

26/10/2005

The Company Announcements Office
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Sir,

Acquisition of Portfolio of Significant Uranium Assets in Central Asia

Highlights

- Five highly prospective, granted licences to be acquired
- Past production and extensive resources from Soviet era
- Good infrastructure in an established uranium producing region
- Performance-based acquisition terms, subject to shareholder approval

The Directors of Monaro Mining NL ("the Company") ("MRO") are pleased to announce the signing of an Agreement to Purchase ("the Agreement") the issued shares in Carbeck Pty Ltd. Carbeck is the intended holding company for a company which holds five Prospecting Licences ("the Licences") in the Kyrgyz Republic which have been subjected to significant exploration effort, and in some cases, uranium production, by operatives of the USSR.

From reports translated to date, significant uranium mineralisation has been identified on all of the Licences. Grades of 0.05%-0.17% U_3O_8 have been documented in a variety of styles of mineralisation. Further assessment of previous exploration results is being undertaken to better understand the resource potential of the leases. Russian reserve numbers have been identified and the Company is currently assessing these to determine their relevance to the JORC Code.

The Licenses are currently held by Zona Noblus CLL ("Zona Noblus") a company incorporated in the Kyrgyz Republic. It is a term of the Agreement that the shareholders in Zona Noblus CCL transfer their shares to Carbeck Pty Ltd, a company incorporated in Australia.

Settlement of the Agreement is subject to;

- i. the approval of the sale and purchase and the issue of securities by Monaro shareholders in an Extraordinary General Meeting; and
- ii. the completion of a due diligence review by Monaro.

1. Terms of the Agreement

Upon satisfaction of the conditions precedent referred to above, MRO will issue to the vendors of the shares in Carbeck Pty Ltd (comprising a consortium of five parties);

- i. 3.5 million fully paid ordinary shares in MRO,
- ii. 3 million options to acquire shares in MRO at a price of 40¢ a share, expiring 30 June 2007,
- iii. 3 million options to acquire shares in MRO at a price of 60¢ a share, expiring 31 December 2008,
- iv. 2 million shares upon grant of a mining licence and all mining, environmental and export approvals for a uranium mining operation on one of the projects, and
- v. a 1% net revenue royalty on sales of uranium products after the repayment of initial mine development capital and when the mine is operating on a positive cash flow basis.

2. Background to the Selection Process

2.1 Selection of Licences Based on Favourable Assessment of Geology and Politics

Directors of Monaro Mining have reviewed a number of opportunities both locally and overseas and have made a strategic decision to acquire uranium projects which have a high potential for development. This decision is based on a desire to expand the current portfolio of projects in line with pronouncements made in the Prospectus. The anticipated expenditure commitment on the acquisition and evaluation of the Licences falls within the parameters of the existing budgets.

Given the intense political debate surrounding uranium mining in Australia, with a number State Governments committed to blocking any developments, the Directors of Monaro believe it essential that, in order to maximise the opportunities offered by the current strong uranium price, its uranium projects should be in a jurisdiction where there are no impediments to rapid evaluation and development of resources.

The Licences were selected after an extensive evaluation of uranium opportunities both in Australia and abroad, taking into account both geopolitical risk and geological prospectivity. Central Asia, including the Kyrgyz Republic, was selected as one of the most favourable regions in the world to be exploring and developing uranium projects. Central Asia was the main source of Soviet uranium production for many decades and the location of some of its most sophisticated In-Situ Leaching ("ISL") projects. Unlike Australia, there is no governmental resistance to the mining and processing of uranium ores. Any deposits of commercial significance will probably be able to be developed and commissioned in a much shorter time frame than would be possible in the heavily regulated Australian market.

The Kyrgyz Republic was the source of the first uranium mined in the USSR, commencing in the late 1930s and continuing until the 1970s. All of this activity was prior to the development of ISL techniques and involved conventional mining and milling methods. Mining ceased when the focus of the USSR uranium production shifted to sandstone hosted, ISL amenable deposits in Kazakhstan and Uzbekistan.

