trade and other receivables	-	-	141,168	141,168	
<b>Total financial assets</b>	<b>239,119</b>	<b>-</b>	<b>173,197</b>	<b>412,316</b>	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	4,450,991	4,450,991	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>4,450,991</b>	<b>4,450,991</b>	

**Net Fair Values**

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

**Sensitivity Analysis – Interest Rate Risk**

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

	<b>2010</b>	<b>2009</b>
<b>Change in loss:</b>	<b>\$</b>	<b>\$</b>
Increase by 2% (2009: 2%)	33,252	11,358
Decrease by 2% (2009: 2%)	(33,252)	(11,358)
<b>Change in equity:</b>		
Increase by 2% (2009: 2%)	33,252	11,358
Decrease by 2% (2009: 2%)	(33,252)	(11,358)

**2 Financial Risk Management (continued)**

**Liquidity Risk**

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

<b>As at 30 June 2010</b>	Less than 6 months	6-12 months	1-2 years	3-5 years	Over 5 years	Total contractual	Carrying amount
Trade and other payables	\$ 20,848	-	-	-	-	\$ 20,848	\$ 20,848
<b>As at 30 June 2009</b>	Less than 6 months	6-12 months	1-2 years	3-5 years	Over 5 years	Total contractual	Carrying amount
Trade and other payables	\$ 4,450,991	-	-	-	-	\$ 4,450,991	\$ 4,450,991

**Credit Risk**

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

Cash at bank and short term bank deposits	<b>2010</b> \$	<b>2009</b> \$
Westpac Banking Corporation - AA	1,662,603	-
National Australia Bank - AA	-	239,119

**Price risk**

The Company is not exposed to commodity price risk.

**3 Critical Accounting Estimates, Judgements and Assumptions**

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

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

The Company has written off the accumulated losses relating to the period prior to being released from external administration. The Company has assessed the losses as to be not available for tax purposes based on the change in ownership of the Company being more than 50% that resulted from the reconstruction of the Company post administration and is therefore not carrying the losses forward.

**4 Segment Information**

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

The Company currently operates in one operating segment being the mining and exploration sector. The Company is currently investigating opportunities for further investment in the mining and exploration sector.

The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating segment identified above and as such no further disclosure is being provided.

**Monto Minerals Limited**  
**Notes to the Financial Statements**  
30 June 2010

<b>5 Revenue from continuing operations</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Interest received	50,392	403,936
Consulting fees received	11,250	-
	<b>61,642</b>	<b>403,936</b>
<b>6 Expenses from continuing operations</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Administration expenses	(20,633)	(58,810)
Corporate compliance costs	(73,313)	(118,727)
Audit and non audit service fees including disbursements	(34,622)	(22,743)
Occupancy costs	(63,620)	(48,888)
Corporate management fees	(14,530)	-
Employee benefits expense	(68,670)	(232,557)
Travel expenses	(30,719)	(40,939)
Legal fees	(27,678)	-
Public and investor relations	-	(35,979)
Marketing costs	-	(8,614)
Insurance	-	(21,234)
Exploration expenditure	(84,680)	-
<b>Total expenses</b>	<b>(418,465)</b>	<b>(588,491)</b>
<b>7 Discontinued operations</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Profit / (loss) from discontinued operations</b>		
Net debts forgiven	-	9,283,719
Employee benefits expense	-	(607,895)
Administrators fees and expenditure	-	(1,090,668)
Consultants fees and expenses	-	(237,164)
Legal fees	-	(453,223)
Finance costs	-	(439,811)
R & D tax offset and Government assistance	-	182,993
Net debts extinguished under a deed of company arrangement	4,070,675	-
Creditors trust payment - Deed of company arrangement	(532,000)	-
	<b>3,538,675</b>	<b>6,637,951</b>
<b>(b) Loss on sale of subsidiary</b>		
Proceeds from sale	-	803,251
Investment in subsidiary	-	(606,402)
Inter-company loan written off	-	(80,325,656)
	<b>-</b>	<b>(80,128,807)</b>
Profit / (loss) from discontinued operations	<b>3,538,675</b>	<b>(73,490,856)</b>
<b>(c) Cash flow from discontinued operations</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Net cash (outflow) from operating activities	(771,119)	-
Net decrease in cash used due to discontinued operations	<b>(771,119)</b>	<b>-</b>

**Discontinued Operations**

On 29 August 2008 the securities of the Company were suspended from quotation on the Official List of the ASX. A Deed of Company Arrangement was executed on 8 January 2009. A Reconstruction Deed and Varied Deed of Company Arrangement were executed on 22 June 2009. On 28 August 2009 the Company was released from external administration and all claims against the Company were released and there are no residual liabilities or potential recovery from former creditors against the Company as of that date.

