

20 April 2012

BAAL GAMMON UPDATE

Monto Minerals Limited (**Monto**) advises that the Queensland Department of Environmental and Resource Management (**DERM**) has issued a notice to conduct an environmental evaluation (**EE**) under the Environmental Protection Act to Monto subsidiary, Baal Gammon Copper Pty Ltd (**BG**) and Kagara Limited (**Kagara**) with respect to a release of potentially contaminated water from the Baal Gammon copper mine operated by Kagara.

Kagara are mining Baal Gammon under a Mineral Rights Agreement. Under the Minerals Rights Agreement BG is entitled to 2.5% NSR (Net Smelter Royalty) payable on all metals for the first 550,000t of ore processed and 2% NSR payable on all metals over 550,000t of ore processed.

The EE requires that BG and Kagara conduct a detailed environmental investigation with respect to the incident and provide DERM with a series of reports over the next three months. BG, with Kagara, has commenced the investigation in accordance with the EE with the intention of satisfying their obligations in this regard.

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