2.2 Availability of Uranium Specific Infrastructure

The presence of the Kara Balta uranium processing facility, and associated assay laboratories in the Kyrgyz Republic, testify as to the availability of uranium specific infrastructure which will be of material assistance to operators in that country. The attractiveness of the Kyrgyz Republic to Australian resource companies has been recently demonstrated by the agreement between Santos Limited and Caspian Oil and Gas Limited, whereby Santos has agreed to spend US\$28m to earn an 80% equity in a number of oil exploration licences⁽¹⁾. Other Australian companies exploring and developing assets in the Kyrgyz Republic include Central Asian Gold Ltd and Perseus Mining Ltd.

2.3 Favourable Government Policy Announcements⁽²⁾

The new Prime Minister of the Kyrgyz Republic, Felix Kulov, has recently announced new Government policies designed to promote;

- i. fast economic growth and
- ii. an effective, non corrupted free market economy.

The Government is committed to creating a more favourable investment climate by eliminating excessive state regulations and procedures which could otherwise impede efficient business practices. A concerted effort is to be made to eliminate contradictions in the regulatory processes and procedures particularly where they could give rise to corruption in their operation.



Location of the Kyrgyz Republic in Central Asia

3. Overview of Projects

3.1 Prospecting Licences to be Acquired by Monaro Mining NL

Monaro is to acquire a 100% interest in the following granted Prospecting Licences, through the acquisition of shares in Carbeck Pty Ltd. The following comments provide an overview of the licences.

i. **Aramsu.** Total Area of 756 km². Exploration conducted by previous explorers includes sampling, trenching, excavation of adits and drilling. Drilling data for one project area records 28 intersections into a tabular body with a true width of 2.6-3.7m, dipping 40-60 degrees. Metallurgical test work shows 93% recovery with oxide leaching and 91.4% recovery with carbonate leaching (over one hour).

The uranium mineralisation appears to be in massive and disseminated silicate veinlets hosted by rocks of Silurian age. The uranium mineralisation is associated with sulphides which occur in a breccia zone located within a granite contact zone. Recorded uranium mineralisation includes pitchblende and curite.

ii. **Naryn.** Total Area of 520 km². This licence covers the most prospective part of the Northern Fergana uranium province. Mineralisation is localised in two Eocene limestone beds of the Mailisu Type (the Mailisu Uranium Field, not on this Licence, produced 3,362 tonnes of U₃O₈ at an average grade of 0.089% U₃O₈ in the 1940s to 1960s). Underground mining was conducted on the limestone beds within the Naryn Licence. These beds have been mapped on surface over a strike length of 27 km. The main uranium minerals identified within these beds include pitchblende and uranium vanadate.

iii. **Sogul.** Total Area of 683 km². This licence hosts mineralisation similar to that found in deposits in neighbouring Uzbekistan (Koscheka, Djantuar, Rudnoe, Altyntau, Novoe). The mineralisation is hosted by siliceous black shales typically containing pitchblende and uranyl-vanadate-phosphates. Average grades vary from 0.06% U₃O₈ to 0.132% U₃O₈. Anomalous amounts of molybdenum, vanadium, yttrium and gold have also been assayed.

The main body of mineralisation was drilled on a 40m x 80m pattern in the 1980s. Data as to grades and potential tonnages are currently still being accessed. There is also potential for sandstone-style uranium mineralisation that contains pitchblende and coffinite. This style of mineralisation, found in neighbouring Kazakhstan, frequently has grades ranging from 0.026% to 0.18% U₃O₈ in beds that are found at depths of 50-600m.

iv. **Sumsar.** Total Area of 392 km². This licence offers potential for Hollander-type (limestone hosted) uranium mineralisation. The limestone beds within the Sumsar Licence demonstrate high porosity and permeability with strong mineral content including uranium mineralisation. Mineralisation of this type was mined in the 1950s on the Licence by divisions of Leningrad MChP, but detailed records have not yet been obtained. The beds have returned assay values ranging from 0.077% U₃O₈ to 0.165% U₃O₈.

v. **Utor.** Total Area of 936 km². Mineralisation has been identified in a large number of structures in a fracture zone, comprising hydrothermally altered sandstone, siltstone and shale, over a strike length of 2.2 km. Sampling of many of these have returned assays in excess of 0.1% U₃O₈, with the highest recorded assay to date being 2.14% U₃O₈.