<b>8</b>	<b>Income Tax Expense</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
<b>a.</b>	<b>The components of tax expense comprise:</b>		
	Current tax	-	-
	Deferred tax	-	-
		<u>-</u>	<u>-</u>
<b>b.</b>	<b>The prima facie tax payable/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
	Prima facie tax payable/(benefit) on profit/(loss) from continuing activities before income tax at 30% (2009: 30%)	(107,047)	(55,366)
	Prima facie tax payable/(benefit) on profit/(loss) from discontinued activities before income tax at 30% (2009: 30%)	1,061,602	(22,047,257)
		<u>954,555</u>	<u>(22,102,623)</u>
	Add tax effect of:		
	- Revenue losses and other deferred tax balances not recognised	97,920	55,366
	- Discontinued operations	-	22,047,257
	- Other non-allowable items	9,127	-
		<u>1,061,602</u>	<u>-</u>
	Less tax effect of:		
	- Discontinued operations	1,061,602	-
	Income tax	<u>-</u>	<u>-</u>
<b>c.</b>	<b>Deferred tax recognised at 30 June relates to the following:</b>		
	<b>Deferred tax liabilities:</b>		
	Other	(3,764)	-
	<b>Deferred tax assets:</b>		
	Carry forward revenue losses	3,764	-
	<b>Net deferred tax</b>	<u>-</u>	<u>-</u>
<b>d.</b>	<b>Unrecognised deferred tax assets:</b>		
	Carry forward revenue losses	77,560	-
	Capital raising costs	17,223	-
	Provisions and accruals	3,750	-
		<u>98,533</u>	<u>-</u>

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

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The Directors are of the opinion that none of the losses incurred prior to the settlement of the Deed of Company Arrangement are available to be utilised by the Company.

<b>9</b>	<b>Current assets – cash and cash equivalents</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	Cash at bank and in hand	<u>1,662,603</u>	<u>239,119</u>

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

<b>10</b>	<b>Trade and other receivables - current</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	Withholding tax	-	29
	Trade and other receivables	14,359	141,168
		<u>14,359</u>	<u>141,197</u>

Refer to note 2 for the risk management policy of the Company. As at 30 June 2010, no trade receivables were passed due or impaired.

<b>11</b>	<b>Trade and other payables - current - unsecured</b>	<b>2010</b>	<b>2009</b>
		\$	\$
	Trade and other payables	20,848	4,450,991
		<u><b>20,848</b></u>	<u><b>4,450,991</b></u>

Refer to note 2 for the risk management policy of the Company.

**12 Contributed Equity**

<b>(a)</b>	<b>Share Capital</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
		Shares	\$	Shares	\$
	Ordinary shares fully paid	<u><b>569,681,332</b></u>	<u><b>2,544,938</b></u>	390,966,461	83,965,715

**(b) Movement in Ordinary Share Capital**

<b>2010</b>		<b>Number of</b>	<b>Issue</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>shares</b>	<b>price</b>	<b>\$</b>
1/7/2009	Opening balance	390,966,461		83,965,715
11/9/2009	Consolidation 1:30	<u>(377,935,129)</u>		-
		13,031,332		83,965,715
30/11/2009	Reconstruction	-		(83,965,715)
29/10/2009	Issue of shares	40,000,000	\$0.0001	4,000
29/10/2009	Issue of shares	513,950,000	\$0.005	2,569,750
5/5/2010	Issue of shares on option exercise	2,700,000	\$0.005	13,500
30/11/2009	Cost of share issue	-		(42,312)
<b>30/6/2010</b>	<b>Balance</b>	<u><b>569,681,332</b></u>		<u><b>2,544,938</b></u>

