

12 January 2007

ASX Announcement

Drilling to Commence on Sogul Uranium Project Kyrgyz Republic

The Directors of Monaro Mining NL (Monaro) are pleased to announce that drilling is to commence on its Sogul Uranium Project located in the south-eastern corner of the Kyrgyz Republic in the next few days. A total of 1,500 metres of diamond drilling is planned, with a contingency to add a further 1,000 metres depending upon the initial results. A drilling contract has been executed with the Kyrgyz representative of Palladex, a London-based drilling company and it is anticipated that the program will be completed during the course of the current quarter.

The program targets two styles of mineralisation, viz:

- Silicified and altered Cambro-Ordovician "olistrome" units which comprise of a mélange of exotic, mainly sedimentary brecciated blocks that have been buried, altered and structurally deformed and have acted as a sink for uranium (and other) mineralisation. This is the main focus of the drilling program; and
- Sedimentary hosted uranium mineralisation within Mesozoic strata. The mineralisation is concentrated along oxidation/reducing chemical boundaries and associated with sideritic ironstones and organic rich clay horizons.

Regional work within the Sogul Licence by Monaro, has confirmed the presence of four major uranium radiometric anomalies occurring over a 6 km strike length associated with the above sequence. The largest and most pronounced anomaly covers over an area of 1.5 x 0.4 km and consists of a number of discrete mineralised lenses. These lenses were investigated in the past by Russian expeditions by extensive trenching and drilling. Subsequent work by Monaro entailing radiometric surveys, geological mapping and trench rock chip sampling has confirmed the presence of uranium mineralisation at surface and this drilling program is designed to confirm the nature of the mineralisation at depth and along strike. Laboratory assaying of a number of trench samples are still in progress and results will not be available until February. Proposed drill hole locations are based on either radiometric, assay, structural and/or geological data and/features. A location plan and photos of the prospect are attached.

Commenting on the commencement of drilling activities, Chairman of the Company, Mr Warwick Grigor, notes that:

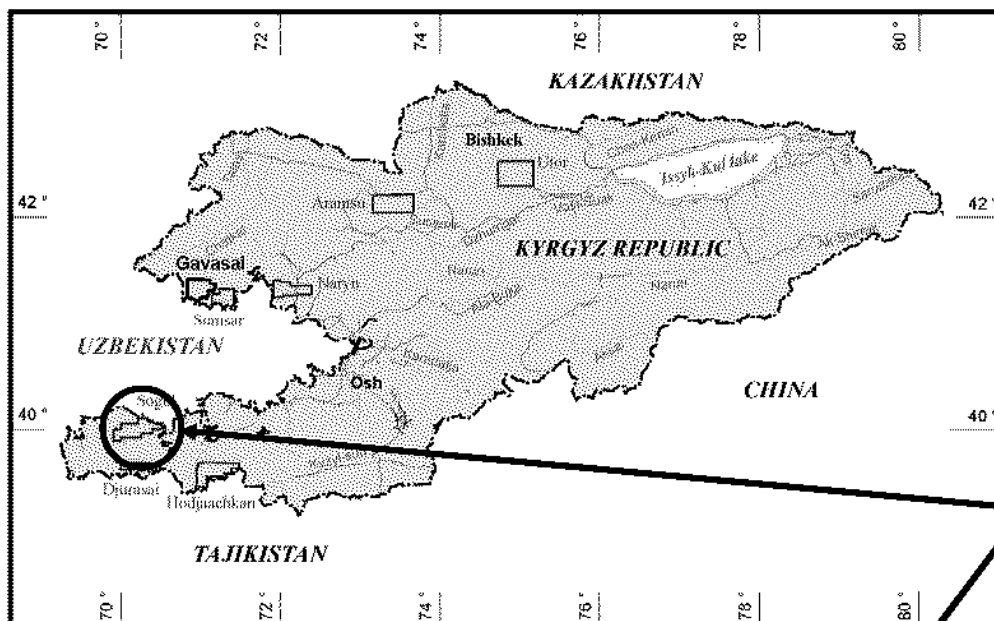
"This is the first of a number of uranium projects that Monaro will be drilling during the course of the year. Our intention for 2007 is to step up the level of activities across the entire portfolio, having laid the foundations for an extensive and comprehensive exploration program during 2006. We are looking forward to confirming extensive uranium mineralization discovered by Soviet geologists, but for which we have not been able to report JORC resources due to differences in reporting standards."

Competent Person

*The review of exploration activities and results contained in this report in relation to the Kyrgyz Republic projects is based on information compiled by **Steve McRobbie**, a Member of the Australasian Institute of Mining and Metallurgy. He is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking 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 (the JORC Code). Steve McRobbie consents to the inclusion of this information in the form and context in which it appears in this report.*

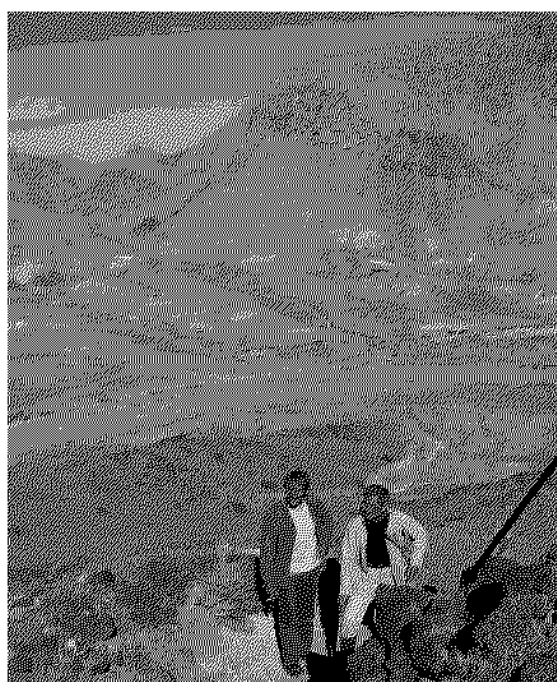
Further Information

For further information please contact Mart Rampe, Executive Director, on (02) 46479566 or Warwick Grigor, Chairman, on (02) 92470077.



Plan of Kyrgyz Republic showing Location of Monaro Mining NL's tenements

Location of Sogul-Sai Uranium Prospect, showing outcrop of uranium bearing strata which is set to be drilled in the forthcoming drill program.



Outcrop of siliceous breccia with visible secondary uranium mineralisation resulting in a strong radiometric response