Each Licence has an initial life of two years, after which it is expected that 20% of the Licence will be relinquished before it is renewed. The Licences were granted in February 2005. The expenditure commitments are set at US\$50/km², requiring minimum expenditure of approximately A\$200,000 p.a. to maintain the Licences in good standing. The Licences are currently held in the name of Zona Noblus CLL, a Kyrgyz Republic incorporated

company. Zona Noblus CLL will continue to be the registered holder of the Licences and will be the main operating company in the Kyrgyz Republic.



Uranium bearing limestone beds outcropping on the Naryn Licence showing accessibility and infrastructure. October 2005

4.0 Recent Transactions Concerning Uranium Projects in Central Asia

This release provides the following information for general interest only. The Company has no interest in the transactions and projects covered in this section, but it believes that it is useful for shareholders to appreciate what is happening in the region.

4.1 Backdoor Listing of UrAsia Minerals Ltd

Signature Resources Ltd ("SRZ"), a company listed on the TSX Venture Exchange, has announced a reverse takeover of itself via the acquisition of the shares in UrAsia Energy (B.V.I.) Ltd ⁽³⁾. On completion of a series of transactions, and fund raising, SRZ/UrAsia will have a market capitalisation of about C\$780m (at the placement price of C\$2.00). It intends to raise up to US\$425m.

UrAsia has agreements in place whereby it can acquire;

- a. an indirect 30% interest in the Kharassan uranium project in the Republic of Kazakhstan for;
 - i. US\$75m (half in cash and half in shares),
 - ii. a bonus payment of US\$24m cash on the commencement of commercial production and
 - iii. a second bonus payment of 12.5% of the U₃O₈ spot price payable on reserves that exceed 55,000 t U₃O₈ commencing in 2008.
- b. An indirect 70% interest in the Betpak Dala Joint Venture, which has interests in two uranium projects in the Republic of Kazakhstan, for;
 - i. US\$350m (US\$234m cash and the balance in shares)

4.2 Kazakhstan Interests to be Acquired by Signature Resources

4.2.1 **Kharassan** is a sandstone hosted sedimentary uranium deposit with four sandstone horizons that lie at depths of 600-750m below surface and have a combined thickness of 50-80m. Several deposits have been identified within these layers, each with lengths of 3-10 km, widths of 100 to 500m and a thickness of 0.6-12m (average 3.6m). Target production for this project is 2,000 tpa U₃O₈.

The Betpak Dala Joint Venture owns the South Inkai uranium development project and the Akdala uranium mine, both utilising ISL mining methods.

4.2.2 **South Inkai** contains the southern-most 14km of the Inkai uranium deposit, which extends for a total of 55 km. Resources are hosted by seven sandstone beds within two sedimentary horizons. The deepest, at around 500m vertical depth, contains three of the beds. The other four beds are in the shallower Inkaduk horizon where the average thickness of the ore is 12m. The absence of impermeable layers in the Inkaduk horizon could make ISL technology impractical, but research is continuing on this issue. If successful, UrAsia would seek to achieve commercial production in 2007, at a rate of about 2,000 tpa U₃O₈.

4.2.3 The **Akdala** uranium mine was trial mined during 2000-2003, during which time 1,225 tonnes of U₃O₈ were recovered. Commercial production commenced in 2003, with reported production being 770 tonnes U₃O₈ in 2004, with recovery rates of 85%.

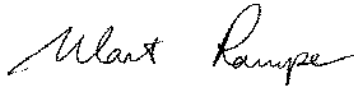
4.3 Kyrgyz Republic Interests

4.3.1 Intention to Bid for Processing Facility Equity

UrAsia intends to submit an offer for the purchase of a 72% interest in Kara Balta uranium mill, in the Kyrgyz Republic, which has a nameplate capacity of 2,000 tpa of uranium from pregnant liquors.

4.3.2 Exploration Projects

UrAsia has been granted exploration licences in the Issyk-Kul Basin and the Fergana Valley.



Mart Rampe
Executive Director

Information in this report is based on, and accurately reflects, information compiled by Mr Mart Rampe, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Rampe is an Executive Director of Monaro Mining NL and has the relevant experience in relation to the style and types of mineralisation being reported upon to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

For further information, please contact Warwick Grigor on 92470077 or Mart Rampe on 02 46479566 during normal business hours.

Footnotes

- (1) Santos Ltd. ASX Release 23 September 2005
- (2) Investment News. BT Central Asia Ltd. October 2005, Issue No. 2
- (3) Signature Resources Ltd TSX Release 20/9/05