<b>2009</b>		<b>Number of</b>	<b>Issue</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>shares</b>	<b>price</b>	<b>\$</b>
1/7/2008	Opening balance	388,437,711	-	83,705,866
17/9/2008	Issue of shares	2,528,750	\$0.1035	261,824
17/9/2009	Cost of share issue	-		(1,975)
<b>30/6/2009</b>	<b>Balance</b>	<u><b>390,966,461</b></u>		<u><b>83,965,715</b></u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**(c) Other Equity Securities**

<b>2010</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number under</b>
			<b>option</b>
Unlisted options	31-Dec-2013	\$0.005	97,300,000
Unlisted UK director options	25-May-2012	£0.030	11,179
Unlisted options	28-May-2012	\$5.700	66,666
			<u><b>97,377,845</b></u>

<b>2009</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number under</b>
			<b>option</b>
Unlisted UK director options	25-May-2012	£0.001	335,365
Unlisted options	28-May-2012	\$0.190	2,000,000
			<u><b>2,335,365</b></u>

**12 Contributed Equity (continued)**

**(d) Movement in Other Equity Securities**

**(i) Share Based Payment Reserve**

<b>2010</b>		<b>Number of</b>	<b>Issue</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>options</b>	<b>price</b>	<b>\$</b>
1/7/2009	Opening balance	2,335,365	-	967,241
11/9/2009	Consolidation 30:1	(2,257,520)		-
<b>30/6/2010</b>	<b>Balance</b>	<b>77,845</b>		<b>967,241</b>

<b>2009</b>		<b>Number of</b>	<b>Issue</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>options</b>	<b>price</b>	<b>\$</b>
1/7/2008	Opening balance	35,121,891	-	967,241
25/5/2009	Options expired	(28,006,526)	-	-
	Options cancelled	(4,780,000)	-	-
<b>30/6/2009</b>	<b>Balance</b>	<b>2,335,365</b>		<b>967,241</b>

**(ii) Option Reserve**

<b>2010</b>		<b>Number of</b>	<b>Issue</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>options</b>	<b>price</b>	<b>\$</b>
1/7/2009	Opening balance	-	-	2,905,160
30/11/2009	Reconstruction	-	-	(2,905,160)
29/10/2009	Issue of options	100,000,000	-	-
5/5/2010	Exercise of options	(2,700,000)	-	-
<b>30/6/2010</b>	<b>Balance</b>	<b>97,300,000</b>		<b>-</b>

<b>2009</b>		<b>Number of</b>	<b>Issue</b>	<b>Amount</b>
<b>Date</b>	<b>Details</b>	<b>options</b>	<b>price</b>	<b>\$</b>
1/7/2008	Opening balance	-	-	2,905,160
<b>30/6/2009</b>	<b>Balance</b>	<b>-</b>		<b>2,905,160</b>

**Nature and Purpose of Reserves**

*(1) Share Based Payment Reserve*

The share based payment reserve is used to recognise:

- (i) The fair value of options issued to employees but not exercised; and
- (ii) The fair value of shares issued to employees.

*(2) Option Reserve*

The option reserve is used to recognise funds received from options issued to shareholders. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital.

**(e) Capital Risk Management**

The Company's objective when managing capital is to safeguard the ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt.

The Company defines capital as cash and cash equivalents plus equity.

The board of directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital. There are no gearing ratios as the Company has not derived any income from their mineral exploration and currently has no debt facilities in place.

<b>13 Accumulated Losses</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Movements in accumulated losses:		
Balance at the beginning of the year	(91,876,791)	(18,201,380)
Reconstruction	86,870,875	-
Net loss from continuing operations	(356,824)	(184,555)
Net profit / (loss) from discontinued operations	3,538,675	(73,490,856)
<b>Balance at the end of the year</b>	<b>(1,824,065)</b>	<b>(91,876,791)</b>

**14 Dividends**

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

**15 Key Management Personnel Disclosures**

**(a) Directors**

The following persons were directors during the financial year:

**James Allchurch** appointed on 9 December 2009.

**Gary Steinepreis** appointed on 26 June 2009.

**Patrick Burke** appointed on 26 June 2009.

**David Steinepreis** resigned on 9 December 2009.

**(b) Key Management**

There were no key management personnel other than the directors during the financial year.

