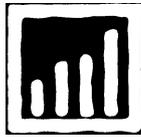


20 January 1999



## MONTAGUE GOLD NL

ACN 006 045 790

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### Acquisition of Cullen Resources and \$2.25 million Capital Raising

The directors of Montague Gold NL ("Montague") are pleased to announce that the Company has reached agreement with unlisted gold exploration company, Cullen Resources NL ("Cullen") and its major shareholders, on the commercial terms of an offer which would result in Montague owning all of the issued shares in Cullen.

The consideration for the transaction will be 2 new Montague shares for each existing Cullen share. Based on Cullen's issued share capital this will result in the issue of approx. 66.1 million new Montague shares. The weighted average price for Montague shares during the 8 month period immediately prior to the announcement was 4 cents. The transaction is based on a price of 8 cents per Cullen share valuing Cullen's assets at \$2.64 million.

The transaction is conditional on final due diligence by Montague and Cullen, shareholder and regulatory approvals and the completion by Montague of the \$2.25 million capital raising detailed below. It is proposed that the transaction will proceed by means of a selective reduction of capital in Cullen with the requisite approvals being obtained in the coming weeks. A Notice of Meeting and Explanatory Memorandum to approve the transaction and associated fund raising will be sent to Montague shareholders shortly.

The assets of Cullen are considered highly prospective and will provide new opportunities for advanced exploration in Western Australia and North Queensland. Cullen's principal assets comprise;

\* Tick Hill (100km SE of Mt Isa, Queensland)

Mount Isa Mines ("MIM") mined 650,000t of ore at Tick Hill with a very high average recovered grade of 25 g/t Au between 1991 and 1994. Cullen is earning a 70% interest in MIM's 280km<sup>2</sup> Tick Hill tenement package (excluding 12km<sup>2</sup> around the old mine) by spending \$3.5 million over 5 years. MIM has spent \$7.8 million on exploration of these areas. Expenditure to date by Cullen is \$560,000. Cullen has outlined drill targets with potential for high grade gold or gold/copper mineralisation at several prospects using aeromagnetic, airphotograph interpretation and detailed geochemical sampling. The Pelican prospect is one of the target areas where previous explorers have reported up to 8.4m @ 1.4% Cu, 0.9 g/t Au and 27.4m @ 0.9% Cu, gold was not assayed. A new interpretation of the controls of mineralisation in the area is guiding target selection and current exploration. Proposed exploration includes detailed geological mapping and geochemical sampling on selected prospects with follow-up RC drilling. Applications for a further 530km<sup>2</sup> have been lodged.

\* De Courcy (130km WNW Paraburdoo, WA)

In the Wyloo Dome area in the Ashburton Province of Western Australia, Cullen wholly owns three exploration licences (approx. 369km<sup>2</sup>) which are strategically located 10km south east and along

strike of the Paulsen gold discovery announced late last year by Taipan Resources NL (3.6 million tonnes @ 8.1 g/t Au (940,000 ozs), ASX release 22/11/98). The geology of the Cullen ground comprises structurally complex Archaean volcanics and sediments, similar to that held by Taipan Resources. Over the past year prospecting, geological mapping and soil sampling by Cullen have upgraded the potential of this key property. Several prospects have been identified along favourable structures with rock chips of quartz veins assaying up to 8.7 g/t Au at one of these. To date, the large De Courcy property has seen only modest exploration because of extensive cover. An airborne magnetic and radiometric survey is planned for the current quarter as a prelude to more intensive exploration commencing in the second quarter. This will include sampling of the soil-bedrock interface by auger and RAB drilling followed by RC target drilling. A map showing the location of the De Courcy licences is attached.

\* Gunbarrel (130 km E of Wiluna, WA)

The Gunbarrel Project covers three exploration licences and two licence applications totalling 580km<sup>2</sup>. It encompasses 46km of a prospective greenstone belt located 45km east of the very productive Yandal greenstone belt which hosts the Bronzewing gold deposit. Cullen's interests range from 80 to 100%. The tenements include most known gold occurrences in the Mount Eureka district and a zone of gold mineralisation discovered by Pegasus Gold Australia Pty Ltd at the Taipan prospect (best RC result 22m @ 2.1 g/t Au). Numerous targets have been identified by Cullen for testing by RAB and RC drilling. Expressions of interest are being sought from potential joint venture partners.

The major shareholders and key executives in Cullen, John Horsburgh and Grahame Hamilton, were the co-founders and managers of the highly successful Solomon Pacific Resources NL which developed the Brocks Creek Gold Mine prior to being taken over by Acacia Resources Ltd in 1996. Messers Horsburgh and Hamilton will be recommending that other Cullen shareholders accept the proposal in relation to their own shares.

Upon completion of the transaction, John Horsburgh and Grahame Hamilton will become executive directors of Montague and will be responsible for managing and developing the Company's exploration activities. The board views their continued involvement as a valuable addition to, and complementary with, the Company's existing management team of Morrice Cordiner and Wayne Kernaghan. The acquisition will provide Montague with a solid platform for future growth via potential exploration success and the subsequent development of mining projects.

Montague intends to secure the necessary exploration funding through a new equity issue. Subject to completion of the transaction, Montague, with the assistance of Hartley Poynton Limited ("Hartley Poynton"), will raise a total of \$2.25 million via an issue of 50 million new Montague shares at a price of 4.5 cents per share. Final details of an Underwriting Agreement are being completed with Hartley Poynton. A summary of the terms and conditions of the underwriting will be released upon the signing of the Underwriting Agreement.

Montague will also undertake a small interim fundraising via the issue of up to 4.875 million ordinary shares at 4.0 cents, raising \$195,000. These funds will be used to supplement existing working capital and to meet costs associated with the transaction and the proposed fundraising.

A pro forma balance sheet for Montague assuming completion of the transaction and fundraisings referred to above is attached as Appendix 2. [ Please note this is based on the respective audited balance sheets of Montague and Cullen as at 30 June 1998] .

#### Additional Information

Simultaneous with this announcement, Montague has provided the ASX with additional public information on Cullen and its exploration properties. This information comprises the Cullen Annual Report for the year to 30 th June 1998, a prospectus dated 25 March 1998 issued by Cullen pursuant to a private fundraising of up to \$840,000 and a copy of the latest top twenty shareholders in Cullen.

Copies of this additional information are available through the ASX.

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