<b>Services provided by key management personnel and recognised as an expense</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	164,000	449,176
Post employment benefits	5,670	10,365
Termination payments	-	131,730
	<b>169,670</b>	<b>591,271</b>

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

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

*(i) Options and rights holdings*

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

<b>2010 Name</b>	<b>Held at 1/7/2009</b>	<b>Options acquired</b>	<b>Other Changes</b>	<b>Held at 30/6/2010</b>	<b>Vested and exercisable at 30/6/2010</b>
James Allchurch	-	10,000,000	-	10,000,000	10,000,000
Gary Steinepreis	-	22,000,000	-	22,000,000	22,000,000
Pat Burke	-	5,000,000	-	5,000,000	5,000,000
David Steinepreis	-	22,000,000	(22,000,000)	-	-
<b>Total</b>	<b>-</b>	<b>59,000,000</b>	<b>(22,000,000)</b>	<b>37,000,000</b>	<b>37,000,000</b>

David Steinepreis: Adjustment due to resignation as a director and interest no longer reportable.

**15 Key Management Personnel Disclosures** (continued)

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

(i) *Options and rights holdings* (continued)

<b>2009 Name</b>	<b>Held at 1/7/2008</b>	<b>Options cancelled</b>	<b>Other Changes</b>	<b>Held at 30/6/2009</b>	<b>Vested and exercisable at 30/6/2009</b>
D Steinepreis	-	-	-	-	-
G Steinepreis	-	-	-	-	-
P Burke	-	-	-	-	-
P Slaughter	500,000	(500,000)	-	-	-
R Cottee	300,000	(300,000)	-	-	-
P Freeman	335,365	-	-	335,365	335,365
C Barrington	-	-	-	-	-
P McMurtrie	536,000	(536,000)	-	-	-
G Brown	536,000	(536,000)	-	-	-
<b>Total</b>	<b>2,207,365</b>	<b>(1,872,000)</b>	<b>-</b>	<b>335,365</b>	<b>335,365</b>

(ii) *Shareholdings*

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

<b>2010 Name</b>	<b>Held at 1/7/2009</b>	<b>Shares acquired</b>	<b>Other changes</b>	<b>Balance 30/6/2010</b>	<b>Balance held nominally</b>
J Allchurch (1)	-	12,000,000	-	12,000,000	-
G Steinepreis (3)	-	89,000,000	-	89,000,000	-
P Burke (2)	-	11,000,000	-	11,000,000	-
D Steinepreis (4)	-	78,000,000	(78,000,000)	-	-
<b>Total</b>	<b>-</b>	<b>190,000,000</b>	<b>(78,000,000)</b>	<b>112,000,000</b>	<b>-</b>

<b>2009 Name</b>	<b>Held at 1/7/2008</b>	<b>Shares acquired</b>	<b>Other changes</b>	<b>Balance 30/6/2009</b>	<b>Balance held nominally</b>
D Steinepreis	-	-	-	-	-
G Steinepreis	-	-	-	-	-
P Burke	-	-	-	-	-
P Slaughter	334,958	-	-	334,958	-
R Cottee	60,260	-	-	60,260	60,260
P Freeman	469,526	-	-	469,526	469,526
C Barrington	-	-	-	-	-
P McMurtrie	505,215	-	-	505,215	-
G Brown	100,000	-	-	100,000	100,000
M Moor	20,000	-	-	20,000	20,000
<b>Total</b>	<b>1,489,959</b>	<b>-</b>	<b>-</b>	<b>1,489,959</b>	<b>649,786</b>

(1) **James Allchurch** holds his interests in shares and options indirectly through the Manstein Holdings Trust of which he is the sole beneficiary.

(2) **Pat Burke** holds his interests in shares and options indirectly through Rowan Hall Pty Ltd as trustee of the Rowan Hall Investment Trust of which he is a beneficiary.

**15 Key Management Personnel Disclosures** (continued)

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

*(ii) Shareholdings* (continued)

(3) **Gary Steinepreis** holds his interests in shares and options indirectly through:  
Jacqueline Steinepreis his spouse;  
LeisureWest Consulting Pty Ltd as Trustee of the LeisureWest Trust of which he is a director and potential beneficiary;  
Oakhurst Enterprises Pty Ltd of which he is a director and shareholder; and  
Ascent Capital Holdings Pty Ltd, of which, he is a director and Oakhurst Enterprises Pty Ltd is a 50% shareholder.

(4) **David Steinepreis:** Adjustment due to resignation as a director hence interest no longer reportable.

**(d) Other Transactions with Key Management Personnel**

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

<b>Services provided by key management personnel and recognised as an expense</b>	<b>2010</b>	<b>2009</b>
	\$	\$
Short term benefits – Office accommodation	35,000	-
	<u><b>35,000</b></u>	<u><b>-</b></u>

<b>Interest expense recognised on amounts owed to key management personnel</b>	<b>2010</b>	<b>2009</b>
	\$	\$
Peter Slaughter	-	1,365
Geoffrey Moore	-	6,343
	<u><b>-</b></u>	<u><b>7,708</b></u>

**16 Related Party Transactions**

**(a) Subsidiaries**

The Company has no subsidiaries.

**(b) Key Management Personnel**

Disclosures relating to key management personnel are set out on note 15.

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

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

**(d) Loans to / from Related Parties**

There are no loans to or from related parties.

**17 Remuneration of Auditors**

<b>Assurance Services</b>	<b>2010</b>	<b>2009</b>
<i>Audit Services</i>	\$	\$
Amounts paid/payable to BDO (Audit) QLD Pty Ltd (BDO) for audit and review of the financial reports	-	18,993
Amounts paid/payable to BDO (Audit) WA Pty Ltd (BDO) for audit and review of the financial reports	<u><b>34,622</b></u>	<u><b>-</b></u>
<i>Non-Audit Services</i>		
Amounts paid/payable to BDO (Audit) QLD Pty Ltd for non-audit services for R&D advisory services	<u><b>-</b></u>	<u><b>3,750</b></u>

**17 Remuneration of Auditors (continued)**

It is the Company's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where BDO are awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects.

**18 Commitments**

**Mineral Tenement Commitments**

The Company has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the Company maintains the tenements in good standing. These obligations are expected to be fulfilled in the normal course of operations. The expenditure required to keep the tenements in good standing are annual rent (\$4,490) and minimum expenditure requirements (\$13,600).

	<b>2010</b>	<b>2009</b>
	\$	\$
Within one year	18,090	18,090
Later than one year but not later than five years	72,360	72,360
	<b>90,450</b>	<b>90,450</b>

**19 Events Occurring After the Balance Sheet Date**

Other than as disclosed in the financial report, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

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

<b>20 Reconciliation of Loss After Income Tax to Net Cash Outflow from Continuing Operating and Discontinued Activities</b>	<b>2010</b>	<b>2009</b>
	\$	\$
Profit / (loss) for the year	3,181,851	(73,675,411)
<b>Non operating cash flow items:</b>		
Net debts forgiven	(4,309,794)	(9,283,719)
Proceeds from sale of investment	-	(803,251)
Write off of investment in subsidiary	-	606,402
Write off of inter company loan	-	80,325,656
<b>Changes in operating assets and liabilities:</b>		
Net movement in trade receivables and payables	-	(439,834)
(Increase) / decrease in trade and other receivables	(14,359)	-
Increase / (decrease) in trade and other payables	20,848	-
<b>Net cash outflow from operating and discontinued activities</b>	<b>(1,121,454)</b>	<b>(3,270,157)</b>

<b>21 Loss Per Share</b>	<b>2010</b>	<b>2009</b>
<b>(a) Basic and Diluted Loss Per Share</b>	<b>Cents</b>	<b>Cents</b>
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.001)	(0.0005)
Profit / (loss) from discontinued operations	0.009	(0.1882)
<b>Profit / (loss) attributable to the ordinary equity holders of the Company</b>	<b>0.008</b>	<b>(0.1887)</b>

**21 Loss Per Share** (continued)

<b>(b) Reconciliation of Loss used in Calculating Loss Per Share</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Loss from continuing operations attributable to the ordinary equity holders of the Company	(356,824)	(184,555)
Profit / (loss) from discontinued operations	3,538,675	(73,490,856)
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	<u><b>3,181,851</b></u>	<u><b>(73,675,411)</b></u>
<b>(c) Weighted Average Number of Shares Used as the Denominator</b>	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	<u><b>385,275,031</b></u>	<u><b>390,419,143</b></u>

**(d) Information Concerning the Classification of Securities**

**Options**

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

The Directors' of the Company declare that:

- 1 The financial statements and notes as set out on pages 12 to 32 are in accordance with the *Corporations Act 2001*, and
  - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance for the year ended on that date.
- 2 The directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer declare that:
  - (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (ii) the financial statements and notes for the financial year comply with the accounting standards; and
  - (iii) the financial statements and notes for the financial year give a true and fair view.
- 3 The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- 4 In the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 5 The remuneration disclosures included in the remuneration report as part of the Directors' Report, comply with section 300A of the *Corporations Act 2001*.

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



Gary Steinepreis  
Director  
West Perth  
13 August 2010

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

### Report on the Financial Report

We have audited the accompanying financial report of Monto Minerals Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

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

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

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

### Independence

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



### Basis for Qualified Auditor's Opinion

On 28 August 2008 the company entered into voluntary administration. On 30 September 2008 the company was granted relief by the Australian Securities and Investments Commission from the requirement:

- (a) to prepare, and have reviewed, and lodge an interim financial report for the six months ended 31 December 2008; and
- (b) to prepare, and have audited, and lodge a financial report for the year ended 30 June 2008.

The comparative disclosures used in the 30 June 2009 financial report have not been audited. We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to comparative information contained within the 30 June 2009 financial report.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the assets and liabilities as at 1 July 2008. As some of these opening balances enter into the determination of the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the year ended 30 June 2009, we are not in a position to express an opinion on the statement of comprehensive income, statement of changes in equity and statement of cash flows or related notes for the year ended 30 June 2009.

### Qualified Auditor's Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to opening balances at 1 July 2008:

- (a) the financial report of Monto Minerals Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (a) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Auditor's Opinion

In our opinion, the Remuneration Report of Monto Minerals Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

Peter Toll  
Director

Perth, Western Australia  
Dated this 13<sup>th</sup> day of August 2010

**Corporate Governance Statement**

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

The disclosure of corporate governance practices can be viewed on the Company website at [www.montominerals.com](http://www.montominerals.com)

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

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

**Corporate Governance Compliance**

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

**Disclosure of Corporate Governance Practices  
Summary Statement**

	ASX Principles and Recommendations	“If not, why not”
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	

**Disclosure – Principles & Recommendations - financial year 2009/2010**

**Principle 1 – Lay solid foundations for management and oversight**

**Recommendation 1.1:**

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

**Disclosure:**

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

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

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

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

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

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

**Recommendation 1.2:**

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

**Disclosure:**

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

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

**Principle 2 – Structure the board to add value**

**Recommendation 2.1:**

A majority of the Board should be independent directors.

**Disclosure:**

The Company does not have a majority of independent directors.

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

**Recommendation 2.1:** (continued)

**Disclosure:** (continued)

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

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

**Recommendation 2.2:**

The Chair should be an independent director.

**Disclosure:**

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

**Recommendation 2.3:**

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

**Disclosure:**

The role of the Chairman and the CEO are not exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

**Recommendation 2.4:**

The Board should establish a Nomination Committee.

**Disclosure:**

A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

**Recommendation 2.5:**

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

**Disclosure:**

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

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

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

**Recommendation 2.6:**

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

**Recommendation 2.6:** (continued)

**Disclosure:**

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

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

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

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

**Identification of Independent Directors**

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

**Statement concerning availability of Independent Professional Advice**

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

**Principle 3 – Promote ethical and responsible decision-making**

**Recommendation 3.1:**

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

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

**Disclosure:**

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

**Recommendation 3.2:**

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

**Disclosure:**

The Company has a trading policy that applies to all Directors, senior executives, employees and contractors.

**Principle 4 – Safeguard integrity in financial reporting**

**Recommendation 4.1**

The Board should establish an Audit Committee.

**Disclosure:**

An audit committee has not been established.

**Principle 4 – Safeguard integrity in financial reporting** (continued)

**Recommendation 4.1** (continued)

**Disclosure:** (continued)

The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

**Recommendation 4.2:**

The Audit Committee should be structured so that it:

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

**Disclosure:**

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

**Recommendation 4.3:**

The Audit Committee should have a formal charter.

**Disclosure:**

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

**Recommendation 4.4:**

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

**Disclosure:**

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter.

When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

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

**Principle 5 – Make timely and balanced disclosure**

**Recommendation 5.1:**

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

**Principle 5 – Make timely and balanced disclosure** (continued)

**Recommendation 5.1:** (continued)

**Disclosure:**

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

**Principle 6 – Respect the rights of shareholders**

**Recommendation 6.1:**

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

**Disclosure:**

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

**Principle 7 – Recognise and manage risk**

**Recommendation 7.1:**

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

**Disclosure:**

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

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

**Recommendation 7.2:**

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

**Recommendation 7.2:** (continued)

**Disclosure:**

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

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

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

**Recommendation 7.3:**

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

**Disclosure:**

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

**Principle 8 – Remunerate fairly and responsibly**

**Recommendation 8.1:**

The Board should establish a Remuneration Committee.

**Disclosure:**

A Remuneration Committee has not been established.

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

**Recommendation 8.2:**

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

**Disclosure:**

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

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

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

**1 Distribution of Equity Securities** (Current as at 11 August 2010)

Analysis of numbers of ordinary shareholders by size of holding:

			<b>Number of Shareholders</b>	<b>Number of Shares</b>
1	-	1,000	1,902	429,781
1,001	-	5,000	262	610,512
5,001	-	10,000	28	190,873
10,001	-	50,000	38	1,065,712
50,001	-	100,000	26	2,006,312
100,001		and over	151	565,378,142
			<b>2,407</b>	<b>569,681,332</b>

There were 2,233 holders of less than a marketable parcel of ordinary shares.

**2 Unquoted Equity Securities – Options** (Current as at 11 August 2010)

	<b>Number on issue</b>	<b>Number of holders</b>
Options expiring 31 December 2013 at an exercise price of \$0.005 per option	97,300,000	19
Options expiring 25 May 2012 at an exercise price of 6 cents per option	11,179	
Options expiring 28 May 2012 at an exercise price of \$5.70 per option	66,666	

**3 Substantial Holders** (Current as at 11 August 2010)

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

<b>Ordinary Shares</b>		<b>Percentage of issued shares</b>
<b>Name</b>	<b>Number held</b>	
Ascent Capital Pty Ltd, David Steinepreis and Gary Steinepreis	140,500,000	24.78%

**4 Voting Rights**

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

- 1 Ordinary Shares  
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- 2 Options  
These securities have no voting rights.

**5 Equity Security Holders** (Current as at 27 October 2009)

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

**Ordinary Shares**

Rank	Name	Number of shares	%
1	LeisureWest Consulting Pty Ltd <LeisureWest Trust A/C>	30,000,000	5.27
2	Oakhurst Enterprises Pty Ltd	30,000,000	5.27
3	Ascent Capital Holdings Pty Ltd	26,500,000	4.65
4	David Christian Steinepreis	24,500,000	4.30
5	Roger Steinepreis <FT #2 A/C>	23,238,639	4.08
6	David Arthur Paganin <DA Paganin Family No 2 A/C>	23,238,636	4.07
7	Pheakes Pty Ltd <Senate A/C>	22,104,545	3.88
8	HSBC Custody Nominees (Australia) Limited –A/C 2	20,000,000	3.51
9	Helmet Nominees Pty Ltd <Tim Weir Family Fund A/C>	20,000,000	3.51
10	Joke Pty Ltd <Kenny Family Fund A/C>	20,000,000	3.51
11	N & J Mitchell Holdings Pty Ltd <Steinepreis Super Fund A/C>	15,000,000	2.63
12	Nautical Holdings (WA) Pty Ltd <Whiddon Super Fund A/C>	15,000,000	2.63
13	Romfal Sifat Pty Ltd <The Fizmail Family A/C>	12,500,000	2.19
14	James Peter Allchurch <Manstein Holdings A/C>	12,000,000	2.11
15	Meleisha Foster <The Foster Family No 2 A/C>	11,209,090	1.97
16	Andrea Murray <Murray Family Fund No 2 A/C>	11,209,090	1.97
17	Rowan Hall Pty Ltd <Rowan Hall Trading A/C>	11,000,000	1.93
18	M & M Family Pty Ltd	10,700,000	1.88
19	Garry Noel Bungey + Vivienne Alica Nola Bungey <Bungey Super Fund Account>	10,000,000	1.76
20	Vynben Pty Ltd <Mark Hohnen Super Fund>	10,000,000	1.76
<b>TOTAL FOR TOP 20:</b>		<b>358,200,000</b>	<b>62.88%</b>

**6 On-Market Buy-Back**

There is no current on-market buy-back.

**7 Tenement Schedule – Queensland – 100% owned**

Middle Island (EPM 4335 & part EPM 7164)

Hummock Hill Island (part EPM 7164)